IMPORTANT NOTICE

IMPORTANT: You must read the following before continuing. The following applies to the base information memorandum following this page (the "**Base Information Memorandum**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Base Information Memorandum. In accessing the Base Information Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE LAWS OF OTHER JURISDICTIONS.

THE FOLLOWING BASE INFORMATION MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED BY THE RECIPIENT TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION 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.

Confirmation of your Representation: In order to be eligible to view the Base Information Memorandum or make an investment decision with respect to the securities, investors must be (i) "qualified institutional buyers" ("**QIBs**") (as defined in Rule 144A under the Securities Act) that are also "qualified purchasers" ("**QPs**") as defined in Section 2(A)(51) of the U.S. Investment Company Act of 1940, as amended, or (ii) non-U.S. persons (as defined in Regulation S under the Securities Act) located outside the United States who are transacting in an "offshore transaction" (in accordance with Regulation S) who are not acting for the account or benefit of U.S. persons. By accepting the email and accessing the Base Information Memorandum, you shall be deemed to have represented to us that: (i) you are a QIB that is also a QP acquiring the securities referred to herein for your own account or for another QIB that is also a QP or (ii) you are outside the United States and not a U.S. person or not acting for the account or benefit of a U.S. person.

You are reminded that the Base Information Memorandum has been delivered to you on the basis that you are a person into whose possession the Base Information Memorandum may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Base Information Memorandum to any other person.

Under no circumstances shall the Base Information Memorandum constitute an offer to sell or the solicitation of an offer to buy nor any sale of these securities in any jurisdiction in which such offer, solicitation or sale, would be unlawful. The Base Information Memorandum may be communicated solely to (A) persons outside the United Kingdom or (B) persons inside the United Kingdom who are (i) persons with 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**"), (ii) 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 or (iii) 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) in connection with the issue or sale of any securities of the Issuer or any of its subsidiaries (the Issuer and its subsidiaries together, the "**Group**") may otherwise lawfully be communicated or caused to be communicated (all such persons in (A) and (B) above being "relevant persons"). Any investment activity to which this communication relates will only be available to and will only be engaged with relevant persons. Any person who is not a relevant person should not act or rely on this communication.

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

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**"), JSC Development Bank of Kazakhstan 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).

If a jurisdiction requires that the offering be made by a licenced broker or dealer and the underwriters or any affiliate of the underwriters is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of JSC Development Bank of Kazakhstan in such jurisdiction.

This Base Information Memorandum 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 none of the Arrangers or Dealers (as defined in the Base Information Memorandum) nor any person who controls them nor any director, officer, employee nor agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Base Information Memorandum distributed to you in electronic format and the hard copy version available to you on request from any such Arranger or Dealer.

JSC Development Bank of Kazakhstan

(*a joint stock company organised in the Republic of Kazakhstan*)

U.S.$3,000,000,000

MEDIUM TERM NOTE PROGRAMME

Under this U.S.$3,000,000,000 Medium Term Note Programme (the "**Programme**"), JSC Development Bank of Kazakhstan (the "**Issuer**" or "**DBK**") may from time-to-time issue notes (the "**Notes**") in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") denominated in any currency agreed between DBK and the relevant Dealer(s) (as defined below). The maximum aggregate nominal amount of Notes outstanding under the Programme will not exceed U.S.$3,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement referred to herein), subject to increase, as described herein. The Notes will be constituted by, and have the benefit of, an amended and restated trust deed dated 13 November 2012 (as may be further supplemented, amended or restated from time-to-time) (the "**Trust Deed**") between DBK and Deutsche Trustee Company Limited (the "**Trustee**", which term shall include any successor trustee under the Trust Deed).

This Base Information Memorandum supersedes all previous offering circulars and prospectuses relating to the Programme. Any Notes issued after the date hereof are issued subject to the provisions hereof. This Base Information Memorandum does not affect any Notes issued prior to the date hereof, which were issued subject to the provisions of the relevant offering circular or prospectus in effect at the time of issuance.

Application has been made to Wiener Börse AG (the "**Vienna Stock Exchange**") for the admission of the Programme and/or any Series of Notes to trading on the Vienna MTF of the Vienna Stock Exchange, a multilateral trading facility (the "**Vienna MTF**"). References in this Base Information Memorandum to a Series of Notes being "listed" (and all related references) shall mean that such Series of Notes have been admitted to trading on the Vienna MTF. The Vienna MTF is not 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**"). Notice of the aggregate nominal amount of interest (if any) payable in respect of, the issue price of, and any other terms and conditions not contained herein that are applicable to, each Tranche of Notes will be set forth in a final terms document (the "**Final Terms**") or in a separate information memorandum specific to such Tranche (a "**Drawdown Information Memorandum**"), as described below in "*Final Terms and Drawdown Information Memorandums*".

This Base Information Memorandum does not constitute a prospectus for the purposes of Regulation (EU) 2017/1129 (as amended) or Regulation (EU) 2017/1129, as it forms part of UK domestic law, as defined in the European Union (Withdrawal) Act 2018 ("EUWA").

In addition, unless otherwise agreed with the relevant Dealer(s) (as defined below) and provided for in the Final Terms or Drawdown Information Memorandum, DBK will use its reasonable endeavours to call all Notes issued by DBK under the Programme to be admitted to the "Bonds" category of the "Debt Securities" sector of the "Main" platform of the Kazakhstan Stock Exchange (the "**KASE**") from (and including) the date of issue of the relevant Notes in respect of such Notes (the "**Issue Date**").

Simultaneously with an offering of Notes outside of the Republic of Kazakhstan, the Notes must be offered through the KASE on the same terms on which the Notes are being offered in a foreign state. Subject to sufficient demand, investors' orders submitted through the KASE must be satisfied in the volume of not less than 20% of the total volume of Notes to be placed. If the total volume of investors' orders submitted through the KASE is less than 20% of the total volume of the Notes to be placed, such orders will be satisfied in full and any and all Notes remaining after the satisfaction of the investors' orders submitted through the KASE may be offered and placed outside of Kazakhstan. In connection with the listing of the Notes on the KASE and the offer and sale of Notes in Kazakhstan, JSC Halyk Finance will act as sole Dealer and the other Dealer(s) will not be involved in such process.

The Programme also permits Notes to be issued on an unlisted basis or to be listed on such other or further listing authorities, stock exchanges or quotation systems as may be agreed between DBK and the relevant Dealer(s). Any Notes issued on an unlisted basis will not be issued from this Base Information Memorandum.

AN INVESTMENT IN NOTES INVOLVES A HIGH DEGREE OF RISK.
SEE "*RISK FACTORS*" FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE NOTES ISSUED UNDER THE PROGRAMME.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state of the United States or other jurisdiction and, subject to certain exceptions, may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")). The Notes may be offered and sold (i) within the United States to persons who are qualified institutional buyers (each, a "**QIB**"), as defined in Rule 144A under the Securities Act ("**Rule 144A**") and are also qualified purchasers (each, a "**QP**"), as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"), in reliance on the exemption from registration provided by Rule 144A (such Notes so offered and sold, the "**Rule 144A Notes**") and (ii) to non-U.S. persons in offshore transactions in reliance on Regulation S (such Notes so offered and sold, the "**Regulation S Notes**"). 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. For a description of these and certain other restrictions, see "*Subscription and Sale*" and "*Transfer Restrictions*".

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*General Description of the Programme*" and any additional Dealer appointed under the Programme from time-to-time by DBK (each, a "**Dealer**" and together, the "**Dealers**"), which appointment may be for a specific issue of Notes or on an ongoing basis. References in this Base Information Memorandum to the "relevant Dealer" shall, in relation to an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all the Dealers agreeing to subscribe for such Notes, or in the case of a syndicated issue of Notes, the lead manager of such issue, as the case may be.

As at the date of this Base Information Memorandum, the long-term foreign currency debt of the Issuer has been rated BBB- (stable outlook) by S&P Global Ratings Europe Limited ("**S&P**"), BBB (stable outlook) by Fitch Ratings Limited ("**Fitch**") and Baa2 (positive outlook) by Moody's Investors Service Limited ("**Moody's**"). Each of Fitch and Moody's is established in the United Kingdom and is registered under Regulation (EU) № 1060/2009 as it forms part of domestic law by virtue of the EUWA (the "**UK CRA Regulation**"). S&P is not established in the UK, but the rating it has given to the long-term foreign currency debt of the Issuer is endorsed by S&P Global Ratings UK Limited, which is established in the UK and registered under the UK CRA Regulation. Notes issued under the Programme may be rated or unrated. Where an issue of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms or Drawdown Information Memorandum, as applicable. Such rating will not necessarily be the same as the rating assigned to the Issuer by the relevant rating agency. A credit 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.

Arrangers and Dealers

Citigroup | **Halyk Finance** | **J.P. Morgan** | **Mashreqbank** | **Société Générale Corporate & Investment Banking**

Development Finance Structuring Agent

J.P. Morgan

The date of this Base Information Memorandum is 2 April 2024

Notes issued under the Programme shall have a minimum denomination of not less than €100,000 (or its equivalent in another currency). Subject thereto and in compliance with all applicable legal, regulatory and central bank requirements, Notes will be issued in such denominations as may be specified in the relevant Final Terms or Drawdown Information Memorandum, as applicable.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Information Memorandum or any other document entered into in relation to the Programme or any information supplied by DBK or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by DBK, the Trustee or any Dealer or any of their respective affiliates.

None of the Arrangers, the Dealers or the Trustee has independently confirmed the completeness and accuracy of the information contained herein. Accordingly, no representation or warranty is made or implied by the Arrangers, the Dealers, the Trustee or any of their respective affiliates, and none of the Arrangers, the Dealers, the Trustee nor any of their respective affiliates makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Information Memorandum, and each of them disclaims all and any liability whether arising in tort or contract or otherwise, which it might otherwise have in respect of, this Base Information Memorandum or any supplement hereto. Neither the delivery of this Base Information Memorandum, any Final Terms or any Drawdown Information Memorandum nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Information Memorandum is true subsequent to the date hereof or the date upon which this Base Information Memorandum has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of DBK since the date hereof or, if later, the date upon which this Base Information Memorandum has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Information Memorandum, any Final Terms and Drawdown Information Memorandums and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Information Memorandum or any Final Terms or Drawdown Information Memorandum comes are required by DBK and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Information Memorandum or any Final Terms and other offering material relating to the Notes, see "*Transfer Restrictions*" and "*Subscription and Sale*".

Regulation S Notes and Rule 144A Notes in a particular Tranche will each initially be represented by a separate global note (a "**Regulation S Global Note**" and a "**Rule 144A Global Note**", respectively, and, together, the "**Global Notes**").

This Base Information Memorandum may be communicated solely to (A) persons outside the United Kingdom or (B) persons inside the United Kingdom who are (i) persons with 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**"), (ii) 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 or (iii) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any securities of DBK or any of its subsidiaries (DBK and its subsidiaries together, the "**Group**") may otherwise lawfully be communicated or caused to be communicated (all such persons in (A) and (B) above being "**relevant persons**"). Any investment activity to which this communication relates will only be available to and will only be engaged with relevant persons. Any person who is not a relevant person should not act or rely on this communication.

Neither this Base Information Memorandum, any Final Terms, any Drawdown Information Memorandum nor any other information supplied in connection with the Programme constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by DBK, the Dealers, the Trustee or any of their respective affiliates that any recipient of this Base Information Memorandum or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Information Memorandum or any Final Terms or Drawdown Information Memorandum shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of DBK. The contents of this Base Information Memorandum are not to be construed as, and should not be relied on as, legal, business or tax advice and each prospective investor should consult its own legal and other advisers for any such advice relevant to it.

PROHIBITION OF SALES TO EEA 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 European Economic Area (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 Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of the Directive 2016/97/EU (the "**Insurance Distribution Directive**"), 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) № 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 UK 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 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) № 2017/565, as it forms part of domestic law by virtue of the EUWA; or (ii) 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) № 600/2014, as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) № 1286/2014, 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.

MiFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – The Final Terms in respect of any Notes will include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor"**) should take into consideration the 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 target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY target market – The Final Terms in respect of any Notes will include a legend entitled "UK MiFIR Product Governance", which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor")** should take into consideration the 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 target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

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).

Sales To Canadian Investors: The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Drawdown Information Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Joint Bookrunners are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the offering of the Notes.

UK Benchmarks Regulation - Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/2011, as it forms part of domestic law by virtue of the EUWA (the "**UK Benchmarks Regulation**"). If any such reference rate does constitute such a benchmark, the Final Terms or Drawdown Information Memorandum will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the FCA pursuant to Article 36 (Register of administrators and benchmarks) of the UK Benchmarks Regulation. Transitional provisions in the UK Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the Final Terms or Drawdown Information Memorandum. The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the relevant Final Terms or Drawdown Information Memorandum to reflect any change in the registration status of the administrator.

Amounts payable on the Notes may be calculated by reference to EURIBOR, as specified in the relevant Final Terms. As at the date of this Base Information Memorandum, the administrator of EURIBOR, the European Money Markets Institute, is not included in FCA's register of administrators under Article 36 of the UK Benchmarks Regulation.

As far as DBK is aware, the transitional provisions in Article 51 of the UK Benchmarks Regulation apply, such that the European Money Markets Institute (as administrator of EURIBOR), is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).

The language of this Base Information Memorandum is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law. In connection with the listing of the Notes on the KASE, DBK will furnish the KASE with a Russian translation of this Base Information Memorandum (the "**Translation**"). The Translation has been prepared by DBK solely for the purpose of listing the securities described in the Base Information Memorandum on the KASE. None of the Dealers or any of their affiliates has verified, makes any representation or warranty, or takes any responsibility for the accuracy or completeness of the Translation. This Base Information Memorandum in English is the only authentic and definitive version for the investment decision making process. In the event of any conflict or discrepancy between the English version of this Base Information Memorandum and the Translation, or any dispute regarding the interpretation of any statement in the English version or the Translation, the English version shall prevail.

This Base Information Memorandum has been prepared on the basis that any offer of Notes in the UK will be made pursuant to an exemption under the UK Prospectus Regulation, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in the UK of Notes, which are the subject of an offering contemplated by the relevant Final Terms or Drawdown Information Memorandum may only do so in circumstances in which no obligation arises for DBK or any Dealer to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation, in each case, in relation to such offer. Neither DBK nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for DBK or any Dealer to publish or supplement a Base Information Memorandum for such offer.

NEITHER THE NOTES NOR ANY BENEFICIAL INTERESTS THEREIN HAVE BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS BASE INFORMATION MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

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, the merits and risks of investing in the Notes and the information contained in this Base Information Memorandum or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes may 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 Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's home currency;

- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. A potential investor should not invest in Notes, which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes are expected to perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The investment activities of certain investors may be subject to law or review or regulation by certain authorities. Each potential investor should determine for itself, on the basis of professional advice where appropriate, whether and to what extent Notes are lawful investments for it, Notes can be used as collateral for various types of borrowing, and other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk based capital or similar rules.

In connection with the issue of any Series of Notes, J.P. Morgan Securities plc will be acting as the Issuer's development finance structuring agent (the "**Development Finance Structuring Agent**"), if named as such in the applicable Final Terms or the Drawdown Information Memorandum. No assurance is given that any Series of Notes to be issued under the Programme will be qualified by the Development Finance Structuring Agent. No assurance is given by the Issuer and the Development Finance Structuring Agent that investing in the Notes or the use of proceeds by the Issuer will satisfy, whether in whole or in part, any present or future investor expectations or requirements with respect to development impact financing, including related sustainability criteria or goals. See "*Development Impact*". No independent verification as to the accuracy or completeness or lack thereof of the "*Development Impact*" section of this Base Information Memorandum has been done by J.P. Morgan Securities plc. The information contained in the section "*Development Impact*" of this Base Information Memorandum (a) is not a substitute for an investor's independent evaluation and analysis and (b) should not be considered as a recommendation by the Development Finance Structuring Agent that any transactions or related projects described in the "*Development Impact*" section of this Base Information Memorandum achieve any particular development finance criteria or requirement to which it may be subject. The "*Development Impact*" section of this Base Information Memorandum has been prepared, in part, based on certain forward-looking statements and projections provided by the Issuer. Any such statements and projections reflect various estimates and assumptions by the Issuer concerning anticipated results. No representations or warranties are made by the Development Finance Structuring Agent as to the accuracy of any such statements or projections. Whether or not any such forward-looking statements or projections are in fact achieved will depend upon future events some of which may not be within the control of the Issuer. See "*Forward-Looking Statements*". Accordingly, actual results may vary from the projected results and such variations may be material. No fiduciary duties are owed to any party by the Development Finance Structuring Agent.

Environmental, Social and Governance ("**ESG**") ratings may vary among ESG rating agencies as the methodologies used to determine ESG ratings may differ. DBK's ESG ratings are not indicative of its current or future operating or financial performance, or any future ability to service the Notes and are only current as of the dates on which they were initially issued. Prospective investors must determine for themselves the relevance of any such ESG ratings information contained in this Base Information Memorandum or elsewhere in making an investment decision. Furthermore, ESG ratings shall not be deemed to be a recommendation by DBK or any other person to buy, sell or hold Notes issued under the Programme. Currently, the providers of such ESG ratings are not subject to any regulatory or other similar oversight in respect of their determination and award of ESG ratings. For more information regarding the valuation methodologies used to determine ESG ratings, please refer to the relevant rating agency's website (which website does not form a part of, nor is incorporated by reference in, this Base Information Memorandum).

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms 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(s) (or persons acting on behalf of a 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 relevant Tranche of 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 relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

DBK is required to maintain its accounts in accordance with relevant laws and regulations in the Republic of Kazakhstan ("**Kazakhstan**"), including those adopted by its regulator (since 1 January 2020, the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market and, prior to that date, the Financial Market Supervision Committee of the National Bank of Kazakhstan (the "**NBK**"). These laws and regulations require that DBK's accounts be prepared in Tenge (as defined below) and in accordance with International Financial Reporting Standards ("**IFRS**"), as promulgated by the International Accounting Standard Board (the "**IASB**"). Accordingly, DBK's audited annual consolidated financial statements contained in this Base Information Memorandum, including the notes thereto, as at and for the year ended 31 December 2023, which include comparative data as at and for the year ended 31 December 2022 (the "**2023 Annual Financial Statements**"), and as at and for the year ended 31 December 2022, which include comparative data as at and for the year ended 31 December 2021 (the "**2022 Annual Financial Statements**" and, together with the 2023 Annual Financial Statements, the "**Financial Statements**") were prepared in Tenge in accordance with IFRS and applicable laws and regulations in Kazakhstan.

The contents of DBK's website (or any other website) and the content of any website accessible from hyperlinks on DBK's website are expressly not incorporated into, and do not form any part of, this Base Information Memorandum.

Currencies

In this Base Information Memorandum:

- "**EUR**", "**Euros**" or "**€**" refers to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended;

- "**MYR**" refers to Malaysian Ringgits, the lawful currency of Malaysia;

- "**RUB**" refers to Russian Roubles, the lawful currency of the Russian Federation;

- "**Tenge**" or "**KZT**" refers to Kazakhstan Tenge, the lawful currency of the Republic of Kazakhstan;

- "**U.S.$**" or "**U.S. Dollars**" refers to U.S. Dollars, the lawful currency of the United States of America; and

- "**¥**" or ""**Yen**" refers to Japanese Yen, the lawful currency of Japan.

Solely for convenience, this Base Information Memorandum includes conversions of certain Tenge amounts into U.S. Dollars at specified rates. Unless otherwise stated, data presented in U.S. Dollars is converted from Tenge at the applicable market exchange rate on the date or at the period-end of the relevant data. In line with the Resolution of the Board of the NBK № 15 dated 25 January 2013 and the Order of the Minister of Finance of the Republic of Kazakhstan № 99 dated 22 February 2013, the market exchange rate for the translation of Tenge amounts into U.S. Dollars is determined based on the weighted average exchange rate of the Tenge to the U.S. Dollar, calculated at 15:30 hours (Astana time) on the basis of morning (main) and daily (additional) sessions of the KASE.

Although DBK uses the market exchange rate when preparing its financial statements, the Tenge to U.S. Dollar translations included in this Base Information Memorandum are not reflective of a translation in accordance with IFRS and should not be construed as a representation that the Tenge amounts have been or could be converted into U.S. Dollars at that rate or any other rate.

The following table sets forth the period-end, average and low and high rates for Tenge, each expressed in Tenge and based on the Tenge/U.S. Dollar market exchange rates quoted on the KASE, as reported by the NBK (after rounding adjustments):

Period	**Period end**	**Average**(1)	**High**	**Low**
		(KZT/U.S.$1.00)		
Year ended 31 December 2023	454.56	456.26	482.77	431.08
Year ended 31 December 2022	462.65	460.93	512.19	414.67
Year ended 31 December 2021	431.80	426.06	436.35	414.77

Note:
(1) The average of the rate reported by the KASE for each month during the relevant period.

The Tenge/U.S. Dollar exchange rate as reported by the NBK on 1 April 2024, was KZT 446.78 per U.S.$1.00.

The above rates may differ from the actual rates used in the preparation of DBK's financial statements or other financial information appearing in this Base Information Memorandum. No representation is made that the Tenge amounts in this Base Information Memorandum could have been converted into U.S. Dollars, at any particular rate or at all. Fluctuations in exchange rates between the Tenge and U.S. Dollar are not necessarily indicative of fluctuations that may occur in the future.

Rounding

Certain amounts which appear in this Base Information Memorandum have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be the sum of the figures which precede them.

Market and Industry Data

Certain statistical and market information that is presented in this Base Information Memorandum on such topics as Kazakhstan's banking sector and Kazakhstan's economy in general and related subjects has, unless otherwise stated herein, been extracted from documents and other publications released by the NBK, the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market and the National Statistics Office of Kazakhstan (the "**National Statistics Office**").

DBK has accurately reproduced such information, and, so far as DBK is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution. Where third party information has been used in this Base Information Memorandum, the source of such information has been identified. Prospective investors should note that some of DBK's estimates are based on such third party information. None of DBK, the Arrangers or the Dealers have independently verified the figures, market data or other information on which third parties have based their studies.

Official data published by Kazakhstan governmental or regional agencies are substantially less complete or researched than those of more developed countries. Further, official statistics, including those produced by the NBK, the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market and the National Statistics Office, may be produced on different bases than those used in more developed countries. DBK has not independently verified such official statistics and other data, and any discussion of matters relating to Kazakhstan in this Base Information Memorandum is, therefore, subject to uncertainty due to questions regarding the completeness or reliability of such information. Specifically, investors should be aware that certain statistical information and other data contained in this Base Information Memorandum has been extracted from official Kazakhstan government (the "**Government**") sources and was not prepared in connection with the preparation of this Base Information Memorandum. Unless otherwise stated, macroeconomic data, which appear in this Base Information Memorandum have been derived from statistics published by the National Statistics Office. In addition, certain information contained in this Base Information Memorandum is based on the knowledge and research of DBK's management using information obtained from non-official sources. DBK has accurately reproduced such information, and, so far as DBK is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution. This information has not been independently verified and, therefore, is subject to uncertainties due to questions regarding the completeness or reliability of such information, which was not prepared in connection with the preparation of this Base Information Memorandum.

Any discussion of matters relating to Kazakhstan's banking sector, economy and related topics as well as other participants in the Kazakhstan banking sector in this Base Information Memorandum is, therefore, subject to uncertainty due to concerns about the completeness or reliability of available official and public information.

SEC Reporting Requirements

The financial information included in this Base Information Memorandum is not intended to comply with SEC reporting requirements. Compliance with such requirements may require the modification or exclusion of certain financial measures, including the conversion of Tenge into U.S. Dollars for any period other than as at and for the year ended 31 December 2023 and the presentation of certain other information not included herein.

Presentation of Alternative Performance Measures

In this Base Information Memorandum, DBK uses the following metrics in the analysis of its business and financial position, which DBK considers to constitute Alternative Performance Measures ("**APMs**"), as defined in the European Securities and Market Authority Guidelines on Alternative Performance Measures dated 5 October 2015 (the "**ESMA Guidelines**"). For further information see "*Overview of Financial Information*".

Set out below is a summary of the APM metrics used, the definition, bases of calculation and reconciliation of such metrics and the rationale for the inclusion of such metrics.

Metric	Definition, method of calculation and reconciliation to financial statement line item	Rationale
Return on average assets (ROAA)	Calculated as profit for the year divided by average period total assets. Average period total assets are calculated based on opening and closing balances for each relevant period.	Performance measure
Return on average equity (ROAE)	Calculated as profit for the year divided by average equity balances for the period. Averages are calculated as the average of the opening and closing balances for each relevant period.	Performance measure
Net interest margin	Calculated as net interest income as a percentage of average interest-bearing assets. Interest-bearing assets are comprised of cash and cash equivalents, placements with banks and other financial institutions, loans to banks, loans to customers, finance lease receivables, debt securities and amounts receivable from IFK JSC.	Performance measure
Net interest spread	Calculated as the difference between the average interest rate on interest-bearing assets and the average interest rate on interest-bearing liabilities. Average interest rates are calculated as the ratio of net interest income to the average balance of interest-bearing assets or liabilities. Interest-bearing liabilities are comprised of loans from the Government and SWF Samruk-Kazyna JSC, loans from the Parent Company, loans and balances from banks and other financial institutions, current accounts and deposits, debt securities issued and subordinated debt.	Performance measure
Non-interest expense/net interest income plus non-interest income	Calculated as non-interest expense/net interest income plus non-interest income. Non-interest expense is comprised of fee and commission expense and general administrative expenses. Non-interest income is comprised of net foreign exchange gain/(loss), net realised gain/(loss) on debt securities at fair value through other comprehensive income, net gain/(loss) on financial instruments at fair value through profit or loss, net loss resulted from de-recognition of financial assets measured at amortised cost and other (expense)/income.	Performance measure
Non-interest expense as a percentage of net interest income	Calculated as non-interest expense divided by net interest income.	Performance measure
Non-interest expense as a percentage of average total assets	Calculated as non-interest expense divided by average total assets. Average total assets are calculated based on opening and closing balances for each relevant period.	Performance measure
Allowance of impairment losses/loans to customers and banks	Calculated as impairment allowance divided by gross loans to customers measured at amortised cost, loans to customers measured at fair value through profit or loss and gross loans to banks.	Liquidity measure
Loans to customers and banks to total assets	Calculated as loans to customers and banks divided by total assets.	Liquidity measure
Total equity to total assets	Calculated as total equity divided by total assets.	Performance measure
Liquid assets to total assets	Calculated as liquid assets divided by total assets. Liquid assets comprise cash and cash equivalents, placements with banks and other financial institutions and debt securities measured at fair value through other comprehensive income.	Liquidity measure
Contingent liabilities to total equity	Calculated as contingent liabilities divided by total equity. Contingent liabilities include loan, credit line and finance lease commitments, as well as letters of credit, guarantees and other commitments related to settlement operations.	Liquidity measure
Direct liabilities to total equity	Calculated as direct liabilities divided by total equity. Direct liabilities include loans from the Government and SWF Samruk-Kazyna JSC, loans and balances from banks and other financial institutions, current accounts and deposits, debt securities issued, loans from the Parent Company, subordinated debt and derivative financial instruments.	Liquidity measure

The above APMs have been included in this Base Information Memorandum to facilitate a better understanding of DBK's historic trends of operation and financial condition. DBK uses APMs as supplementary information to its IFRS operating results. See the Financial Statements and the notes thereto included in this Base Information Memorandum. The APMs are not defined by, or presented in accordance with, IFRS. The APMs are not measurements of DBK's operating performance under IFRS and should not be considered as alternatives to any measures of performance under IFRS. In addition, other companies, including those in DBK's industry, may calculate similarly titled APMs differently from DBK. Because companies do not calculate these APMs in the same manner, DBK's presentation of such APMs may not be comparable to other similarly titled APMs used by other companies.

FORWARD-LOOKING STATEMENTS

Certain statements included herein may constitute forward-looking statements that involve a number of risks and uncertainties. Certain such forward-looking statements can be identified by the use of forward-looking terminology such as “believes”, “expects”, “may”, “are expected to”, “intends”, “will”, “will continue”, “should”, “would be”, “seeks”, “approximately” or “anticipates” or similar expressions or the negative or other variations thereof or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Base Information Memorandum and include statements regarding DBK’s current intentions, beliefs or expectations concerning, amongst other things, DBK’s results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which it operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

Prospective investors should be aware that forward-looking statements are not guarantees of future performance and that DBK’s actual results of operations, financial condition and liquidity and the development of the sectors and economy in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this Base Information Memorandum. In addition, even if DBK’s results of operations, financial condition and liquidity and the development of the sectors and economy in which it operates are consistent with the forward-looking statements contained in this Base Information Memorandum, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause those differences include, but are not limited to:

- the impact of the armed conflict commenced by Russia in Ukraine on Kazakhstan’s economy, DBK’s customers and DBK’s business;
- economic and political conditions, as well as the stability of the banking sector, in Kazakhstan generally;
- continued support and indirect control of DBK by the Government;
- changes in Government policies with respect to the application by DBK of Government funding;
- anticipated growth of DBK’s business;
- economic and political conditions in the countries of residence of DBK’s borrowers, which may impact their ability to repay loans owed to DBK and, accordingly, the asset quality of DBK’s loan portfolio;
- expectations as to the impact of projects undertaken to improve cost efficiencies and enhance revenue growth; and
- estimates and financial targets for increasing and diversifying the composition of DBK’s loan portfolio.

Factors that could cause actual results to differ materially from DBK’s expectations are contained in cautionary statements in this Base Information Memorandum and include, among other things, the following:

- overall macro-economic and national and international business conditions and commodity prices;
- regional and geopolitical challenges, including changes in economic, social or political conditions in Kazakhstan, Russia and the Central Asia region, including changes in government;
- the demand for DBK’s products or services;
- competitive factors in the sectors and economy in which DBK’s customers compete;
- changes in legislation, regulation or Government policy;
- any decline in the value of collateral securing the loans granted by DBK to its borrowers;
- changes in tax requirements, including tax rate changes, new tax laws and revised tax law interpretations;
- interest rate fluctuations and other capital market conditions;
- exchange rate fluctuations;

- the impact of sanctions on DBK's counterparties;
- hostilities and restrictions on the ability to transfer capital across borders; and
- the timing and impact of other uncertainties relating to future actions.

The sections of this Base Information Memorandum entitled "*Risk Factors*", "*Selected Financial Information and Other Data*", "*Management's Discussion and Analysis of Results of Operations and Financial Condition*" "*Selected Statistical and Other Data*" and "*Business*" contain a more complete discussion of the factors that could affect DBK's future performance and the sectors and economy in which it operates. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Base Information Memorandum may not occur.

DBK does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to DBK or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Base Information Memorandum.

ADDITIONAL INFORMATION

DBK is not required to file periodic reports under Section 13 or 15 of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). For so long as DBK is not a reporting company under Section 13 or 15(d) of the Exchange Act, or exempt from reporting pursuant to Rule 12g3-2(b) thereunder, DBK will, upon request, furnish to each holder or beneficial owner of Notes that are "restricted securities" (within the meaning of Rule 144(a)(3) under the Securities Act) and to each prospective purchaser thereof designated by such holder or beneficial owner upon request of such holder, beneficial owner or prospective purchaser, in connection with a transfer or proposed transfer of any such Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. See "*Terms and Conditions of the Notes—Negative Pledge and Covenants*". As long as the relevant Notes are represented by a Rule 144A Global Note, for the purposes of this paragraph the expression "holder" shall be deemed to include account holders in the clearing systems who have interests in the relevant Rule 144A Global Note.

RESPONSIBILITY STATEMENT

DBK accepts responsibility for the information contained in this Base Information Memorandum. To the best of the knowledge of DBK, the information contained in this Base Information Memorandum is true and accurate in all material respects and is in accordance with the facts and does not omit anything likely to affect the import of such information or which would make misleading any statement in this Base Information Memorandum, whether of facts or opinion.

Certain information in this Base Information Memorandum contained under the headings "*Risk Factors*" and "*The Banking Sector in Kazakhstan*" and certain other macroeconomic data which appear in this Base Information Memorandum have been extracted from documents and other publications released by the National Statistics Office, the NBK and the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market. DBK accepts responsibility for accurately reproducing such extracts, and as far as it is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render such information inaccurate or misleading. See "*Presentation of Financial and Other Information – Market and Industry Data*".

SUPPLEMENTS TO THIS BASE INFORMATION MEMORANDUM

DBK has undertaken, in connection with the listing of Notes, that if there is a significant new factor, material mistake or inaccuracy relating to the information contained in this Base Information Memorandum, which is capable of affecting the assessment of any Notes, whose inclusion would reasonably be required by investors, and would reasonably be expected by them to be found in this Base Information Memorandum, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of DBK, and the rights attaching to the relevant Notes, DBK will prepare or procure the preparation of a supplement to this Base Information Memorandum or, as the case may be, publish a new Base Information Memorandum, for use in connection with that or any subsequent issue by DBK of listed Notes.

FINAL TERMS AND DRAWDOWN INFORMATION MEMORANDUMS

In this section the expression "necessary information" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes, which may be issued under the Programme, the Issuer has endeavoured to include in this Base Information Memorandum all of the necessary information, except for information relating to the Notes, which is not known at the date of this Base Information Memorandum and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Information Memorandum and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or Drawdown Information Memorandum.

For a Tranche of Notes, which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete this Base Information Memorandum and must be read in conjunction with this Base Information Memorandum. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Terms and Conditions of the Notes described in the relevant Final Terms as supplemented to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Information Memorandum will be the Terms and Conditions of the Notes as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Information Memorandum. In the case of a Tranche of Notes, which is the subject of a Drawdown Information Memorandum, each reference in this Base Information Memorandum to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Information Memorandum unless the context requires otherwise.

ENFORCEMENT OF FOREIGN JUDGMENTS

DBK is a joint stock company organised under the laws of Kazakhstan, and certain of its officers and directors and certain other persons referred to in this Base Information Memorandum are residents of Kazakhstan. All or a substantial portion of the assets of DBK and such persons are located in Kazakhstan. As a result, it may not be possible to effect service of process upon DBK or any such person outside Kazakhstan, to enforce against any of them, in courts of jurisdictions other than Kazakhstan, judgments obtained in such courts that are predicated upon the laws of such other jurisdictions or to enforce against any of them, in Kazakhstan's courts, judgments obtained in jurisdictions other than Kazakhstan, including judgments obtained in the courts of England.

The Notes and the Trust Deed are governed by the laws of England, and DBK has agreed in the Notes and the Trust Deed that disputes arising thereunder are subject to arbitration in London, England or at the election of the Trustee or, in certain circumstances, a Noteholder to the jurisdiction of the English courts. See Condition 23 under "*Terms and Conditions of the Notes*". Kazakhstan's courts will likely not enforce any judgment obtained in 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) there is a proved reciprocity in enforcement of judgments of Kazakhstan courts in that country, which can be very hard or impossible to prove. There is no such treaty in effect between Kazakhstan and the United Kingdom. However, each of Kazakhstan and the United Kingdom are parties to the 1958 New York Convention on Recognition and Enforcement of Arbitral Awards and, accordingly, an arbitral award obtained in the United Kingdom should generally be recognised and enforceable in Kazakhstan provided the conditions to enforcement set out in that Convention and applicable Kazakhstan laws are met.

The Law "On Arbitration" (№ 488-V, dated 8 April 2016) (the "**Arbitration Law**") was signed by the President of Kazakhstan on 8 April 2016. The introductory language to the Arbitration Law, as well as other provisions of the Arbitration Law, imply that the Arbitration Law should apply only where the matter involves dispute resolution in Kazakhstan (*i.e.*, in respect of arbitration bodies with a seat in Kazakhstan). In particular, the preamble to the Arbitration Law states that: "This [l]aw regulates social relations arisen in the process of arbitration activity on the territory of the Republic of Kazakhstan as well as the procedure and terms of recognition and enforcement of arbitral awards in Kazakhstan…"

There are, however, certain provisions in the Arbitration Law, which may have implications (as described below) in respect of the arbitration provisions contained in the Notes and the Trust Deed. In particular, the provisions of the Arbitration Law do not clearly differentiate between domestic and foreign arbitration. In particular:

- Article 8.8 of the Arbitration Law restricts the trying of disputes involving quasi-sovereign companies by arbitration. DBK falls under the definition of a quasi-sovereign company. More specifically, Article 8.8 provides that a dispute between quasi-sovereign companies cannot be resolved by arbitration. While there is no established practice in relation to Article 8.8 of the Arbitration Law, DBK's management ("**Management**") believes that this requirement only applies when two or more quasi-sovereign companies are involved in a dispute as adverse parties. Accordingly, Article 8.8 should not apply if two or more quasi-sovereign companies are not adverse parties to the dispute, which would be the case in respect of the Notes, the Agency Agreement and the Trust Deed.

- Article 8.10 of the Arbitration Law requires state-controlled companies to obtain consent from the competent authority of a relevant industry in order to enter into an arbitration agreement. While DBK falls within the definition of a state-controlled company, in November 2023, the Supreme Court of Kazakhstan clarified, in Resolution № 3, that no competent authority's consent shall be required for an arbitration agreement between state-controlled companies and non-residents of the Republic of Kazakhstan. Accordingly, Management believes that Article 8.10 should not apply to arbitration agreements under the Notes, the Agency Agreement and the Trust Deed.

Given that there is not a well-developed practice in Kazakhstan on the application of the Arbitration Law, there can be no assurance that Kazakhstan courts would support the above interpretation of the Arbitration Law and that an award against DBK in arbitral proceedings in London under English law would be enforced in Kazakhstan. See "*Risk Factors—Factors that are material for assessing the market risks associated with Notes issued under the Programme—Enforceability of Judgments*."

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GENERAL DESCRIPTION OF THE PROGRAMME

The following general description does not purport to be complete and is qualified in its entirety by the remainder of this Base Information Memorandum. Words and expressions defined in "Forms of the Notes" or "Terms and Conditions of the Notes" below shall have the same meanings in this general description.

Issuer	JSC Development Bank of Kazakhstan.
Legal Entity Identifier	213800LCDPGJ1BI7KX98
Arrangers	Citigroup Global Markets Limited, J.P. Morgan Securities plc, JSC Halyk Finance, Mashreqbank psc and Société Générale
Dealers	Citigroup Global Markets Limited, J.P. Morgan Securities plc, JSC Halyk Finance, Mashreqbank psc, Société Générale and any other Dealer(s) appointed in accordance with the Programme Agreement (as defined below).
Trustee	Deutsche Trustee Company Limited.
Principal Paying and Transfer Agent ...	Deutsche Bank AG, London Branch.
Luxembourg Registrar	Deutsche Bank Luxembourg S.A.
U.S. Paying and Transfer Agent	Deutsche Bank Trust Company Americas.
U.S. Registrar	Deutsche Bank Trust Company Americas.
Size	U.S.$3,000,000,000 (or its equivalent in other currencies calculated in accordance with the provisions of the Programme Agreement) outstanding at any one time. DBK may increase the amount of the Programme at any time in accordance with the Programme Agreement.
Issuance	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects, save that a Tranche may comprise Notes of different denominations. Each Tranche will be the subject of Final Terms or Drawdown Information Memorandum (as the case may be), which, for the purposes of that Tranche only, supplements the Terms and Conditions of the Notes and this Base Information Memorandum and must be read in conjunction with this Base Information Memorandum. The terms and conditions applicable to any particular Tranche of Notes are the Terms and Conditions of the Notes, as supplemented, amended or replaced by the relevant Final Terms or the relevant Drawdown Information Memorandum (as the case may be).
Agency Permissions	No Notes issued by DBK may be issued and/or placed (including the listing thereof) outside of the Republic of Kazakhstan without prior getting the Agency Permissions.
Forms of Notes	Each Series of Notes will be issued in registered form only. Regulation S Notes and Rule 144A Notes will initially be represented by a Regulation S Global Note and a Rule 144A Global Note, respectively. The Global Notes will be exchangeable for Definitive Notes (as defined herein) in the limited circumstances specified in the Global Notes.
Clearing Systems	DTC (in the case of Rule 144A Notes), unless otherwise agreed, and Clearstream, Luxembourg and Euroclear (in the case of Regulation S Notes), unless otherwise agreed, and such other clearing system as may be agreed between DBK, the Principal Paying and Transfer Agent, the Trustee and the relevant Dealer.

Currencies	Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal, regulatory and central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in or linked to, any currency or currencies other than the currency in which such Notes are denominated.
Status of the Notes	The Notes will constitute direct, general and unconditional obligations of DBK, which will at all times rank *pari passu* among themselves and *pari passu* in right of payment with all other present and future unsubordinated obligations of DBK, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Issue Price	Notes may be issued at any price, as specified in the relevant Final Terms.
Maturities	Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal, regulatory and central bank requirements.
Redemption	Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula, index or otherwise), as may be specified in the relevant Final Terms. Notes may also be redeemable in two or more instalments on such dates and in such manner, as may be specified in the relevant Final Terms.
Optional Redemption	Notes may be redeemed before their stated maturity at the option of DBK (either in whole or in part), the Noteholders or both to the extent (if at all) specified in the relevant Final Terms.
Tax Redemption	Early redemption will be permitted for certain tax reasons, as set out in Condition 10.2 under "*Terms and Conditions of the Notes*".
Interest	Notes may be interest-bearing or non interest-bearing (as set out in the relevant Final Terms). Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series (as set out in the relevant Final Terms).
Denominations	Notes will be issued in such denominations as may be specified in the relevant Final Terms (the "**Specified Denomination**"), provided that the Specified Denomination(s) shall not be less than €100,000 or its equivalent in another currency. For so long as the Notes are represented by a Global Note and the relevant clearing system(s) so permit, the Notes shall be tradeable only in the minimum authorised denomination of €100,000 and higher integral multiples of any smaller amount specified in the relevant Final Terms. Interests in the Rule 144A Notes shall be held in amounts of not less than U.S.$200,000 or its equivalent in another currency. Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by DBK in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA will have a minimum denomination of £100,000 (or its equivalent in another currency).
Negative Pledge and Covenants	The Notes will have, among others, the benefit of a negative pledge and covenants relating to (i) compliance with the legislative act constituting DBK and (ii) provision of certain information, each as set out in Condition 6 under "*Terms and Conditions of the Notes*".
Cross Default	The Notes will have the benefit of a cross default clause as described in Condition 13.3 under "*Terms and Conditions of the Notes*".
Taxation	All payments in respect of Notes will be made free and clear of withholding taxes of Kazakhstan unless the withholding is required by law. In that event, DBK will (subject as provided in Condition 12 under "*Terms and Conditions of the Notes*") pay such additional amounts as

	will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.
Redenomination.....................................	The applicable Final Terms may provide that Notes may be redenominated in Euros in accordance with Condition 22 under "*Terms and Conditions of the Notes*".
Governing Law......................................	English law.
Listing..	Application has been made to the Vienna Stock Exchange for the admission of the Programme and/or any Series of Notes in trading on the Vienna MTF. Application has also been made for the Notes issued under the Programme to be admitted to the "Bonds" category of the "Debt Securities" sector of the "Main" platform of the official list of the KASE. The Programme also permits Notes to be issued on an unlisted basis outside of Kazakhstan or to be listed on such other or further listing authorities, stock exchanges or quotation systems outside of Kazakhstan, as may be agreed between DBK and the relevant Dealer. In addition, DBK shall make an application to the KASE for Notes issued under the Programme to be listed on KASE, although no assurance can be given such listing will be obtained.
Selling Restrictions................................	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the United Kingdom, Kazakhstan and Japan. See "*Subscription and Sale*".
Risk Factors...	Investing in the Notes involves a high degree of risk, which investors should ensure they fully understand. These include factors that may affect DBK's ability to fulfil its obligations under, or in connection with, Notes issued under the Programme and factors that are material for assessing the market risks associated with Notes issued under the Programme. See "*Risk Factors*".

DEVELOPMENT IMPACT

DBK is a national development institution and a bank authorised to implement Government investment policy and stimulation of industry. The mission of DBK is to improve national prosperity by fostering the sustainable development of the non-resource economy sector and creating infrastructure that supports economic growth. DBK is the country's leader in assessing and structuring major infrastructure and industrial projects. As a specialised Government-owned development institution, DBK provides timely and sufficient financing for projects relevant to its mission. DBK seeks to foster diversification of the economy of Kazakhstan, enhance and improve efficiency of state investment activities and facilitate foreign and domestic investments into the economy of Kazakhstan.

Set forth below are the key characteristics of DBK's development goals:

1) **Finance investment projects through the growth of DBK's loan portfolio in priority sectors and activitiesof the economy, in line with DBK's 2024-2033 Development Strategy:**

- Investing approximately KZT 9.3 trillion in the development of the manufacturing and infrastructure industry, including approximately KZT 3.1 trillion through its subsidiary, Industrial Development Fund JSC ("**IDF JSC**");
- Increasing the share of projects producing goods of medium- and high-level processing within DBK's credit portfolio structure to constitute not less than 30% of the portfolio;
- Increasing the share of infrastructure projects in the total volume of financing to 35%;
- Increasing the total revenue of the enterprises supported by DBK to KZT 5,168.1 billion by 2033;
- Increasing export revenues for the enterprises supported by DBK to KZT 2,081.1 billion by 2033;
- Ensuring the volume of investments in fixed capital in the agro-industrial complex for the period at the level of KZT 15 billion; and
- Continuing to support the services (including tourism, environmental, medical, educational, sports, recreational and hospitality), food and beverage, and agricultural sectors.

2) **Promote green financing and the development of the renewable energy sector in Kazakhstan by financing the below by 2033:**

- Three wind power plants with a total capacity of 300 megawatts (MW);
- Four solar power plants with a total capacity of 220 MW; and
- Three hydropower plants with a total capacity of 40 MW.

3) **Implement DBK's Sustainable Development** Policy by:

- Implementing the fundamental standards, principles, rules and approaches that DBK should adhere to in building a management system in the field of sustainable development into its operations. This policy wasdeveloped in accordance with the Republic of Kazakhstan and the requirementsof the UN Global Compact, the UN Principles for Responsible Investment, AA 1000 Series of Standards,International Standard ISO 26000:2010 "Guidance on Social Responsibility" and Reporting Standards forsustainable development from the Global Reporting Initiative ("**GRI**") standards;
- Interacting with the Organisation for Economic Co-operation and Development ("**OECD**") on sustainableinitiatives;
- Utilising a Development Index Calculation, a tool to evaluate and prioritise potential investment projects. The Development Index assesses the social and economic significance of a project and calculates a score based on a mix of the following seven indicators:
  - economic output increase;
  - labour productivity improvement;
  - export potential growth (not applicable for infrastructure projects);
  - development of the private sector of the economy;

    - priority of the industry or goods;
    - impact on sustainable social development; and
    - analysis and assessment of the environmental effect of projects.
- Applying its proprietary assessment method to evaluate prospective borrowers across ESG considerations, including:
    - *Environment*: the anticipated greenhouse gas emissions, the borrower's environmental management system, and the plans of reducing emissions;
    - *Impact on the social aspect*: the assessment of the working conditions and policies, the safety measures in place, assessment of inclusivity metrics, material support and preservation of employee health; and
    - *Governance*: compliance with standards for transparency, anti-money laundering, gender equality, corporate governance policies (*e.g.*, risk management and internal audit) and others.
- Jointly with the Asian Development Bank, developing and approving the Roadmap for the implementation of ESG principles into DBK's activities;
- Approving the new long-term Development Strategy of DBK for 2024-2033 with a focus on increasing DBK's contribution to the Kazakhstan economy, enhancing asset management efficiency and fostering sustainable development; and

Impact Reporting

DBK plans to report on the progress of the development outputs above on an annual basis:

Anticipated Impact			**Realised Impact**		
Indicator	**Target**	**Target Year**	**2024**	**2025**	**2026**
Loan Portfolio					
Infrastructure Financing					
Total investment in infrastructure and manufacturing industry (*KZT, trillions*)	9.3	2033			
Investment in infrastructure and manufacturing industries (Industrial Development Fund) (*KZT, trillions*)	3.1	2033			
Share of infrastructure projects *(% of total portfolio*)	35	2033			
Share of projects producing goods of medium and high-level processing (*% of total portfolio*)	30	2033			
Volume of investments in fixed capital in the agro-industrial complex (*KZT, billions*)	15	2033			
Support of Kazakh Enterprises					
Total revenue of enterprises supported by DBK (*KZT, billions*)	5,168.1	2033			
Export revenue of enterprises supported by DBK (*KZT, billions*)	2,081.1	2033			
Increase capacity in renewable energy sector (MW)					

Wind power plants	300 MW	2033			
Solar power plants	220 MW	2033			
Hydro power plants	40 MW	2033			
Implementation of DBK's Sustainable Development Policy					
Implement DBK's fundamental rules and standards of sustainable development	Yes				
Interact with the OECD on sustainable initiatives	Yes				
Utilise Development Index Calculation to prioritise investments	Yes				
Develop and approve the Roadmap for the implementation of ESG principles into DBK's activities	Yes				
Approve the new long-term Development Strategy of DBK for 2024-2033	Yes				
Acquire an ESG rating of "3" with a total score of "60"	Yes				

Contribution to the United Nations Sustainable Development Goals

The anticipated impact of the development outputs above contribute to the UN Sustainable Development Goals ("**SDGs**")[1] **#2, #3, #7, #8, #9, #13 and #17**, in particular with the goals and targets below:

- By supporting the Kazakhstan agriculture sector and promoting agricultural production and transportation, DBK is anticipated to contribute to ***SDG Target 2.3:*** *Double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers.* In 2022, the cereal yield in Kazakhstan was 1,377 kilograms per hectare, compared to the median for peer countries of 2,850 kg per hectare.[2]

- By providing financing to the manufacturing sector and supporting chemistry, petrochemistry, pharmaceuticals, DBK is anticipated to contribute to ***SDG Target 3.8:*** *Achieve universal health coverage and access to quality essential healthcare services.* In Kazakhstan, as of 2021 the Universal Health Coverage Index was 80, below the long-term objective value of 100.[3]

- By promoting green financing and development of the renewable energy sector in Kazakhstan through wind power, solar power, and hydro power, DBK is anticipated to contribute to ***SDG Target 7.2:*** *Increase substantially the share of renewable energy in the global energy mix.* In 2020, the renewable energy share in the total final energy consumption in Kazakhstan was 1.8%, compared to the median for peer countries of 29.6%.[4]

- By financing tourism, environmental, educational, sports and recreational projects, DBK is anticipated to contribute to ***SDG Target 8.9*:** *Devise and implement policies to promote sustainable tourism that creates*

[1] SDG Targets have been shortened for inclusion in this document. For full SDG Targets, see https://sdgs.un.org/goals.
[2] Source: Food and Agriculture Organization. Data retrieved from World Bank data (n=132).
[3] Source: WHO Global Health Observatory (GHO), May 2023 update. Data retrieved from UN Statistics (n=143).
[4] Source: Energy Balances, UN Statistics Division (2022), IEA (2022), World Energy Balances. Data retrieved from UN Statistics (n=144).

jobs and promotes local culture and products. In 2020, tourism accounted for 0.6% of the total GDP in Kazakhstan, relative to the peer median of 2.7%.[5]

- By supporting infrastructure development through energy, transport, telecommunications projects, DBK is anticipated to contribute to ***SDG Target 9.1:*** *Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being,* and ***SDG Target 9.2:*** *Promote inclusive and sustainable industrialisation and significantly raise industry's share of employment and gross domestic product.* In Kazakhstan in 2021, the logistics performance index (measure of the quality of trade and transport-related infrastructure) was 2.6, compared to the long-term objective value of 3.8,[6] and the manufacturing value added *per capita* was U.S.$1,300 (in constant 2015 U.S. Dollars), compared to the highest peer value of U.S.$3,145.[7]

- Through financing renewable energy projects leading to decreased carbon emissions, DBK is anticipated to contribute to ***SDG Target 13.2:*** *Integrate climate change measures into national policies, strategies and planning.* In 2020, Kazakhstan's total CO2 emissions amounted to 11.3 metric tonnes *per capita*, relative to the peer median of 1.4.[8]

- By financing projects that support increased export of Kazakh goods and services, DBK is anticipated to contribute to ***SDG Target 17.11:*** *Significantly increase the exports of developing countries.* In Kazakhstan, as of 2022, exports of goods and services accounted for 41.8% of GDP.[9]

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[5] Source: National Statistics and Tourism offices, by country. Data retrieved from UN Statistics (n=54).
[6] Sustainable Development Report, Kazakhstan, 2018.
[7] Source: UNIDO National Accounts Database. Data retrieved from UN Statistics (n=144).
[8] Source: Climate Watch Historical GHG Emissions (1990-2020). 2023. Data retrieved from World Bank data (n=143).
[9] Source: World Bank national accounts data, and OECD National Accounts data files. Data retrieved from World Bank data (n=126).

RISK FACTORS

The following factors may affect the ability of DBK to fulfil its obligations under the Notes.

Prior to making an investment decision, prospective purchasers of Notes should carefully consider, along with the other matters referred to in this Base Information Memorandum, the following risks associated with investment in Kazakhstan entities generally and with investment in securities issued by DBK (such as the Notes), which could be material for the purpose of assessing the market risks associated with Notes issued under the Programme. Prospective investors should pay particular attention to the fact that DBK operates in the legal and regulatory environment in Kazakhstan, which in some respects may differ from that prevailing in other countries.

Prospective investors should note that the risks described below are not the only risks faced by DBK. These are the risks that DBK considers to be material. However, there may be additional risks that DBK currently considers immaterial or of which it is currently unaware, and any of these risks could have the effect set forth above.

FACTORS THAT MAY AFFECT DBK'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER, OR IN CONNECTION WITH, NOTES ISSUED UNDER THE PROGRAMME

A. OPERATIONAL RISKS RELATING TO DBK AND ITS BUSINESS

State Ownership

DBK was established on 31 May 2001 as the Government's primary vehicle for promoting economic development and exports from non-extractive sectors of the Kazakhstan economy and is part of Kazakhstan's overall industrial development programme. Pursuant to the Decree of the President of the Republic of Kazakhstan №. 571 dated 22 May 2013, which was enacted with immediate effect, the entire issued share capital of DBK was transferred from the wholly Government-owned Sovereign Wealth Fund "Samruk Kazyna" JSC ("**Samruk-Kazyna**") to Baiterek National Management Holding JSC ("**Baiterek JSC**"), a then-newly established holding company to consolidate all state holdings in peer development and financial institutions such as DBK. Baiterek JSC is, in turn, wholly-owned by the Government. Accordingly, the ultimate controlling party of DBK is the Government, represented by the Ministry of National Economy.

Due to its 100% shareholding in DBK, Baiterek JSC has the right to determine all matters requiring a vote of shareholders, including the election of DBK's Board of Directors (the "**Board of Directors**") and setting DBK's dividend policy. The Board of Directors is the main management body of DBK, responsible for the approval of credit decisions for projects whose value exceeds 10% of DBK's equity and for DBK's financial strategy. Baiterek JSC, as shareholder, appoints the chairman of the Management Board in accordance with the recommendation of, or agreement with, the Prime Minister. As a result, there can be no assurance that Baiterek JSC will not influence DBK's funding, lending or other policies.

Baiterek JSC is tasked with optimising the management system of development institutions, national companies and other legal entities in Kazakhstan with the goal of supporting and diversifying Kazakhstan's economy. Accordingly, the interests of Baiterek JSC may conflict with the interests of DBK's creditors, and, as a result, there can be no assurance that Baiterek JSC will exercise influence over DBK in a manner that is in the best interests of DBK or the Noteholders. In addition, being controlled by the Government may slow DBK's decision-making process and subject DBK to the risks of bureaucracy and inefficiencies commonly attributed to state-controlled companies. Furthermore, there is a risk that any change of administration in Kazakhstan may result in changes in Baiterek JSC's policies, and such new policies may conflict with the interests of DBK and the Noteholders.

On 2 January 2022, protests began in the west of Kazakhstan related to an increase in the price of liquified natural gas ("**LNG**") from KZT 60 per litre to KZT 120 per litre. These protests spread to other cities and resulted in looting and loss of life. On 5 January 2022, the Government declared a state of emergency, following which the President of Kazakhstan has made certain public statements regarding possible measures, including additional taxes. On 19 January 2022, the state of emergency was lifted. In January 2022, the President drew attention to the fact that DBK provided services to large enterprises that enjoyed special privileges thus stifling competition and preventing implementation of reforms. On 18 January 2022, Moody's placed DBK's long-term local- and foreign-currency issuer ratings, as well as its senior unsecured debt ratings, on review for possible downgrade, citing uncertainty regarding external support for DBK channelled by the Government through Baiterek JSC following the President's statement referencing DBK and criticisms of its governance. Fitch and S&P did not take similar action. In February 2022, Baiterek JSC replaced the Chairman of DBK's Management Board, appointing Ruslan Iskakov as the then-new Chairman. In December 2023, Baiterek JSC appointed Marat Yelibayev as the new (and current) Chairman of DBK's Management Board.

At a meeting of the Government held in February 2022, it was announced that as part of the reforms signalled by the President, DBK would be more focused on financing large-scale and capital-intensive investment projects with long payback periods, as well as continuing its work on improving transparency of operations, optimising and digitalising business processes and expanding access to DBK's services. In addition, the announced changes to strategy include reducing support provided to state-owned companies, as well as an increased focus on privately-owned borrowers and longer-term projects. These themes have been continued in DBK's new development strategy for the period 2024-2033, which was approved in January 2024 (the "**Development Strategy**").

In April 2022, Moody's confirmed DBK's long-term ratings and changed the outlook to stable, reflecting Moody's assessment that the "*operating environment and credit profiles of rated financial institutions will remain resilient to the increased social and political risks in [Kazakhstan], which is highlighted by the widespread social unrest and related state of emergency in January 2022*" and "*the confirmation of DBK's ratings reflects the reduced uncertainty regarding external support probability for DBK…[reflecting] changes implemented by DBK…including changes in the senior management of the company, as well as a reorientation of future lending growth towards private sector companies and industrialisation projects*". In October 2023, Moody's affirmed the Baa2 long-term ratings assigned to DBK and changed the outlook to positive.

There can be no assurance that there will be no change in the Government's or Baiterek JSC's support for DBK. Any such changes could have a material adverse effect on DBK's strategies and management and on its ability to operate on a commercial basis and ensure the timely repayment of its debt obligations.

Majority of DBK's Assets and Operations are in Kazakhstan

A significant portion of DBK's investment portfolio consists of securities issued by the Government, Samruk-Kazyna, Baiterek JSC and state-owned companies deemed to have a significant role in the country's economy, such as JSC National Company KazMunayGas, and, as at 31 December 2023, 100% of DBK's loans to customers were made in Kazakhstan. Accordingly, DBK is exposed to the risks of an adverse event occurring in Kazakhstan. For example, the impact of the COVID-19 pandemic in 2020 and 2021, as well as the unrest in Kazakhstan in January 2022, have each had a significant adverse impact on the Kazakhstan economy since 2020, and, in turn, on DBK's business and that of its customers. Kazakhstan's economy is also subject to regional risks and spill-over effects resulting from the armed conflict commenced by Russia in Ukraine, which is ongoing, resulting in further elevated levels of economic uncertainty in Kazakhstan. Following several increases to the NBK's base rate in 2022 and 2023, in January 2024, the NBK lowered the base rate to 15.25%. In February 2024, the NBK further reduced the base rate to 14.75%. The increased base rate since 2022 (which was 10.25% in February 2022) has increased DBK's cost of funding in Tenge (in particular), as well as in other currencies. Devaluations of the Tenge against the U.S. Dollar, such as can occur when interest rate trends diverge, also expose DBK to increased foreign exchange risk and an increased cost of funds. See "*—C. Macroeconomic and Geopolitical Risks—Political, Economic and Related Considerations*" and "*—C. Macroeconomic and Geopolitical Risks—Sanctions imposed on Russia*".

In addition, DBK's operations are located principally in Kazakhstan, and a majority of DBK's costs are incurred in Kazakhstan. Since the majority of DBK's expenses are denominated in Tenge, inflationary pressures in Kazakhstan are a significant factor affecting DBK's expenses. Any adverse change on a national basis in economic or political conditions in Kazakhstan could negatively affect DBK's borrowers and their ability to repay loans due to DBK, thereby negatively affecting DBK's income and profitability ratios (including by increasing DBK's non-performing loans "**NPLs**"). Any such adverse changes could also negatively impact DBK's ability to attract funding for its projects either from the Government (through the State budget) or from the international capital markets or lenders on terms that are commercially acceptable to DBK, thereby reducing its ability to offer funding to its clients and to operate its business as currently operated.

The Kazakhstan market, being an emerging market, is subject to greater risk than more developed markets, including in some cases significant legal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment is only suitable for sophisticated investors who fully appreciate the significance of the risks involved.

DBK is subject to Regulatory Restrictions on its Activities

DBK's operations are regulated by the Law on the Development Bank of Kazakhstan dated 25 April 2001, as amended (most recently on 25 March 2024) (as so amended, the "**DBK Law**"), the Memorandum on Credit Policy of JSC Development Bank of Kazakhstan, which was most recently amended on 23 August 2023 (as so amended, the "**Credit Policy Memorandum**"), DBK's Charter dated 24 December 2014, as amended (most recently on 2 June 2022) (as so amended, the "**DBK Charter**"), DBK's Policy on Investment Portfolio Management, which was adopted on 10 April 2018 has been updated several times (most recently on 26 December 2023), and other relevant laws and regulations. DBK's Development Strategy continues to envisage a dialogue with Government authorities to explore the deregulation of certain lending activities to encourage a more flexible approach to project financing. There can be no assurance, however, that any amendments to the current regulations will be adopted. There can also be no assurance that the current regulatory regime will not change or that the Government will not implement other regulations or policies, or adopt new or modified legal interpretations of existing regulations or policies, relating to or affecting taxation, interest rates, inflation or exchange controls, or otherwise take action that could have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations.

Concentration of Funding Sources; DBK's Development Mandate

Pursuant to its development bank mandate, DBK's lending and investment policies are different from those of a standard commercial bank, in that DBK's business activities are generally driven by the development goals and policy of the Government rather than purely commercial considerations. As a development bank, DBK does not compete with commercial lending and financial institutions in providing finance to customers and has declined lending opportunities in the past where financing was available elsewhere. In addition, DBK does not generally accept customer deposits, and its primary funding sources are concessional loans made by the Government, Samruk-Kazyna and Baiterek JSC, issuances of debt securities and loans from international and multi-lateral institutions. As 31 December 2023, 2022 and 2021, funding from banks and other financial institutions, as a percentage of DBK's total liabilities, represented 20.7%, 20.8% and 17.5%, respectively. Loans from the Government and Samruk-Kazyna accounted for 0.0% of DBK's total liabilities as at 31 December 2023, as compared to 0.1% and 0.4%, respectively, as at 31 December 2022 and 2021, and loans from Baiterek JSC accounted for 11.8% of DBK's total liabilities as at 31 December 2023, as compared to 11.4% and 8.9%, respectively, as at 31 December 2022 and 2021. As at 31 December 2023, 2022 and 2021, funding from debt securities issued, as a percentage of DBK's total liabilities, was 37.3%, 39.3% and 53.9%, respectively. DBK concentrates on providing funding to investment projects, such as infrastructure projects and high-value manufacturing projects in Kazakhstan, which are not typically eligible for financing or refinancing on terms acceptable to commercial banks and other non-specialist market investors. Loans and investments made by DBK often involve relatively large principal amounts, have longer-term maturities and are extended at preferential rates, all of which make these activities of relatively high risk and low return. As a result, DBK may experience higher losses in its loan portfolio or may receive lower profit margins than commercial banks operating in Kazakhstan, which could, in turn, have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations.

A number of factors, many of which are outside DBK's control, may affect DBK's ability to obtain such funding in the future, including, *inter alia*, the condition of the Kazakhstan and international banking sectors, the condition of the international capital markets, capital controls that are or may be imposed globally, the willingness of multilateral institutions to fund specific projects, the actual and perceived economic conditions in Kazakhstan and DBK's financial condition. See "*—C. Macroeconomic and Geopolitical Risks*". There can also be no assurance that DBK will be able to continue to satisfy all or part of its future funding requirements as it has in the past or that the Government, Samruk-Kazyna and Baiterek JSC will or will be able to provide adequate support. To the extent that banks and other financial institutions are unwilling or unable to continue to provide sufficient funding to DBK, or DBK is not able to raise such financing through the issuance of debt securities or increased funding by the Government, Samruk-Kazyna or Baiterek JSC, DBK may not be able to access alternative sources of funding to compensate for any shortfall in funding. Accordingly, any reduction in the amount of such funding provided to DBK could have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations and ability to make payments on the Notes.

DBK's ratings are subject to change

The international credit ratings agencies have indicated that the ratings and outlook assigned by them to DBK remain constrained principally by the sovereign risk of Kazakhstan. This has, on occasion, had a positive effect on DBK's credit ratings, for example, in March 2021, DBK's long-term issuer default rating was upgraded by Fitch to BBB (with a stable outlook), in line with the Government, and, in August 2019, Moody's changed the outlook on DBK's long-term ratings from stable to positive. However, the sovereign risk had also led to negative ratings actions. For example, on 18 January 2022, Moody's placed DBK's long-term local- and foreign-currency issuer ratings, as well as its senior unsecured debt ratings, on review for possible downgrade, citing uncertainty regarding the Government's support probability for DBK following the President's statement referencing DBK and criticisms of its governance. In April 2022, Moody's confirmed DBK's long-term ratings and changed the outlook to stable, reflecting Moody's assessment that the "*operating environment and credit profiles of rated financial institutions will remain resilient to the increased social and political risks in [Kazakhstan], which is highlighted by the widespread social unrest and related state of emergency in January 2022*". In October 2023, Moody's affirmed DBK's long-term ratings and changed the outlook to positive. See "*—State Ownership*".

In the past, DBK's credit rating has also been affected by its exposure to the Kazakhstan banking sector. Any future downgrade of Kazakhstan's sovereign credit rating and liquidity problems in Kazakhstan's economy could adversely affect its economic development, which could, in turn, make it more expensive for DBK to raise financing in the future, which could have a materially and adversely affect DBK's business, prospects, financial condition, cash flows or results of operations.

DBK is subject to Information Systems Risk

DBK relies on information systems to conduct its business. Any failure of, or interruption to, these systems, or any breach of security could result in failures of, or interruptions to, DBK's risk management and loan origination systems or errors in its accounting books and records. DBK has invested in the development of its information systems since 2016 and has strengthened its internal procedures to provide for the backing up of important information on a daily basis; however, if DBK's information systems were to fail, DBK could be unable to service customers' needs in a timely manner. Likewise, a temporary shutdown of DBK's information systems may result in additional expenditure associated with information retrieval and verification. The hardware and software that is used by DBK may be damaged by human error, natural disasters, power loss, sabotage, computer viruses, cyber intrusion, network attacks and other events. In 2020, one of DBK's interim servers was hacked. No secure data was held on this server, the attack was discovered and blocked, and the server subsequently restructured. No assurance can be given, however, that DBK will not be subject to further cyber-attack or other information systems failures or interruptions in the future, or that DBK will be able to swiftly and adequately respond to any such attacks, failures or interruptions. Accordingly, the occurrence of any information systems failures or interruptions could have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations.

There may be a Shortage of Qualified Personnel

There is a considerable shortage of adequately qualified personnel in Kazakhstan's financial sector, particularly in areas such as risk management. If the shortage of adequately qualified personnel persists, DBK's ability to offer the desired range, volume and quality of services may be affected which may, in turn, have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations. In addition, a shortage of adequately qualified personnel may force DBK to offer additional financial and other incentives to retain existing personnel and recruit additional personnel, which would increase operating expenses.

B. FINANCIAL RISKS RELATING TO DBK AND ITS BUSINESS

Asset Quality Risks

Continuing overall growth in the size of DBK's loan portfolio increases DBK's credit exposure. As a result, DBK will be required to implement continued and improved monitoring of credit quality and the adequacy of provisioning levels, as well as continued improvement in DBK's credit risk management programme. Failure to do so could result in significant impairment losses, which DBK has experienced in the past. For the year ended 31 December 2023, DBK recognised a reversal of impairment losses on debt financial assets in the amount of KZT 42,420.8 million, as compared to impairment losses of KZT 47,096.2 million for the year ended 31 December 2022 and KZT 33,357.5 million for the year ended 31 December 2021. The higher inflationary environment since 2021 has not, to date, had a considerable impact on DBK's key financial stability indices. DBK's NPLs decreased as at 31 December 2023, accounting for 0.2% of gross loans to customers, as compared to 2.9% and 2.7% as at 31 December 2022 and 2021, respectively. In addition, DBK's capital adequacy ratio was 22.9%, as compared to 17.1% and 17.4% as at 31 December 2022 and 2021, respectively. While DBK does not currently expect a significant increase in NPLs in 2024, there can be no assurance NPLs and impairment will not increase, in particular, if escalating geopolitical tensions in the region continue and adversely affect the Kazakhstan economy and DBK's customers.

In addition, while DBK's policy is to limit impairment losses through the restructuring of problem loans on a prompt basis (and it has historically used such policy to maintain a low level of NPLs) (see "*Selected Statistical and Other Data—Loan Policies and Credit Approval Procedures—Loan Restructuring Policies*"), there can be no assurance that impairment losses will not increase in the future and that such impairment losses will not further increase as the size of DBK's loan portfolio increases.

As at 31 December 2023, DBK classified 7.5% of gross loans to customers at amortised cost as "Stage 2" loans. These loans span the arts, entertainment and leisure, catering and accommodation services, construction materials, manufacturing, metal, electric power supply, gas and steam supply, air conditioning, transportation and warehousing economic sectors. See "*Selected Statistical and Other Data—Loan Policies and Credit Approval Procedures—Loan Provisioning Policy*". In its rating action commentary released in February 2024, Fitch noted that "[i]*mpaired loans (Stage 3 and purchased or originated credit-impaired loans) made up 10.8% of gross financing at end-3Q23, while the total reserve coverage was 76% on the same date. Additional credit risks stem from Stage 2 exposures (end-3Q23: 8.7% of gross financing), as some of these may become impaired in the medium term, in our view*". While DBK considers the risks associated with its "Stage 2" loans to be manageable, with certain loans likely to be migrated back to "Stage 1" in the short- to medium-term, there is a risk that they may deteriorate further and be reclassified as "Stage 3" loans, which could have a material adverse impact on the credit quality of DBK's loan portfolio and, in turn, on DBK's financial condition.

Pursuant to DBK's Development Strategy, which was approved by DBK's Board of Directors in January 2024, DBK aims to increase DBK's contribution to the Kazakhstan economy, enhance asset management efficiency and foster sustainable development. See "*Business—Strategy*". Failure by DBK to diversify its portfolio could limit DBK's ability to increase the size of its loan portfolio, maintain loan portfolio quality and meet its strategic aims, all of which could have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations. The Development Strategy focuses on financing large-scale and capital-intensive investment projects with long payback periods, as well as continuing its work on improving transparency of operations, optimising and digitalising business processes and expanding access to DBKs' services. In addition, the Development Strategy focuses on privately-owned borrowers and longer-term projects. This change in focus may increase the risks DBK faces in respect of, *inter alia*, the quality and concentration of its loan portfolio, collateral value and long-term project and liquidity risks. See "*—Loan Portfolio Concentration*", "*Collateral Value*" and "*Long-Term Projects and Liquidity Risk*".

Continued growth of DBK's loan portfolio is, to an extent, dependent upon the availability of funds allocated by the Government to finance development projects, the ability of DBK to identify suitable corporate guarantors for such development projects, the ability of DBK to borrow in the domestic and international markets and the ability of DBK to attract and retain qualified personnel and to train new personnel to monitor asset quality. Failure by DBK in any of these areas could limit DBK's ability to increase the size of its loan portfolio and maintain its quality and, accordingly, could result in a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations.

Loan Portfolio Concentration

DBK was established, among other reasons, to provide credit and certain other banking services at preferential interest rates to certain sectors of the Kazakhstan economy, including the non-extractive and raw materials sectors, to support the Government's development goals. As a result, DBK's loan portfolio is, from time-to-time, characterised by a high concentration in one or more particular economic sectors. As at 31 December 2023, the largest proportion of DBK's loans to customers was granted in the metal industry, accounting for 29.4% of total gross loans granted to customers. In addition, as a result of the scale of investment projects funded by DBK, DBK's loan portfolio is, from time-to-time, characterised by a concentration of borrowers. As at 31 December 2023, DBK had four borrowers whose balances exceeded 10% of DBK's equity, as compared to five such borrowers, as at 31 December 2022, and seven such borrowers, as at 31 December 2021. Outstanding loans to the top ten borrowers comprised 55.7% of DBK's total gross loans to customers, as at 31 December 2023.

As a result of the nature of DBK's lending activities, DBK has had and continues to have concentrated exposure to particular industries or economic sectors, particular groups of borrowers and borrowers whose businesses are not mature and, ultimately, could adversely affect the diversity and quality of DBK's overall loan portfolio. As a result, DBK may experience higher losses in its loan portfolio than would be the case if it had a more diversified portfolio of lending to more established and varied businesses, which could, in turn, have a material adverse effect on DBK's business, prospects, financial condition, capitalisation, cash flows or results of operations.

Collateral Value

Pursuant to the DBK Law, DBK requires security from all borrowers, except in the circumstances where DBK provides financing to its wholly-owned subsidiaries or DBK's participation in the financing is made through mezzanine financing or interbank financing. As at 31 December 2023, the carrying amount of loans to corporate customers with no collateral or other credit enhancement was KZT 15,865.3 million, as compared to a carrying amount of KZT 6,116.9 million as at 31 December 2022 and a carrying amount of KZT 222.7 million as at 31 December 2021. As at 31 December 2023, loans to banks with a carrying amount of KZT 120,043.7 million were unsecured with no collateral or other credit enhancement, as compared to KZT 118,726.7 million as at 31 December 2022 and KZT 121,034.6 million as at 31 December 2021. At least 30% of security for loans must be comprised of "tangible assets collateral", which includes immovable, movable property, cash and commodities. Collateral may also include legal rights of use and possession property rights, securities, cash and commodities and other forms of security not prohibited under Kazakhstan law. DBK also accepts security by way of third party guarantees, provided that such guarantees meet DBK's requirements. Downturns in the relevant markets or a general deterioration of economic conditions may result in reductions in the value of collateral securing a number of loans to levels below the amounts of the outstanding principal and accrued interest on such loans. If collateral values decline, they may not be sufficient to cover uncollectable amounts on DBK's secured loans. Furthermore, DBK may face difficulties with enforcing collateral under Kazakhstan law, which may also lead to lower than expected recovery levels on secured loans. A failure to recover the expected value of collateral may expose DBK to losses, which could, in turn, have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations.

Long-Term Projects and Liquidity Risk

A key area of DBK's business is the limited recourse financing of large and long-term infrastructure projects. As a result, DBK is exposed to significant risks if such projects are not successful. The macro-economic and political risks inherent in emerging economies, such as Kazakhstan, has a significant effect on the success or failure of these projects, and it is impossible to predict at the outset of a project all of the factors, which may affect it in the long-term. The main risks are likely to be that a project will not be completed within the agreed timeframe, on budget, or it may fail altogether. There is also the risk that if an event of default occurs under a project financing, the collateral provided may not be sufficient to cover the value of the loans. The occurrence of any of these events could have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations.

In addition, the long-term nature of the projects that DBK finances may expose DBK to increased liquidity risk if its financial liabilities are mismatched with the long-term maturities of its loans to customers. An unmatched position potentially enhances profitability, but can also increase the risk of losses. See "*Selected Statistical and Other Data*" and "*Asset and Liability Management—Liquidity Risk*". While DBK 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, there can be no assurance that its liquidity management policies will continue to be effective, that it will be able to effectively manage the mismatch of its assets and liabilities going forward and that it will not be exposed to resulting future losses, which could, in turn, have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations.

Credit Risks

The DBK Law, the Credit Policy Memorandum and DBK's internal credit policy rules set out the principal guidelines in relation to DBK's lending policies, including the duration, limits and bases for the calculation of interest rates charged for credit instruments, which include, *inter alia*, loans, letters of credit and guarantees. DBK has implemented specific credit risk policies and procedures, including guidelines to limit portfolio concentration and the establishment of a Credit Committee to actively monitor DBK's credit risk. See "*Asset and Liability Management*" and "*Selected Statistical and Other Data—Loan Policies and Credit Approval Procedures—Credit Monitoring*". However, DBK's credit portfolio consists of medium- to long-term loans, and there has been little historical experience in Kazakhstan with such loans. There can be no assurance that DBK's credit policies are or will be sufficient to mitigate the risks involved in making medium to long-term loans in an emerging market such as Kazakhstan.

Kazakhstan's economy is substantially influenced by commodity prices and customers operating in industries that are susceptible to commodity price fluctuations may find their financial condition affected by such fluctuations. Following the outbreak of the COVID-19 pandemic in March 2020, the oil price was severely negatively impacted. Oil prices have also fluctuated significantly since the commencement of Russia's armed conflict in Ukraine in February 2022. Consequently, the ability of such customers to service loans extended by DBK fully and on time may be adversely affected.

In particular, there can be no assurance that DBK's credit risk policies and procedures will protect DBK from increased levels of cost of risk, potential loan quality deterioration and NPLs in such circumstances.

DBK has developed a risk management system to assess certain credit and other risks to its financial stability resulting from the COVID-19 pandemic, the state of emergency in the Republic following the political events in January 2022 and the ongoing armed conflict commenced by Russia in Ukraine, including: (i) a possible increase in the cost of funding; (ii) decreases in the Republic's sovereign credit rating and in DBK's credit rating; (iii) the risk of a change of ownership of DBK; (iv) the likelihood of subsidies being cancelled under the State budget; (v) further significant devaluation of the Tenge against the U.S. dollar and other currencies; and (vi) potential restrictions on the Republic's export and import operations (*i.e.*, transport logistical risks, which are described as failures in the supply chain of goods, or a failure to meet deadlines, in connection with the outbreak of hostilities and the closure of borders, which may lead to the cancellation or reduction in the sale of borrowers' products to or from foreign markets, and to an increase in the cost of production). To manage these risks, DBK developed a risk response plan, which includes regular stress testing to assess the impact of risks on DBK's key financial indicators.

There can be no assurance that DBK's current level of loan recovery will be maintained in the future, and any failure to accurately assess the credit risk of potential borrowers and the additional risks relating to such medium- to long-term loans or any acceptance of a higher degree of credit risk in the future may result in a deterioration in DBK's loan portfolio and a corresponding increase in loan impairment, which would, in turn, have a material adverse effect on DBK's financial condition and results of operations.

Foreign Currency Risk

DBK is exposed to the effects of fluctuations in prevailing foreign currency exchange rates on its financial position and cash flows. DBK has set limits on the level of exposure to currencies, primarily, the U.S. Dollar. Certain of DBK's cash flows are generated in U.S. Dollars and any future movements in the exchange rate between the Tenge and the U.S. Dollar may adversely affect the carrying value of DBK's Tenge-denominated monetary assets and liabilities and DBK's ability to realise investments in non-monetary assets measured in Tenge.

Additionally, in line with DBK's policy of limiting its exposure to currency fluctuations, DBK's loan portfolio includes non-Tenge loans, particularly loans denominated in U.S. Dollars. Loans to customers denominated in U.S. Dollars accounted for 45.2% of total net loans as at 31 December 2023 and 43.1% and 42.1% of total net loans as at 31 December 2022 and 2021, respectively. Any fluctuation in the value of the Tenge relative to the U.S. Dollar might result in a change in costs for DBK and its customers, which could have a material adverse effect on DBK's business, financial condition, results of operations and prospects. As at 31 December 2023, the official KZT/U.S.$ market exchange rate reported by the NBK was KZT 454.56 per U.S.$1.00, as compared to KZT 462.65 per U.S.$1.00 as at 31 December 2022 and KZT 431.67 per U.S.$1.00 as at 31 December 2021. Due, in part, to economic and political sanctions against the Russian Federation imposed by the United States, European Union, United Kingdom, Japan, Canada, Switzerland and other countries since February 2022, in 2022, the U.S. Dollar strengthened against the Tenge, resulting in a depreciation of the Tenge by 18.2% over a three-week period from 23 February 2022 to 16 March 2022. Consequently, the NBK increased the base rate from 10.25% to 13.5% in February 2022. In 2023, the Tenge appreciated against the U.S. Dollar by 0.9%, and further appreciated by 1.4% in January 2024. Following several increases to the base rate in 2022 and 2023, in January 2024, the NBK lowered the base rate to 15.25% (as compared to 10.25% in February 2022). In February 2024, the NBK further reduced the base rate to 14.75%. See "*—C. Macroeconomic and Geopolitical Risks—Political, Economic and Related Considerations*" and "*—C. Macroeconomic and Geopolitical Risks—Sanctions imposed on Russia*". DBK is monitoring the events and performs stress testing for obvious negative consequences, including testing for foreign currency risk.

Many of DBK's borrowers have revenues principally generated in Tenge and, to the extent they borrow in U.S. Dollars, any decrease in the value of the Tenge relative to the U.S. Dollar may generally adversely affect their financial condition and, in particular, could have a negative effect on the ability of such borrowers to repay U.S. Dollar denominated loans extended by DBK. In February 2014, and in anticipation of a devaluation of the Tenge, DBK began periodically conducting stress testing and reviewed all projects financed with loans denominated in foreign currencies and, for those projects most affected by the devaluation, converted the principal of such loans into Tenge, in order to minimise the impact of any devaluation. As a matter of policy, DBK now only finances projects with foreign currency-denominated loans if the project or the customer has sufficient export earnings or income to cover such foreign currency-denominated financing and, in turn, DBK will only seek funding in foreign currencies if such eligible customers request that DBK provide foreign currency-denominated loans.

DBK has also been subject to foreign currency risk as a portion of its borrowings and debt securities are denominated in U.S. Dollars, and, in the past, has been adversely affected by past devaluations of the Tenge and their impact on the Tenge-value of loans and balances from banks and other financial institutions, as well as U.S. Dollar-denominated debt securities. As at 31 December 2023, 30.9% of DBK's debt securities issued were denominated in U.S. Dollars. Accordingly, while DBK takes measures to naturally hedge its foreign currency risk (as referred to above), and DBK has increased its Tenge-denominated borrowings in recent years, any future devaluation of the Tenge against the U.S. Dollar may have an adverse effect on DBK. In addition, in the event of any shortage of availability of U.S. Dollars in Kazakhstan in the future, this would have a material adverse impact on DBK's ability to service payments under its U.S. Dollar-denominated borrowings, including the Notes, which are denominated or payable in U.S. Dollars.

DBK's exposure to exchange rate risk may increase, particularly as it continues to obtain foreign currency funding by accessing the international capital markets and syndicated and bilateral lending markets. Currency exchange rates can be particularly volatile in times of national or global financial instability, such as the recent period of economic turmoil. Accordingly, any future changes in such rates could have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations.

See "*Risk Factors—Factors that may affect DBK's ability to fulfil its obligations under, or in connection with, the Notes—C. Macroeconomic and Geopolitical Risks—Exchange Rate Polices*".

Interest Rate Risk

DBK is exposed to risk resulting from mismatches between the interest rates on its interest-bearing liabilities and interest-earning assets. Generally, the maturities of DBK's assets and liabilities are not balanced and, accordingly, an increase or decrease in interest rates could have an adverse effect on DBK's net interest margin and results of operations. To the extent that DBK's assets reprice more frequently than its liabilities, if interest rates fall, DBK's interest expenses will decrease more slowly than its interest income, which could negatively affect interest margins and result in liquidity problems. According to DBK's credit policy, DBK intends to pass on such risks to borrowers by lending on similar conditions as it borrows; however, DBK may not always be able to do so. DBK's interest rate management policies include a system of limits and reporting requirements to monitor and control interest rate risks on a monthly basis, and, in order to manage the risk of mismatch in interest rates inherent to DBK's operations, the Government grants low-interest loans to DBK. There can be no assurance, however, that DBK will continue to benefit from such loans in the future.

In addition, there is a risk that the current global inflationary environment could have a more pronounced negative impact on Kazakhstan given its history of sustained high inflation levels, and, in turn, on DBK's business. Annual inflation in Kazakhstan was 9.8% in 2023, as compared to 20.3% in 2022 and 8.4% in 2021, with higher inflation primarily due to a general increase in prices and an intensification of inflationary pressures. While inflation declined to 9.8% in 2023, inflation levels remain higher than the NBK's target of 5.0%. The IMF forecasts inflation in Kazakhstan to be 7.7% in 2024. As a consequence of the high inflation rates, the economic growth in the Republic is likely to slow down due to high production costs and low lending activities, in turn caused by increased market borrowing rates. One likely impact of general inflation increases in Kazakhstan in recent years on DBK will be the rising production costs of its debtors, which may increase the risk of delays in debt repayments and loan defaults. This, in turn, could lead to DBK needing to further increase its provisioning levels or experiencing increasing levels of NPLs, as well as in a general deterioration of DBK's financial stability.

As illustrated by the above factors, DBK's ability to mitigate interest rate risks is limited and, as such, its financial condition may be negatively affected. In addition, volatility in interest rate movements may have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations.

C. MACROECONOMIC AND GEOPOLITICAL RISKS

Political, Economic and Related Considerations

DBK is a Kazakhstan-based development bank, with 100% of its loans to customers as at 31 December 2023 made in Kazakhstan. Accordingly, DBK is affected by political, economic and other events in Kazakhstan.

Kazakhstan became an independent sovereign state in 1991, as a result of the dissolution of the former Soviet Union. Since then, Kazakhstan under two presidents, Nursultan Nazarbayev and, from June 2019, Kassym-Jomart Tokayev, has experienced significant changes as it has emerged from a centrally controlled command economy to a market-oriented economy. The transition was initially marked by political uncertainty and tension, a stagnant economy marked by high inflation, instability of the local currency and rapid, but incomplete, changes in the legal environment. However, Kazakhstan actively pursued a programme of economic reform designed to establish a free market economy through privatisation of government-owned enterprises and deregulation and it is more advanced in this respect than some other countries of the former Soviet Union. Under President Nazarbayev's leadership, Kazakhstan has moved toward a market-oriented economy.

In March 2019, President Nazarbayev announced his retirement as President. Kassym-Jomart Tokayev, who was at the time the chairperson of the Senate, was appointed as acting President. In June 2019, Kassym-Jomart Tokayev won the presidential election with 71% of the vote. The latest presidential election took place in November 2022, with President Tokayev wining re-election with 81.3% of the vote.

On 2 January 2022, protests began in the west of Kazakhstan related to an increase in the price of LNG from KZT 60 per litre to KZT 120 per litre. These protests spread to other cities and resulted in looting and loss of life. On 5 January 2022, the Government declared a state of emergency, following which the President of Kazakhstan has made certain public statements regarding possible measures, including additional taxes. During the protests, internet access was restricted across Kazakhstan, bank operations and transactions were suspended, stock and commodity exchanges were closed and flights were cancelled. On 19 January 2022, the state of emergency was lifted.

On 6 February 2024, a new Government was appointed, headed by Prime Minister Olzhas Bektenov, following the resignation of the previous government on 5 February 2024.

As Kazakhstan produces and exports large quantities of commodity products (primarily oil and gas), its economy is particularly vulnerable to fluctuations in the prices of such commodities in the international markets. While the Government has been promoting economic reform to diversify the economy, Kazakhstan's revenue continues to depend on the prices of export commodities. Weak demand in its export markets and low commodity prices, especially within the oil and gas industry, may adversely affect Kazakhstan's economy in the future, which may in turn have a material adverse effect on DBK's business, financial condition, results of operations or prospects.

Kazakhstan's economy is also subject to regional risks and spill-over effects resulting from the armed conflict commenced by Russia in Ukraine, which is ongoing, resulting in further elevated levels of economic uncertainty in Kazakhstan. After the launch of the armed conflict by Russia on 24 February 2022, oil prices rose to U.S.$105/bbl, on expectations that sanctions by western countries against Russia would significantly negatively affect energy exports. Oil prices are also likely to be impacted by any disparity between the price of Urals oil, which is an export grade of crude Russian oil, and which is used as a pricing benchmark for the corresponding European market, compared to other sources.

The impact of the economic sanctions imposed on Russia as a result of the armed conflict has included the depreciation of the Russian Rouble. Given Kazakhstan's increased dependence on imports of goods from Russia, the Tenge's exchange rate against the U.S. Dollar has also come under pressure, despite high oil prices.

Any revisions of the State budget in light of oil price volatility or otherwise may affect funding available to DBK from the State budget. An oversupply of oil or other commodities in world markets, a general turndown in the economies of any significant markets for oil or other commodities or a weakening of the U.S. Dollar relative to other currencies would have a material adverse effect on the Kazakhstan economy, which, in turn, could indirectly have a material adverse effect on DBK's business, financial condition, results of operations or prospects.

DBK is particularly affected by Kazakhstan's budgetary revenues and general economic performance as it relies on funding from the State Budget to finance its customers' projects and run its business. Such funding is also affected by political and economic events in Kazakhstan. The Development Strategy assumes budgetary funding of KZT 297.8 billion for 2024, as compared to KZT 34.4 billion of State budget funding and KZT 100.0 billion of capitalisation funding in 2023.

Kazakhstan's economy and finances have and continue to experience slower levels of growth since the global financial crisis which began in 2008 and, most recently, due to the impact of the COVID-19 pandemic and the spillover effects of Russia's armed conflict in Ukraine. According to statistics published by the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, Kazakhstan's real GDP grew by 5.1% in 2023, as 3.2% in 2022. According to IMF forecasts, Kazakhstan's real GDP growth is projected to be 3.1% in 2024 and 5.7% in 2025. Due to ongoing geopolitical uncertainty around Russia and Ukraine, the potential for further sanctions applicable to Russia and Russian entities, as well as a of lack of certainty as regards the ability of Russia to mitigate the adverse effects on its economy and macroeconomic indicators in the medium- to long-term, DBK is unable to quantify the impact on the Group's financial position of new measures, if any, which have been taken or to be taken by the Government, or what impact the above said developments will have on the economy of Kazakhstan. See "*—Sanctions imposed on Russia*".

There can be no assurance that either the economic performance of, or political stability in, Kazakhstan can or will be sustained. To the extent that economic growth or performance in Kazakhstan slows or begins to decline, there is a return to higher or sustained inflation above NBK target levels, or political conditions deteriorate materially DBK's business, financial condition, results of operations and prospects may be adversely affected.

Sanctions imposed on Russia

On 24 February 2022, Russian military forces launched an armed conflict against Ukraine, and sustained conflict and disruption in the region continues. Although the length, impact and outcome of the ongoing armed conflict in Ukraine is highly unpredictable, this conflict has led, and could continue to lead to significant market and other disruptions, including significant volatility in commodity prices, financial markets, supply chain interruptions and changes in consumer or purchaser preferences, as well as an increase in cyberattacks and espionage, the impacts of which, if any, are unpredictable. After the launch of the armed conflict by Russia on 24 February 2022, oil prices rose to U.S.$105/bbl, on expectations that sanctions by western countries against Russia would significantly negatively affect energy exports. Russia's annexation of Crimea and other Ukrainian regions and its subsequent military action against Ukraine have led to sanctions being levied by the United States, the European Union, the United Kingdom, Canada, Switzerland, Japan and other countries against Russia, Belarus and regions of Ukraine claimed to have been annexed by Russia, including, among others, the agreement to remove certain Russian financial institutions from the Society for Worldwide Interbank Financial Telecommunication (SWIFT) payment system, which can significantly hinder the ability to transfer funds in and out of Russia. Sanctions have also been imposed against numerous Russian and Belarussian entities and individuals. These sanctions have been expanded at various points since February 2022. In addition, in December 2023, a Kazakhstan company, Elem Group LLP, was added to the U.S. sanctions list and, in February 2024, it was added to the EU sanctions list.

DBK has had certain relationships with Kazakhstan-established subsidiaries of Russian state-owned banks (including, Subsidiary Bank Sberbank JSC and Subsidiary Organization VTB Kazakhstan JSC and Subsidiary Bank Alfa-Bank JSC, which are currently subject to the EU, UK and U.S. sanctions). Such activities include allocation of funding in connection with state-administered interbank lending programmes. All funding provided to such entities was denominated in Tenge and the loans to such entities accounted for 21.0% of DBK's gross loans to banks as at 31 December 2021 (or KZT 26,429.4 million). See "*Business—Participation in Government Programmes—Interbank Lending Programmes*" At the time of funding such loans, such funding activities were conducted in accordance with applicable laws, including U.S., EU, UK and other applicable sanctions**.**

DBK has actively terminated and wound down its activities and relationships with Russian state-owned banks and Kazakhstan-established subsidiaries of Russian state-owned banks in response to the expansion of sanctions since February 2022. On 14 March 2022, all loans granted to Subsidiary Organization VTB Kazakhstan JSC were transferred to another Kazakhstan bank. Loans granted to Subsidiary Bank Sberbank JSC have been transferred to other Kazakhstan banks or repaid via the conclusion of contracts on assignment of right of demand on loans to customers. DBK has fully withdrawn and closed its correspondent accounts held with Subsidiary Organization VTB Kazakhstan JSC and closed its correspondent accounts held with Subsidiary Bank Sberbank JSC and with Sberbank in Russia in April 2022. IDF JSC, DBK's wholly-owned subsidiary (previously known as DBK-Leasing) had a guarantee arrangement with Subsidiary Bank Sberbank JSC, which was closed in April 2022, and a deposit and current account with the bank, which was closed in May 2022. IDF JSC had a correspondent account, guarantee and deposit arrangement with Subsidiary Bank Alfa-Bank JSC, all of which were closed in May 2022.

IDF JSC had entered into a number of facility agreements with Roseximbank JSC. Such loans were fully prepaid on 4 March 2022.

In June 2023, DBK's Board of Directors adopted regulations regarding compliance with sanctions within the framework of DBK's activities (the "**Sanctions Compliance Regulations**"). Pursuant to the Sanctions Compliance Regulations, DBK shall not establish business relations with counterparties included on blocked persons (and entities) sanctions lists (such as the U.S. Special Designated Nationals and Blocked Persons List) issued and maintained by the relevant authorities in the United States, the European Union, the United Kingdom and certain other states and international organisations. DBK does not currently have any clients or counterparties included in any such sanctions lists.

While Kazakhstan maintains strong independent diplomatic relationships with both Russia and Ukraine and has noted its neutral position with respect to the armed conflict between Russia and Ukraine, Kazakhstan has significant economic and political relations with Russia. In 2014, Kazakhstan, Russia and Belarus signed the treaty establishing the Eurasian Economic Union ("**EEU**") (which came into force in 2015), marking a new milestone of economic integration and ensuring the free movement of goods, services, capital and labour within the EEU and establishing coordinated, coherent or unified policies in key sectors of the economy. A customs code of the EEU came into force on 1 January 2018. The EEU is expected to continue to strengthen Kazakhstan's economic relations with Russia going forward. Russia is one of Kazakhstan's largest export partners and, according to preliminary data published by the National Statistics Office, as at 31 December 2023, Kazakhstan's imports from Russia accounted for 26.5% of Kazakhstan's total imports, and its exports to Russia accounted for approximately 12.4% of its total exports. Key exports to Russia include ferrous metals, ores, chemicals and minerals. Kazakhstan's close economic links with Russia, the existing sanctions imposed on Russia or any future sanctions could have a material adverse effect on Kazakhstan's economy, which could, in turn, have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations.

In addition, sanctions imposed and the ongoing conflict within Europe has led to further uncertainty in the global financial markets, including fluctuations in: (i) foreign exchanges and commodity prices, which impact asset and liability ratios and other credit metrics; and (ii) commodities trade, including the disruption to exportation of hydrocarbons through Russian pipelines and the ongoing risk that trade with either Russia or the western countries could be curtailed for an uncertain duration.

When managing currency risks, DBK adheres to the principle of maintaining a neutral currency position, which allows it to minimise losses from currency revaluations. In addition, in order to assess DBK's current and future exposure to market risks, a stress test was carried out under three scenarios, as described above. However, significant and continued, unexpected or increased volatility in the global markets may lead to covenant breaches in DBK's loan agreements and the like. Increased risk of covenant breaches may also be significantly driven by foreign currency fluctuations (as movements in the exchange rate between the Tenge and the U.S. Dollar may materially affect the value of DBK's assets and liabilities, requiring an increase in provisions, *etc*), which may negatively impact DBK's financial stability and, potentially, future ability to repay the Notes.

The situation continues to evolve as a result of the armed conflict in Ukraine, and the United States, the European Union, the United Kingdom, Japan and other countries have implemented and may continue to implement additional sanctions, export controls or other measures against Russia or other countries, regions, officials, individuals or industries in the respective territories. Such sanctions and other measures, as well as any potential responses from Russia or other countries to such sanctions, tensions and military actions, could adversely affect the global economy and financial markets and, in particular, the Kazakhstan economy and, in turn, DBK's business, financial condition and results of operations.

Legislative, Regulatory, Tax and Judicial Considerations

Although a large volume of legislation and regulation has been enacted since early 1995 (including new tax codes in January 2002, January 2009 and January 2018 and new or amended laws and regulations relating to foreign arbitration, foreign investment and foreign currency, additional regulation of the banking sector and other legislation covering such matters as securities exchanges, economic partnerships and companies, and State enterprise reform and privatisation throughout the period), the legal framework in Kazakhstan (although one of the most developed among the countries of the former Soviet Union) is still evolving compared to countries with 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. For example, there have been instances of improper payments being made to public officials. 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.

Further, the legal and tax authorities may make arbitrary judgments and assessments of tax liabilities and challenge previous judgments and tax assessments, thereby rendering it difficult for companies to ascertain whether they are liable for additional taxes, penalties and interest. As a result of these ambiguities, including, in particular, the uncertainty surrounding judgments rendered under the tax code introduced with effect from 1 January 2018 (as amended from time-to-time, the "**2018 Tax Code**"), as well as a lack of an established system of precedent or consistency in legal interpretation, the legal and tax risks involved in doing business in Kazakhstan are substantially more significant than those in jurisdictions with a more developed legal and tax system. The 2018 Tax Code was further updated in 2024 with respect to the taxation of income derived from government securities. Since 1 March 2024, commercial banks can no longer reduce taxable income by amounts generated on NBK securities. In addition, with effect from 1 January 2030, all tax exemptions, applicable to both resident and non-resident companies, will be cancelled with respect to interest and capital gains from the sale of government securities.

The Budget Code of the Republic of Kazakhstan grants DBK the status of a financial agency. The 2018 Tax Code exempts debt securities, such as the Notes, issued by a financial agency, as well as gains realised on the disposal, sale, exchange or transfer of such securities from Kazakhstan income tax. In past years, DBK's tax burden has increased as a result of changes to tax legislation.

Kazakhstan's tax system is still in a transitional phase and it is expected that tax legislation in Kazakhstan will continue to evolve. There can be no assurance that DBK will retain its status of a financial agency or that new taxes and duties or new tax rates will not be introduced in the future or that any tax legislation passed in the future will not materially adversely affect DBK's business, prospects, financial condition, cash flows or results of operations. Investors in Notes should be aware that further changes in the withholding tax regime may give DBK the right to redeem Notes prior to their stated maturity.

The continuous development of Kazakhstan's legislative and regulatory environment may result in further reduced predictability of its legislative and 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 DBK's business, financial condition, results of operations or prospects and/or the Noteholders' rights and remedies under the Notes.

Exchange Rate Policies

Although the Tenge is convertible for current account transactions, it is not a fully convertible currency for capital account transactions outside Kazakhstan. Since the NBK adopted a floating rate exchange policy for the Tenge in April 1999, the Tenge has fluctuated significantly and the NBK has adopted a number of exchange rate policies. The Tenge had generally appreciated in value against the U.S. Dollar over the previous decade until its devaluation by the NBK in February 2009. In August 2015, the NBK announced the adoption of a free-floating exchange rate and medium-term inflation targeting policy, which resulted in a 26.2% depreciation against the U.S. Dollar.

In February 2022, the Tenge depreciated significantly against major foreign currencies amid the external geopolitical situation driven by escalating tensions in the region. In order to reduce the negative impact of external factors on the Kazakhstan economy, the NBK raised the base rate from 10.25% to 13.5% *per* annum, and interventions with respect to the currency market were performed to support the Tenge exchange rate against foreign currencies.

In 2023, the Tenge appreciated 0.9% against the U.S. Dollar and depreciated 1.8% against the Euro. In January 2024, the Tenge appreciated 0.4% against the U.S. Dollar. Following several increases to the base rate in 2022 and 2023, in January 2024, the NBK lowered the base rate to 15.25% and, in February 2024, further reduced it to 14.75% to support economic activity, which has been negatively impacted by the high interest rate environment.

As a substantial portion of DBK's loans to customers and debt securities are denominated in U.S. Dollars, DBK's loan portfolio and financial condition are sensitive to currency exchange rate fluctuations, and any devaluation of the Tenge against the U.S. Dollar may have an overall adverse effect on DBK. See "*—Foreign Currency Risk*".

There can be no assurance that the NBK will maintain its current exchange rate policy or refrain from changing such policy in a way that would adversely impact DBK's financial condition and results of operations. Any change in the NBK's exchange rate policy could have an adverse effect on Kazakhstan's public finances and economy, which could, in turn, have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations.

Kazakhstan's Currency Control Law

The Law of Kazakhstan "On Currency Regulation and Currency Control" dated 2 July 2018 empowers the Government, by special action and under circumstances when the stability of balance of payments, internal currency market and economic stability of Kazakhstan are seriously threatened, to introduce a special currency regime that would (i) require the compulsory sale of foreign currency received by Kazakhstan residents; (ii) require the placement of a certain portion of funds resulting from currency transactions into a non-interest bearing deposit in an authorised bank or the NBK; (iii) restrict the use of accounts in foreign banks; (iv) limit the volumes, amounts and currency of settlements under currency transactions; and (v) require a special permit from the NBK to conduct currency transactions. Moreover, the Government is authorised to impose other requirements and restrictions on currency transactions when the stability of the balance of payments, internal currency market and the economic stability of Kazakhstan are seriously threatened.

In response to the low oil price environment, the adverse impact of the COVID-19 pandemic and the volatility of the Tenge, on 19 March 2020, the NBK decreased the amount of foreign currency that Kazakhstan companies can buy in the domestic foreign exchange market without supporting documents from U.S.$100,000 to U.S.$50,000. On 21 April 2020, the NBK limited the amount of cash that Kazakhstan companies can withdraw from their accounts. The regime was terminated on 31 December 2020. There can be no assurance that the currency laws and regulations will not be amended further or that any such amendments passed in the future will not materially adversely affect DBK. For instance, any imposition of significant restrictions on DBK's foreign currency dealings could have a material adverse effect on DBK's business, prospects, financial condition or results of operations and ability to make payments on the Notes.

DBK is subject to the volatility of Kazakhstan's Banking Industry

The global financial and economic crisis of 2008-2009 significantly affected the Kazakhstan banking system, which continues to remain under stress, with banks seeking to deleverage through partial repayments and debt restructurings. A number of distressed asset takeovers and mergers have occurred in the Kazakhstan banking sector. In addition, in the past several years the regulator revoked the licences of a number of banks of varying size. While, along with the regulator's measures to support the liquidity of financial institutions, such restructurings, consolidations and revocation of licences have contributed to the general stability of the Kazakhstan banking industry, the sector continues to operate in a challenging environment where further defaults or debt restructurings cannot be ruled out.

The Kazakhstan banking sector has been particularly affected by the lack of availability of international wholesale debt financing and the volatility of deposits. Kazakhstan banks have previously relied heavily on such financing and deposits as a source of funding. The high dependence on capital market funding poses a significant refinancing risk for both individual banks and the banking system as a whole and wholesale debt financing became significantly more expensive. In addition, the banking sector in Kazakhstan has been burdened by high levels of non-performing assets and NPLs across the sector, with NPLs increasing to 31.2% as at 1 January 2014 from 8.2%, as at 1 January 2009. NPLs in the banking sector in Kazakhstan have since decreased to 3.4% as at 1 January 2023 and 2.9% as at 1 January 2024, reflecting the write-off of significant amounts of corporate sector NPLs.

The negative impact of the continuing problems in the banking sector may affect the willingness of foreign investors and banks to consider lending to, or investing in, Kazakhstan banks, such as DBK. This reluctance could have an adverse effect on DBK's ability to attract finance from foreign financial institutions. While DBK's regulator and the Government have taken steps to support the Kazakhstan banking sector, the Kazakhstan banking system remains under stress.

It is also uncertain what impact the on-going problems in the sector may have on investors' perceptions of Kazakhstan. Such problems could have a negative impact on the country's sovereign credit rating or other adverse developments, which could, in turn, have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations.

Corporate Governance and Disclosure Laws

The corporate governance laws and rules applicable to DBK are, in the first instance, the DBK Law, the Kazakhstan Joint Stock Company Law (the "**JSC Law**") and other laws of Kazakhstan. The corporate governance regime in Kazakhstan is less developed than that in the United States or the United Kingdom, and the responsibilities of the members of the Board of Directors and DBK's management board (the "**Management Board**") under Kazakhstan law are different from those generally applicable to corporations organised in the United States, the United Kingdom or other jurisdictions.

A principal objective of the securities laws of the United States, the United Kingdom and certain other countries is to promote the full and fair disclosure of all material corporate information to the public. Although DBK is subject to certain disclosure requirements under Kazakhstan law, these requirements are less stringent than the comparable requirements in the United States, the United Kingdom or certain other jurisdictions and, therefore, there is less information publicly-available about DBK than would be required if DBK were organised in the United States, the United Kingdom or certain other jurisdictions. This could have a material adverse impact on an investor's ability to assess the suitability of Notes issued by DBK for its purposes.

While the Government has stated that it intends to continue to reform the corporate governance regulations to which DBK is subject, in common with all other joint stock companies, with a view toward increasing disclosure and transparency in the corporate sector in order to promote growth and stability, it may not continue to pursue such a policy in the future or such policy, if continued, may not ultimately prove to be successful. It is not possible to predict the effect in this regard of future legislative developments. Accordingly, investment is only suitable for sophisticated investors who fully appreciate the significance of the risks involved and such investors cannot rely on the same level of public information about DBK as may be required of issuers in more developed jurisdictions.

Corruption and 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, although the climate has improved in this respect in recent years. Kazakhstan was ranked 93 out of 180 countries in Transparency International's 2023 Corruption Perceptions Index. Kazakhstan's score in the 2023 index was 39 (with 1 the most corrupt score and 100 being the least corrupt). 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. See "*Asset and Liability Management—Anti-Money Laundering, Countering the Financing of Terrorism, Anti-Corruption and Anti-Bribery Policies and Procedures*".

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 and, in turn, a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations.

In January 2017, the National Anti-Corruption Bureau of Kazakhstan arrested the former head of Baiterek JSC, Mr. Kuandyk Bishimbayev, on corruption charges in connection with alleged bribes and kickbacks from construction companies and other parties in a number of Baiterek JSC projects. These projects included an engineering, procurement and turnkey construction project for a float glass manufacturing and processing plant in Kyzylorda (the "**Kyzylorda Project**"). The Kyzylorda Project, which was terminated in 2021 (and the corresponding loan was fully repaid), was partially financed by DBK on the basis of an approval of DBK's Board of Directors of which Mr. Bishimbayev, as a representative of Baiterek JSC, was chairman at the time. Following an investigation, a trial in respect of the allegations against Mr. Bishimbayev commenced on 31 October 2017. On 14 March 2018, Mr. Bishimbayev was convicted of bribery and embezzlement and was sentenced to ten years in prison. On 11 October 2019 Mr. Bishimbayev was released on parole. No charges or proceedings have been brought and, to the best of DBK's knowledge, no charges or proceedings are threatened and no investigations have been conducted against DBK or any of its current officers or employees in connection with this matter. There can be no assurance, however, that any further investigation into these or similar allegations against Mr. Bishimbayev would not result in investigations into DBK or any of its officers or employees.

Lack of Information and Risk Assessments

Kazakhstan's system for gathering and publishing statistical information relating to its economy, specific economic sectors, and corporate or financial information relating to companies and other economic enterprises is not as comprehensive as that of countries with established market economies. Thus, the statistical, corporate and financial information, including audited financial statements, available to DBK relating to its corporate borrowers or other clients makes the assessment of credit risk, including the valuation of collateral, more difficult. The absence of accurate statistical, corporate and financial information may decrease the accuracy of DBK's credit risk assessment. This could increase the risk of borrower default, decrease the likelihood that DBK would be able to enforce any collateral in respect of the corresponding loan or decrease the likelihood that the relevant collateral has a value commensurate to the loan secured on it, each of which could, in turn, reduce DBK's loan recovery, increase its impairment losses and NPLs and have a corresponding negative impact on its financial condition and results of operations. Further, DBK finances long-term development projects about which there may be little historical information. Accordingly, DBK is subject to greater risks than a commercial bank and the potential negative impact of such risks materialising could be more substantial than with respect to a commercial bank that focuses on other types of project or that does not engage in the funding of development projects.

In 2004, in co-operation with an international credit reference agency, Experian, Kazakhstan's commercial banks established a credit reference bureau in Kazakhstan to provide information about potential borrowers. However, the credit reference bureau may still not be as developed as credit reference agencies in other jurisdictions, and, as a result, the quality of information it provides may not be adequate, which could, in turn, adversely affect the quality of DBK's lending decisions.

FACTORS THAT ARE MATERIAL FOR ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Absence of Trading Market for the Notes

Notes issued under the Programme will have no established trading market when issued, and no such market may develop. If a market does develop, it may not be liquid at times or at all. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Application has been made to the Vienna Stock Exchange for the admission of the Programme and/or any Series of Notes to trading on the Vienna MTF. In addition, unless otherwise agreed with the relevant Dealer and provided for the in the Final Terms or Drawdown Information Memorandum, DBK will cause all Notes issued by DBK under the Programme to be admitted to the "Bonds" category of the "Debt Securities" sector of the "Main" platform of the official list of the KASE, and no Notes issued by DBK may be issued and/or placed (including the listing thereof) outside of the Republic of Kazakhstan without prior getting the Agency Permissions. There can be no assurance that either such listings or Agency Permissions will be obtained or, if obtained, that an active trading market will develop or be sustained. The liquidity of any market for the Notes will depend on the number of holders of the Notes, the interest of securities dealers in making a market in the Notes and may be affected by political, economic, social and other developments both in Kazakhstan and in other emerging markets. Accordingly, there can be no assurance as to the development or liquidity of any market for the Notes.

The Notes may not be a suitable investment for all investors seeking exposure to "development finance" assets

There is currently no market consensus on what precise attributes are required for a particular project or financing to be defined as "development", and, therefore, no assurance can be provided to investors that Notes to be issued under the Programme and the use of proceeds by DBK or any development impact projects will satisfy, whether in whole or in part, any expectations or requirements of any investor or any present or future expectations or requirements with respect to development finance. Neither DBK nor the Development Finance Structuring Agent makes any representations or assurances as to whether (and are not responsible for ensuring that) (a) the characterisation of the Notes to be issued under the Programme as development finance or the level of its expected development intensity rating impact will (i) comport with any investor's definition of development finance, (ii) meet any investor's criteria and expectations with regard to developmental impact, or (iii) comport with the characterisation or definitions used by any other development finance institution in the public or private sectors or (b) the proceeds of the Notes, will in fact be used for eligible development finance projects. Notes to be issued under the Programme will not constitute Green or Social Bonds for purposes of the International Capital Markets Association's Green Bond Principles or Social Bond Principles, unless so provided for in a Drawdown Information Memorandum. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Information Memorandum regarding the use of proceeds and its purchase of Notes should be based upon such investigation as it deems necessary.

In addition, although the proceeds from the issue of Notes under the Programme are expected to enable the development finance initiatives described under "Development Impact" above, it will not be an event of default under the Conditions of the Notes if DBK fails to comply with such development finance initiatives.

Furthermore, there can be no assurance that the projects or financings defined as "development" will be capable of being implemented in or substantially in such a manner and/or accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such projects. Nor can there be any assurance that such projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by DBK. Any such event or failure by DBK will not constitute an event of default under the Conditions.

Structure of a Particular Issue of Notes

A wide range of Notes may be issued under the Programme. Certain Notes may have features, which contain particular risks for potential investors.

Set out below is a description of the most common of such features:

Notes Subject to Optional Redemption by DBK

If an optional redemption feature is included in a Series of Notes, it is likely to limit their market value. During any period when DBK may elect to redeem such Notes, the market value of those Notes generally may not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

DBK may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Variable Rate Notes

Notes with variable interest rates can be volatile investments. If Notes are structured to include multipliers or other leverage factors, caps or floors or any combination of those features or other similar related features, the market value of such Notes may be even more volatile than those for securities that do not include those features.

Floating Rate Notes

The Programme allows for the issuance of floating rate Notes where the Reference Rate (as defined in the Conditions) may be EURIBOR. Reference rates and indices, including interest rate benchmarks such as EURIBOR, which are used to determine the amounts payable under financial instruments or the value of such financial instruments ("**Benchmarks**") have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation, could have a material adverse effect on the Notes referencing or linked to such Benchmark.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate, such as EURIBOR. The market values of these Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate on the Notes but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where DBK has the right to effect such a conversion, this is likely to affect the secondary market and the market value of the Notes since DBK may be expected to convert the rate when it is likely to produce a lower cost of borrowing. If DBK converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than the prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If DBK converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than the prevailing rate on the relevant Notes.

Notes Issued at a Substantial Discount or Premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Collective Action Clauses

The Conditions contain collective action clauses, which are provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined percentages of Noteholders voting in favour to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a contrary manner.

Further Issues of Notes with Original Issue Discount that are not fungible with outstanding Notes for U.S. federal income tax purposes could impact the trading price of the outstanding Notes

DBK may offer further Notes with original issue discount for U.S. federal income tax purposes ("**OID**") as part of a further Tranche of Notes to be consolidated with and form a single Series with another Tranche. Purchasers of Notes after the date of consolidation of any further issue of Notes will not be able to differentiate between the Notes sold as part of the further issue and previously issued Notes. If DBK were to issue further Notes with OID, purchasers of Notes after such a further issue of Notes may be required (or assume that they are required) to accrue OID (or greater amounts of OID than they would otherwise have accrued) with respect to their Notes as they would be unable to determine whether the Notes they are buying were issued with OID. These OID consequences may affect the price of outstanding Notes following a further issue. Prospective purchasers of Notes should consult their own tax advisers with respect to the implications of any decision by DBK to undertake a further issue of Notes with OID.

Trading in the Clearing Systems

The Conditions provide that Notes shall be issued with a minimum denomination of €100,000 (or at least its equivalent in another currency) and in amounts, in excess thereof, which are integral multiples of an amount of the relevant Specified Currency, as specified in the applicable Final Terms or Drawdown Information Memorandum (the "**Specified Currency**"). Where Notes are traded in a clearing system, it is possible that processing of trades in the clearing systems may result in amounts being held in denominations smaller than the minimum denominations specified in the relevant Final Terms related to an issue of Notes. If Definitive Notes are required to be issued in relation to such Notes in accordance with the provisions of the terms of the relevant Global Notes, a holder who does not have an integral multiple of the minimum denomination in his account with the relevant clearing system at the relevant time may not receive all of its entitlement in the form of Definitive Notes unless and until such time as its holding becomes an integral multiple of the minimum denomination. Holdings of less than a minimum denomination, or integral multiple thereof, may also be less liquid and there may be difficulties in trading such holdings.

Volatility of the Trading Price of the Notes

In recent years stock markets have experienced significant price fluctuations. These fluctuations often were unrelated to the operating performance of the companies whose securities are traded on such stock markets. Market fluctuations as well as adverse economic conditions have negatively affected the market price of many securities and may affect the market price of the Notes.

In particular, the markets for securities bearing emerging market risks, such as risks relating to Kazakhstan, may be volatile. Markets for such securities are, to varying degrees, influenced by economic and securities market conditions in other emerging market countries. Although economic conditions are different in each country, investors' reactions to developments in one country may affect securities of issuers in other countries, including Kazakhstan. In 2008, the global markets experienced significant financial turmoil that had a ripple effect on other emerging markets. These events caused significant volatility in prices of emerging market debt. Events may occur which would cause significant volatility of the sort which occurred in worldwide financial markets in 1997 and 1998. Any such volatility may adversely affect the liquidity of the market for, or price of, the Notes.

Exchange Rate Risks and Exchange Controls

DBK is obliged to pay principal and interest on the Notes in the relevant Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Specified Currency or the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease equivalent in the Investor's Currency of the yield on the Notes, the principal payable on the Notes and the market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest Rate Risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit Ratings

One or more independent credit rating agencies may assign credit ratings to Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional factors discussed above or other factors that may affect the value of Notes. A credit rating is not a recommendation to buy, sell, or hold securities and may be revised or withdrawn by the rating agency at any time.

There can be no assurance as to the suitability or reliability of DBK's ESG rating or as to the accuracy or completeness of the underlying methodology applied in assigning such rating.

DBK's exposure to ESG risks and the related management arrangements established to mitigate those risks has been assessed by Sustainable Fitch through an ESG rating, included elsewhere in this Base Information Memorandum.

ESG ratings are not regulated or monitored in a similar manner to corporate credit rating organisations. Accordingly, prospective investors must determine for themselves the relevance, suitability, availability and reliability of such information for the purpose of any investment decision in respect of Notes issued under the Programme together with any other investigation such investor deems necessary. Among other things, an ESG rating is primarily based on publicly-available information about DBK and an individualised underlying rating methodology that is not uniformly applied by other ESG rating organisations or at an industry level. The ESG rating, therefore, may not reflect or otherwise address the potential impact of all relevant ESG risks related to, and factors that may affect, DBK's operations. Such ESG rating should not be regarded as a conclusive analysis of DBK's operations and do not represent a recommendation to buy, sell or hold securities, particularly as they may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any such rating of any third party, which may or may not be made available in connection with DBK's operations and its ability to fulfil any environmental, sustainability, social or other criteria employed by such ESG rating organisation.

No assurance is given by DBK, the Arrangers or any Dealers that the ESG ratings will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of DBK's operations. Further, none of DBK, the Arrangers or the Dealers makes any representation as to the suitability or reliability of such ESG rating, or as to the accuracy, relevance or completeness of the underlying methodology applied by the relevant rating organisation in assigning such ESG rating.

Any change to or withdrawal of DBK's existing ESG rating or the issuance of a materially different ESG rating by an alternative rating organisation, could adversely affect the price that a subsequent purchaser would be willing to pay for investments in Notes issued under the Programme or result in adverse consequences for investors.

Enforceability of Judgments

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) there is a proved reciprocity in enforcement of judgments of Kazakhstan courts in that country, which can be very hard or impossible to prove. There is no such treaty in effect between Kazakhstan and the United Kingdom. However, each of Kazakhstan and the United Kingdom are parties to the 1958 New York convention on Recognition and Enforcement of Arbitral Awards and, accordingly, an arbitration award should be recognised and enforceable in Kazakhstan provided the conditions of enforcement set out in such Convention and applicable Kazakhstan laws are met. See "*Enforcement of Foreign Judgments*".

On 8 April 2016, the Arbitration Law was signed by the President of Kazakhstan. Whilst the introductory language to the Arbitration Law, as well as other provisions of this law, imply that the Arbitration Law should only apply where the matter involves dispute resolution in Kazakhstan (*i.e.*, in respect of arbitration bodies with a seat in Kazakhstan) and should not apply to foreign arbitration such as the LCIA with a seat outside of Kazakhstan. In particular, the preamble to the Arbitration Law states that: "This [l]aw regulates social relations arisen in the process of arbitration activity on the territory of the Republic of Kazakhstan as well as the procedure and terms of recognition and enforcement of arbitral awards in Kazakhstan…". There are, however, certain provisions in the Arbitration Law which may have implications (as described below) in respect of the arbitration provisions contained in the Notes, the Agency Agreement and the Trust Deed. In particular, the provisions of the Arbitration Law do not clearly differentiate between domestic and foreign arbitration. However, given that there is no well-developed practice in Kazakhstan on the application of the Arbitration Law, there can be no assurance that Kazakhstan courts would support the interpretation of the Arbitration Law set out in "Enforcement of Civil Liabilities" and that an award against DBK in arbitral proceedings in London under English law would be enforced in Kazakhstan. If the Arbitration Law applies to disputes under the Notes and the Trust Deed, there is a risk that an LCIA award in a proceeding related to the Notes and the

Trust Deed may not be recognised and enforced in Kazakhstan as being contrary to Kazakhstan public order and/or a dispute under the Notes and the Trust Deed cannot be resolved by arbitration. Furthermore, an event of default could occur under the Notes and the Trust Deed to the extent that DBK's obligations under the Notes and/or the Trust Deed to settle disputes by arbitration in the LCIA and/or under English law become illegal or unenforceable.

CAPITALISATION

The following table sets forth the capitalisation and long-term indebtedness of DBK as at 31 December 2023. This table should be read in conjunction with "Selected Financial Information and Other Data" and "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the Financial Statements, and the notes thereto, included elsewhere in this Base Information Memorandum.

	As at 31 December 2023	
	(U.S.$ millions)(1)(2)	*(KZT millions)*(2)
Long-term debt(3)		
Current accounts and deposits	0.0	3.1
Loans from Samruk-Kazyna	3.5	1,595.5
Loans and balances from banks and other financial institutions	1,095.3	497,867.9
Loans from parent company	885.5	402,509.5
Government grants	1,192.2	541,948.7
Debt securities issued	2,471.8	1,123,561.7
Subordinated debt	294.3	133,777.7
Other liabilities	102.7	46,675.2
Provisions	62.1	28,222.9
Total long-term debt	**6,107.4**	**2,776,162.3**
Equity:		
Share capital	1,575.0	715,953.5
Fair value reserve	(126.6)	(57,532.0)
Additional paid-in capital	80.8	36,750.5
Retained earnings/Accumulated losses	420.8	191,283.5
Total equity	**1,950.1**	**886,455.6**
Total capitalisation and long-term liabilities	**8,057.5**	**3,662,617.9**

Notes:

(1) For convenience, these figures have been translated into U.S. Dollars at the KZT/U.S.$ market exchange rate quoted on the KASE, as reported by the NBK, as at 31 December 2023, which was KZT 454.56 per U.S.$1.00. There can be no assurance that these Tenge amounts could have been converted into U.S. Dollars at this rate or any other rate.

(2) Nominal amount of long-term debt.

(3) Indebtedness is classified as long-term if its remaining maturity is not less than one year as at the reporting date.

SELECTED FINANCIAL INFORMATION AND OTHER DATA

The audited selected financial information for DBK presented below as at and for the years ended 31 December 2023, 2022 and 2021 has been derived from, should be read in conjunction with, and is qualified in its entirety by, the Financial Statements, including the notes thereto, included elsewhere in this Base Information Memorandum.

Prospective investors should read the selected financial information in conjunction with the information contained under the headings "Risk Factors", "Capitalisation", "Management's Discussion and Analysis of Results of Operations and Financial Condition", "Selected Statistical and Other Data", and "Business", as well as the Financial Statements, including the notes thereto, included elsewhere in this Base Information Memorandum.

Selected Information from the Consolidated Statement of Comprehensive Income and Financial Position

Consolidated Statement of Comprehensive Income

	For the year ended 31 December			
	2023		2022	2021
	(U.S.$ millions)[1]	*(KZT millions)*	*(KZT millions)*	*(KZT millions)*
Interest income calculated using the effective interest method	703.6	319,821.2	237,145.4	182,178.5
Other interest income	208.2	94,651.1	81,314.6	59,044.6
Interest expense	(503.8)	(228,992.8)	(210,019.3)	(176,535.4)
Net interest income	**408.0**	**185,479.5**	**108,440.7**	**64,687.8**
Fee and commission income	1.6	711.2	1,237.7	717.0
Fee and commission expense	(1.5)	(661.2)	(984.1)	(704.6)
Net fee and commission income/(expense)	**0.1**	**50.0**	**253.6**	**12.3**
Net foreign exchange gain/(loss)	11.3	5,153.2	1,993.7	(1,986.8)
Net realised gain/(loss) on debt securities at fair value through other comprehensive income	(0.3)	(127.9)	(21,278.0)	49.0
Net (loss)/gain on financial instruments at fair value through profit or loss	6.3	2,866.1	(3.137.1)	1,031.0
Net gain arising from derecognition of financial assets measured at amortised cost	3.5	1,579.7	8,744.4	9,961.5
Income/(expense) on repurchase of debt securities issued	—	—	21,065.3	(615.2)
Other income/(expense), net	(21.4)	(9,746.8)	(12,681.4)	4,958.7
Operating profit	**407.5**	**185,253.8**	**103,401.1**	**78,098.3**
Impairment loss on debt financial assets	93.3	42,420.8	(47,096.2)	(33,357.5)
Reversal of impairment losses/(impairment losses) on loan commitments and financial guarantee contracts	0.8	371.5	2,478.8	(2,810.6)
Reversal of impairment losses/(impairment losses) on other non-financial assets	0.0	(17.3)	825.9	(312.7)
General administrative expenses	(22.6)	(10,292.4)	(9,061.3)	(7,583.4)
Profit before income tax	**479.0**	**217,736.5**	**50,548.5**	**34,034.1**
Income tax expense	(83.0)	(37,718.5)	(16,423.6)	(2,534.4)
Profit for the year	**396.0**	**180,018.0**	**34,124.9**	**31,499.7**
Other comprehensive (loss)/income				
Movement in revaluation reserve:				
Net change in fair value (debt instruments)	29.0	13,187.3	(66,174.4)	(11,888.3)
Net amount reclassified to profit or loss	0.3	127.9	21,028.2	(49.0)
Total items that are or may be reclassified subsequently to profit or loss	29.3	13,315.2	(45,146.1)	(11,937.3)
Fair value reserve of equity instruments	(7.2)	(3,287.9)	(15,591.3)	7,488.8
Hedges, net of tax	(2.2)	(993.2)	—	—
Total items that will not be reclassified to profit or loss	(9.4)_	(4,281.1)	(15,591.3)	7,488.8
Other comprehensive income/(loss) for the period	**19.9**	**9,034.1**	**(60,737.4)**	**(4,448.5)**
Total comprehensive income for the period	**415.9**	**189,052.1**	**(26,612.5)**	**27,051.2**

Notes:

(1) For convenience, these figures have been translated into U.S. Dollars at the KZT/U.S.$ market exchange rate quoted on the KASE, as reported by the NBK, as at 31 December 2023, which was KZT 454.56 per U.S.$1.00. There can be no assurance that these Tenge amounts could have been converted into U.S. Dollars at this rate or any other rate.

Consolidated Statement of Financial Position

	As at 31 December			
	2023		2022	2021
	(U.S.$ millions)[(1)]	*(KZT millions)*	*(KZT millions)*	*(KZT millions)*
Assets				
Cash and cash equivalents	1,956.2	889,221.3	816,469.9	471,287.4
Placements with banks and other financial institutions	176.1	80,045.6	79,972.1	25,492.3
Loans to banks	264.1	120,043.7	118,726.7	121,034.6
Loans to customers[(2)]	3,849.1	1,749,653.9	1,774,176.6	1,892,508.0
Finance lease receivables[(3)(4)]	1,354.9	615,895.4	495,027.8	452,103.7
Debt securities	916.2	416,460.3	406,673.6	544,518.9
Advances paid under finance lease agreements	753.9	342,673.7	180,825.5	166,405.1
Assets to be transferred under finance lease agreements	57.9	26,335.1	3,899.3	5,625.9
Equity investments	33.4	15,167.9	20,442.8	35,687.4
Investment property	0.1	58.7	94.5	217.8
Property, plant and equipment and intangible assets	13.2	6,016.4	5,955.0	5,988.8
Other assets	16.5	7,486.7	9,439.1	10,981.2
Value-added tax receivable[(4)]	66.1	30,068.6	24,604.0	—
Current tax asset	10.1	4,579.5	—	7,244.5
Deferred tax assets	15.4	6,978.2	6,603.5	2,733.7
Total assets	**9,483.2**	**4,310,684.8**	**3,942,910.5**	**3,741,829.4**
Liabilities				
Current accounts and deposits	299.2	136,022.2	91,717.4	30,412.1
Loans from SWF “Samruk-Kazyna” JSC	3.5	1,595.5	1,809.2	11,195.7
Loans and balances from banks and other financial institutions	1,563.1	710,511.7	691,797.2	556,670.0
Loans from the Parent Company	885.6	402,549.0	380,715.0	283,338.1
Amounts payable under sale and repurchase agreements	60.2	27,362.4	—	43,189.7
Government grants	1,301.2	591,470.8	637,305.4	301,140.6
Debt securities issued	2,812.1	1,278,258.1	1,309,587.0	1,716,748.7
Subordinated debt	294.3	133,777.7	125,744.4	118,216.8
Other liabilities	234.4	106,553.8	87,383.9	111,480.4
Provisions	79.5	36,128.1	1,814.3	12,609.2
Current income tax liabilities	—	—	570.8	—
Total liabilities	**7,533.1**	**3,424,229.3**	**3,328,444.6**	**3,185,001.1**
Equity				
Share capital	1575.0	715,953.5	615,953.5	515,953.5
Fair value reserve	(126.6)	(57,532.0)	(66,566.1)	(5,828.6)
Additional paid-in capital	80.8	36,750.5	36,750.5	36,750.5
Retained earnings/(accumulated losses)	420.8	191,283.5	28,328.0	9,952.9
Total equity	**1,950.1**	**886,455.6**	**614,465.9**	**556,828.3**
Total liabilities and equity	**9,483.2**	**4,310,684.8**	**3,942,910.5**	**3,741,829.4**

Notes:

(1) For convenience, these figures have been translated into U.S. Dollars at the KZT/U.S.$ market exchange rate quoted on the KASE, as reported by the NBK, as at 31 December 2023, which was KZT 454.56 per U.S.$1.00. There can be no assurance that these Tenge amounts could have been converted into U.S. Dollars at this rate or any other rate.

(2) Represents net loans to customers. See Note 14 to the 2023 Annual Financial Statements and Note 14 to the 2022 Annual Financial Statements and “*Selected Statistical and Other Data*”.

(3) Represents net finance receivables. See Note 15 to the 2023 Annual Financial Statements and Note 15 to the 2022 Annual Financial Statements and “*Selected Statistical and Other Data*”.

(4) In the 2023 Annual Financial Statements, DBK changed the presentation of finance lease receivables in the consolidated statement of financial position and provided a new caption “Value-added tax receivable”. See Note 2(e) to the 2023 Annual Financial Statements. The 31 December 2022 figures in the above table are extracted from the 2023 Annual Financial Statements.

Selected Financial Ratios and Economic Data

The table below sets forth DBK's selected financial ratios and economic data for Kazakhstan as at, and for the years ended, 31 December 2023, 2022 and 2021:

	As at and for the year ended 31 December		
	2023	**2022**	**2021**
	(%, unless otherwise indicated)		
Profitability Ratios(1)			
Return on average equity	24.0	5.8	5.9
Return on average assets(2)	4.4	0.9	0.9
Net interest margin(3)	4.9	3.0	2.0
Net interest spread(4)	2.3	1.0	0.5
Non-interest expense/net interest income plus non-interest income(5)(6)	(5.9)	(9.6)	(10.5)
Non-interest expense as a percentage of net interest income(5)	(5.9)	(9.3)	(12.8)
Non-interest expense as a percentage of average total assets(5)	(0.3)	(0.3)	(0.2)
Loan Portfolio Quality			
Allowance for impairment losses/loans to customers and banks(7)	(8.5)	(9.6)	(6.7)
Balance Sheet Ratios and Capital Adequacy			
Loans to customers and banks-total assets	43.4	48.0	53.8
Total equity-total assets	20.6	15.6	14.9
Liquid assets-total assets(8)	32.1	33.0	27.8
Contingent liabilities-total equity(9)		58.0	67.0
Direct liabilities-total equity(10)	3.0	3.7	4.9
Capital adequacy ratio(11)	22.9	17.1	17.4
Economic Data(12)			
Period-end exchange rate (*KZT/U.S.$*)	454.56	462.65	431.80
Average exchange rate for period (*KZT/U.S.$*)	456.26	460.93	426.06
Inflation growth rate (CPI)(13)	9.8	20.3	8.4
GDP growth (real)(13)	5.1	3.2	4.0

Notes:

(1) Averages are based upon opening and closing balances. Average equity was calculated using opening and closing balances for each relevant period.

(2) Return on average assets is profit for the year divided by average period total assets. Average period total assets are calculated based on opening and closing balances for each relevant period.

(3) Net interest margin is a percentage of average interest-bearing assets. Interest-bearing assets are comprised of cash and cash equivalents, placements with banks and other financial institutions, loans to banks, loans to customers, finance lease receivables, debt securities and amount receivable from IFK JSC. See "*Selected Statistical and Other Data—Average Balance Sheet and Interest Rates*".

(4) Net interest spread is the difference between the average interest rate on interest-bearing assets and the average interest rate on interest-bearing liabilities. Average interest rates are calculated as the ratio of net interest income to the average balance of interest-bearing assets or liabilities. Interest-bearing liabilities are comprised of loans from the Government and SWF Samruk-Kazyna JSC, loans from the Parent Company, loans and balances from banks and other financial institutions, current accounts and deposits, debt securities issued and subordinated debt. See "*Selected Statistical and Other Data—Average Balance Sheet and Interest Rates*".

(5) Non-interest expense is comprised of fee and commission expense, and general administrative expenses.

(6) Non-interest income is comprised of net foreign exchange gain/(loss), net realised gain/(loss) on debt securities at fair value through other comprehensive income, net gain/(loss) on financial instruments at fair value through profit or loss, net loss resulted from derecognition of financial assets measured at amortised cost and other (expense)/income.

(7) Loan portfolio quality is calculated using gross loan balances.

(8) Liquid assets comprise cash and cash equivalents, placements with banks and other financial institutions and debt securities measured at fair value through other comprehensive income.

(9) Contingent liabilities include loan, credit line and finance lease commitments, as well as letters of credit, guarantees and other commitments related to settlement operations.

(10) Direct liabilities include loans from the Government and SWF Samruk-Kazyna JSC, loans and balances from banks and other financial institutions, current accounts and deposits, debt securities issued, loans from Parent Company, subordinated debt and derivative financial instruments.

(11) Calculated as a ratio of DBK's consolidated equity capital to its risk-weighted assets, calculated according to Basel II (International Convergence of Capital Measurement and Capital Standards) Convention ("**Basel II**") principles.

(12) Based on data from the NBK and the NSA.

(13) Year-on-year rate.

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

The following management's discussion and analysis is intended to assist in the understanding and assessment of the trends and significant changes in DBK's results of operations and financial condition. The selected financial and operating data set forth below, subject to rounding, has been extracted without material adjustment from the Financial Statements. Such data, together with the related discussion and analysis, should be read in conjunction with, and is qualified in its entirety by reference to, the Financial Statements, including the notes thereto, as well as the information set forth under the captions "Selected Statistical and Other Data" and "Asset and Liability Management" included elsewhere in this Base Information Memorandum. Unless otherwise indicated, all figures are expressed in or derived from amounts in Tenge. The Financial Statements are consolidated and reflect the results of operations of DBK and its subsidiaries, IDF JSC and DBK Capital Structure Fund B.V. DBK prepares its Financial Statements in accordance with IFRS. This management's discussion and analysis contains forward-looking statements, which involve risks and uncertainties. See "Forward-looking Statements". DBK's actual results could differ materially from those anticipated in the forward-looking statements contained herein for several reasons, including those set forth under "Risk Factors" and elsewhere in this Base Information Memorandum. This discussion, insofar as it refers to average amounts, has, unless otherwise stated, been based upon annual opening and closing balances. See "Presentation of Financial and Other Information".

Introduction

DBK was incorporated on 31 May 2001 and is organised under the Decree of the President of the Republic of Kazakhstan № 531 dated 28 December 2000, the Law of the Republic of Kazakhstan № 178-II dated 25 April 2001 and the Resolution of the Government of the Republic of Kazakhstan № 659 dated 18 May 2001 for an unlimited duration as Closed Joint Stock Company "Development Bank of Kazakhstan". On 18 August 2003, DBK was re-registered as Joint Stock Company "Development Bank of Kazakhstan" in line with the requirements of the amended JSC Law. A re-registration certificate (№ 4686-1900-AO) was issued in respect of DBK by the Registration Service and Legal Assistance Committee of the Ministry of Justice on 18 August 2003. DBK is a national development bank that is authorised to implement State investment policies and State support of the production sector of the Kazakhstan economy.

DBK operates under business identification number 010540001007 and its registered office is n-r. pr. 15, building 55A Mangilik Yel Avenue, Yesil district, Astana, Republic of Kazakhstan and its telephone number is +7 7172 792 604. DBK's sole shareholder is Baiterek JSC, which is, in turn, wholly-owned by the Government. Accordingly, the ultimate controlling party of DBK is the Government, represented by the Ministry of National Economy.

In accordance with the DBK Law, DBK's principal objectives are:

- to improve and increase the efficiency and effectiveness of governmental investment activity;
- to develop industrial infrastructure and the manufacturing industry in Kazakhstan; and
- to promote foreign and domestic investment in Kazakhstan.

As a part of its role in Kazakhstan's industrial development programme and in accordance with the Credit Policy Memorandum, DBK provides medium and long-term financing for investment projects (other than food or beverage projects and public private partnership projects) of KZT 7 billion or more, food or beverage investment projects and public private partnership projects of KZT 3 billion or more and export transactions of KZT 1 billion or more. See "*Business—Participation in Government Programmes*" and "*Business—Lending*". In 2020, DBK introduced a new rating system, which is designed to assess and compare the impact that potential projects are expected to have on the economy, sustainable development and environment of a particular region of or the Republic of Kazakhstan as a whole. In addition to the impact that each potential project could have, DBK also assesses whether each project has the potential to increase the output capacity, improve labour productivity and increase export revenues and the amount of taxes paid to the State budget, and analyses the shareholding structure of each project. A project that is assessed as being likely to have a high social and economic effect is assigned a high development score. In determining which projects or transactions to finance, DBK gives priority to private investor projects, projects that have high development scores and those that are designed to establish new or develop existing energy, communication, transport infrastructure, agricultural and production facilities, as well as commercial service industries including tourism and hotels. DBK's lending activities are primarily funded through the issuance and placement of domestic and international debt securities and through borrowings from Baiterek JSC, international financial institutions and the State budget.

IDF JSC, DBK's wholly-owned subsidiary, offers short- and long-term (up to 20 years) lease financing in various forms, including for industrial equipment, leasing of industrial buildings and certain combined services, and credit and leasing. IDF JSC invests only in large-scale projects valued at over KZT 500 million or more. IDF JSC provides financial leasing for investment projects in priority sectors of the economy in an amount of U.S.$448,776 or more under Government support programmes (see "*—IDF JSC*"), and KZT 50 million or more for investment projects in the consumer goods industry. See "*Business—Industrial Development Fund JSC*".

In July 2017, DBK established its wholly-owned subsidiary DBK Capital Structure Fund B.V. ("**DBK CSF**"), a closed private limited liability company established in the Netherlands. DBK CSF was established for the purpose of participating in a direct investment fund in the Netherlands. In November 2017, DBK CSF and Qazaqstan Investment Corporation ("**QIC**") established DBK Equity Fund CV ("**DBK Equity Fund**"), a direct investment fund, for purposes of investing in domestic and foreign projects, which promote the interests of the Kazakhstan economy and in which DBK is not permitted to invest directly as a result of the restrictions imposed on it under the Credit Policy Memorandum. DBK Equity Fund is 97% owned by DBK CSF. See "*Business—DBK CSF*".

For the year ended 31 December 2023, DBK's profit for the year was KZT 180,018.0 million, as compared to KZT 34,124.9 million for the year ended 31 December 2022 and KZT 31,499.7 million for the year ended 31 December 2021. As at 31 December 2023, DBK had total assets of KZT 4,310.7 billion, as compared to total assets of KZT 3,942.9 billion as at 31 December 2022 and KZT 3,741.8 billion as at 31 December 2021.

Critical Accounting Policies

DBK's accounting policies are integral to understanding the results of operations and financial condition presented in the Financial Statements and notes thereto. DBK's significant accounting policies are described in Note 37 to the Financial Statements appearing elsewhere in this Base Information Memorandum. In addition, the preparation of the Financial Statements requires DBK's management to make estimates and judgments. See Note 2 to the Financial Statements. Set out below is a summary of certain significant accounting policies which DBK's management believe to be of particular importance.

Financial Instruments

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost 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 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 using the effective interest method;
- expected credit losses ("**ECL**") and reversals; and
- foreign exchange gains and losses.

When a debt financial asset measured at FVOCI 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, DBK may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, DBK 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.

Financial liabilities

DBK classified 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.

Impairment

DBK recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- net investment in finance lease;
- financial guarantee contracts issued; and
- loan commitments issued.

DBK measures loss allowances at an amount equal to lifetime ECL, except for the following, which 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 (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

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:

- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by DBK on terms that DBK would not consider otherwise;
- *force majeure* and other circumstances that caused significant material damage to the borrower (including the revocation or suspension of a licence for the activities of the borrower);
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation, as well as involvement in litigation; or
- the disappearance of an active market for a security because of financial difficulties.

Government Grants

Government grants are assistance by the Government, Government agencies and state-owned entities in the form of transfers of resources to DBK in return for past or future compliance with certain conditions relating to the operating activities of DBK. Government grants are not recognised until there is reasonable assurance that DBK will comply with the conditions attached to them and the grants will be received. If there are conditions that may require repayment, the grant is recognised as "deferred income" in other liabilities.

The benefit of a Government loan at a below-market rate of interest is treated as a Government grant. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan and the proceeds received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which DBK recognises as expenses the related costs for which the grants are intended to compensate. See "*Selected Statistical and Other Data—Principal Sources of Funding—Borrowings—Government Grants*".

Primary Factors affecting DBK's Results of Operations

The primary factors that have affected DBK's results of operations during the years ended 31 December 2023, 2022 and 2021, and that can be expected to affect DBK's results of operations in the future, are: (i) DBK's role as a development bank; (ii) the current economic environment in Kazakhstan and globally, including the impact of the higher inflationary environment, increased interest rates and geopolitical events in the region; (iii) fluctuations in interest rates; (iv) fluctuations in exchange rates; (v) fluctuations in oil prices; (vi) shifts in composition of borrowers and funding sources; and (vii) taxation.

DBK's Role as a Development Bank

DBK is a development bank that is wholly-owned by Baiterek JSC, which is, in turn, wholly-owned by the Government. Accordingly, DBK's lending and investment policies are different from those of a standard commercial bank, in that DBK's business activities are generally driven by macro-economic policy in Kazakhstan as a whole rather than purely commercial considerations. As a development bank, DBK does not compete with commercial lending and financial institutions in providing finance to customers and has declined lending opportunities in the past where financing was available elsewhere. In addition, DBK does not generally accept customer deposits, and its primary funding sources are concessional loans made by the Government, its sole shareholder and Baiterek JSC, issuances of debt securities and loans from international and multi-lateral institutions. DBK concentrates on providing funding to investment projects, such as infrastructure projects and high-value manufacturing projects in Kazakhstan, which are not typically eligible for financing or refinancing on terms acceptable to commercial banks and other non-specialist market investors. Loans and investments made by DBK often involve relatively large principal amounts, have longer-term maturities and are extended at preferential rates, all of which make these activities of relatively high risk and low return. In general, DBK sets interest rates by reference to its cost of funding a particular loan plus a margin reflecting its administrative costs and a risk premium.

The Current Economic Environment

The Kazakhstan economy may be influenced by market downturns and economic slowdowns elsewhere in the world. The general slowdown and challenging macroeconomic conditions in the global financial market that began in 2008 resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector and tighter credit conditions within Kazakhstan and generally for Kazakhstan companies, as well as weakened global demand for and a decline in prices of crude oil and other commodities. In 2020 and 2021, the Kazakhstan economy was impacted by the COVID-19 pandemic. The pandemic affected investment sentiment and resulted in sporadic volatility in the global capital and financial markets. In 2020 and 2021, 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.

On 2 January 2022, protests occurred in the west of Kazakhstan related to an increase in the LNG price from KZT 60 per litre to KZT 120 per litre. These protests spread to other cities and resulted in looting and loss of life. On 5 January 2022, the Government declared a state of emergency. As a result of the above protests and state of emergency the President of Kazakhstan has made certain public announcements regarding possible measures, including additional taxes. On 19 January 2022, the state of emergency was lifted. The protests in Kazakhstan in January 2022 led to increased political risk in the country, as well as a slowdown in economic growth in 2022.

In 2020, 2021 and 2022, DBK took a number of actions to reduce and subsidise lending rates for its customers that were adversely affected by the COVID-19 pandemic and restrictions imposed during the state of emergency. The granting of the deferral of payments or grace periods on loans for investment projects so affected was considered on a case-by-case basis, with varying lengths of payment deferrals and grace periods granted. The impact of the COVID-19 pandemic and lockdown restrictions and the state of emergency in January-February 2022 led to, and may continue to lead to, requests from customers to reschedule debt owed to DBK (including the delay of certain payments of principal and interest to DBK).

Kazakhstan's economy is also subject to regional risks and spill-over effects resulting from the armed conflict commenced by Russia in Ukraine, which is ongoing, resulting in further elevated levels of economic uncertainty in Kazakhstan.

The Kazakhstan economy is also particularly affected by global oil prices. Following the outbreak of the COVID-19 pandemic in March 2020, the oil price was severely negatively impacted. Oil prices have also fluctuated significantly since the commencement of Russia's armed conflict in Ukraine in February 2022. The fluctuations in oil price have a correlation with the value of the Tenge. If oil prices fall sharply, the value of the Tenge also falls. Accordingly, DBK's credit portfolio is indirectly exposed to the fluctuation in oil prices, especially 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 (to Tenge-denominated loans).

On 11 February 2014, the NBK devalued the Tenge by 18.3% against the U.S. Dollar in light of the depreciation of the Russian Rouble over the course of 2013 and 2014, as well as the overall situation in the global financial and commodity markets. In August 2015, the NBK announced the adoption of a free-floating exchange rate, which resulted in a 26.2% depreciation against the U.S. Dollar. The Tenge/U.S. Dollar exchange rate weakened by 10% in 2020, from KZT 382.59 to KZT 420.91 per U.S.$1.00. In February 2022, the Tenge depreciated significantly against major foreign currencies amid the external geopolitical situation driven by the armed conflict in Ukraine and escalating tensions in the region. In 2023, the Tenge appreciated 0.9% against the U.S. Dollar and depreciated 1.8% against the Euro. As at 31 December 2023, the official KZT/U.S.$ market exchange rate reported by the NBK was KZT 454.56 per U.S.$1.00, as compared to KZT 462.65 per U.S.$1.00 as at 31 December 2022 and KZT 431.67 per U.S.$1.00 as at 31 December 2021. In January 2024, the Tenge appreciated 0.4% against the U.S. Dollar. See "*—Exchange Rate Devaluations and Depreciations*". Past devaluations of the Tenge have resulted in reduced access to capital, a higher cost of capital, increased inflation and uncertainty regarding economic growth, all of which have had, and are expected to continue to have, a material effect on DBK's financial position and results of operations.

Since the majority of DBK's expenses are denominated in Tenge and incurred in Kazakhstan, inflationary pressures in Kazakhstan are a significant factor affecting the trajectory of DBK's expenses. While the higher inflationary environment since 2021, with inflation in Kazakhstan of 9.8% in 2023, 20.3% in 2022 and 8.4% in 2021, has not, to date, had a considerable impact on DBK's key financial stability indices, it has increased certain costs and expenses.

In addition, higher interest rates have had an adverse impact on DBK's cost of funding but a positive impact on interest income since 2021. In order to reduce the negative impact of external factors on the Kazakhstan economy, in February 2022, the NBK raised the base rate from 10.25% to 13.5%, 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% (as compared to 16.75% in February 2023). The increased base rate since 2022 has increased DBK's cost of funding in Tenge, in particular, as well as in other currencies. When managing currency risks, DBK adheres to the principle of maintaining a neutral currency position, which allows it to minimise losses from currency revaluations.

Devaluations of the Tenge against the U.S. Dollar, such as can occur when interest rate trends diverge, have also exposed DBK to increased foreign exchange risk and an increased cost of funds. The average effective interest rate on DBK's Tenge-denominated loans and balances from banks and other financial institutions as at 31 December 2023 was 9.48% (as compared to 9.35% as at 31 December 2022), while the average effective interest rate on DBK's U.S. Dollar-denominated loans and balances from banks and other financial institutions was 5.35% as at 31 December 2023 (as compared to 4.67% as at 31 December 2022). Similarly, the average interest rates on DBK's Tenge-denominated loans to customers and banks were 12.41% and 11.68%, respectively, as at 31 December 2023 (as compared to 12.10% and 11.65%, respectively, as at 31 December 2022). DBK's net interest income increased by 71.0% in 2023 (to KZT 185,479.5 million) and by 67.6% in 2022 (to KZT 108,440.7 million from KZT 64,687.8 million in 2021), primarily due to increases in interest income calculated using the effective interest method. These increases were, in turn, due to increased average interest rates on DBK's lending activities, as well as increased income on reverse REPO agreements, again due to higher interest rate environment.

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 and related effects on the value of the Russian Rouble. The situation in Eastern Europe, and sanctions imposed by governments in response to Russia's armed conflict in Ukraine, has led to significant volatility in the global credit markets and on the global economy. As at 31 December 2021, DBK had loans issued to subsidiaries of Russian banks with the carrying amount of KZT 21,220.9 million. DBK has actively terminated or wound down its activities and relationships with Kazakhstan-established subsidiaries of Russian state-owned banks and Russian state-owned banks in response to the expansion of sanctions since February 2022. On 14 March 2022, all loans granted to Subsidiary Organization VTB Kazakhstan JSC were transferred to another Kazakhstan bank. Loans granted to Subsidiary Bank Sberbank JSC have been transferred to other Kazakhstan banks or repaid to DBK and letters of credit have been closed and transferred to another Kazakhstan bank. See "*Risk Factors—Factors that may affect DBK's ability to fulfil its obligations under, or in connection with the Notes—C. Macroeconomic and Geopolitical Risks—Exchange Rate Policies*".

More generally, the COVID-19 pandemic and its impact on the Kazakhstan economy, and the armed conflict commenced by Russia in Ukraine and its continued uncertain impact on the Kazakhstan economy going forward has prompted DBK to review its long-term development strategy and review its business processes in order to maintain its position as the country's largest financial institution and a leading operator in the assessment and structuring of major infrastructure and industrial projects. See "*Business—Strategy*".

Fluctuations in Interest Rates

DBK provides lending at low rates in line with its mission as a development bank and, until recent interest rate rises, the generally low interest rate climate globally.

Interest rates are sensitive to many factors beyond DBK's control, including the policies of central banks, such as the NBK, adverse domestic and international economic conditions and political factors. DBK's intentions to diversify its funding sources by continuing to access the domestic and international capital markets may increase these risks.

DBK 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 DBK's assets may reprice more frequently than its liabilities, if interest rates fall, DBK's interest expense will increase more rapidly than its interest income, which could negatively affect interest margins. As a measure to manage the risk of mismatches in interest rates, which is inherent in DBK's operations, the Government grants loans to DBK with low interest rates to ensure DBK is able to sustain margins in a falling interest rate environment through the interest income generated by such loans. In addition, DBK structures its assets with floating interest rates and its overall balance sheet in such a way that a fixed portion of its interest income from assets with floating rates covers possible fluctuations in interest rate, resulting in an acceptable balance between interest-bearing liabilities and interest-earning assets. In particular, in accordance with DBK's credit policy, DBK seeks to pass on interest rate risks to borrowers by on-lending under similar conditions. DBK'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.

Although nearly all of DBK's assets are match-funded, an increase in interest rates may generally raise DBK'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 DBK.

See "*Asset and Liability Management*".

Fluctuations in Exchange Rates

Fluctuations in exchange rates impact DBK's financial condition and results of operations. DBK maintains open foreign currency positions, which give rise to foreign exchange rate risk. DBK's exposure to exchange rate risk may increase, particularly as it continues to access international capital markets. A significant portion of DBK'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.

DBK is also subject to foreign currency risk as a portion of its borrowings and debt securities are denominated in U.S. Dollars, and, in the past, has been adversely affected by past devaluations of the Tenge, including devaluations by the NBK, and their impact on the Tenge-value of loans and balances from banks and other financial institutions, as well as U.S. Dollar-denominated debt securities. As at 31 December 2023, 30.9% of DBK's debt securities issued were denominated in U.S. Dollars. Accordingly, while DBK takes measures to naturally hedge its foreign currency risk by undertaking U.S. Dollar-denominated borrowings only for certain projects that have corresponding hard currency revenues, and DBK has increased its Tenge-denominated borrowings in recent years, any future devaluation of the Tenge against the U.S. Dollar may have an adverse effect on DBK.

The following table sets forth the period end, average and low and high KZT/U.S.$ exchange rates quoted on the KASE, as reported by the NBK, (after rounding adjustment) for the periods indicated:

Period	**Period end**	**Average**[(1)]	**High**	**Low**
		(KZT/U.S.$1.00)		
Year ended 31 December 2023	454.56	456.26	482.77	431.08
Year ended 31 December 2022	462.65	460.93	512.19	414.67
Year ended 31 December 2021	431.80	426.06	436.35	414.77

Note:

(1) The average of the rate reported by the KASE for each month during the relevant period.

The Risk Management Departments monitor DBK's net currency position and advise on strategy. DBK has established a limit on open foreign currency positions, monitors foreign currency positions and the market situation on a weekly basis and regularly conducts stress-testing of foreign currency positions, as well as back-testing of the effectiveness of value-at-risk ("**VaR**") calculation methods.

Shifts in Composition of Borrowers and Funding Sources

DBK's lending activities and business can be both positively and negatively affected by shifts in the composition of its borrowers and funding sources. In general, as a result of the borrower concentration and relatively large size of individual loans within the loan portfolio, the breakdown of loans granted to customers in different economic sectors can fluctuate significantly as a result of a single loan disbursement being repaid in a given period. Such fluctuations in loans to customers by economic sector, for the most part, occur in the ordinary course of DBK's business. As a percentage of total gross loans to customers measured at amortised cost and total loans measured at fair value through profit or loss, as at 31 December 2023, as compared to 31 December 2022, loans to customers in the metal industry sector increased from 25.2% to 29.4%, primarily due to new loans granted to customers in that sector, while loans to customers in the petrochemicals manufacturing industry decreased from 22.6% to 19.5% of total gross loans to customers measured at amortised cost, primarily due to repayments of loans by customers in that sector.

Changes in policy in respect of DBK's lending and funding strategies, can result in changes to the composition of its borrowers and funding sources. For example, in 2014, DBK began lending to second-tier Kazakhstan banks for on-lending, particularly to the private sector, primarily through the implementation of Government programmes. As a result there has been a significant shift in DBK's borrower portfolio since 2014. Such shifts have in the past had, and may continue in the future to have, a positive effect of increasing the size of the loan portfolio, thereby helping DBK to further grow its business. Such changes can also, however, result in an increased cost of risk of impairment, depending on the borrower concentration.

As part of its Development Strategy, DBK also aims to diversify its funding sources by attracting funds from non-Governmental sources while also maintaining its focus on cost control. Any concentration in new sources of funding will increase DBK's exposure to political and economic conditions in the resident country of the lender, which could have both positive and negative effects on the rates and level of funding available to DBK.

Taxation

Income tax expense represents the sum of the current and deferred tax expense. The current tax expense is the expected tax payable on the taxable income for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. DBK's current tax expense is calculated using tax rates that have been enacted or substantively enacted at the statement of financial position date and includes any adjustment to tax payable in respect of previous years.

Deferred tax is 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. The following temporary differences are not provided for: (i) the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and (ii) temporary differences related to investments in subsidiaries and associates where the shareholder 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 amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantially enacted at the reporting date.

A deferred tax asset is 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 it is no longer probable that the related tax benefit will be realised.

DBK's impairment losses are tax deductible, in line with the Government's rules on creating provisions (reserves).

Results of operations for the years ended 31 December 2023, 2022 and 2021

Net Interest Income

The following table sets forth the principal components of DBK's net interest income for the years ended 31 December 2023, 2022 and 2021:

	Year ended 31 December			Percentage change	
	2023	2022	2021	2023/22	2022/21
		(KZT millions)		*(%)*	
Interest income calculated using the effective interest method	319,821.2	237,145.4	182,178.5	34.9	30.2
Other interest income	94,651.1	81,314.6	59,044.6	16.4	37.7
Interest expense	(228,992.8)	(210,019.3)	(176,535.4)	9.0	19.0
Net interest income	**185,479.5**	**108,440.7**	**64,687.8**	**71.0**	**67.6**

DBK's net interest income increased in 2023 by KZT 77,038.8 million, or 71.0%, to KZT 185,479.5 million for the year ended 31 December 2023, from KZT 108,440.7 million for the year ended 31 December 2022 after having increased in 2022 by KZT 43,752.9 million, or 67.6%, from KZT 64,687.8 million for the year ended 31 December 2021. The increases in net interest income in each of 2023 and 2022 were primarily due to increases in interest income calculated using the effective interest method and other interest income (as explained below), which were only partially offset by increases in interest expense.

Interest Income calculated using the effective interest method

The following table sets forth the principal components of DBK's interest income for the years ended 31 December 2023, 2022 and 2021:

	Year ended 31 December			Percentage change	
	2023	2022	2021	2023/22	2022/21
		(KZT millions)		*(%)*	
Loans to customers	173,510.0	156,625.9	131,480.4	10.8	19.1
Reverse REPO agreements	91,316.4	33,097.7	13,752.9	175.9	140.7
Cash and cash equivalents, except for reverse REPO agreements	22,368.1	17,993.6	11,524.9	24.3	56.1
Loans to banks	13,192.3	12,666.4	12,570.2	4.2	0.8
Debt securities	10,103.8	12,034.1	7,211.6	(16.0)	66.9
Placements with banks and other financial institutions	8,111.1	3,325.8	4,102.5	143.9	(18.9)
Other financial assets	1,219.5	1,402.0	1,536.1	(13.0)	(8.7)
Interest income calculated using the effective interest method	**319,821.2**	**237,145.4**	**182,178.5**	**34.9**	**30.2**

Interest income calculated using the effective interest method increased in 2023 by KZT 82,675.8 million, or 34.9%, to KZT 319,821.2 million for the year ended 31 December 2023, from KZT 237,145.4 million for the year ended 31 December 2022, after having increased in 2022 by KZT 54,966.9 million, or 30.2%, from KZT 182,178.5 million for the year ended 31 December 2021.

The year-on-year increase in 2023 was primarily due to: (i) the increase in interest received on loans to customers of KZT 16,884.1 million, or 10.8%, in 2023, from KZT 156,625.9 million for the year ended 31 December 2022 to KZT 173,510.0 million for the year ended 31 December 2023, primarily reflecting the increased in average interest rates for lending operations; and (ii) the increase in interest income on reverse REPO agreements of KZT 58,218.8 million, or 175.9%, from KZT 33,097.7 million for the year ended 31 December 2022 to KZT 91,316.4 million for the year ended 31 December 2023 primarily reflecting increased amounts of reverse REPO agreements. In accordance with DBK's Investment Portfolio Management Policy, automatic repurchase ("**REPO**") transactions are permitted and, in 2023, DBK entered into its first reverse REPO with international counterparties.

The year-on-year increase in 2022 was primarily due to: (i) the increase in interest received on loans to customers of KZT 25,145.5 million, or 19.1%, in 2022, from KZT 131,480.4 million for the year ended 31 December 2021 to KZT 156,625.9 million for the year ended 31 December 2022, primarily reflecting the increase in average interest rates for lending operations; (ii) the increase in interest income on reverse REPO agreements of KZT 19,344.8 million, or 140.7%, from KZT 13,752.9 million for the year ended 31 December 2021 to KZT 33,097.7 million for the year ended 31 December 2022, primarily reflecting the increase in reverse REPO transactions, as well as the increase in interest rates; (iii) the increase in interest income on cash and cash equivalents, except reverse REPO agreements of KZT 6,468.7 million, or 56.1%, from

KZT 11,524.9 million for the year ended 31 December 2021 to KZT 17,993.6 million for the year ended 31 December 2022, primarily reflecting the increase in the amount of cash held by DBK; and (iv) the increase in interest income on debt securities of KZT 4,822.5 million, or 66.9%, from KZT 7,211.6 million for the year ended 31 December 2021 to KZT 12,034.1 million for the year ended 31 December 2022, primarily reflecting the increased size of the portfolio in 2023.

Other Interest Income

DBK generates other interest income from finance lease receivables, loans to customers and debt securities measured at fair value through profit or loss.

The following table sets out the principal components of DBK's other interest income for the years ended 31 December 2023, 2022 and 2021:

	Year ended 31 December			Percentage change	
	2023	2022	2021	2023/22	2022/21
	(KZT millions)			(%)	
Finance lease receivables	80,743.7	66,754.7	51,355.5	21.0	30.0
Loans to customers	13,738.6	14,405.2	7,548.6	(4.6)	90.8
Debt securities measured at fair value through profit or loss	168.9	154.6	140.5	9.2	10.0
Total other interest income	**94,651.1**	**81,314.6**	**59,044.6**	**16.4**	**37.7**

Total other interest income increased by KZT 13,336.5 million, or 16.4%, to KZT 94,651.1 million for the year ended 31 December 2023, as compared to KZT 81,314.6 million for the year ended 31 December 2022. This increase was primarily due to a KZT 13,989.0 million, or 21.0%, increase in interest income in respect of finance lease receivables, which was, in turn, due to due to the transfer of leased items to lessees.

Total other interest income increased by KZT 22,270.0 million, or 37.7%, to KZT 81,314.6 million for the year ended 31 December 2022, as compared to KZT 59,044.6 million for the year ended 31 December 2021. This increase was primarily due to a KZT 15,399.2 million, or 30.0%, increase in interest income in respect of finance lease receivables and a KZT 6,856.6 million, or 90.8%, increase in interest income in respect of loans to customers, which was, in turn, a result of increased accrued interest on loans.

Interest Expense

The following table sets forth the principal components of DBK's interest expense for the years ended 31 December 2023, 2022 and 2021:

	Year ended 31 December			Percentage change	
	2023	2022	2021	2023/22	2022/21
	(KZT millions)			(%)	
Debt securities issued	(124,234.0)	(137,866.0)	(121,865.3)	(9.9)	13.1
Loans and balances from banks and other financial institutions	(53,369.0)	(32,425.2)	(22,461.5)	64.6	44.4
Loans from the Parent Company	(41,283.9)	(30,895.3)	(23,590.7)	33.6	31.0
Subordinated debt	(8,419.8)	(7,914.1)	(7,440.2)	6.4	6.4
Other liabilities	(713.8)	(264.1)	—	170.3	—
Current accounts and deposits	(482.6)	(133.5)	(162.5)	261.5	(17.8)
Accounts payable under REPO agreements	(365.6)	(48.1)	(38.3)	660.1	25.6
Loans from SWF "Samruk-Kazyna" JSC	(124.0)	(473.0)	(976.9)	(73.8)	(51.6)
Total interest expense	**(228,992.8)**	**(210,019.3)**	**(176,535.4)**	**9.0**	**19.0**

For the year ended 31 December 2023, DBK's interest expense increased by KZT 18,973.5 million, or 9.0%, to KZT 228,992.8 million from KZT 210,019.3 million for the year ended 31 December 2022, having increased in 2022 by KZT 33,483.9 million, or 19.0%, from KZT 176,535.4 million for the year ended 31 December 2021.

The year-on-year increase in interest expense in 2023 was primarily due to a 64.6% increase in interest expense on loans and balances from banks and other financial institutions (which was, in turn, due to interest expense on long-term loans from banks and other financial institutions) and a 33.6% increase in interest expense on loans from the Parent Company (which was, in turn, due to an increase in outstanding loan balances from the Parent Company), which was only partially offset by a 9.9% decrease in interest expense in respect of debt securities issued (which was, in turn, due to the redemption in full of the Series 6 (as defined below) Eurobonds in 2022, as well of the Series 8 (as defined below) Eurobonds in 2023).

The year-on-year increase in interest expense in 2022 was primarily due to a 13.1% increase in interest expense on debt securities issued (which was, in turn, primarily due to the issuance of the Series 12 (as defined below) Eurobonds in May 2022, as well as the issuance of Tenge-denominated bonds in the local market in December 2022 (see "*Selected Statistical and Other Data—Principal Sources of Funding—Debt Securities*")), a 44.4% increase in interest expense on loans and balances from banks and other financial institutions (which was, in turn, due to interest expense on long-term loans and balances from banks and financial institutions), as well as a 31.0% increase in interest expense on loans from the Parent Company (which was, in turn, due to increased outstanding loan balances with the Parent Company).

Net Non-Interest Income/(Expense)

The following table sets forth the principal components of DBK's net non-interest income/(expense) for the years ended 31 December 2023, 2022 and 2021:

	Year ended 31 December			Percentage change	
	2023	**2022**	**2021**	**2023/22**	**2022/21**
		(KZT millions)		*(%)*	
Net fee and commission (expense)/income	50.0	253.6	12.3	(80.3)	1,961.8
Net foreign exchange gain/(loss)	5,153.2	1,993.7	(1,986.8)	158.5	—
Net realised (loss)/gain on debt securities at fair value through other comprehensive income	(127.9)	(21,278.0)	49.0	(99.4)	—
Net (loss)/gain on financial instruments at fair value through profit or loss	2,866.1	(3,137.1)	1,031.0	—	—
Net gain arising from derecognition of financial assets measured at amortised cost	1,579.7	8,744.4	9,961.5	(81.9)	(12.2)
Income/(expense) on repurchase of debt securities issued	—	21,065.3	(615.2)	—	—
Other (expense)/income, net	(9,746.8)	(12,681.4)	4,958.7	(23.1)	—
Net non-interest income/(expense)	**(225.7)**	**(5,039.5)**	**13,410.5**	**(95.5)**	—

Net non-interest expense was KZT 225.7 million in the year ended 31 December 2023, as compared to net non-interest expense of KZT 5,039.5 million for the year ended 31 December 2022 and net non-interest income of KZT 13,410.5 million for the year ended 31 December 2021.

The net non-interest expense in 2023 was primarily due to net other expense of KZT 9,746.8 million and net realised loss on debt securities at fair value through other comprehensive income of KZT 127.9 million for the year ended 31 December 2023, which was only partially offset by a net foreign exchange gain of KZT 5,153.2 million and net gain on financial instruments at fair value through profit or loss of KZT 2,866.1 million for the year ended 31 December 2023.

Net non-interest expense in 2022 was primarily due to a net realised loss on debt securities at fair value through other comprehensive income of KZT 21,278.0 million for the year ended 31 December 2022, as compared to a gain of KZT 49.0 million for the year ended 31 December 2021, as well as net other expenses of KZT 12,681.4 million for the year ended 31 December 2022, as compared to net other income of KZT 4,958.7 million for the year ended 31 December 2021. This interest expense was partially offset by KZT 21,065.3 million in income on the repurchase of debt securities issued for the year ended 31 December 2022, as compared to expenses on repurchase of debt securities issued of KZT 615.2 million for the year ended 31 December 2021.

For the year ended 31 December 2023, net fee and commission income decreased by KZT 203.6 million, or 80.3%, to KZT 50.0 million from KZT 253.6 million for the year ended 31 December 2022, primarily due to a decrease in commissions on loans provided to customers. Net fee and commission income increased in the year ended 31 December 2022 by KZT 241.3 million, or 1,961.8% to KZT 253.6 million from 12.3 million for the year ended 31 December 2021, primarily due to the increase in commissions on loans provided to customers. DBK recognised a net foreign exchange gain of KZT 5,153.2 million for the year ended 31 December 2023, as compared to a net foreign exchange gain of KZT 1,993.7 million for the year ended 31 December 2022 and a net foreign exchange loss of KZT 1,986.8 million for the year ended 31 December 2021. The net foreign exchange gains in each of 2023 and 2022 were primarily due to the effect of net currency positions and the changes in exchange rates. The net foreign exchange loss in 2021 was primarily due to the increase in U.S. Dollar liabilities and the depreciation of the Tenge in U.S. Dollar terms.

DBK recognised net loss on debt securities at fair value through other comprehensive income of KZT 127.9 million for the year ended 31 December 2023, as compared to a net loss of KZT 21,278.0 million for the year ended 31 December 2022 and a net gain of KZT49.0 million for the year ended 31 December 2021. The net loss for the year ended 31 December 2023 was primarily due to the sale of corporate bonds of a Kazakhstan issuer. The net loss for the year ended 31 December 2022 was primarily due to the sale of certain sovereign (non-Kazakhstan) bonds (in an amount of U.S.$232.8 million). In 2022, as a result of sales of debt securities, DBK recognised a net expense of KZT 21,278.0 million, which was offset by a partial early redemption of bonds issued in 2021 (in an amount of U.S.$245.5 million) using the funds from the sale of debt securities.

DBK recognised net gain on financial instruments at fair value though profit or loss of KZT 2,866.1 million for the year ended 31 December 2023, as compared to a net loss of KZT 3,137.1 million for the year ended 31 December 2022 and a net gain of KZT1,031.0 million for the year ended 31 December 2021. The net gain for the year ended 31 December 2023 was primarily due to the revaluation of loans to customers. The net loss for the year ended 31 December 2022 was primarily due to the revaluation of loans to customers. The net gain for the year ended 31 December 2021 was primarily due to the revaluation of loans to customers and derivatives.

Net gain arising from derecognition of financial assets measured at amortised cost decreased by KZT 7,164.7 million, or 81.9%, in 2023 from gain arising from derecognition of financial assets measured at amortised cost of KZT 8,744.4 million for the year ended 31 December 2022 to KZT 1,579.7 million for the year ended 31 December 2023, after having decreased by KZT 1,217.1 million, or 12.2%, from KZT 9,961.5 million for the year ended 31 December 2021. The year-on-year decreases in 2023 and 2022 were primarily due to the repayment of loans to customers.

DBK recognised net income on repurchase of debt securities issued of KZT 21,065.3 million for the year ended 31 December 2022, as compared to a net expense of KZT 615.2 million for the year ended 31 December 2021. The net income for the year ended 31 December 2022 was primarily due to the partial early redemption of bonds issued in 2021. In year ended 31 December 2023, DBK did not repurchase any debt securities.

Net other expense was KZT 9,746.8 million for the year ended 31 December 2023, as compared to net other expense of KZT 12,681.4 million for the year ended 31 December 2022 and net other income of KZT 4,958.7 million for the year ended 31 December 2021. The year-on-year decrease in net other expense in 2023 was primarily due to a decrease in losses arising on the initial recognition of loans to banks and leasing companies at below market rates. The net other expense for the year ended 31 December 2022 was primarily due to increased losses arising on initial recognition of loans issued to banks and leasing companies at below market rates, which was, partially offset by income from the utilisation of Government grants, which was, in turn, due to the implementation of new Government Programmes. See Note 7 to the 2022 Annual Financial Statements.

Operating Profit

As a result of the foregoing, operating income increased by KZT 81,852.7 million, or 79.2%, to KZT 185,253.8 million for the year ended 31 December 2023 from KZT 103,401.1 million for the year ended 31 December 2022, having increased by KZT 25,302.8 million, or 32.4%, from KZT 78,098.3 million for the year ended 31 December 2021.

Impairment losses

The following table sets forth the principal components of DBK's impairment losses for the years ended 31 December 2023, 2022 and 2021:

	Year ended 31 December			Percentage change	
	2023	2022	2021	2023/22	2022/21
		(KZT millions)		*(%)*	
Loans to customers	40,461.6	(45,173.2)	(30,389.0)	—	48.6
Other financial assets	1,097.4	242.2	(694.8)	353.1	—
Loans to banks	765.3	(373.6)	953.7	—	—
Finance lease receivables	101.7	(1,672.0)	(3,188.4)	—	(47.6)
Placements with banks and other financial institutions	74.9	(103.1)	(2.3)	—	4,382.6
Cash and other cash equivalents	(6.3)	0.2	(56.3)	—	—
Debt securities	(73.9)	(16.6)	19.6	345.2	—
Losses on impairment of debt financial assets	**42,420.8**	**(47,096.2)**	**(33,357.5)**	**—**	**41.2**
Reversal of impairment loss/(impairment loss) in relation to loan commitments issued and financial guarantee contracts	**371.5**	**2,478.8**	**(2,810.6)**	**(85.0)**	**—**
Reversal of impairment losses/(impairment losses) on other non-financial assets	**(17.3)**	**825.9**	**(312.7)**	**—**	**—**

There was a reversal of impairment of debt financial assets of KZT 42,420.8 million for the year ended 31 December 2023, as compared to impairment losses of KZT 47,096.2 million for the year ended 31 December 2022, having increased in 2022 by KZT 13,738.7 million, or 41.2%, from impairment losses of KZT 33,357.5 million for the year ended 31 December 2021.

The reversal of impairment losses in 2023 was primarily due to the decrease in the loss allowance for expected credit losses in Stage 3, which was, in turn, attributable to the partial planned early repayment of loans facilitated by the acceptance of additional collateral for certain loans, the update of borrowers' financial data and the entry into an agreement relating to an offtake contract for a Stage 3 loan.

The year-on-year increase in impairment losses in 2022 was primarily due to a 48.6% increase in impairment losses on loans to customers, which was, in turn, primarily due to the increase in impairment losses on Stage 3 loans. See "*Selected Statistical and Other Data—Loan Policies and Credit Approval Procedures—Loan Restructuring Policies*".

General administrative expenses

The following table sets forth the principal components of DBK's general administrative expenses for the years ended 31 December 2023, 2022 and 2021:

	Year ended 31 December			Percentage change	
	2023	**2022**	**2021**	**2023/22**	**2022/21**
	(KZT millions)			*(%)*	
Personnel costs, including taxes and other obligatory payments	6,056.0	5,055.4	4,259.2	19.8	18.7
Maintenance and repair of property, plant and equipment	922.5	762.0	609.3	21.1	25.1
Other professional services	516.2	383.4	373.0	34.6	2.8
Amortisation of intangible assets	461.1	424.2	267.8	8.7	58.4
Taxes other than income tax	413.3	666.2	468.2	(38.0)	42.3
Information services	307.4	285.6	243.7	7.6	17.2
Depreciation of property, plant and equipment, intangible assets and investment property	276.6	333.8	340.3	(17.1)	(1.9)
Administrative expense of the Board of Directors	255.2	230.7	253.2	10.6	(8.9)
Rating services	187.2	197.2	141.7	(5.1)	39.2
Communication services	149.9	162.5	170.4	(7.8)	(4.6)
Audit expenses	138.8	131.6	73.5	5.5	79.0
Travel expenses	134.8	84.2	81.6	60.1	3.2
Employee training (and advanced training)[1]	103.6	56.7	65.4	82.7	(13.3)
Consulting expenses	103.2	146.8	26.5	(29.7)	454.0
Advertising and marketing	80.0	46.2	103.3	73.2	(55.3)
Transport services	65.9	23.3	19.0	182.8	22.6
Materials	25.2	22.4	22.7	12.5	(1.3)
Charity and sponsorship	24.3	5.7	20.0	326.3	(71.5)
Membership fees	19.0	13.0	12.4	46.2	4.8
Operating lease expenses	14.2	3.4	1.4	317.6	142.9
Other expenses	37.8	27.1	30.7	39.5	(11.7)
Total	**10,292.4**	**9,061.3**	**7,583.4**	**13.6**	**19.5**

General administrative expenses increased in 2023 by KZT 1,231.1 million, or 13.6%, to KZT 10,292.4 million for the year ended 31 December 2023 from KZT 9,061.3 million for the year ended 31 December 2022, having increased in 2022 by KZT 1,477.9 million, or 19.5%, from KZT 7,583.4 million for the year ended 31 December 2021.

The year-on-year increases in general administrative expenses in each of 2023 and 2022 were primarily due to higher expenses relating to personnel costs, as well as increases in maintenance and repair of property, plant and equipment expenses and, in 2022 only, increases in taxes other than income tax and amortisation of intangible assets expenses.

Personnel costs increased by KZT 1,000.6 million, or 19.8%, to KZT 6,056.0 million for the year ended 31 December 2023 from KZT 5,055.4 million for the year ended 31 December 2022, having increased by KZT 796.2 million, or 18.7%, from KZT 4,259.2 million for the year ended 31 December 2021. The increase in personnel costs in 2023 was primarily due to an increase in salary expenses, which was, in turn, due to an increase in the number of staff and revisions to DBK's salary scheme to align with market standards. The increase in personnel costs in 2022 was primarily due to an increase in salaries.

Profit before income tax

As a result of the foregoing, profit before income tax increased by KZT 167,188.0 million, or 330.7%, to KZT 217,736.5 million for the year ended 31 December 2023 from KZT 50,548.5 million for the year ended 31 December 2022, having increased by KZT 16,514.4 million, or 48.5%, from KZT 34,034.1 million for the year ended 31 December 2021.

Income tax expense

Income tax expense increased by KZT 21,294.9 million, or 129.7%, to KZT 37.718.5 million for the year ended 31 December 2023, as compared to KZT 16,423.6 million for the year ended 31 December 2022, having increased by KZT 13,889.2 million, or 548.0%, from KZT 2,534.4 million for the year ended 31 December 2021.

The year-on-year increases in income tax expense were primarily due to increases in taxable income.

DBK's applicable tax rate for current and deferred tax was 20% for each of 2021, 2022 and 2023.

Profit for the year

As a result of all the foregoing, DBK's profit for the year increased by KZT 145,893.1 million, or 427.5%, in 2023 to KZT 180,018.0 million for the year ended 31 December 2023, from KZT 34,124.9 million for the year ended 31 December 2022, having increased by KZT 2,625.2 million, or 8.3%, from KZT 31,499.7 million for the year ended 31 December 2021.

Other comprehensive income/loss

The following table sets forth the principal components of DBK's other comprehensive income for the years ended 31 December 2023, 2022 and 2021:

	Year ended 31 December			Percentage change	
	2023	2022	2021	2023/22	2022/21
		(KZT millions)		*(%)*	
Net change in fair value	13,187.3	(66,174.4)	(11,888.3)	—	456.6
Net amount reclassified to profit or loss	127.9	21,028.2	(49.0)	(99.4)	—
Movement in fair value reserve of equity instruments	(3,287.9)	(15,591.3)	7,488.8	(78.9)	—
Hedges, net of taxes	(993.2)	—	—	—	—
Other comprehensive income/(loss) for the year	**9,034.1**	**(60,737.4)**	**(4,448.5)**	—	**1,265.3**

Other comprehensive income was KZT 9,034.1 million for the year ended 31 December 2023. For the year ended 31 December 2022, DBK's other comprehensive loss increased by KZT 56,288.9 million to KZT 60,737.4 million from a loss of KZT 4,448.5 million for the year ended 31 December 2021.

The other comprehensive income in 2023 was primarily due to a KZT 13,187.3 million positive net change in fair value in 2023, as compared to a KZT 66,174.4 million negative net change in fair value in 2022.

The other comprehensive loss in 2022 was primarily due to an increased loss in the net change in fair value, partially offset by the net amount reclassified to profit (as compared to a net amount reclassified to loss in 2021).

The other comprehensive income in 2021 was primarily due to the negative net change in fair value, which was only partially offset by the positive movement in fair value reserve of equity instruments..

Total comprehensive income/(loss)

As a result of all the foregoing, DBK had a total comprehensive income of KZT 189,052.1 million for the year ended 31 December 2023, as compared to a total comprehensive loss of KZT 26,612.5 million for the year ended 31 December 2022 and a total comprehensive income of KZT 27,051.2 million for the year ended 31 December 2021.

SELECTED STATISTICAL AND OTHER DATA

The selected statistical information and other data set forth below have been extracted, subject to rounding, without material adjustment from the Financial Statements, which are included elsewhere in this Base Information Memorandum and from management reports and accounting records. The selected statistical information and other data set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the Financial Statements, as well as the information set forth under the caption "*Management's Discussion and Analysis of Results of Operations and Financial Condition*". Unless otherwise indicated, all figures are expressed in or derived from amounts in Tenge. All average balances are calculated as the average of annual opening and closing balances. Were a different method of calculating averages to be used, such as using averages of quarterly balances, the averages so determined may be materially different from those set forth in this Base Information Memorandum.

Average Balance Sheet and Interest Rates

The following tables set forth the average balances for DBK's interest-earning assets and interest-bearing liabilities, together with weighted average rates and the corresponding amount of interest income (expense) for the years ended 31 December 2023, 2022 and 2021:

	For the year ended 31 December								
	2023			2022			2021		
	Average balance(1)	Average interest rate(2)	Interest Income/ Expense	Average balance(1)	Average interest rate(2)	Interest Income/ Expense	Average balance(1)	Average interest rate(2)	Interest Income/ Expense
	(KZT millions)	*(%)*	*(KZT millions)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(KZT millions)*	*(%)*	*(KZT millions)*
Interest-earning assets									
Cash and cash equivalents	852,845.6	13.3.	113,684.4	643,878.6	7.9	51,091.2	357,036.7	7.1	25,277.8
Placements with banks and other financial institutions	80,008.8	10.1	8,111.1	52,732.2	6.3	3,325.8	73,635.9	5.6	4,102.5
Loans to banks	119,385.2	11.1	13,192.3	119,880.7	10.6	12,666.4	122,922.7	10.2	12,570.2
Loans to customers..	1,761,915.2	10.6	187,248.6	1,833,342.3	9.3	171,031.1	1,869,212.1	7.4	139,029.0
Finance lease receivables...........	567,763.6	14.2	80,743.7	485,867.8	13.7	66,754.7	389,321.8	13.2	51,355.5
Debt securities.....	411,566.9	2.5	10,272.7	475,596.3	2.6	12,188.7	376,888.3	2.0	7,352.1
Amounts receivable from IFK JSC………	5,045.4	24.2	1,219.5	7,266.0	19.3	1,402.0	15,114.7	10.2	1,536.1
Total interest-earning assets.....	**3,798,530.7**	**10.9**	**414,472.3**	**3,618,563.9**	**8.8**	**318,460.0**	**3,204,132.2**	**7.5**	**241,223.1**
Interest-bearing liabilities									
Current accounts and deposits	113,869.8	(0.4)	(482.6)	61,064.7	(0.2)	(133.5)	23,102.9	(0.7)	(162.5)
Loans from the Government and SWF "Samruk-Kazyna"	1,702.4	(7.3)	(124.0)	6,502.4	(7.3)	(473.0)	19,581.3	(5.0)	(976.9)
Loans and balances from banks and other financial institutions...........	701,154.4	(7.6)	(53.369.0)	624,233.6	(5.2)	(32,425.2)	598,339.0	(3.8)	(22,461.5)
Loans from the Parent Company...	391,632.0	(10.5)	(41,283.9)	332,026.5	(9.3)	(30,895.3)	255,467.5	(9.2)	(23,590.7)
Debt securities issued	1,293,922.6	(9.6)	(124,234.0)	1,513,167.9	(9.1)	(137,866.0)	1,478,880.7	(8.2)	(121,865.3)
Subordinated debt.	129,761.0	(6.5)	(8,419.8)	121,980.6	(6.5)	(7,914.1)	114,689.9	(6.5)	(7,440.2)
Amounts payable under sale and repurchase agreements	13,681.2	(2.7)	(365.6)	21,594.8	(0.2)	(48.1)	21,594.8	(0.2)	(38.3)
Other loans (from Zhasyl Damu)	6,722.8	(10.6)	(713.2)	2,211.9	(11.9)	(263.8)	—	—	—
Other liabilities (lease)	3.6	(16.7)	(0.6)	3.6	(8.6)	(0.3)	—	—	—
Total interest-bearing liabilities	**2,652,449.8**	**(8.6)**	**(228,992.8)**	**2,682,786.0**	**(7.8)**	**(210,019.3)**	**2,511,656.1**	**(7.0)**	**(176,535.4)**
Net interest income	—	—	**185,479.5**	—	—	**108,440.7**	—	—	**64,687.8**

Notes:

(1) Average balances are calculated as the arithmetic average of the opening and closing balances for the relevant period.

(2) Average interest rates are calculated as the ratio of interest income/expense to the average balance for the relevant period. Figures are not annualised.

The average interest rate on interest-earning assets for the year ended 31 December 2023 was 10.9%, as compared to 8.8% for the year ended 31 December 2022 and 7.5% for the year ended 31 December 2021. The increases in the average interest rate on interest-earning assets in each of 2023 and 2022, as compared to 2022 and 2021, respectively, were primarily due to the increases in average interest rates on loans and placements, as well as on reverse REPO agreements.

The average interest rate on interest-bearing liabilities increased to 8.6% for the year ended 31 December 2023, as compared to 7.8% for the year ended 31 December 2022 and 7.0% for the year ended 31 December 2021. The increases in the average interest rate on interest-bearing liabilities in each of 2023 and 2022, as compared to 2022 and 2021, respectively, was primarily due to the increases in average interest rates on loans and deposits, as well as on debt securities issued. See "*—Principal Sources of Funding*".

As at 31 December 2023, DBK's cash and cash equivalents increased by KZT 72,751.4 million, or 8.9%, to KZT 889,221.3 million from KZT 816,469.9 million as at 31 December 2022, having increased by KZT 345,182.5 million, or 73.2%, from KZT 471,287.4 million as at 31 December 2021.

The increases in each of 2023 and 2022 were primarily due to increases in cash in current accounts with the NBK and other banks, as well as increases in reverse repurchase agreements with original maturities of less than three months.

Loans to customers

Net total loans decreased in 2023 by KZT 24,522.7 million, or 1.4%, to KZT 1,749,653.9 million as at 31 December 2023, from KZT 1,774,176.6 million as at 31 December 2022, having decreased in 2022, by KZT 118,331.4 million, or 6.3%, from KZT 1,892,508.0 million as at 31 December 2021.

The decrease in DBK's loan portfolio in each of 2023 and 2022 was primarily due to loan repayments by customers.

DBK is targeting a share of its loan and leasing portfolios as part of its of total assets of 67% by 31 December 2025.

Loans to Customers by Type of Borrower

In line with DBK's status as a development bank, large corporate borrowers, which are borrowers with over 250 employees and average assets in excess of U.S.$3 million, seeking funding for large infrastructure and industrial projects have historically comprised the largest component of DBK's loan portfolio, with loans to corporate borrowers accounting for 100.0% of total gross loans to customers as at 31 December 2023, 2022 and 2021.

As at 31 December 2023, DBK had four borrowers whose balances exceeded 10% of DBK's equity, as compared to five such borrowers as at 31 December 2022 and seven such borrowers as at 31 December 2021.

Loans to Customers by Type

The following table sets forth an analysis of DBK's loan portfolio as at 31 December 2023, 2022 and 2021:

	As at 31 December					
	2023		2022		2021	
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Loans to corporate customers	1,804,119.4	100.0	1,864,960.8	100.0	1,889,220.3	100.0
Mortgage loans	15.0	0.0	33.5	0.0	57.1	0.0
Gross loans to customers measured at amortised cost	**1,804,134.4**	**100.0**	**1,864,994.3**	**100.0**	**1,889,277.4**	**100.0**
Loss allowance	(169,205.4)	—	(196,055.6)	—	(140,879.8)	—
Total net loans to customers measured at amortised cost	**1,634,929.0**	—	**1,668,938.6**	—	**1,748,397.6**	—
Loans to customers measured at fair value through profit or loss	114,724.9	—	105,238.0	—	144,110.4	—
Total loans to customers	**1,749,653.9**	—	**1,774,176.6**	—	**1,892,508.0**	—

Loans to corporate customers in the metal and petrochemicals and manufacturing sectors accounted for the largest proportion of such lending as at 31 December 2023, accounting for 48.9% of total gross loans to customers measured at amortised cost.

Loans to Customers by Economic Sector

The following table sets forth an analysis of DBK's loan portfolio, by economic sector, before impairment, as at 31 December 2023, 2022 and 2021:

	As at 31 December					
	2023		2022		2021	
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Metal industry	563,970.6	29.4	497,162.8	25.2	405,514.6	19.9
Petrochemicals manufacturing	373,782.4	19.5	446,147.2	22.6	498,421.4	24.5
Mining	250,407.7	13.0	294,123.7	14.9	309,447.2	15.2
Electric power supply, and gas and steam supply, and air conditioning	156,273.0	8.1	174,664.1	8.9	265,928.6	13.1
Machinery manufacturing	113,971.7	5.9	120,793.3	6.1	112,435.6	5.5
Foodstuff manufacturing	111,206.3	5.8	124,710.6	6.3	104,059.3	5.1
Transportation and warehousing	84,820.2	4.4	96,961.7	4.9	104,910.3	5.2
Chemical industry	67,407.3	3.5	42,341.5	2.1	49,000.9	2.4
Arts; entertainment and leisure industry	55,115.8	2.9	55,459.7	2.8	51,658.9	2.5
Catering and accommodation services	39,990.8	2.1	43,297.0	2.2	47,117.8	2.3
Construction materials manufacturing	33,719.2	1.8	31,846.3	1.6	31,633.2	1.6
Information and telecommunications	30,939.9	1.6	39,746.7	2.0	53,069.0	2.6
Agriculture	19,480.2	1.0	—	—	—	—
Financial services	14,635.3	0.8	2,977.7	0.2	191.1	0.0
Textile manufacture	3,138.8	0.2	—	—	—	—
	1,918,859.3	**100.0**	**1,970,232.2**	**100.0**	**2,033,387.8**	**100.0**
Loss allowance for expected credit losses	(169,205.4)		(196,055.6)		(140,879.8)	
Total loans to customers	**1,749,653.9**		**1,774,176.6**		**1,892,508.0**	

Since 31 December 2021, loans to customers have been concentrated predominantly in the petrochemicals manufacturing and metal industries. See "*Business—Lending*".

As a percentage of total gross loans to customers measured at amortised cost and total loans measured at fair value through profit or loss, as at 31 December 2023, as compared to 31 December 2022, loans to customers in the metal industry sector increased from 25.2% to 29.4%, primarily due to new loans granted to customers in that sector, while loans to customers in the petrochemicals manufacturing industry decreased from 22.6% to 19.5% of total gross loans to customers measured at amortised cost, primarily due to repayments of loans by customers in that sector. As a percentage of total gross loans to customers measured at amortised cost and total loans measured at fair value through profit or loss, as at 31 December 2023, as compared to 31 December 2022, loans to customers in the mining sector decreased from 14.9% to 13.0%, primarily due to repayments of loans by customers in that sector. Such fluctuations in loans to customers by economic sector, for the most part, occur in the ordinary course of DBK's business and generally results from the disbursement or repayment of one or more large loans.

As a percentage of total gross loans to customers measured at amortised cost and total loans measured at fair value through profit or loss, as at 31 December 2022, as compared to 31 December 2021, loans to customers in the metal industry sector increased from 19.9% to 25.2%, primarily due new loans granted to customers in that sector, while loans to customers in the petrochemicals manufacturing industry decreased from 24.5% to 22.6% of total gross loans to customers measured at amortised cost, primarily due to repayments of loans by customers in that sector. As a percentage of total gross loans to customers measured at amortised cost and total loans measured at fair value through profit or loss, as at 31 December 2022, as compared to 31 December 2021, loans to customers in the mining sector decreased from 15.2% to 14.9%. Such fluctuations in loans to customers by economic sector, for the most part, occur in the ordinary course of DBK's business and generally results from the disbursement or repayment of one or more large loans.

As at 31 December 2023, the five largest investment projects and export operations were in the metal industry, mining and petrochemicals manufacturing sectors. DBK's participation in such projects accounted for approximately U.S.$1,694.1 million. See "*Business—Investment Projects*".

In general, as a result of the borrower concentration and relatively large size of individual loans within the loan portfolio, the breakdown of loans granted to customers in the different economic sectors can fluctuate significantly as a result of a single loan disbursement repaid in a given period. See "*—Loan Policies and Credit Approval Procedures*" for a description of DBK's lending policy.

Loans to Customers by Geographic Location

As at 31 December 2023, 100% of total loans to customers were loans to customers in Kazakhstan. DBK lends in all regions of Kazakhstan. See "*Business—Participation in Government Programmes*". The regional distribution across the loan portfolio varies depending on the nature and industry of investment projects being undertaken as at any given date. As at 31 December 2023, outstanding loans to customers were granted to customers in each of Astana (4.5% of total loans to customers), Karaganda (9.7%), Aktobe (5.7%), Akmola (7.3%), Atyrau (4.1%), Abay (17.1%), Eastern Kazakhstan (3.9%), Shymkent (13.3%) and Pavlodar (11.5%), while inter-regional projects accounted for 2.8% of total loans to customers and the remaining 20.1% of total loans to customers were granted to customers across nine other regions of Kazakhstan.

Loans to Customers by Currency

The following table sets forth an analysis of DBK's loan portfolio, by currency, as at 31 December 2023, 2022 and 2021:

	As at 31 December					
	2023		2022		2021	
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
U.S. Dollars	789,979.3	45.2	764,319.2	43.1	796,002.5	42.1
Tenge	959,674.6	54.8	1,002,218.7	56.5	1,096,505.5	57.9
Euros	—	—	—	—	—	—
Other currencies	—	—	7,638.7	0.4	—	—
Total loans to customers	**1,749,653.9**	**100.0**	**1,774,176.6**	**100.0**	**1,892,508.0**	**100.0**

DBK lends in Tenge and foreign currencies, principally U.S. Dollars, depending on customer requirements. As a matter of policy, however, DBK only finances projects with foreign currency-denominated loans if the project or the customer has sufficient export earnings to cover such foreign currency-denominated financing. Loans to customers denominated in Tenge generally carry a higher interest rate than loans in U.S. Dollars.

In recent years, the currency mix of DBK's loans has fluctuated, particularly when a large loan is disbursed or repaid. As at 31 December 2023, 2022 and 2021, Tenge-denominated loans have represented a majority of the loan portfolio. The continuing increase in the proportion of Tenge-denominated loans is in line with DBK's aim to increase the portion of its loan portfolio denominated in Tenge as set out in its Development Strategy. See "*Business—Strategy*".

Fluctuations may occur when a single large loan is disbursed or repaid. As a percentage of total loans to customers as at 31 December 2023, loans to customers denominated in Tenge decreased to 54.8%, as compared to 56.5% as at 31 December 2022, having decreased from 57.9% as at 31 December 2021.

In 2022, the impact of sanctions imposed against Russia and certain Russian entities, including the concurrent depreciation of the Tenge against the U.S. Dollar and related decline in business activity, has led to an increase in provisions for credit instruments. DBK carries out stress testing of its loan portfolio using various stress factors and correlates the results with risk appetites. Based on the results of stress testing, DBK then implements and plans measures to manage the possible negative impact on financial and risk indicators, as well as to prevent violation of covenants, calculates the additional formation of loan loss provisions for projects with high currency risk and forms an action plan to lessen the vulnerability of the corporate borrowers to the devaluations. See "*Management's Discussion and Analysis of Results of Operations and Financial Condition—Primary Factors affecting DBK's Results of Operations—Fluctuations in Exchange Rates*".

Loans to Customers by Maturity

The following table sets forth an analysis of DBK's loan portfolio after allowances for losses, by maturity, as at 31 December 2023, 2022 and 2021:

	As at 31 December					
	2023		**2022**		**2021**	
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Less than one month	11,674.0	0.7	846.8	0.0	909.3	0.0
One month to three months............	121,092.8	6.9	19,258.5	1.1	21,162.7	1.1
Three months to one year...............	190,926.2	10.9	178,883.3	10.1	96,889.2	5.1
One year to five years	275,436.1	15.7	421,041.8	23.7	594,897.2	31.4
More than five years	1,144,396.6	65.4	1,148,248.1	64.7	1,173,106.5	62.0
Overdue..	6,128.1	0.4	5,898.0	0.3	5,543.1	0.3
Total net loans to customers.........	**1,749,653.9**	**100.0**	**1,774,176.6**	**100.0**	**1,892,508.0**	**100.0**

Reflecting its mission as a development bank to provide financing for large-scale investment projects, DBK's loan portfolio is principally comprised of loans with more than five years until maturity, which accounted for 65.4% of total net loans as at 31 December 2023, as compared to 64.7% and 62.0% as at 31 December 2022 and 2021, respectively. The increase in 2023 was primarily due to new long-term loans granted to customers in 2023. Loans with between one and five years until maturity comprised 15.7% of total net loans to customers as at 31 December 2023, as compared to 23.7% and 31.4% as at 31 December 2022 and 2021, respectively.

Overdue loans comprised 0.4% of total loans to customers as at 31 December 2023 and 0.3% of total loans to customers as at each of 31 December 2022 and 2021.

Loans to Customers by Size

The following table sets forth an analysis of DBK's loan portfolio (for investment projects only) by size, as at 31 December 2023, 2022 and 2021:

	As at 31 December					
	2023		**2022**		**2021**	
	Principal Amount	**№ of Investment Projects**	**Principal Amount**	**№ of Investment Projects**	**Principal Amount**	**№ of Investment Projects**
	(KZT millions)		*(KZT millions)*		*(KZT millions)*	
Under U.S.$25 million	140,418	19	142,052	21	124,964	17
U.S.$25-50 million.............................	302,924	18	251,559	15	269,152	17
U.S.$50-100 million...........................	544,399	17	495,888	15	613,854	19
U.S.$100-200 million..........................	618,557	10	469,585	8	468,803	8
Over U.S.$200 million	2,057,078	12	2,372,332	11	2,157,237	10

As at 31 December 2023, 56.2% of DBK's loans to customers were in an amount of more than U.S.$200 million, as compared to 63.6% and 59.4% as at 31 December 2022 and 2021, respectively.

Loans to Banks

In 2014, DBK began lending to second-tier banks for on-lending, particularly to the private sector, primarily through the implementation of Government programmes.

Loans to banks increased by KZT 1,317.0 million, or 1.1%, to KZT 120,043.7 million as at 31 December 2023 from KZT 118,726.7 million as at 31 December 2022, having decreased by KZT 2,307.9 million, or 1.9%, from KZT 121,034.6 million as at 31 December 2021. See Note 13 to the 2023 Annual Financial Statements and "*Business—Participation in Government Programmes*".

The increase in loans issued to banks as at 31 December 2023, as compared to 31 December 2022, was primarily due to the granting of new loans to banks.

The decrease in loans issued to banks as at 31 December 2022, as compared to 31 December 2021, was primarily due to the repayment of loans.

As at each of 31 December 2023, 2022 and 2021, 100% of DBK's loans to banks were denominated in Tenge.

Loans to Banks by Maturity

The following table sets forth an analysis of DBK's loans to banks after allowances for losses, by maturity, as at 31 December 2023, 2022 and 2021:

	As at 31 December					
	2023		2022		2021	
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Less than one month	49.3	0.0	—	—	—	—
One month to three months	220.4	0.2	—	—	—	—
Three months to six months	1,160.8	1.0	576.5	0.5	—	—
Six months to 12 months	7,212.2	6.0	—	—	—	—
One year to five years	29,482.8	24.6	1,062.4	0.9	1,554.4	1.3
More than five years	81,918.2	68.2	117,087.7	98.6	119,480.2	98.7
Overdue	—	—	—	—	—	—
Total net loans to banks	**120,043.7**	**100.0**	**118,726.7**	**100.0**	**121,034.6**	**100.0**

As at 31 December 2023, 68.2% of DBK's loans to banks was comprised of loans with maturities of more than five years, as compared to 98.6% as at 31 December 2022 and 98.7% as at 31 December 2021.

Loan Policies and Credit Approval Procedures

The DBK Law, the Credit Policy Memorandum and DBK's internal credit policy rules set out the principal guidelines in relation to DBK's lending policies, including the duration, limits and the bases for the calculation of interest rates charged for credit instruments, which include, *inter alia*, loans, letters of credit and guarantees.

Pursuant to the Credit Policy Memorandum, the Board of Directors makes decisions in relation to the financing of investment projects and export transactions and the granting of loans otherwise in amounts exceeding KZT 17 billion (or its equivalent) and in relation to the financing to be provided by DBK to IDF JSC. Applications for the financing of investment projects, export transactions and leasing transactions will only be reviewed by the Board of Directors upon receipt of positive recommendations from the Management Board and the Credit Committee. Pursuant to the Credit Policy Memorandum, DBK's Management Board may make decisions in relation to the financing of investment projects, export transactions and the granting of credit instruments up to an amount not exceeding KZT 17 billion (or its equivalent). The Management Board also reports to the Board of Directors in relation to problem investment projects, export transactions and leasing transactions. Applications for the financing of investment projects, export transactions, leasing transactions will only be reviewed by the Management Board upon receipt of positive recommendations from the Credit Committee.

DBK's credit approval process is based on the Credit Policy Memorandum, its regulations on internal lending policies and other internal regulations and procedures approved by DBK's Board of Directors and Management Board. In 2011, following the amendments to the DBK Law, DBK updated its *Guidelines for the Implementation of Investment Projects and Export Operations* in light of DBK's special status and to permit the analysis of strategic investment projects as part of its participation in the industrialisation programme in place at that time (which has since been replaced with the Industrialisation Programme (see "*Business—Participation in Government Programmes—Industrialisation Programme*")). In particular, as a result of these changes, the lending decision-making process has been divided into stages: preliminary review and in-depth project expertise. At the preliminary stage, analysis is undertaken to understand the structure of the project, as well as the project-related risks. In the event that the project is deemed suitable following such preliminary review, DBK will proceed to analyse the project in more detail. The introduction of this preliminary phase allows DBK to eliminate projects prior to conducting a more detailed, and costly, analysis. As many of the projects undertaken by DBK are of strategic importance, DBK has cancelled commission fees relating to the complex, technical and financial analysis of projects. As part of these changes, DBK has also updated its internal decision making procedures and forms used in the lending process.

The Credit Policy Memorandum provides that the level of DBK's exposure to any single borrower or group of affiliated borrowers shall be set by the Board of Directors. Such exposure is limited to 25% of its total equity at any given time. This exposure limit does not apply to Baiterek JSC, the NBK, the Government and the Kazakhstan national management holding companies.

As with DBK's exposure to a single borrower or group of affiliated borrowers, industry sector exposure limits are also set by the Board of Directors. Such exposure set at a range of between 5% and 25% of "exposure at default" for all sectors, unless amended by a decision of the Board of Directors.

DBK is in compliance with the exposure limits set out in the Credit Policy Memorandum.

Pursuant to DBK's internal credit policy rules, the structure of DBK's loan portfolio, in terms of sources, maturities and fees charged for credit, is set by the Investment Committee. DBK's Financial Department, Project Management Divisions, Asset Restructuring Department, Problem Loan Department and Risk Management Departments are responsible for evaluating DBK's loan portfolio, including its credit quality, and establishing allowances and provisions in relation thereto.

Since the start of its operations in 2001, DBK has supported more than 313 investment projects and export transactions, with a total project cost of KZT 12,945,459 million and a total loan amount of KZT 6,853,004 million. Many of these projects and operations have been and continue to be co-financed with other financial institutions.

As part of its plan of action adopted after the January 2022 protests, DBK is implementing measures to enhance transparency and to expand access to DBK's services, as well as to optimise corporate governance through considerable time reduction in loan application review, launch of a digital platform for accepting and reviewing loan applications, and inclusion of the requirement for borrowers to grant DBK the right to publish information about borrowers' beneficial owners. Other significant changes to DBK's lending activities include that it will no longer finance quasi-public sector projects and operations, public-private partnership projects or accept as collateral property directly or indirectly owned by the Republic (with the exception of offtake contracts) for the obligations of private companies, unless such projects have an ESG component or are co-financed with other financial institutions.

In January 2023, the Board of Directors approved DBK's ESG assessment criteria, which now form part of DBK's formal credit approval procedures for new investment projects. See "*Business—ESG and Sustainable Development*".

Loan Classification Policies

Loans to customers include:

- loans to customers measured at amortised cost, which are initially measured at fair value, plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method; and
- loans to customers mandatorily measured at FVTPL due to non-compliance solely with payments of principal and interest criterion, which are measured at fair value with changes recognised immediately in profit or loss.

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 and 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 profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, DBK 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.

DBK classifies its loan portfolio by credit quality into not credit-impaired and credit-impaired loans. As at 31 December 2023, credit-impaired loans accounted for 11.5% of total gross loans to customers measured at amortised cost (comprising the credit portfolio of DBK's investment projects). See "*—Loan Provisioning Policy*".

DBK classifies loans overdue by more than 90 days as NPLs. As a result of the foregoing, as at 31 December 2023, 0.2% of gross loans to customers were classified as non-performing, as compared to 2.9% and 2.7% as at 31 December 2022 and 2021, respectively.

Pursuant to amendments to the DBK Law dated 29 December 2011, DBK was exempted from the reporting requirements of the regulator in respect of loan classifications and collateral classifications, which are applicable for commercial banks.

DBK is required to classify its loan portfolio and form reserve capital pursuant to the Rules for Creation of Reserves approved by Resolution № 212 of the Government on 20 April 2018 and the Methodology of Calculating Provisions (Reserves) in Accordance with International Standards of Financial Reporting, as approved by the decision of the Management Board dated 6 October 2020, as amended and approved most recently by the decision of the Management Board dated 28 November 2023.

Loan Restructuring Policies

If the terms of a financial asset are modified, DBK 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.

DBK 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. DBK 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 deemed to have expired. In making this evaluation, DBK analogises to the guidance on the derecognition of financial liabilities.

DBK makes a determination as to whether the modification is substantial based on the following qualitative factors:

- change in the currency of the financial asset;

- change in collateral or other credit enhancement; and

- change of terms of the financial asset that lead to non-compliance with the "Solely Payment of Principal and Interest" criterion (such as the inclusion of a conversion feature).

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then DBK 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.

Loan Provisioning Policy

IFRS 9 became effective on 1 January 2018. In preparation for the implementation of IFRS 9, DBK developed a methodology for the calculation of provisions, which was agreed with its then-regulator, the NBK. According to this methodology, provisions are calculated on the basis of an ECL model. ECL are a probability-weighted estimates of credit losses. The determination of the required ECL depends on the allocation of the loan to one of three stages in the model. In 2021, DBK's loan provisioning policy was re-evaluated due to the updating of the methodological package for credit risk models, which include updated historical information, including the effect of the COVID-19 pandemic. DBK continues to update its models and methodologies on a regular basis, including to reflect systemic and macroeconomic factors.

Loans for which a 12-month ECL is recognised are referred to as "Stage 1". These are loans upon initial recognition independently of their credit quality unless they are originally credit impaired at origination (i.e., restructured loans). 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument Loans, other than purchased or originated credit-impaired assets, for which a lifetime ECL is recognised are referred to as "Stage 2". These are loans for which there has been a significant increase in credit risk since their initial recognition (if the credit risk has increased significantly since initial recognition, but the loans are not credit-impaired).

Credit-impaired loans are classified as "Stage 3" if there is objective evidence of credit loss. At each reporting date, DBK assesses whether financial assets measured at amortised cost 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:

- significant financial difficulty of the borrower;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Credit Monitoring

DBK has developed policies and procedures for the management of credit exposures, including guidelines to limit portfolio concentration and the establishment of a Credit Committee to actively monitor DBK's credit risk. See "*Asset and Liability Management—Principal Committees—Credit Committee*".

Credit risk assessment and management is carried out by the Credit Risk Department in accordance with DBK's internal regulations. The Customer Relationship Management Department, Credit Analysis and Deal Structuring Department, Legal Department, Collateral Appraisal Department, Security Department and Compliance Service undertake thorough analyses of each credit applicant, which includes a project feasibility study, financial analysis and examination of the reputation and experience of the potential borrower. Once this analysis has been completed, the Credit Risk Department will prepare its recommendations in relation to the application on the basis of risks relating to the project structure, the borrower and the proposed collateral.

Once the credit instrument has been approved, DBK monitors the following on an ongoing basis: (i) compliance with the intended purpose of the loan, including monitoring the use of proceeds over the tenor of the loan; (ii) the financial standing of borrowers, co-borrowers, guarantors and other related parties on a quarterly basis; (iii) the status of the project site through site due diligence visits on an annual or more frequent basis; (iv) the value and quality of collateral on an at least semi-annual basis; (v) the borrowers, co-borrowers and guarantors credit history and payment behaviour; and (vi) covenant compliance. In addition, DBK maintains and updates a credit file in respect of the loan and borrower on an ongoing basis.

Monitoring reports are produced by the relevant Bank units; Customer Relationship Management Department, Credit Analysis and Deal structuring Department, Problem Loan Department, Collateral Management Department, Credit Administration Department, Security Department, Legal Department and Credit Risk Department. Such reports are based on standard templates approved by the Credit Committee and are subject to periodic reviews to ensure compliance with both DBK's internal requirements and local laws and regulations. DBK also maintains watch tables with information on credit instrument early-warning signs in order to perform ongoing and effective credit control. In addition, DBK has implemented an internal credit rating system that produces internal ratings as part of the lending process. These internal ratings are periodically reviewed on the basis of financial and qualitative data.

Credit-impaired loans are handled by the Customer Relationship Management Department, Credit Analysis and Deal structuring Department, in accordance with DBK's internal policies.

In the event that an attempted restructuring of a loan is unsuccessful, the loan is then handled by the Problem Loan Department. Borrowers whose loans are in the Problem Loan Department are generally considered to be collateral-reliant. As at 31 December 2023, there were six loans being handled by the Problem Loan Department, as compared to five as at 31 December 2022.

Analysis of Loans by Credit Quality

DBK estimates loan loss provisions on a monthly basis, applying the policies described above. *See "Management's Discussion and Analysis of Results of Operations and Financial Condition—Critical Accounting Policies—Impairment—Financial assets carried at amortised cost".*

The following tables set forth information on the credit quality of DBK's loans to customers (by loans measured at amortised cost) as at 31 December 2023, 2022 and 2021:

	Stage 1 12-month ECL	Stage 2 Lifetime ECL for assets not credit impaired	Stage 3 Lifetime ECL for assets credit impaired	Credit impaired on initial recognition	Total
			(KZT millions)		
			As at 31 December 2023		
Not overdue	1,461,625.0	134,824.5	142,195.4	13,763.7	1,752,408.5
Overdue 1-30 days	—	—	48,836.3	—	48,836.3
Overdue more than 360 days	—	—	—	2,889.6	2,889.6
Total	**1,461,625.0**	**134,824.5**	**191,031.7**	**16,653.3**	**1,804,134.4**
Loss allowance for expected credit losses	(10,631.4)	(50,425.0)	(105,259.4)	(2,889.6)	(169,205.4)
Total loans to customers at amortised cost	**1,450,993.5**	**84,399.5**	**85,772.3**	**13,763.7**	**1,634,929.0**
			As at 31 December 2022		
Not overdue	1,529,782.3	113,148.3	133,897.3	12,008.5	1,788,836.4
Overdue 31 – 90 days	—	—	22,687.5	—	22,687.5
Overdue 91 – 180 days	—	—	205.9	—	205.9
Overdue more than 360 days	—	—	50,374.9	2,889.6	53,264.5
Total	**1,529,782.3**	**113,148.3**	**207,165.6**	**14,898.0**	**1,864,994.3**
Loss allowance for expected credit losses	(15,261.8)	(49,058.1)	(128,563.8)	(3,172.0)	(196,055.6)
Total loans to customers at amortised cost	**1,514,520.6**	**64,090.3**	**78,601.8**	**11,726.0**	**1,668,938.6**
			As at 31 December 2021		
Not overdue	1,520,639.2	174,327.6	134,076.7	9,047.5	1,838,091.0
Overdue 181-360 days	—	—	45,012.6	—	45,012.6
Overdue more than 360 days	—	—	2,771.2	3,402.6	6,173.8
Total	**1,520,639.2**	**174,327.6**	**181,860.5**	**12,450.1**	**1,889,277.4**
Loss allowance for expected credit losses	(16,290.7)	(36,498.0)	(84,631.4)	(3,459.7)	(140,879.8)
Total loans to customers at amortised cost	**1,504,348.5**	**137,829.6**	**97,229.1**	**8,990.4**	**1,748,397.6**

As at 31 December 2023, the ratio of impairment allowance to total gross loans to customers measured at amortised cost (in respect of credit-impaired loans) was 52.1%, as compared to 59.3% and 45.3%, as at 31 December 2022 and 2021, respectively. The decrease in impairment provisions of credit-impaired loans as at 31 December 2023, as compared to 31 December 2022, was primarily due to the higher-rate of borrower repayments and the transfer of borrowers from the third to the second stage.

DBK classifies loans overdue by more than 90 days as NPLs. As at 31 December 2023, DBK's NPLs represented 0.2% of gross loans to customers, as compared to 2.9% as at 31 December 2022 and 2.7% as at 31 December 2021. The decrease in NPLs as at 31 December 2023, as compared to as at 31 December 2022, was due to the higher rates of repayment in 2023.

In 2020, 2021 and 2022, DBK took a number of actions to reduce and subsidise lending rates for its customers that were significantly adversely affected by the COVID-19 pandemic and restrictions imposed during the state of emergency. For example, DBK offered concessional rate loans and payment deferrals as a support measure to customers in the tourism and construction industry. DBK also granted grace periods for repayment of principal and interest under loans to certain customers who faced reduced demand for services or who provided products or services that were at risk of interruption due to supply chain disruption during states of emergency or lockdown periods. Customers whose products were particularly sensitive to exchange rate fluctuations were offered additional support through, *inter alia,* the monitoring of tariffs, restructuring options and refinancing offered by DBK. DBK also offered support in optimising expenses to those customers who faced difficulties due to restrictions on the movement of goods and border crossings in connection with the COVID-19 pandemic and state of emergency restrictions. The granting of the deferral of payments or grace periods on loans for investment projects so affected was considered on a case-by-case basis, with varying lengths of payment deferrals and grace periods granted. The impact of the COVID-19 pandemic and lockdown restrictions and the state of emergency in January-February 2022 has led to, and may continue to lead to, requests from customers to reschedule debt owed to DBK (including the delay of certain payments of principal and interest to DBK).

In 2023, two restructurings of loans were conducted, which were due to the impact of internal decisions, rather than external factors. In 2021, five restructurings of loans were conducted, of which three were due to the impact of the COVID-19 pandemic. There were no restructurings of loans in 2022.

As at 31 December 2023, DBK's ratio of provisions to gross loans was 9.4%, as compared to 10.5% as at 31 December 2022 and 7.5% as at 31 December 2021.

Policies relating to Collateral

Pursuant to the DBK Law, DBK requires security from all borrowers except in circumstances where the financing is provided to wholly-owned subsidiaries of DBK or DBK's participation in the financing is made through mezzanine financing, as well as interbank financing. As at 31 December 2023, the carrying amount of loans to corporate customers with no collateral or other credit enhancement was KZT 15,865.3 million, as compared to KZT 6,116.9 million as at 31 December 2022 and KZT 222.7 million as at 31 December 2021. The increase as at 31 December 2023, as compared to as at 31 December 2022, was primarily due to a new loan granted to a related party. As at 31 December 2023, loans to banks with a carrying amount of KZT 120,043.7 million were unsecured with no collateral or other credit enhancement, as compared to KZT 118,726.7 million as at 31 December 2022 and KZT 121,034.6 million as at 31 December 2021. In accordance with DBK's internal policies, at least 30% of the security must be comprised of "tangible assets collateral", which includes immovable, movable property, cash and commodities. DBK also accepts security by way of third-party guarantees, provided that such guarantees meet DBK's requirements. The main requirements in relation to collateral are set forth in DBK's Policy on Securing the Fulfilment of Obligations, which was approved by the Board of Directors. See Note 14 to the 2023 Annual Financial Statements.

The procedures for collateral appraisal and evaluation are set forth in the Collateral Appraisal Policy, as approved by the Board of Directors, and internal rules relating to the adequacy and monitoring of collateral as set out by the Management Board. Collateral is appraised by independent valuation companies. The Collateral Appraisal Department is responsible for the inspection and valuation of collateral and for preparing an internal report in relation to the same. The Collateral Appraisal Department reviews the quality of collateral on an annual basis.

See Note 14 to the 2023 Annual Financial Statements for further information on collateral and other credit enhancements securing loans to corporate customers, by type of collateral.

As at 31 December 2023, credit-impaired loans measured at amortised cost with an aggregate net book value of KZT 99,535.9 million were secured by collateral with a fair value of KZT 49,585.4 million. In 2023, DBK did not acquire any assets by foreclosure on collateral accepted as security for loans.

As a result of the foregoing, as at 31 December 2023, the coverage ratio of total collateral to total loans was 209%, as compared to 158% and 169% as at 31 December 2022 and 2021, respectively.

In July 2017, DBK established its wholly-owned subsidiary, DBK CSF, a closed private limited liability company established in the Netherlands. DBK CSF was established for the purpose of participating in a direct investment fund in the Netherlands. In November 2017, DBK CSF and QIC established DBK Equity Fund, a direct investment fund, for purposes of investing in domestic and foreign projects, which promote the interests of the Kazakhstan economy and in which DBK is not permitted to invest directly as a result of the restrictions imposed on it under the Credit Policy Memorandum.

In respect of the normative documents for DBK Equity Fund, on 3 November 2017, a limited partnership agreement was signed among DBK CSF and QIC and, on 29 December 2017, a share premium contribution agreement was signed between DBK and CSF for a share premium contribution in an amount equivalent to U.S.$97.0 million. See "*Business—DBK CSF*".

Contingent Liabilities and Other Off-Balance Sheet Exposures

Credit related commitments

In the normal course of business, DBK makes contractual commitments on behalf of its customers and, in order to meet the financing needs of its customers, is a party to financial instruments with off-balance sheet risk. Such commitments comprise principally loans or credit lines, whereby DBK agrees to make payments for customers' accounts under certain conditions or in the event of default by a customer and financial guarantees and letters of credit to guarantee the performance of customers to third parties. In return for such payments, DBK receives a counter-indemnity from the customer, as well as (to a lesser extent), documentary credits for imports and exports, finance leases (under similar stand-by terms) and commitments with respect to recourse risks arising from discounted bills. These services are normally provided on a fee-paying basis.

The following table sets forth an analysis of DBK's credit related commitments as at 31 December 2023, 2022 and 2021:

	As at 31 December		
	2023	**2022**	**2021**
		(KZT millions)	
Loan and finance lease commitments	620,841.8	353,717.5	367,631.1
Letters of credit, guarantees and other commitments related to settlement operations	140,379.8	2,625.5	5,203.7

As at 31 December 2023, loan and finance lease commitments increased by KZT 267,124.3 million, or 75.5%, to KZT 620,841.8 million from KZT 353,717.5 million as at 31 December 2022, having decreased by KZT 13,913.6 million, or 3.8%, from KZT 367,631.1 million as at 31 December 2021. Fluctuations in loan and finance lease commitments were due to the granting or repayment of such commitments with customers in the relevant periods.

As at 31 December 2023, letters of credit, guarantees and other commitments related to settlement operations increased by KZT 137,754.3 million, or 5,246.8%, to KZT 140,379.8 million from KZT 2,625.5 million as at 31 December 2022, having decreased by KZT 2,578.2 million, or 49.5%, from KZT 5,203.7 million as at 31 December 2021. Fluctuations in letters of credit and other commitments were due to the entry into and fulfilment of such commitments during the relevant periods.

Investment Portfolio and Management of Share Capital

Pursuant to the Credit Policy Memorandum, DBK is not restricted from using its share capital to fund investment projects and leasing transactions and DBK may use its share capital as a funding source, including by mixing such capital with market funding resources.

A significant portion of DBK's investment portfolio consists of securities issued by the Government, and Samruk-Kazyna and companies deemed to have a significant role in the country's economy, such as JSC National Company KazMunayGas. DBK's foreign securities investment portfolio primarily includes securities issued by (in descending order of the portfolio share) the governments of Saudi Arabia, Qatar, Abu Dhabi, the Philippines, Mexico, Indonesia and Peru.

In accordance with DBK's Policy on Investment Portfolio Management, which was adopted on 10 April 2018 and amended most recently, on 26 December 2023, DBK aims to maintain adequate levels of liquidity and maximise the profitability of its assets. The long-term objectives for the management of DBK's investment portfolio are:

- to maintain the actual cost of funds in DBK's investment portfolio;
- to maintain an appropriate level of liquidity for DBK's assets; and
- to ensure a sufficient level of return on assets (taking into consideration the degree of risk assumed).

DBK actively manages its investments, selling selective assets in order to generate profits or minimise loss, enhance DBK's liquidity and funding base and maintain the diversity of its investment portfolio.

The Policy of Investment Portfolio Management sets forth, among others, the following requirements to maintain a diversified investment portfolio. In this respect, short-term investments may comprise between 10% and 100% of DBK's investment portfolio and long-term investments may comprise between 0% and 90% of DBK's investment portfolio. In addition, the currency diversification of DBK's investment portfolio must comply with limits established by the Investment Committee.

The following table sets forth maximum exposure limits to certain types of investment pursuant to DBK's Policy on Investment Management:

Instruments in investment portfolio	Maximum exposure
Deposits with the NBK (except money on correspondent accounts), securities issued by the NBK and securities issued by Kazakhstan	90%
U.S. treasury bills	90%
Deposits, except money on correspondent accounts if counterparty is rated not lower than BBB- (S&P, Fitch or Moody's)	70%
Money on correspondent accounts	90%
Sovereign securities of foreign states and bonds of international institutions with credit ratings of not lower than A (S&P, Fitch or Moody's)	60%
Sovereign securities of foreign states and bonds of international institutions with credit ratings of lower than A but not lower than BBB (S&P, Fitch or Moody's Investors Services)	30%
Sovereign securities of foreign states and bonds of international institutions with credit ratings of lower than BBB but not lower than BB- (S&P, Fitch or Moody's)	10%
Corporate bonds or municipal bonds (both domestic and international) if counterparty is rated not lower than BBB- (S&P, Fitch or Moody's). Bonds issued by members of the Baiterek JSC group	60%
Corporate bonds or municipal bonds (both domestic and international) if counterparty is rated lower than BBB- but not lower than B- (S&P, Fitch or Moody's)	20%
Derivatives and structured securities, whose value is based on the value of the securities listed above	30%
Repo or reverse repo transactions	10-90%

Pursuant to the Policy of Investment Portfolio Management, the Investment Committee approves limits with respect to sovereign risks, industry risks and counterparty risks pursuant to DBK's internal policy requirements. The Financial Risks Management Department is responsible for monitoring compliance of the investment portfolio with such limits, based upon information provided by the Treasury Department.

The Treasury Department monitors DBK's investment portfolio on a daily basis and provides data on the composition of the investment portfolio to the CEO, Management Director responsible for overseeing the investment portfolio, the Financial Risks Management Department and other financial departments. The Financial Risks Management Department monitors and assesses the risks on certain indicators associated with DBK's investment portfolio management and provides recommendations to the Treasury Department. The investment portfolio is assessed against a benchmark set forth in DBK's budget. In addition, the Treasury Department provides a report to the Investment Committee on the management of DBK's investment portfolio, which the Investment Committee uses to establish the key parameters of DBK's investment policy for the following quarter.

Finance Lease Receivables

DBK conducts all of its finance lease operations through its wholly-owned subsidiary, DBK–Leasing. See "*Business—Industrial Development Fund JSC*". In the 2023 Annual Financial Statements, DBK changed the presentation of finance lease receivables in the consolidated statement of financial position and provided a new caption "Value-added tax receivable". See Note 2(e) to the 2023 Annual Financial Statements. The 31 December 2022 figures in this section are extracted from the 2023 Annual Financial Statements and, accordingly, may not be comparable to the 31 December 2021 figures or the corresponding figures set out in the 2022 Annual Financial Statements.

As at 31 December 2023, DBK's finance lease receivables increased by KZT 120,867.6 million, or 24.4%, to KZT 615,895.4 million from KZT 495,027.8 million as at 31 December 2022, having increased by KZT 42,924.1 million, or 9.5%, from KZT 452,103.7 million as at 31 December 2021.

Finance Lease Receivables by Type of Lessee

The following table sets forth the components of DBK's finance lease receivables, by type of lessee, as at 31 December 2023, 2022 and 2021:

	As at 31 December					
	2023		2022		2021	
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Leases to large corporates[(1)]	372,109.4	58.2	260,930.0	50.3	239,065.1	50.6
Leases to small-[(2)] and medium-sized[(3)] companies	267,069.0	41.8	257,852.2	49.7	233,517.8	49.4
Gross investment in finance leases	**639,178.5**	**100.0**	**518,782.2**	**100.0**	**472,582.8**	**100.0**
Less impairment allowance	(23,283.1)	—	(23,754.3)	—	(21,746.2)	—
Net investment in finance leases	**615,895.4**	—	**495,027.8**	—	**450,836.6**	
Embedded financial derivative measured at fair value through profit or loss	—	—	—	—	1,267.1	—
Finance lease receivables	**615,895.4**	—	**495,027.8**	—	**452,103.7**	—

Notes:

(1) Large corporates are corporate entities with more than 250 employees and average assets in excess of U.S.$3 million.

(2) Small companies are companies with up to 50 employees and average assets of up to U.S.$0.5 million.

(3) Medium companies are companies with between 50 and 250 employees and average assets of between U.S. $0.5 million and U.S.$3 million.

As at 31 December 2023, leases to small- and medium-sized companies ("**SMEs**") comprised 41.8% of total gross investments in finance leases, as compared to 49.7% and 49.4% as at 31 December 2022 and 2021, respectively, while leases to large corporates comprised 58.2% of total gross investments in finance leases as at 31 December 2023, as compared to 50.3% and 50.6% as at 31 December 2022 and 2021, respectively.

The increases in leases to large corporates in the years ended 31 December 2023 and 2022 were primarily due to the general increase in the leasing portfolio.

Finance Lease Receivables by Maturity

The following table sets forth an analysis of DBK's finance lease receivables, by maturity, as at 31 December 2023, 2022 and 2021:

	As at 31 December					
	2023		2022		2021	
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Less than one month	5,254.2	0.9	5,519.9	1.1	7,610.2	1.7
One month to three months	12,290.5	2.0	8,659.7	1.7	8,668.4	1.9
Three months to one year	87,575.2	14.2	62,318.0	12.6	57,281.0	12.7
One year to five years	276,886.4	45.0	238,849.2	48.2	214,236.4	47.4
More than five years	233,107.6	37.8	175,176.6	35.4	163,267.3	36.1
Overdue	781.5	0.1	4,504.4	0.9	1,040.4	0.2
Total finance lease receivables	**615,895.4**	**100.0**	**495,027.8**	**100.0**	**452,103.7**	**100.0**

As at 31 December 2023, 37.8% of total finance lease receivables had more than five years remaining until contractual maturity, as compared to 35.4% and 36.1% of total finance lease receivables as at 31 December 2022 and 2021, respectively, and 45.0% of total finance lease receivables had between one year and five years remaining until contractual maturity, as compared to 48.2% and 47.4% as at 31 December 2022 and 2021, respectively, in line with the long-term nature of IDF JSC's lease-financing portfolio and, in turn, DBK's role as a development bank, as well as with its funding sources.

Analysis of Finance Lease Receivables by Credit Quality

The following tables set forth information on the credit quality of the finance lease portfolio as at 31 December 2023, 2022 and 2021:

	As at 31 December 2023			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL for credit unimpaired assets**	**Stage 3 Lifetime ECL for credit impaired assets**	**Total**
	(KZT millions)			
Not overdue	563,042.7	24,942.8	26,452.5	614,437.9
Overdue 1-30 days	791.4	2,553.8	3,392.1	6,737.2
Overdue 31-90 days	—	2,330.8	13,312.3	15,643.2
Overdue 91-360 days	—	—	270.1	270.1
Overdue more than 360 days	—	—	2,090.0	2,090.0
Total gross leases	**563,834.0**	**29,827.4**	**45,517.1**	**639,178.5**
Loss allowance for expected credit losses	**(5,113.4)**	**(2,220.1)**	**(15,949.6)**	**(23,283.1)**
Total finance leases	**558,720.7**	**27,607.2**	**29,567.5**	**615,895.4**

	As at 31 December 2022			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL for credit unimpaired assets**	**Stage 3 Lifetime ECL for credit impaired assets**	**Total**
	(KZT millions)			
Not overdue	478,404.3	11,451.0	13,791.8	503,647.0
Overdue 1-30 days	1,362.6	1,030.6	—	2,393.2
Overdue 31-90 days	—	13,942.8	389.0	14,331.9
Overdue 91-360 days	—	—	20,984.9	20,984.9
Overdue more than 360 days	—	—	2,029.0	2,029.0
Total gross leases	**479,766.9**	**26,424.4**	**37,194.8**	**543,386.1**
Loss allowance for expected credit losses	**(4,597.0)**	**(1,185.9)**	**(17,971.4)**	**(23,754.3)**
Total finance leases	**475,169.9**	**25,238.6**	**19,223.4**	**519,631.8**

	As at 31 December 2021				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL for credit unimpaired assets**	**Stage 3 Lifetime ECL for credit impaired assets**	**At FVPL (embedded Financial Derivative)**	**Total**
	(KZT millions)				
Not overdue	365,976.0	51,874.2	20,727.0	1,267.1	439,844.3
Overdue 1-30 days	1,028.0	62.0	—	—	1,090.0
Overdue 31-90 days	27,261.2	3,540.5	45.4	—	30,847.1
Overdue 91-360 days	—	—	934.8	—	934.8
Overdue more than 360 days	—	—	1,133.7	—	1,133.7
Total gross leases	**394,265.2**	**55,476.7**	**22,840.9**	**1,267.1**	**473,849.9**
Loss allowance for expected credit losses	**(7,594.1)**	**(3,238.8)**	**(10,913.3)**	**—**	**(21,746.2)**
Total finance leases	**386,671.1**	**52,237.9**	**11,927.6**	**1,267.1**	**452,103.7**

As at 31 December 2023, impairment as a percentage of total gross finance leases was 3.6%, as compared to 4.6% and 4.6% as at 31 December 2022 and 2021, respectively.

In March 2022, DBK decided to cancel indexing under five lease agreements, which resulted in early termination of the related embedded financial instrument. See Note 15 to the 2022 Annual Financial Statements.

Debt securities measured at fair value through other comprehensive income ("FVOCI")

DBK's portfolio of debt securities measured at fair value through other comprehensive income consists of bonds and bills held by DBK and IDF JSC comprised of, *inter alia*, bonds issued by corporates, Government entities and local authorities, banks and other financial institutions and treasury bills of the Treasury Department of the Ministry of Finance of Kazakhstan.

Debt securities measured at FVOCI by Type

The following table sets forth the composition of DBK's investment portfolio of debt securities measured at fair value through other comprehensive income, by type, as at 31 December 2023, 2022 and 2021:

	As at 31 December					
	2023		2022		2021	
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Debt securities measured at FVOCI						
Debt securities of government bodies of other countries	373,523.4	96.5	374,813.3	95.6	509,406.1	95.9
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan..........	7,562.6	2.0	9,632.6	2.5	11,549.6	2.2
Corporate bonds of Kazakhstan issuers..........	5,822.6	1.5	7,608.6	1.9	8,343.4	1.6
Bonds of foreign banks and financial institutions	—	—	—	—	1,687.0	0.3
Total	**386,908.6**	**100.0**	**392,054.5**	**100.0**	**530,986.1**	**100.0**

Debt securities measured at FVOCI held by DBK decreased by KZT 5,145.9 million, or 1.3%, to KZT 386,908.6 million as at 31 December 2023, from KZT 392,054.5 million as at 31 December 2022, after having decreased by KZT 138,931.6 million, or 26.2%, from KZT 530,986.1 million as at 31 December 2021.

The decrease in 2023 was primarily due to decreases in DBK's portfolio of debt securities of government bodies of other countries, treasury bills of the Ministry of Finance of the Republic of Kazakhstan and corporate bonds of Kazakhstan issuers.

The decrease in 2022 was primarily due to the KZT 134,592.8 million, or 26.4%, decrease in DBK's portfolio of debt securities of government bodies of other countries, which was, in turn, primarily due to sales of debt securities in the amount of U.S.$232.8 million.

Debt securities measured at FVOCI by Maturity

The following table sets forth an analysis of DBK's investment portfolio of debt securities measured at fair value through other comprehensive income, by maturity, as at 31 December 2023, 2022 and 2021:

	As at 31 December					
	2023		2022		2021	
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Less than three months..........	—	—	—	—	3,497.3	0.7
Six months to one year..........	5,255.2	1.4	1,972.5	0.5	44.2	0.0
One year to five years	203,528.7	52.6	112,566.5	28.7	96,227.4	18.1
More than five years	178,124.7	46.0	277,515.4	70.8	431,217.2	81.2
Total FVOCI-debt securities..........	386,908.6	100.0	**392,054.5**	**100.0**	**530,986.1**	**100.0**

As at 31 December 2023, 52.6% of total debt securities measured at FVOCI had between one and five years until maturity, as compared to 28.7% as at 31 December 2022 and 18.1% as at 31 December 2021. The increase in the proportion of debt securities measures at FVOCI with a maturity of between one and five years as at 31 December 2023, as compared to 2022, and, as at 31 December 2022, as compared to 31 December 2021, was primarily due to the ageing of debt securities in the portfolio (with securities becoming closer to maturity).

As at 31 December 2023, 46.0% of total debt securities measured at FVOCI had more than five years until maturity, as compared to 70.8% as at 31 December 2022 and 81.2% as at 31 December 2021. The decrease in the proportion of debt securities measured at FVOCI with a maturity of more than five years as at 31 December 2023, as compared to 2022, and, as at 31 December 2022, as compared to 31 December 2021, was primarily due to the ageing of debt securities in the portfolio (with securities becoming closer to maturity).

Debt securities measured at FVOCI by Credit Rating

The following table sets forth information on the credit rating of DBK's debt securities measured at fair value through other comprehensive income as at 31 December 2023, 2022 and 2021:

	As at 31 December					
	2023		**2022**		**2021**	
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Rated AA- to AA+	126,073.4	32.6	126,776.1	32.3	135,648.8	25.5
Rated A- to A+	126,399.6	32.7	126,878.8	32.4	133,934.2	25.2
Rated BBB- to BBB+	134,435.6	34.7	138,399.5	35.3	217,732.9	41.0
Rated from BB- to BB+	—	—	—	—	43,670.1	8.2
Rated from B- to B+	—	—	—	—	—	—
Total	**386,908.6**	**100.0**	**392,054.5**	**100.0**	**530,986.1**	**100.0**

Note:
(1) Ratings as reported by Reuters

As at 31 December 2023, 34.7% of total debt securities measured at FVOCI had a rating of BBB- to BBB+, as compared to 35.3% as at 31 December 2022 and 41.0% as at 31 December 2021. The decrease in the proportion of debt securities measured at FVOCI with a rating of BBB- to BBB+ as at 31 December 2023, as compared to as at 31 December 2022, was primarily due to the buy-back programme of BBB securities in DBK's investment portfolio conducted during 2023.

As at 31 December 2023, 32.7% of total debt securities measured at FVOCI had a rating of A- to A+, as compared to 32.4% as at 31 December 2022 and 25.2% as at 31 December 2021. The increase in the proportion of debt securities measured at FVOCI with a rating of A- to A+ as at 31 December 2023, as compared to as at 31 December 2022, was primarily due to the changes in DBK's portfolio composition in 2023, as a result of the repurchase of certain BBB rated securities, as discussed above.

As at 31 December 2023, 32.6% of total debt securities measured at FVOCI had a rating of AA- to AA+, as compared to 32.3% as at 31 December 2022 and 25.5% as at 31 December 2021. The increase in the proportion of debt securities measures at FVOCI with a rating of AA- to AA+ as at 31 December 2023, as compared to as at 31 December 2022, was primarily due to the above changes in DBK's portfolio composition.

Principal Sources of Funding

DBK's activities are funded through the issuance and placement of bonds, in both the domestic and international capital markets, and through loans from the Government of the Republic of Kazakhstan, loans from Samruk-Kazyna and Baiterek JSC, loans and balances from banks and other financial institutions, Government grants and current accounts and deposits and financial institutions, including subsidiaries of Baiterek JSC.

DBK may take inter-bank deposits and open and maintain correspondent accounts for the purpose of managing its liquidity.

The following table sets forth DBK's principal external sources of funding (*i.e.*, other than capital) as at 31 December 2023, 2022 and 2021:

	As at 31 December					
	2023		2022		2021	
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Current accounts and deposits	136,022.2	4.0	91,717.4	2.8	30,412.1	1.0
Loans from the Government of the Republic of Kazakhstan and SWF "Samruk-Kazyna"	1,595.5	0.0	1,809.2	0.1	11,195.7	0.4
Loans and balances from banks and other financial institutions	710,511.7	20.7	691,797.2	20.8	556,670.0	17.5
Loans from the Parent Company	402,549.0	11.8	380,715.0	11.4	283,338.1	8.9
Amounts payable under sale and repurchase agreements	27,362.4	0.8	—	—	43,189.7	1.4
Government grants	591,470.8	17.3	637,305.4	19.1	301,140.6	9.5
Debt securities issued, *of which*:	1,278,258.1	37.3	1,309,587.0	39.3	1,716,748.7	53.9
Eurobonds denominated in U.S.$	*388,386.3*	—	*394,403.9*	-	*791,518.9*	—
Eurobonds denominated in KZT	*166,268.2*	—	*267,330.6*	-	*266,785.7*	—
Local Bond denominated in U.S.$	*6,815.4*	—	—	—	—	—
Local Bond denominated in KZT	716,788.2	—	*647,852.5*	—	*658,444.1*	—
Subordinated debt	133,777.7	3.9	125,744.4	3.8	118,216.8	3.7
Other liabilities	106,553.8	3.1	87,383.9	2.6	111,480.4	3.5
Provisions	36,128.1	1.1	1,814.3	0.1	12,609.2	0.4
Deferred tax liabilities	—	—	570.8	0.0	—	—
Total	**3,424,229.3**	**100.0**	**3,328,444.6**	**100.0**	**3,185,001.1**	**100.0**

To diversify its funding base and to enable it to better manage its maturity profile, DBK has entered into various credit facilities as described in "*—Borrowings*", established the Programme and issued various debt securities as described in "*—Debt Securities*". DBK has also signed a number of framework agreements and memorandums of co-operation with Japan Bank for International Cooperation, China Export-Import Bank, Deutsche Bank, Korea Export-Import Bank, Oesterreichische Kontrollbank Aktiengesellschaft, Vnesheconombank, BNP Paribas, Sumitomo Mitsui Banking Corporation, BPI (COFACE), Bank of Tokyo Mitsubishi UFJ, China Export & Credit Insurance Corporation Sinosure, European Investment Bank and Korea Trade Insurance Corporation K-Sure, China Development, Deutsche Bank, Commerzbank, KfW IPEX-Bank GmbH and EULER HERMES A.G.

Borrowings

A major source of funding for DBK is debt securities, which accounted for 37.3%, 39.3% and 53.9% of DBK's total liabilities as at 31 December 2023, 2022 and 2021, respectively. Loans and balances from banks and other financial institutions accounted for 20.7%, 20.8% and 17.5% of DBK's total liabilities as at 31 December 2023, 2022 and 2021, respectively. Loans from Samruk-Kazyna, from the Parent Company (Baiterek JSC) and from the Government also contribute to the funding of DBK, with loans from the Government and Samruk-Kazyna accounting for 0.0% of DBK's total liabilities as at 31 December 2023, as compared to 0.1% and 0.4%, respectively, as at 31 December 2022 and 2021, and loans from Baiterek JSC accounting for 11.8% of DBK's total liabilities as at 31 December 2023, as compared to 11.4% and 8.9%, respectively, as at 31 December 2022 and 2021.

Loans and balances from Banks and Other Financial Institutions

The table below sets forth certain information in respect of the composition of DBK's loans and balances from banks and other financial institutions, as at 31 December 2023, 2022 and 2021:

	As at 31 December					
	2023		**2022**		**2021**	
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Loans with fixed interest rates						
Loans from OECD banks	—	—	—	—	—	—
Loans from non-OECD banks	173,284.4	24.4	79,736.7	11.5	108,745.9	19.5
Total loans with fixed interest rates	**173,284.4**	**24.4**	**79,736.7**	**11.5**	**108,745.9**	**19.5**
Loans with floating interest rates						
Loans from OECD banks	47,712.3	6.7	53,744.0	7.8	—	—
Loans from non-OECD banks	510,192.1	71.8	584,485.6	84.5	474,494.3	85.2
Total loans with floating interest rates	**557,904.3**	**78.5**	**638,229.6**	**92.3**	**474,494.3**	**85.2**
Less unamortised portion of borrowing costs	(20,677.1)	(2.9)	(26,169.2)	(3.8)	(26,570.2)	(4.8)
Net total loans and balances from banks and other financial institutions	**710,511.7**	**100.0**	**691,797.2**	**100.0**	**556,670.0**	**100.0**

As at 31 December 2023, net loans and balances from banks and other financial institutions increased by KZT 18,714.5 million, or 2.7%, to KZT 710,511.7 million from KZT 691,797.2 million as at 31 December 2022, after having increased by KZT 135,127.2 million, or 24.3%, from KZT 556,670.0 million as at 31 December 2021. The increase in 2023 was primarily due to a KZT 93,547.7 million, or 117.3%, increase in the amount of loans from non-OECD banks with fixed interest rates (which was, in turn, primarily due to the entry into of a new interbank deposit), which was only partially offset by a KZT 74,293.5 million, or 12.7%, decrease in loans from non-OECD banks with floating interest rates (which was, in turn, primarily due to the early repayment of a loan from the Eurasian Development Bank). The increase in 2022 was primarily due to a KZT 109,991.3 million, or 23.2%, increase in the amount of loans from non-OECD banks with floating interest rates as at 31 December 2022, as compared to 31 December 2021 (which was, in turn, due to the entry into of a new loan), as well as the entry into of KZT 53,744.0 million in loans from OECD banks with floating interest rates in 2022 (which was, in turn, due to the entry into of a new loan), which was only partially offset by a KZT 29,009.2 million, or 26.7%, decrease in the amount of loans from non-OECD banks with fixed interest rates (which was, in turn, due to repayments of certain outstanding loans).

DBK's principal loans and balances from banks and other financial institutions are as follows:

Roseximbank JSC

On 15 December 2016, IDF JSC (then, DBK-Leasing) entered into an RUB 2,268 million Loan Facility Agreement with Roseximbank JSC for the purchase of passenger wagons. The interest is paid on a quarterly basis and the principal is repaid quarterly. The loan matures on 16 December 2030. As at 31 December 2021, the aggregate principal amount outstanding under the facility agreement was RUB 1.547 million. All amounts due under the facility agreement were fully prepaid on 4 March 2022.

On 9 November 2017, IDF JSC entered into an RUB 558 million Loan Facility Agreement with Roseximbank JSC for the purchase of passenger wagons. The interest and principal due under the loan are paid on a monthly basis. The loan matures on 9 November 2027. As at 31 December 2021, the aggregate principal amount outstanding under the facility agreement was RUB 363.7 million. All amounts due under the facility agreement were fully prepaid on 4 March 2022.

On 28 April 2018, IDF JSC entered into an RUB 455 million Loan Facility Agreement with Roseximbank JSC for the purchase of passenger wagons. The interest and the principal due under the loan are paid on a monthly basis. The loan matures on 28 April 2025. As at 31 December 2021, the aggregate principal amount outstanding under the facility agreement was RUB 236.1 million. All amounts due under the facility agreement were fully prepaid on 4 March 2022.

On 25 December 2019, IDF JSC signed a RUB 327 million loan agreement with Roseximbank JSC for the purchase of passenger cars. The interest and principal due under the loan are paid on a quarterly basis. The loan matures on 25 December 2027. As at 31 December 2021, the total outstanding principal debt under the loan agreement amounted to RUB 261.6 million. All amounts due under the facility agreement were fully prepaid on 4 March 2022.

Sumitomo Mitsui Banking Corporation Europe Limited

On 29 December 2017, DBK entered into a Sinosure-insured U.S.$225.0 million loan with a syndicate of banks (comprising Sumitomo Mitsui Banking Corporation Europe Limited, MUFG Bank, Ltd. (formerly known as The Bank of Tokyo-Mitsubishi UFJ, Ltd.), Deutsche Bank AG, Hong Kong Branch and Crédit Agricole Corporate and Investment Bank). The loan is scheduled to mature on 25 April 2030. As at 31 December 2023, the principal amount outstanding under this loan was U.S.$146.3 million.

Export-Import Bank of China

On 1 August 2009, DBK entered into a master facility agreement for a period of up to 15 years with the Export-Import Bank of China permitting DBK to draw down up to U.S.$5.0 billion (the "**China Ex-im Bank Facility**"). The China Ex-im Bank Facility is divided into restricted (U.S.$3.5 billion) and unrestricted (U.S.$1.5 billion) portions. The restricted portion of the China Ex-im Bank Facility is for use on projects with a Chinese component, whereas the unrestricted portion can be used for DBK's general purposes. The China Ex-im Bank Facility agreement contains certain covenants, which, *inter alia*, prohibit DBK from creating security over its indebtedness in an amount exceeding 25% of its assets or disposing of over 25% of its assets. In addition, there is a change of control clause put option in favour of the Export-Import Bank of China. In January 2021, DBK fully repaid the loan.

In addition, in May 2010, DBK entered into a loan with the Export-Import Bank of China for the amount of U.S.$400 million. This loan is for a period of 15 years. Under the loan agreement, principal and interest is paid semi-annually. This loan matures on 21 May 2025. The loan agreement contains certain covenants prohibiting DBK from incurring indebtedness exceeding 25% of its assets, disposing of over 25% of its assets or declaring or paying more than 50% of dividends or other income distribution whilst there is an outstanding event of default or potential event of default. The funds from this loan have been used for the aluminium smelter construction project in Pavlodar. As at 31 December 2023, the principal amount outstanding under this loan was U.S.$76.2 million. See "*Business—Lending—Investment Projects—Metallurgy Sector*".

On 22 February 2011, DBK entered into a further individual credit agreement with the Export-Import Bank of China for the amount of U.S.$1.4 billion. As at 31 December 2023, no amounts have been drawn down under this individual credit agreement.

On 15 October 2012, DBK entered into a U.S.$199.5 million preferential buyer credit loan agreement with the Export-Import Bank of China to finance the construction of a deep oil refining complex in Atyrau, which was amended on 30 October 2014. This loan would have matured on 15 October 2025, but it was prepaid in full in January 2021.

China Development Bank

On 27 March 2017, DBK entered into a facility agreement with China Development Bank in the principal amount of U.S.$650 million for on-lending to customers and use in projects in sectors, including transportation, infrastructure and communication, to the mutual benefit of Kazakhstan and China. The facility agreement was subsequently amended on 28 July 2016. The facility matures on 15 June 2025. This loan was prepaid in full in November 2021.

On 9 June 2017, DBK signed a U.S.$607 million term facility agreement with China Development Bank for the financing of modernisation and reconstruction works at the Shymkent Oil Refinery owned by Petro Kazakhstan Oil Products LLP. The facility matures on 25 April 2030. In September 2017 and December 2017, DBK drew down two tranches of U.S.$100 million each, in June 2018, DBK drew down a further U.S.$65 million and in May 2020, DBK drew down a further U.S.$130 million tranche under the facility agreement. In December 2022, DBK partially prepaid a U.S.$50 million amount under the facility. As at 31 December 2023, the aggregate principal amount outstanding under the facility agreement was U.S.$280.7 million.

On 6 June 2018, DBK signed a U.S.$500 million term facility agreement with China Development Bank for on-lending to customers and to use in projects to the mutual benefit of Kazakhstan and China in certain economic sectors supported by the Government of Kazakhstan, including, but not limited to, the oil gas, chemical, mineral, electricity, transportation, infrastructure, agriculture, communication, manufacturing and industrial park sectors. The facility matures in 10 years from the draw down date under each sub-loan agreement. On 4 June 2021, DBK entered into a sub-loan agreement with China Development Bank, Xinjiang branch, as lender, pursuant to the U.S.$500 million framework agreement between the parties, under which the lender made available to DBK up to U.S.$217 million to be used for the construction and operation of a gold bearing primary ores processing complex. This loan matures on 4 June 2030. From December 2021 to December 2022, DBK drew seven tranches of U.S.$160.3 million under the facility agreement. As at 31 December 2023, the aggregate principal amount outstanding under this facility agreement was U.S.$160.3 million.

On 26 April 2019, DBK signed a U.S.$800 million term facility agreement with China Development Bank for the financing of the expansion of Aktogay MPP, a mining and processing plant. The facility matures in 2034. In November 2019 and December 2019, DBK drew down two tranches of U.S.$140 million and U.S. $60 million, respectively, in April 2020 and October 2020, DBK drew down further tranches of U.S.$80 million and U.S.$100 million, respectively, and in April 2021 and September 2021, DBK drew down further tranches of U.S.$49 million and U.S.$50 million, respectively, under the facility agreement. As at 31 December 2023, the aggregate principal amount outstanding under the facility agreement was U.S.$422.6 million.

In September 2019, DBK signed a RMB 1,500 million term framework agreement with China Development Bank for the financing of DBK's projects. As at 31 December 2023, no aggregate principal amount was outstanding under the facility agreement.

In May 2023, DBK signed a U.S.$300 million term master facility agreement with China Development Bank for amounts to on-lend to customers and to use in projects to support China-Kazakhstan capacity co-operation or other projects in key areas supported by the Government, including, but not limited to, the oil and gas, petrochemical, chemical, mining, power (excluding coal power), transportation, building materials, agriculture, communication, manufacturing and industrial park sectors. The facility matures in 15 years from the draw down date under each sub-loan agreement. As at 31 December 2023, no funds under the facility agreement have been disbursed.

Baiterek Development JSC Loan

On 2 November 2009, DBK entered into a loan with Baiterek Development JSC (formerly known as the Distressed Assets Fund), a state-owned company, for KZT 20,000 million. This loan matures on 24 November 2024. Under the credit agreement, interest is paid semi-annually and principal is repaid in full at maturity.

This loan was provided in order to finance the restructuring of loans of troubled borrowers under certain conditions in the manufacturing sector with the aim of reducing the burden on the real sector of the national economy as a result of the impact of the global financial crisis on Kazakhstan and the impact of the problems within the domestic financial sector. See "*The Banking Sector in Kazakhstan*". As at 31 December 2023, the principal amount outstanding under this loan was KZT 20.0 billion.

J.P. Morgan AG and JP Morgan Chase Bank, N.A.

On 31 December 2021, DBK entered into a term loan facility agreement with J.P. Morgan AG, as agent, JP Morgan Chase Bank, N.A., as lead manager and certain other financial institutions as original lenders, for an amount up to U.S.$120 million. This loan matures on 31 December 2031. The loan was provided in order to refinance various export supply and services contracts regarding goods and services executed by Danish exporters. The loan agreement was revised on 31 March 2022. As at 31 December 2023, the aggregate principal amount outstanding under the facility agreement was U.S.$102.0 million.

China Construction Bank Corporation, Astana Branch

On 14 September 2022, DBK entered into a U.S.$100 million credit facility with China Construction Bank Corporation, Astana Branch. This credit facility matures in May 2025. The credit facility was provided for general corporate purposes. As at 31 December 2023, the aggregate principal amount outstanding under the credit facility was U.S.$100 million.

Eurasian Development Bank

On 4 December 2020, DBK entered into a RUB 5.7 billion credit facility agreement with Eurasian Development Bank for financing investment projects. The facility agreement was fully prepaid in December 2023. On 30 November 2022, DBK entered into a loan agreement with the Eurasian Development Bank in the amount of RUB 4.3 billion, which was prepaid in full in December 2023.

Loans and Balances from Banks and Other Financial Institutions by Maturity

The following table sets forth an analysis of DBK's loans and balances from banks and other financial institutions, by maturity, as at 31 December 2023, 2022 and 2021:

	As at 31 December		
	2023	2022	2021
		(KZT millions)	
Less than one month	20,943.8	—	73.5
One month to three months	1,106.3	1,170.6	133.5
Three months to one year	190,593.7	974.7	2,745.9
One year to five years	328,430.8	149,883.1	97,886.7
More than five years	169,437.1	539,768.8	455,830.4
Loans and balances from banks and other financial institutions	**710,511.7**	**691,797.2**	**556,670.0**

As at 31 December 2023, 46.2% of total loans and balances from banks and other financial institutions had between one and five years remaining until contractual maturity, as compared to 21.7% and 17.6% of total loans and balances from banks and other financial institutions as at 31 December 2022 and 2021, respectively. As at 31 December 2023, 23.8% of total loans and balances from banks and other financial institutions had over five years remaining until contractual maturity, as compared to 78.0% and 81.9% of total loans and balances from banks and other financial institutions as at 31 December 2022 and 2021, respectively. The overall change of the maturity classification of loans and balances from banks and other financial institutions in 2022 and 2023 was primarily due to the ageing nature of the loans in the portfolio with no additional long-term loans having been entered into in 2023.

Samruk-Kazyna Loans

Pursuant to the DBK Law, DBK may, from time-to-time, borrow certain funds from the Government and Samruk-Kazyna in line with its role as a development bank for the purpose of on-lending funds to its corporate customers subject to the requirements, priority economic sectors and objectives set out in the Credit Policy Memorandum and the DBK Law.

DBK uses proceeds from Samruk-Kazyna loans to help to develop economic sectors by providing financing at interest rates comparable to those provided by similar development institutions. As at 31 December 2023, there was one Samruk-Kazyna loan with a concessional rate of interest of 0.2%. The funds from this loan were used by DBK to reduce the lending rate for investment projects in priority sectors of the economy, as defined in the Credit Policy Memorandum.

As at 31 December 2023, loans from Samruk-Kazyna decreased by KZT 213.7 million, or 11.8%, to KZT 1,595.5 million from KZT 1,809.2 million as at 31 December 2022, after having decreased by KZT 9,386.5 million, or 83.8%, from KZT 11,195.7 million as at 31 December 2021. This decrease was primarily due to the repayment of three loans from Samruk-Kazyna in accordance with their respective repayment schedules.

Loans from Parent Company

DBK provides financing under a number of Government programmes and initiatives, including the Industrialisation Programme (as defined below, see "*Business—Participation in Government Programmes*") and the Manufacturing Development Programme (as defined below, see "*Business—Participation in Government Programmes*"), in both cases using funds from the State budget, and other projects using funds borrowed from Baiterek JSC.

As at 31 December 2023, loans from Baiterek JSC increased by KZT 21,834 million, or 5.7%, to KZT 402,549 million from KZT 380,715.0 million as at 31 December 2022, having increased by KZT 97,376.9 million, or 34.4%, from KZT 283,338.1 million as at 31 December 2021.

As at 31 December 2023, loans from Baiterek JSC comprised 42 long-term loans, as compared to 39 long-term loans as at 31 December 2022 and 31 long-term loans as at 31 December 2021. See Note 23 to the 2023 Annual Financial Statements and Note 23 to the 2022 Annual Financial Statements for further details regarding these loans.

Government Grants

As at 31 December 2023, Government grants decreased by KZT 45,834.6 million, or 7.2%, to KZT 591,470.8 million from KZT 637,305.4 million as at 31 December 2022, after having increased by KZT 336,164.8 million, or 111.6%, from KZT 301,140.6 million as at 31 December 2021.

As at 31 December 2023, the amount of Government grants recorded comprises the amount of benefits received as a result of the concessional interest rate as compared to the market interest rate, which difference is recognised as income, on the loans received from Baiterek JSC, Baiterek Development JSC and Samruk-Kazyna. Government grants are required to be repaid. See "*Management's Discussion and Analysis of Results of Operation and Financial Condition—Critical Accounting Policies—Government grants*", Note 24 to the 2023 Annual Financial Statements and Note 24 to the 2022 Annual Financial Statements.

In 2022, DBK recognised the benefits of KZT 444,597.1 million as a result of the provision of loans at low interest rates by Zhasyl Damu JSC and Baiterek NMH JSC as Government grants. These benefits are to be allocated further to the lessees by providing finance leases and to borrowers under loan agreements at favourable rates. See Note 24 to the 2023 Annual Financial Statements.

Debt Securities

As at 31 December 2023, debt securities issued decreased by KZT 31,328.9 million, or 2.4 %, to KZT 1,278,258.1 million from KZT 1,309,587.0 million, after having decreased by KZT 407,161.7 million, or 23.7%, from KZT 1,716,748.7 million as at 31 December 2022. The decrease in 2023, was primarily due to the redemption of the Series 8 (as defined below) in May 2023. The decrease in 2022 was primarily due to the tender offer exercises conducted by DBK in 2022, as well as the redemption of the remaining outstanding Series 6 Notes in December 2022.

In October 2002, DBK established the Programme and, as at the date of this Base Information Memorandum, has issued 12 series of Notes thereunder, as follows:

- U.S.$100 million 7.125% Notes due 2007 in October 2002, which were repaid in accordance with their terms on their maturity date ("**Series 1**");
- U.S.$100 million 7.375% Notes due November 2013, in November 2003, which were repaid in accordance with their terms on their maturity date ("**Series 2**");
- U.S.$100 million 6.5% Notes due 2020, in May 2005), which were repaid in accordance with their terms on their maturity date ("**Series 3**");
- U.S.$150 million 6.0% Notes due 2026, in March 2006 ("**Series 4**");
- U.S.$500 million 5.5% Notes due 2015, in December 2010, which were repaid in accordance with their terms on their maturity date ("**Series 5**");
- U.S.$277 million 5.5% Notes due 2015, in February 2011 (which were consolidated to form a single series with Series 5), which were repaid in accordance with their terms on their maturity date;
- U.S.$1 billion 4.125% Notes due 2022, in November 2012 ("**Series 6**"); and
- U.S.$425 million 4.125% Notes due 2022 (which were consolidated to form a single series with Series 6) in February 2013; the Series 6 Notes were repaid in accordance with their terms on their maturity date;
- KZT 100 billion 9.5% Notes due 2020 in December 2017, which were repaid in accordance with their terms on their maturity date ("**Series 7**");
- KZT 100 billion 8.95% Notes due 2023 in May 2018, which were repaid in accordance with their terms on their maturity date ("**Series 8**");
- KZT 62.5 billion 10.75% Notes due 2025 in February 2020 ("**Series 9**");
- KZT 100 billion 10.95% Notes due 2026 in May 2021 ("**Series 10**");
- U.S.$500 million 2.95% Notes due 2031 in May 2021 ("**Series 11**"); and
- U.S.$500 million 5.75% Notes due 2025 the ("**Series 12**") in May 2022.

The Series 1, Series 2, Series 3 and Series 4 Eurobonds were, and the Series 4 Eurobonds remain, listed on the Luxembourg Stock Exchange and on the KASE. The Series 5, Series 6, Series 7, Series 8, Series 9, Series 10 and Series 11 Eurobonds were, and the Series 9, Series 10 and Series 11 Eurobonds remain, listed on the London Stock Exchange and on the KASE. The Series 12 Eurobonds were and remain listed on the Vienna Stock Exchange MTF and on the KASE.

DBK has conducted a number of liability management exercises to repurchase and exchange Eurobonds issued under the Programme.

On 2 April 2024, pursuant to an offer to purchase dated 2 April 2024 (the "**Offer to Purchase**"), DBK invited holders of the Series 9 Notes and the Series 12 Notes to tender any and all of their Series 9 Notes and Series 12 Notes for purchase by DBK for cash (the "**Tender Offers**"), all on the terms and subject to the conditions set forth in the Offer to Purchase.

The outstanding series of Eurobonds contain covenants requiring DBK, *inter alia*, to: (i) not create, incur, assume or permit to arise or subsist any security interest (subject to certain exceptions); (ii) comply with the DBK Law and the Credit Policy Memorandum; (ii) comply with the regulations and requirements of the regulator; and (iv) not pay or cause to be paid any dividends in cash or otherwise, or make any other distributions (whether by way of redemption, acquisition or otherwise), in respect of its share capital more than once a year, in an amount exceeding 50% of DBK's profit or where an event of default or potential event of default exists under the Eurobonds.

Since 1 January 2021, DBK (and IDF JSC) has issued Tenge-denominated domestic bonds in the Kazakhstan market on the following terms:

- in March 2021, IDF JSC issued Tenge-denominated bonds in an aggregate principal amount of KZT 50.0 billion, which bear interest at a rate of 11.50% *per annum* and mature on 19 March 2031;

- in October 2021, DBK issued Tenge-denominated bonds in an aggregate principal amount of KZT 32.2 billion, which bear interest at a rate of 7.10% *per annum* and mature on 27 October 2031;

- in November 2021, IDF JSC issued Tenge-denominated bonds in an aggregate principal amount of KZT 50.0 billion, which bear interest at a rate of 12.40% *per annum* and mature on 12 November 2028;

- in December 2021, DBK issued Tenge-denominated bonds in an aggregate principal amount of KZT 22.2 billion, which bear interest at a rate of 11% *per annum* and mature on 18 June 2030 (forming a single series with the bonds issued on 18 June 2020);

- in December 2022, DBK issued Tenge-denominated bonds in an aggregate principal amount of KZT 30.0 billion, which bear interest at a rate of 0.5% *per annum* and mature on 15 June 2034 (these bonds were purchased by Baiterek JSC);

- in February 2023, DBK issued Tenge-denominated bonds in an aggregate principal amount of KZT 15 billion, which bear interest at a rate of 0.5% *per annum* and mature on 15 February 2035 (these bonds were purchased by Baiterek JSC);

- in March 2023, DBK issued Tenge-denominated bonds in an aggregate principal amount of KZT 10 billion, which bear interest at a float rate of Tonia+2% *per annum* and mature on 29 March 2026;

- in April 2023, DBK issued Tenge-denominated bonds in an aggregate principal amount of KZT 50 billion, which bear interest at a rate of 15.25% *per annum* and mature on 18 April 2024;

- in December 2023, DBK issued USD-denominated bonds in an aggregate principal amount of U.S.$15 million, which bear interest at a rate of 5.65% *per annum* and mature on 22 December 2024; and

- in January 2024, IDF JSC issued Tenge-denominated bonds in an aggregate principal amount of KZT 190.0 billion, which bear interest at a rate of 13.15% *per annum* and mature in January 2039;

- in March 2024, DBK issued Tenge-denominated bonds in an aggregate principal amount of KZT 46.2 billion, which bear interest at a rate of 12.5% *per annum* and mature in March 2025.

DBK has also conducted a number of repurchase transactions in respect of its Tenge-denominated Eurobonds.

See Note 25 to the 2023 Annual Financial Statements and Note 25 to the 2022 Annual Financial Statements for further details of the debt securities issued by DBK.

The following table sets forth certain information regarding the estimated scheduled maturities and interest payments of DBK's debt securities as at 31 December 2023:

Due Date	Interest Payments Due(1) (KZT billions)	Principal Amount Due(1) (KZT billions)
31 December 2024	96.9	147.8
31 December 2025	75.3	339.8
31 December 2026	45.5	264.3
31 December 2027	29.9	50.0
31 December 2028	24.0	8.8
31 December 2029	23.0	30.0
31 December 2030	17.9	91.6
31 December 2031	7.5	162.9
31 December 2032	1.3	8.8
31 December 2033	0.3	—
31 December 2034-2064	0.6	85.0

Note:

(1) Amounts due within 12 months of the relevant reporting date.

Subordinated Debt

As at 31 December 2023, subordinated debt issued increased by KZT 8,033.3 million, or 6.4%, to KZT 133,777.7 million from KZT 125,744.4 million as at 31 December 2022, after having increased by KZT 7,527.6 million, or 6.4%, from KZT 118,216.8 million as at 31 December 2021. The increases in subordinated debt since 2021 are primarily due to the unwinding of discounts applied to subordinated debt.

Current Accounts and Deposits

DBK generally does not accept deposits except in limited circumstances for certain customers and finance institutions. Accordingly, DBK does not depend on deposits as a source of funding, and changes in current account and deposit balances are not indicative of DBK's levels of funding or ability to lend.

Current accounts and deposits are also a limited source of funding, accounting for 4.0%, 2.8% and 1.0% of total liabilities as 31 December 2023, 2022 and 2021, respectively. See "*—Principal Sources of Funding*".

Total current accounts and deposits increased by KZT 44,304.8 million, or 48.3%, to KZT 136,022.2 million as at 31 December 2023 from KZT 91,717.4 million as at 31 December 2022, having increased by KZT 61,305.3 million, or 201.6%, from KZT 30,412.1 million as at 31 December 2021.

The increase in current accounts and deposits as at 31 December 2023, as compared to as at 31 December 2022, was primarily due to a KZT 47,321.4 million, or 304.5%, increase in current accounts and demand deposits, which was, in turn, a result of increased customer current accounts and demand deposit receipts.

The increase in current accounts and deposits as at 31 December 2022, as compared to as at 31 December 2021, was primarily due to savings deposits of KZT 74,296.2 million as at 31 December 2022, as compared to nil as at 31 December 2021, which reflected two five-year savings deposits made by Eurasian Resources Group S.a.r.l in 2022.

Current Accounts and Deposits by Type

The following table sets forth a breakdown of DBK's current accounts and deposits, by type, as at 31 December 2023, 2022 and 2021:

	As at 31 December					
	2023		2022		2021	
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Savings deposits	73,157.1	53.8	74,296.2	81.0	—	—
Current accounts and demand deposits	62,862.0	46.20	15,540.7	16.9	25,607.9	84.2
Deposits pledged as collateral	—	—	1,734.9	1.9	4,641.9	15.3
Deposits used as collateral for loans issued to customers	3.1	0.0	145.5	0.2	162.4	0.5
Total current accounts and deposits	**136,022.2**	**100.0**	**91,717.4**	**100.0**	**30,412.1**	**100.0**

Current Accounts and Deposits by Currency

The following table sets forth a breakdown of DBK's current accounts and deposits, by currency, as at 31 December 2023, 2022 and 2021:

	As at 31 December					
	2023		2022		2021	
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Tenge	61,635.5	45.3	15,647.8	17.1	25,767.4	84.7
U.S. Dollars	74,386.7	54.7	76,069.5	82.9	4,644.7	15.3
Total current accounts and deposits	**136,022.2**	**100.0**	**91,717.4**	**100.0**	**30,412.1**	**100.0**

Current Accounts and Deposits by Maturity

The following table sets forth an analysis of DBK's current accounts and deposits, by maturity, as at 31 December 2023, 2022 and 2021:

	As at 31 December					
	2023		2022		2021	
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
On demand and less than one month	62,862.0	46.2	17,275.9	18.8	25,607.9	84.2
One to three months	73,157.1	53.8	74,296.2	81.0	—	—
Six months to 12 months	—	—	—	—	4,642.1	15.3
More than one year	3.1	—	145.3	0.2	162.1	0.5
Total current accounts and deposits[(1)]	**136,022.2**	**100.0**	**91,717.4**	**100.0**	**30,412.1**	**100.0**

Note:
(1) Carrying amount.

As at 31 December 2023, 31 December 2022 and 31 December 2021, DBK's balance of current accounts and deposits was principally comprised of current accounts and deposits with short-term maturities, with current accounts and deposits on demand and less than one month as at 31 December 2023 accounting for 46.2% of total current accounts and deposits, as compared to 18.8% as at 31 December 2022 and 84.2% as at 31 December 2021, while current accounts and deposits with a maturity of one to three months accounted for 53.8% of total current accounts and deposits as at 31 December 2023, as compared to 81.0% as at 31 December 2022 and nil as at 31 December 2021.

Equity and Capital Adequacy Ratios

As at 31 December 2023, DBK had share capital of KZT 715,953.5 million, consisting of 2,114,590 ordinary shares, all of which are fully paid and held by the sole shareholder (Baiterek JSC).

As at 31 December 2023, DBK's total equity increased by KZT 271,989.7 million, or 44.3%, to KZT 886,455.6 million, as compared to KZT 614,465.9 million as at 31 December 2022, after having increased by KZT 57,637.6 million, or 10.4%, from KZT 556,828.3 million as at 31 December 2021. The year-on-year increases in total equity were primarily due to increases in share capital during the year and increased net profit year-on-year.

DBK is not subject to the regulator's rules on capital adequacy ratios. DBK's capital adequacy ratio is calculated as the ratio of DBK's consolidated equity capital to its risk-weighted assets, calculated in accordance with requirements approved by the Order of the Minister of National Economy № 117 adopted on 19 June 2023, which corresponds to Basel II principles. As at 31 December 2023, DBK had a Basel II capital adequacy ratio of 22.9%, as compared to 17.1% and 17.4% as at 31 December 2022 and 2021, respectively. DBK had a tier 1 ratio of 17.1% as at 31 December 2023, as compared to 15.0% and 13.6% as at 31 December 2022 and 2021, respectively. DBK believes that it has sufficient capital adequacy to withstand any credit losses, which may reasonably be expected to arise in the foreseeable future.

Return on Average Assets and Return on Average Equity

DBK had a positive return on average assets of 4.4% for the year ended 31 December 2023, as compared to a positive return of 0.9% for the year ended 31 December 2022 and a positive return of 0.9% for the year ended 31 December 2021. The positive return on average assets in 2023 was due to a net profit of KZT 180,018.0 million for the year ended 31 December 2023. The positive return on average assets in 2022 was due to a net profit of KZT 34,124.9 million for the year ended 31 December 2022. Pre-provision return levels on average assets were 3.3% for the year ended 31 December 2023, as compared to 2.0% and 2.0% for the years ended 31 December 2022 and 2021, respectively.

DBK had a positive return on average equity of 24.0% for the year ended 31 December 2023, as compared to a positive return of 5.8% for the year ended 31 December 2022 and 5.9% for the year ended 31 December 2021. The positive return on average equity for the year ended 31 December 2023 was due to a net profit of KZT 180,018.0 million for the year. The positive return on average equity for the year ended 31 December 2022 was due to a net profit of KZT 34,124.9 million for the year.

DBK calculates its return on average assets as the ratio of net profit/(loss) for the period to the average of the opening and closing asset balances for the period. DBK calculates its return on average equity as the ratio of net profit/(loss) for the period to the average of the opening and closing equity balances for the period. DBK calculates its pre-provision return levels on average assets as the ratio of net profit/(loss) for the period less recovery of/(charge for) impairment losses to the average of the opening and closing asset balances for the period.

ASSET AND LIABILITY MANAGEMENT

General

DBK's operations are subject to a variety of risks, some of which are not within its control. These include risks relating to changes in interest rates and foreign exchange rates, declines in liquidity and deterioration in the credit quality of its loan and securities portfolios. DBK monitors and manages the maturities of its loans, interest rate exposure, exchange rate exposure and credit quality in order to minimise the effect of any changes on DBK's profitability and liquidity position. See "*Risk Factors*".

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. The Board of Directors has established the Risk Management Committee to assist in supervising DBK's risk management systems.

The Management Board is responsible for monitoring and implementing risk mitigation measures and ensuring that DBK and its subsidiaries operate within established risk parameters. DBK's risk management function is split into two departments: the Credit Risk Department and the Operational and Financial Risk Department (together, the "**Risk Management Departments**"). The Heads of these Risk Management Departments are responsible for the overall risk management and compliance functions, ensuring the implementation of common principals and methods for identifying, measuring, managing and reporting both financial and non-financial risks.

The Risk Management Departments have adopted internal risk management regulations based on international standards and is responsible for ensuring that levels of risk are controlled in accordance with these regulations. The Risk Management Departments are also responsible for identifying and monitoring risks on an on-going basis. The Heads of the Risk Management Departments report directly to the Chairman Management Board, which, in turn, reports to the Board of Directors.

DBK has established the Credit Committee and the Investment Committee, which are responsible for implementing and monitoring DBK's risk policies, including in respect of liquidity, credit and market risks. The basic credit policy of DBK is set out and governed by the Credit Policy Memorandum, which provides for a multi-stage system of making decisions by collegial authorised bodies (*i.e.*, the Credit Committee, the Management Board and the Board of Directors) to grant credit facilities depending on the size of the credit instrument. DBK monitors loan status and the financial condition and solvency of its borrowers on a regular basis. See "*—Principal Committees—Credit Committee*" and "*Selected Statistical and Other Data—Loan Policies and Credit Approval Procedures*".

DBK's risk management policies aim to identify, analyse and manage the risks faced by DBK, to set limits and controls on risks (including concentration, industry and country limits) and to monitor compliance with those limits and risk levels more generally. Risk management policies and procedures are reviewed regularly in order to reflect changes in market conditions, products and services offered by DBK, as well as to reflect best practice standards.

In particular, DBK pays special attention to the analysis and control of risks that could affect the achievement of its long-term strategic goals and key performance indicators, as approved by the Board of Directors. DBK develops risk mitigation plans as part of its risk management system with the aim of eliminating the causes of risk and to mitigate the consequences of risk events. A risk register and matrix of risks and controls of business processes are subject to a mandatory review and updating procedure on an annual basis, which is then used to develop a risk map. DBK works, on an ongoing basis, to optimise and improve its risk management system.

In 2020 and 2021, DBK updated its Risk Management Policy, approved a new version of its Operational Risk Management Rules and implemented changes to the business processes risk matrix regulating the procedure for conducting rolling checks of business processes and developing control procedures.

In 2021, DBK updated its Financial Risk Management Rules to reflect improvements in DBK's methodology for analysis of country risk and calculating country risk limits. In addition, in 2021, DBK's loan provisioning policy was re-evaluated to reflect updates to its methodological package for credit risk models, which includes up to date historical information, including the impact of the COVID-19 pandemic. The implementation of an early warning system and the methodology for determining key risk indicators was also approved. Further amendments were made to the Financial Risk Management Rules in 2023 in respect of foreign exchange risks and the determination of risk margins for loans issued by IDF JSC. In addition, DBK improved its methodology relating to the financial analysis of second-tier banks, specifically regarding the analysis of the quality of the credit portfolio, taking into account IFRS 9 and international rating agency guidelines.

In 2022, DBK approved a revised version of its Liquidity Management and the Risk of Liquidity Loss Rules, which provide for the distinction between liquidity management and liquidity loss risk management, the need for a crisis liquidity plan and periodic stress testing.

Principal Committees

Credit Committee

The Credit Committee implements DBK's credit policies in accordance with the Credit Policy Memorandum and additional internal controls. All members of the Credit Committee are appointed by the Management Board, which decides upon the number of members and their terms of appointment. The Credit Committee is a standing committee that reports to the Management Board. As at 1 March 2024, the Credit Committee consisted of five members. The principal responsibilities of the Credit Committee include the organisation and supervision of DBK's lending processes based on the principles of transparency and the strict division of responsibility between departments. The Credit Committee also assists with the development of processes for the efficient use of borrowed funds through the provision of credit instruments and with the supervision of the application of DBK's lending policy, credit process and credit risk management process, as well as the use of DBK's resources, across DBK's offices. The Credit Committee monitors the quality and profitability of DBK's loan portfolio. See "*Selected Statistical and Other Data—Loan Policies and Credit Approval Procedures*".

The following table sets forth the members of the Credit Committee are:

	Role on the Credit Committee	Other Roles within DBK
Vladimir Lee	*Chairman*	*Deputy Chairman of the Management Board*
Bakhytzhan Omarov	*Deputy Chairman*	*Deputy Chairman of the Management Board*
Serik Kayinbayev	*Member*	*Head of Collateral Appraisal Department*
Arman Bekpassov	*Member*	*Head of the Legal Department*
Zhannat Ansaganova	*Member*	*Managing Director*

Investment Committee

The Investment Committee monitors and manages DBK's treasury portfolio. The Investment Committee is appointed by the Management Board, consists of seven members and reports to the Management Board. The Investment Committee is responsible for the development of DBK's internal policy on investment portfolio management. In October 2022, the asset and liability management committee was merged with the Investment Committee.

The members of the Investment Committee are:

	Role on the Investment Committee	Other Roles within DBK
Botagoz Abisheva	*Chair*	*Deputy Chair of the Management Board*
Bakhytzhan Omarov	*Deputy Chairman*	*Deputy Chairman*
Karlygash Akhmetzhanova	*Member*	*Head of the Legal support Department*
Assem Shakenova	*Member*	*Managing Director*
Nurlan Yessembayev	*Member*	*Managing Director*
Daniyar Zhumashov	*Member*	*Managing Director*
Adilbek Talkybekuly	*Member*	*Head of Operational and Financial Risks Department*

Risk Management Committee

See "*Management—Board Committees—Risk Management Committee*".

Liquidity Risk

Liquidity risk is the risk that DBK will encounter difficulty in meeting 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 or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to liquidity management. It is unusual for financial institutions to ever be completely matched as 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. DBK 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. DBK's liquidity policy is reviewed and approved by the Management Board and requires: (i) projection of cash flows by major currencies and taking into account the level of liquid assets necessary in relation thereto; (ii) maintenance of a diverse range of funding sources; (iii) management of the concentration and profile of debts; (iv) maintenance of debt funding plans; (v) maintenance of a portfolio of highly marketable assets that can easily be liquidated as protection against any interruption to cash flows; and (vi) maintenance of liquidity and funding contingency plans.

DBK's daily liquidity position is monitored and performed by the Treasury Department and reports in respect of DBK's liquidity position are presented to senior management on a weekly basis. Decisions relating to liquidity management are made by the Investment Committee and implemented by the Treasury Department or other relevant department.

The following table provides certain information as to DBK's liquidity as at 31 December 2023, 2022 and 2021:

		As at 31 December		
	Requirement	**2023**	**2022**	**2021**
			(%)	
Total debt(1)/equity	Not to exceed 700.0 (2)	386.3	423.4	572.0
Liquid assets(3)/total assets	—	32.1	33.0	27.8

Notes:

(1) Total debt comprises short-term debt plus long-term debt, in turn, comprised of current accounts and deposits, loans from the Government and SWF Samruk-Kazyna JSC, loans from the Parent Company, loans and balances from banks and other financial institutions, debt securities issued and subordinated debt.

(2) According to the third amendment agreement dated 15 March 2019, the debt-to-equity covenant was amended to not be more than 7 to 1 at all times. "*Selected Statistical and Other Data—Principal Sources of Funding—Debt Securities*".

(3) Liquid assets comprise cash and cash equivalents, placements with banks and other financial institutions and debt securities measured at fair value through other comprehensive income.

For further information on DBK's management of liquidity risk, see Note 29(d) to the 2023 Annual Financial Statements and Note 29(d) to the 2022 Annual Financial Statements.

In addition, DBK carries out calculations of its liquidity coverage ratio and net stable funding ratio in accordance with the requirements of Basel III. The following table sets forth information in respect of these liquidity ratios as at 31 December 2023, 2022 and 2021:

	As at 31 December		
	2023	2022	2021
		(%)	
Liquidity coverage ratio[(1)]	126.3	185.0	166.1
Net stable funding ratio[(2)]	123.4	124.3	100.5

Notes:
(1) Calculated as the ratio of highly-liquid assets to net cash outflow less the projected cash inflows over a 30-day stress period.
(2) Calculated as the ratio of longer-term, stable sources of funding employed by DBK to the required amount of stable funding.

Maturities

The following tables set forth a breakdown of DBK's assets and liabilities by remaining contractual maturity as at 31 December 2023, 2022 and 2021:

	As at 31 December 2023								
	On demand	Less than 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	No Maturity	Overdue	Total
					(KZT millions)				
Total assets	745,043.4	168,060.8	247,773.4	478,880.7	946,016.2	1,695,473.0	22,462.0	6,975.5	4,310,684.8
Total liabilities	77,644.0	25,898.8	117,474.4	427,049.7	1,252,490.0	1,523,672.3	—	—	3,424,229.3
Net position	**667,399.4**	**142,162.0**	**130,298.9**	**51,830.9**	**(306,473.9)**	**171,800.7**	**22,462.0**	**6,975.5**	**886,455.6**

	As at 31 December 2022								
	On demand	Less than 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	No Maturity	Overdue	Total
					(KZT millions)				
Total assets	267,233.6	571,188.8	45,838.7	302,514.8	963,560.5	1,754,733.5	27,298.7	10,541.8	3,942,910.5
Total liabilities	44,323.0	5,043.2	91,754.0	136,023.6	1,144,769.5	1,906,531.4	—	—	3,328,444.6
Net position	**222,910.6**	**566,145.7**	**(45,915.2)**	**166,491.2**	**(181,209.0)**	**(151,797.8)**	**27,298.7**	**10,541.8**	**614,465.9**

	As at 31 December 2021								
	On demand	Less than 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	No Maturity	Overdue	Total
					(KZT millions)				
Total assets	299,687.2	180,567.2	33,909.5	231,373.1	1,039,543.9	1,906,366.6	43,563.9	6,818.1	3,741,829.4
Total liabilities	107,940.2	45,829.4	11,692.7	598,161.3	761,361.0	1,660,008.3	—	8.3	3,185,001.1
Net position	**191,747.0**	**134,737.8**	**22,216.8**	**(366,788.2)**	**278,182.8**	**246,358.3**	**43,563.9**	**6,809.8**	**556,828.3**

For further information on DBK's management of maturity gaps, see Note 29(e) to the 2023 Annual Financial Statements and Note 29(e) to the 2022 Annual Financial Statements.

Credit Risk

Credit risk is the risk of financial loss occurring as a result of default by a borrower or counterparty on their obligation to DBK. DBK has developed policies and procedures for the management of credit exposures, including guidelines to limit portfolio concentration and the establishment of the Credit Committee to actively monitor DBK's credit risk. Loans to customers, finance lease receivables, placements with banks and other financial institutions, amounts receivable under reverse repurchase agreements, debt securities at fair value through other comprehensive income and accounts receivable are all considered financial assets subject to credit risk. DBK's credit policy establishes: (i) procedures for review and approval of loan credit applications; (ii) a methodology for the credit assessment of borrowers; (iii) a methodology for the credit assessment of counterparties, issuers and insurance companies; (iv) credit documentation requirements; and (v) procedures for the ongoing monitoring of loans and other credit exposures.

Corporate loan credit applications are originated by the relevant client managers and are then passed on to the Loan Department, which is responsible for the corporate loan portfolio. Analysis reports are based on a structured analysis, focusing on the customer's business and financial performance. The loan credit application and report are then independently reviewed by the Credit Risk Department and a second opinion is given accompanied by a verification that credit policy requirements have been met. The Credit Committee reviews the loan credit application on the basis of submissions by the Loan Department and the Credit Risk Department. Individual transactions are also reviewed by the Legal, Accounting and Tax Departments, depending on the specific risks and pending final approval of the Credit Committee.

DBK continuously monitors the performance of individual credit exposures and regularly reassesses the creditworthiness of its customers. The review is based on the customer's most recent financial statements and other information submitted by the borrower, or otherwise obtained by DBK.

Apart from individual customer analysis, the credit portfolio is also assessed by the departments responsible for risk management with regard to credit concentration and market risks.

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets in the consolidated statement of financial position and unrecognised contractual commitment amounts. During the loan approval process, the projected effect on DBK's financial performance is assessed in order to avoid negative impact. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

Market risk

DBK manages market risk, which is the risk that movements in market prices, including foreign exchange rates, interest rates, credit spreads and equity prices will affect DBK's income or the value of its portfolios. Market risks comprise currency risk, interest rate risk and equity risk and arises from open positions in interest rate, currency and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices. The objective of DBK's market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return on such risk. DBK manages such risk by setting open position limits in relation to financial instruments, interest rate, maturity and currency positions, all of which are monitored on a regular basis. DBK's management of interest rate risks, by monitoring of the interest rate gap, is supplemented by monitoring the sensitivity of cash flow interest rates and fair value interest rates. See "—*Interest Rate Risk*", Note 29(b)(i) to the 2023 Annual Financial Statements and Note 29(b)(i) to the 2022 Annual Financial Statements.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. DBK 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. DBK adopts certain measures to minimise these risks by trying to link its borrowing and lending rates. Interest rate risk is managed principally through monitoring interest rate gaps.

The principal objective of DBK's interest rate management activities is to enhance profitability by limiting the effect of adverse interest rate movements on interest income through managing interest rate exposure. In this respect, DBK undertakes cash flow interest rate sensitivity analysis of its net profit or loss and equity (net of taxes) to changes in interest rates, as well as fair value interest rate sensitivity analysis of equity as the result of changes in the fair value of its debt securities measured at fair value through other comprehensive income as a result of changes in interest rates.

The following table sets forth an analysis of the sensitivity of DBK's net 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 2023, 2022 and 2021:

	As at 31 December					
	2023		2022		2021	
KZT'000000	Profit or loss	Equity	Profit or loss	Equity	Profit or loss	Equity
100 bp parallel increase	4,153.1	4,153.1	4,251.8	4,251.8	2,738.5	2,738.5
100 bp parallel decrease	(4,153.1)	(4,153.1)	(4,251.8)	(4,251.8)	(2,738.5)	(2,738.5)

The following table sets forth an analysis of the sensitivity of DBK's net profit or loss and equity to changes in the fair value of debt securities measured at fair value through other comprehensive income as at 31 December 2023, 2022 and 2021:

	As at 31 December					
	2023		2022		2021	
KZT'000000	Profit or loss	Equity	Profit or loss	Equity	Profit or loss	Equity
100 bp parallel increase	—	(15,188.2)	—	(18,248.8)	—	(29,335.3)
100 bp parallel decrease	—	(15,988.6)	—	19,368.2	—	31,502.4

For further information on DBK's management of interest rate risk, see Note 29(b)(i) to the 2023 Annual Financial Statements and Note 29(b)(i) to the 2022 Annual Financial Statements.

Foreign Currency Risk

DBK is exposed to foreign currency risk as a result of fluctuations in foreign exchange rates and mismatches between its assets and liabilities, as well as through its off-balance sheet activities involving exposures to instruments denominated in different currencies. The Risk Management Departments monitor DBK's net currency position and advise on strategy accordingly. In order to effectively manage currency risk, the Management Board has approved the Regulation for the Interaction of Structural Units in Managing Financial Risks, which provide guidelines for the identification, assessment and control and monitoring of foreign currency risk. DBK has established a limit on open foreign currency positions, the weekly monitoring of foreign currency positions and the market situation and regular stress-testing of foreign currency positions, as well as back-testing of the effectiveness of methods used for the calculations of VaR. See "*Risk Factors—Factors that may affect DBK's ability to fulfil its obligations under, or in connection with, the Notes—B. Financial Risks relating to DBK and its Business—Foreign Currency Risk*".

For further information on DBK's management of foreign currency risk, see Note 29(b)(ii) to the 2023 Annual Financial Statements and Note 29(b)(ii) to the 2022 Annual Financial Statements.

The following table sets forth a breakdown of DBK's assets and liabilities, by currency, as at 31 December 2023, 2022 and 2021:

	As at 31 December		
	2023	**2022**	**2021**
Assets		*(KZT millions)*	
Foreign currency-denominated assets			
U.S. Dollars	1,240,031.8	1,161,531.5	1,380,557.4
Euros	74,809.3	52,204.0	6,454.9
Other currencies	48,059.6	35,581.2	505.6
Tenge-denominated assets	2,947,784.2	2,693,593.8	2,354,311.5
Liabilities			
Foreign currency-denominated liabilities			
U.S. Dollars	1,199,811.6	1,137,648.1	1,436,192.0
Euros	18.9	2,527.1	6,397.7
Other currencies	46.5	27,907.8	12,423.8
Tenge-denominated liabilities	2,224,352.3	2,160,361.6	1,729,987.7

As at the date of this Base Information Memorandum, DBK is within its open position limits for convertible and non-convertible currencies it has set for the purposes of managing foreign currency risk.

The following table shows the net foreign currency position of DBK as at 31 December 2023, 2022 and 2021:

	As at 31 December		
	2023	**2022**	**2021**
Net long (short) currency position (*KZT millions*)	36,442.6	81,233.7	(67,495.5)
Net currency position as a percentage of total equity (%)	4.1	13.2	(12.1)
Net currency position as a percentage of foreign currency liabilities (%)	3.0	7.0	(4.6)

DBK enters into forward and swap transactions to hedge some of its foreign currency risk. Management revises its assumptions applied to currency swap valuations on a regular basis in line with changes in the base market terms.

Operational Risk

Operational risk is the risk of losses resulting from inadequacies or failures of internal processes, people and systems or external events.

DBK applies the basic indicative approach set out in Basel II for the calculation of operational risk. DBK employs operational risk identification, assessment, reporting and control processes, as well as the periodic monitoring of the control system, to manage operational risk. Such processes are carried out on a constant basis and in accordance with internally-approved methodology.

Legal Risk

Legal risk arises from the probability of losses resulting from the infringement of any contractual obligations, the mistaken application of normative legal acts, constitutional documents, policies, actions of governmental or state-owned bodies and amendments to legislation. DBK has generated a methodological approach to legal risk management and has a Compliance Service, which reports to the Board of Directors. See "*Management—Corporate Governance*".

Anti-Money Laundering, Countering the Financing of Terrorism, Anti-Corruption and Anti-Bribery Policies and Procedures

In addition to mandatory statutory requirements, DBK has developed internal know-your-customer, anti-money laundering and countering terrorism financing policies, including DBK's procedures in relation to: (i) verifying information provided by customers in order to permit identification of customers, including ultimate owners and beneficiaries (both prior to establishing business relations with DBK and at the time of entering into transactions) and to identify, among others, whether the customer is connected with the financing of terrorism or is a politically-exposed person or a relative of a politically-exposed person; (ii) evaluating of a client's business to determine whether a customer may be involved in money-laundering or terrorism financing; (iii) implementing additional monitoring and due diligence requirements in respect of activities identified as potentially high risk; (iv) identifying any suspicious transactions and further assessing these against anti-money laundering and counter-terrorism financing safeguards; (iv) notifying authorised bodies in regard to any suspicious transactions; and (v) refusing to proceed with transactions or suspending transactions in the event that a customer fails to provide supporting documentation or provides false or inaccurate documentation or DBK otherwise believes the transaction is suspicious. These policies include the "Rules of Internal Control in order to Counter the Laundering of Proceeds from Crime and the Financing of Terrorism in the Development Bank of Kazakhstan JSC", which were adopted on 25 April 2019, as well as the "Instructions on the Implementation of Internal Control Programmes to Counter the Laundering of Proceeds from Crime and the Financing of Terrorism in the Development Bank of Kazakhstan JSC", which were adopted on 22 May 2019. On 2 June 2023, the Board of Directors approved the Sanctions Compliance Regulations, which, *inter alia*, establish procedures for identifying sanctioned persons and measures to be taken by DBK in order to prevent and minimise sanctions risks. In order to implement these policies to the highest standard, DBK provides on-going anti-money laundering training to all relevant employees.

DBK has implemented an anti-corruption management system in accordance with the international standard ISO 37001:2016. In December 2023, DBK, based on the results of the certification audit conducted by an international certification body, received a certificate of compliance with ISO 37001:2016 standards. On 22 December 2022, DBK's Board of Directors approved a revised version of its Anti-Corruption Policy, which takes into account the ISO standards.

On 31 March 2022, DBK's Board of Directors resolved to create a Compliance Service. The Compliance Service operates on the basis of regulations approved by the Board of Directors in June 2022, and carries out the following functions: fraud and corruption detection and monitoring; anti-money laundering and detection of terrorism financing; compliance risks management control; and sanctions compliance implementation. The Board of Directors approves the compliance programme of the Compliance Service on an annual basis. See "*Management—Corporate Governance*".

BUSINESS

Overview

DBK was incorporated on 31 May 2001 and is organised under the Decree of the President of the Republic of Kazakhstan № 531 dated 28 December 2000, the Law of the Republic of Kazakhstan № 178-II dated 25 April 2001 and the Resolution of the Government of the Republic of Kazakhstan № 659 dated 18 May 2001, for an unlimited duration as Closed Joint Stock Company "Development Bank of Kazakhstan". On 18 August 2003, DBK was re-registered as Joint Stock Company "Development Bank of Kazakhstan" in line with the requirements of the amended JSC Law. A re-registration certificate (№ 4686-1900-AO) was issued in respect of DBK by the Registration Service and Legal Assistance Committee of the Ministry of Justice on 18 August 2003. DBK is a national development bank that is authorised to implement State investment policies and State support of the production sector of the Kazakhstan economy.

DBK operates under business identification number 010540001007 and its registered office is n-r. pr. 15, building 55A Mangilik Yel Avenue, Yesil district, Astana, Republic of Kazakhstan and its telephone number is +7 7172 792 679. DBK's sole shareholder is Baiterek JSC, which is, in turn, wholly-owned by the Government. Accordingly, the ultimate controlling party of DBK is the Government, represented by the Ministry of National Economy.

In accordance with the DBK Law, DBK's principal objectives are:

- to improve and increase the efficiency and effectiveness of governmental investment activity;
- to develop industrial infrastructure and the manufacturing industry in Kazakhstan; and
- to promote foreign and domestic investment in Kazakhstan.

As a part of its role in Kazakhstan's industrial development programme and in accordance with the Credit Policy Memorandum, DBK provides medium and long-term financing for investment projects (other than food or beverage projects and public private partnership projects) of KZT 7 billion or more, food or beverage investment projects and public private partnership projects of KZT 3 billion or more and export transactions of KZT 1 billion or more. See "*—Participation in Government Programmes*" and "*—Lending*". In 2020, DBK introduced a new rating system, which is designed to assess and compare the impact that potential projects are expected to have on the economy, sustainable development and environment of a particular region of or the Republic of Kazakhstan as a whole. In addition to the impact that each potential project could have, DBK also assesses whether each project has the potential to increase the output capacity, improve labour productivity and increase export revenues and the amount of taxes paid to the State budget, and analyses the shareholding structure of each project. A project that is assessed as being likely to have a high social and economic effect is assigned a high development score. In determining which projects or transactions to finance, DBK gives priority to private investor projects, projects that have high development scores and those that are designed to establish new or develop existing energy, communication, transport infrastructure, agricultural and production facilities, as well as commercial service industries including tourism and hotels. DBK's lending activities are primarily funded through the issuance and placement of domestic and international debt securities and through borrowings from Baiterek JSC, Samruk-Kazyna and international financial institutions.

As part of its commitment to ESG, in 2023, DBK sought and obtained an ESG rating from Sustainable Fitch, one of the first Kazakhstan entities to do so. DBK was awarded an ESG rating of '3' out of 5 (with 1 being the best and 5 being the worst) and an overall entity score of 60. See "*—ESG and Sustainable Development*".

IDF JSC, DBK's wholly-owned subsidiary, offers short- and long-term (up to 20 years) lease financing in various forms, including for industrial equipment, leasing of industrial buildings and certain combined services, and credit and leasing. IDF JSC invests only in large-scale projects valued at over KZT 500 million or more. IDF JSC provides financial leasing for investment projects in priority sectors of the economy in an amount of U.S.$448,776 or more under Government support programmes (see "*—IDF JSC*"), and KZT 50 million or more for investment projects in the consumer goods industry. In July 2017, DBK established its wholly-owned subsidiary, DBK CSF, a closed private limited liability company established in the Netherlands. DBK CSF was established for the purpose of participating in a direct investment fund in the Netherlands. In November 2017, DBK CSF and QIC established DBK Equity Fund, a direct investment fund, for purposes of investing in domestic and foreign projects, which promote the interests of the Kazakhstan economy and in which DBK is not permitted to invest directly as a result of the restrictions imposed on it under the Credit Policy Memorandum. DBK Equity Fund is 97% owned by DBK CSF. See "*—DBK CSF*".

For the year ended 31 December 2023, DBK's profit for the year was KZT 180,018.0 million, as compared to KZT 34,124.9 million for the year ended 31 December 2022 and KZT 31,499.7 million for the year ended 31 December 2021. As at 31 December 2023, DBK had total assets of KZT 4,310.7 billion, as compared to total assets of KZT 3,942.9 billion as at 31 December 2022 and KZT 3,741.8 billion as at 31 December 2021.

Authority of DBK

The DBK Law specifies certain activities in furtherance of DBK's purposes that DBK is authorised to engage in, whether in Tenge or foreign currencies, without the need to obtain a banking licence. These activities include, *inter alia*:

- providing loans to entities;
- issuing guarantees;
- issuing and confirming letters of credit;
- opening and maintaining current and correspondent accounts for other financial institutions;
- accepting deposits and opening and managing bank accounts for certain of DBK's borrowers and certain other entities;
- accepting certain deposits in order to provide liquidity to DBK;
- issuing securities; and
- participating in certain foreign currency exchange transactions.

DBK is not permitted to solicit deposits from, open accounts for, or provide settlement and cash services to, individuals. In addition, there are legal restrictions on DBK's ability to provide financing to, or give bank guarantees in respect of the obligations of, individuals, credit co-operatives, pension fund management companies, investment funds and insurance companies, or to make certain unsecured loans.

Pursuant to the Law of the Republic of Kazakhstan "On Banks and Banking Activities" № 2444 dated 31 August 1995, DBK is not considered to be a second-tier bank due to its special status as set forth in the DBK Law. As such, it is authorised to conduct certain banking activities without a banking licence from the regulator in respect of such activities.

While DBK is regulated by the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market (and, prior to 1 January 2020, was regulated by the NBK), DBK is not subject to the same regulation imposed on the rest of the banking sector. For example, DBK is exempt from regulation relating to prudential requirements, provisioning, composition of management, loan classification, collateral classification and risk management and internal control systems, which are applicable to commercial banks in Kazakhstan.

Strengths

DBK believes it benefits from the following strengths:

- **Shareholder Support**

  DBK is wholly owned by Baiterek JSC, which is, in turn, wholly owned by the Government. The Chairman of the Board of Directors of Baiterek JSC is the Prime Minister of Kazakhstan. Accordingly, DBK plays a significant role in various Government programmes, including the Industrialisation Programme, the Government Programme for Infrastructure Development (as defined below) and other Government programmes. Pursuant to the Industrialisation Programme, DBK is the major source of low-cost and long-term funding for manufacturing and infrastructural projects. In close co-ordination with the Government, DBK has developed action plans to enhance its focus on industrialisation and financing of certain non-resource producers, as well as supporting the growth of Kazakhstan's non-resource exports, in line with Government priorities announced after the January 2022 protests. See "*—Strategy*".

- **Special Status and Mandate in the Banking Sector**

  Under the DBK Law, DBK enjoys a special legal status, which gives it special rights and responsibilities not applicable to other participants in the Kazakhstan banking sector. In addition, pursuant to amendments to the DBK law in 2011, DBK has been exempted from the reporting requirements of the regulator in respect of loan classification, as well as certain prudential regulation and minimum reserve requirements, which are applicable for commercial banks. Moreover, although Baiterek JSC sets certain key performance targets for DBK, as a development institution, DBK is not required to, and does not, have profitability as one of its priority objectives. Also, as a development bank, which is indirectly wholly-owned by the Government, DBK has access to subsidised funding from the State budget and the National Fund of the Republic of Kazakhstan (the "**National Fund**"), including a KZT 100 billion loan for interbank lending and financing from the processing industry. All of these give DBK greater flexibility in conducting its operations to meet its strategic objectives.

The DBK Law also grants DBK the status of a financial agency, and the right to entrust agents with all or part of the activity related to the placement, redemption and payment of securities or other debt obligations of the DBK. Pursuant to the tax code, debt securities, such as the Notes, issued by a financial agency, as well as gains realised on the disposal, sale, exchange or transfer of such securities are exempt from Kazakhstan income tax.

- **High Capitalisation**

DBK is relatively well-capitalised with a capital adequacy ratio of 22.9% as at 31 December 2023, as compared to 17.14% as at 31 December 2022 and 17.39% as at 31 December 2021. DBK's capital adequacy ratio is calculated as the ratio of DBK's consolidated equity capital to its risk-weighted assets, which is in line with Basel II principles. Baiterek JSC has also indicated that it would provide further support to DBK should it be required in order to meet applicable capital adequacy ratios. This support has permitted DBK to maintain an active role in the lending market. During the year ended 31 December 2023, DBK received KZT 100.0 billion of capital injections, which was allocated to IDF JSC for purpose of financing projects in the manufacturing industry. During the year ended 31 December 2022, DBK received KZT 100.0 billion, KZT 50 billion of which was allocated to IDF JSC for purpose of financing projects in the manufacturing industry, and KZT 50 billion of which was allocated to DBK for purposes of financing working capital requirements of manufacturing industry projects. During the year ended 31 December 2021, DBK received KZT 12.3 billion of capital injections, which was allocated to IDF JSC for purposes of export financing.

- **Strong Liquidity Position**

As at 31 December 2023, DBK had KZT 1,356.2 billion in liquid assets (which comprise debt securities measured at fair value through other comprehensive income, cash and cash equivalents, placements with banks and other financial institutions and amounts receivable under reverse repurchase agreements). DBK has set a limit on liquidity coverage ratio of at least 100%. As at 31 December 2023, DBK had a liquidity coverage ratio of 126.3%, as compared to 185.0% as at 31 December 2022 and 166.1% as at 31 December 2021. See "*Asset and Liability Management—Liquidity Risk*".

- **Strength of the Lending Business**

DBK's lending business has been relatively stable in recent years, with decreasing levels of NPLs in 2023. Total loans to customers and banks decreased by KZT 23,205.7 million, or 1.2%, to KZT 1,869,697.6 million as at 31 December 2023 from KZT 1,892,903.3 million as at 31 December 2022 and decreased by KZT 120,639.3 million, or 6%, to KZT 2,013,542.6 million as at 31 December 2021. DBK expects its lending business to continue to grow in line with its strategy and pipeline of investment projects. DBK's NPLs decreased as at 31 December 2023, accounting for 0.2% of gross loans to customers, as compared to 2.9% and 2.7% as at 31 December 2022 and 2021, respectively. See "*Selected Statistical and Other Data—Loans to Customers*".

- **Access to Funding is more likely given DBK's Credit Ratings**

DBK has one of the highest credit ratings among corporate entities in Kazakhstan, matching the sovereign ratings of Kazakhstan published by S&P (DBK assigned a rating of BBB-, in line with the sovereign rating), Fitch (DBK assigned a rating of BBB, in line with the sovereign rating), and Moody's (both assigned a rating of Baa2, with a positive outlook).

Strategy

DBK's development strategies have been, and are continuing to be, developed with the aim of maintaining DBK as a high-profile development bank, playing a key role in the diversification and development of Kazakhstan's economy, whilst remaining a stable and commercial organisation.

In January 2024, the Board of Directors of DBK approved its long-term Development Strategy for 2024-2033. The Development Strategy places a primary focus on enhancing the well-being of Kazakhstan citizens through the support of the development of the non-raw materials sector of the economy, infrastructure and export-oriented enterprises.

The Development Strategy takes into account strategic national programmes and plans, including the Kazakhstan 2050 Strategy, which aims to position Kazakhstan as one of the top 30 developed countries of the world by 2050.

DBK's mission is to improve national prosperity by fostering the sustainable development of the non-resource economy sector and creating infrastructure that supports economic growth. As set out in the Development Strategy, by 2033 DBK's vision is to be recognised as a national financial development institution with leading policies in all areas of its activity, contributing to the sustainable development of Kazakhstan. In conducting its operations, DBK will comply with the following principles: (i) alignment with the objectives of Kazakhstan's Government policy; (ii) implementation of projects with a high socio-economic impact and high added value; (iii) profitable operations; and (iv) a client-oriented approach, transparency and objectivity in disclosing operational information.

The Development Strategy is divided into three main strategic directions: (i) increasing DBK's contribution to the Kazakhstan economy; (ii) enhancing asset management efficiency and (iii) fostering sustainable development.

- **Increasing DBK's contribution to the Kazakhstan economy**

  Within this first pillar, DBK has identified three strategic goals:

  - *Financing manufacturing industry projects with high potential socio-economic impacts, including import substitution and export potential,* which DBK plans to achieve through the fulfilment of four objectives: (i) developing the manufacturing industry with a focus on increasing the share of projects for the production of medium,- and high-value-added goods (with the target of investing approximately KZT 9.3 trillion in the development of the manufacturing industry and infrastructure during 2024-2033, including approximately KZT 1.3 trillion through IDF JSC, and increasing the share of projects producing goods of medium,- and high-level processing within DBK's credit portfolio to at least 30% by 2033); (ii) promoting domestic food security (with a focus on financing, at preferential rates, large import-substituting and export-oriented investment projects); (iii) stimulating the export of domestic products (through engagement in trade and interbank export financing); and (iv) increasing lease financing by IDF JSC (by directly attracting customers through communication tools and strengthening co-operation with specialised organisations).

  - *Assisting in the infrastructural development of Kazakhstan*, through the financing of cost-effective or low-risk infrastructure projects with Government support. Pursuant to the Development Strategy, key investment directions will include "green" energy sector projects, railway transportation sector projects, water transport projects, civil aviation projects and tourism industry projects. DBK expects to use project financing instruments and public-private partnership mechanisms to support this aim.

  - *Assisting in increasing the role of the private sector in the development of the national* economy, by assisting the business community in identifying promising industry and product niches for investment, as well as stimulating growth in the value of DBK's borrowers. By 2033, DBK aims for (i) the volume of revenues of borrowers supported by DBK to increase to KZT 5,168.1 billion; (ii) the volume of export revenues of borrowers supported by DBK to increase to KZT 2,081.1 billion; and (iii) the volume of investments in fixed capital in the agro-industrial complex to be KZT 15 billion.

- **Effective management of DBK's assets**

  Within this second pillar, DBK has identified two strategic goals:

  - *Ensuring the quality of DBK's portfolios*, which DBK plans to achieve through the fulfilment of four objectives: (i) ensuring the quality of DBK's loan portfolio; (ii) effective treasury portfolio management; (iii) maintaining DBK's credit rating and financial stability; and (iv) improving DBK's risk culture.

  - *Extending the resource base for project financing*, by attracting investments for project financing (maximising the involvement of private investors and reducing Government participation) and diversifying DBK's funding sources (as well as the maturities of DBK's funding).

- **Sustainable Development**

  Within this third pillar, DBK has identified the strategic goal of implementing ESG principles into all areas of its activities by 2033 and has identified five objectives: (i) reducing the carbon footprint in DBK's loan portfolio (including through imposing counter obligations on borrowers to disclose carbon emissions and other ESG obligations and to incentivise emission reductions by borrowers); (ii) human capital development; (iii) improving corporate governance (including consideration of the inclusion of climate and ESG oversight in the responsibility of the Board of Directors); (iv) ensuring transparency of DBK's activities to investors and other stakeholders; and (v) improving internal business processes and IT infrastructure.

In the short term, DBK plans to focus on financing mainly mid- and upstream projects, as well as projects aimed at import substitution. In the medium term, DBK plans to focus on building a high-quality loan portfolio, with an emphasis on financing projects that meet certain ESG criteria set by DBK. In the long term, DBK plans to diversify its loan portfolio and take measures to encourage emission reductions by DBK's borrowers. DBK plans to implement and integrate ESG factors in its activities progressively in the coming years, including: (A) in 2024: (i) seeking local or international green funding; (ii) reporting in line with Global Reporting Initiative sustainability reporting standards and Task Force on Climate-Related Financial Disclosures sustainability reports; and (iii) applying DBK's ESG criteria and scoring for borrowers; (B) in 2025-2026: (i) increasing the share of projects in DBK's loan portfolio in line with the green taxonomy (with such aim to continue through 2033); (ii) incremental disclosure of Scope 3 carbon emissions (*i.e.*, including emissions that are not produced by the entity itself or as a result of the activities owned or controlled by the entity, but by those that the entity is indirectly responsible for through its value chain) for projects or borrowers; and (iii) seeking accreditation by the Green Climate Fund, established at the Conference of the Parties in 2010 (COP 16); and (C) in 2033, improving DBK's ESG rating by one notch (as compared to the current rating).

DBK has identified eight key performance indicators ("**KPIs**") to monitor and analyse progress towards the strategic goals and objectives identified in the Development Strategy. These KPIs cover: (i) the scope of disbursement for the reporting period; (ii) revenues of borrowers supported by DBK for the reporting period; (iii) export revenues of borrowers supported by DBK for the reporting period; (iv) the volume of investments in fixed assets in the agro-industrial complex sector; (v) the share of loan and leasing portfolios, as a percentage of total assets; (vi) the level of provisions in the loan portfolio; (vii) DBK's ESG rating; and (viii) the degree of fulfilment of KPIs in digitalisation.

Participation in Government Programmes

DBK, as agent for the Government, provides financing allocated from the Government's budget in connection with a number of Government programmes and initiatives, including, most notably:

- the Programme for Industrial and Innovation Development of Kazakhstan, which initially covered the 2015-2019 period and, pursuant to Governmental Decree № 1050 dated 31 December 2019, was approved and extended to cover the years 2020-2025 (the "**Industrialisation Programme**");

- the "Business Road Map" 2020 programme, which initially covered the 2015-2019 period and, pursuant to Governmental Decree № 968 dated 24 December 2019, was extended to cover the years 2020-2024 (the "**Business Road Map**" programme);

- the Concept of Development of the Manufacturing Industry of the Republic of Kazakhstan for 2023-2029 (the "**Manufacturing Development Programme**");

- the Concept of Development of the Tourism Industry of the Republic of Kazakhstan for 2023-2029 (the "**Tourism Development Programme**");

- the Concept of Development of the Agro-Industrial Complex of the Republic of Kazakhstan for 2021-2030 (the "**Agro-Industrial Complex Development Programme**") and

- interbank lending programmes.

Industrialisation Programme

The Industrialisation Programme was approved by the then-President in August 2014. On 31 December 2019, the Government approved the Industrialisation Programme to cover the years 2020-2025. The Industrialisation Programme replaced the previous programme in place for the years 2015 to 2019. The Industrialisation Programme aims to stimulate the diversification, and improve the competitiveness, of secondary industry in Kazakhstan, focused on, among other things, increasing production of value-added export products and ensuring conditions for modernisation and efficient industrial development. The Industrialisation Programme provides that DBK will continue to be one of the primary lending vehicles for the long-term financing of infrastructure and other strategic investments. All of DBK's investment projects meet the requirements of the Industrialisation Programme and DBK is participating in the financing of 24 projects. DBK was allocated funds out of the State budget to finance projects under the Industrialisation Programme up to an amount of KZT 54 billion in 2022, KZT 20 billion in 2023 and KZT 100 billion for 2024.

The provision of these funds is conditional upon the funds being mixed equally with market funds. As a result, the lending rate available for borrowers is dependent on market costs but will be no more than 11% *per annum* (depending on the borrower). The mixing of budget funds and market funds allows for the additional financing of projects under the Industrialisation Programme in a total amount of KZT 622.3 billion (where the full cost of such projects are KZT 3,314.0 billion). As at 31 December 2023, DBK had allocated KZT 621.9 billion to various projects under the Industrialisation Programme, of which KZT 579.1 billion had been disbursed.

"Business Road Map" Programme

The "Business Road Map" 2020 programme was originally approved by Resolution № 301 of the Government on 13 April 2010 and restated in March 2015 and August 2018. On 24 December 2019, the Government approved the "Business Road Map" 2025 programme, which continues the programme for the years 2020-2024. This programme aims to: (i) ensure sustainable and balanced growth of regional businesses in the non-energy sectors of the Kazakhstan economy; and (ii) preserve existing, and create new, permanent jobs. Projects under the "Business Road Map 2020" programme are financed by DBK at subsidised rates, for which DBK is compensated out of the State budget up to its standard rates. In 2016, IDF JSC began financing manufacturing projects aimed at creating new and modernising existing production facilities. As at 31 December 2023, DBK was involved in financing 6 projects under the "Business Road Map" 2025 Programme.

Manufacturing Development Programme

The Manufacturing Development Programme was approved by Government Decree № 846 dated 20 December 2018 and aims to achieve the goals set by the National Development Plan for Kazakhstan 2025 and to develop the domestic manufacturing industry based on the following principles: (i) focusing on the production of processed products with high added value; (ii) integrating industrial-innovative and territorial development; (iii) orienting towards external markets, while taking advantage of domestic opportunities; (iv) balancing the strategic interests of the Government, society and business; and (v) promoting the effectiveness and targeting of incentive measures. Under the Manufacturing Development Programme, DBK provides: (v) long-term financing for projects in the manufacturing industry at a rate not to exceed 9% (when funds from the Government budget are mixed with other funds in a 70/30 ratio) or 11% (when funds from the Government budget are mixed with other funds in a 60/40 ratio); (w) export financing for domestic producers at a rate not to exceed 6% (when funds from the Government budget are mixed with commercial funds in a 70/30 ratio) for a period of 20 years; (x) working capital financing for manufacturing industry companies at a rate not exceeding 7% (when funds from the Government budget are mixed with other funds in a 80/20 ratio); (y) financing of projects in light industry and processing industries through IDF JSC (subject to certain financing requirements and at varying rates); and (z) lease financing through IDF JSC for the renewal or modernisation of automobiles, special equipment, agricultural machinery and buses (subject to certain financing requirements and at varying rates).

Tourism Development Programme

The Tourism Development Programme was approved by Government Order № 262 dated 28 March 2023. Under this programme, DBK will provide preferential long-term financing at a rate of no more than 7%, with the aim of encouraging increased financing of the tourism industry in Kazakhstan. DBK has not yet commenced financing of projects under this programme.

Agro-Industrial Complex Development Programme

The Agro-Industrial Complex Development Programme was approved by Governmental Decree № 960 dated 28 December 2021. The Agro-Industrial Complex Development Programme targets, *inter alia*, domestic production of food products, increasing the export of agricultural products by three times, increasing agriculture-sector labour productivity by three times and increasing the inflow of investments in the agro-industrial complex by four times, in each case, by 2030. DBK plans to finance large anchor import-substituting and export-oriented investment projects in the Agro-Industrial Complex under this programme, worth over KZT 5 billion. DBK will provide financing at a rate of no more than 7%. DBK has financed two projects under the Agro-Industrial Complex Development Programme in an aggregate amount of KZT 32.2 billion.

Government Programme for Infrastructure Development

In April 2015, the Government Programme for Infrastructure Development "Nurly Zhol" for 2015–2019 was approved by the President. The Infrastructure Development Programme was restated in July 2018. On 31 December 2019, the Government extended the Infrastructure Development Programme to cover the period from 2020 until 2025. The Infrastructure Development Programme focuses on infrastructure, including improving domestic transport infrastructure;

implementing export policies through the development of an efficient transit, export and logistics infrastructure; improving the technological, scientific, methodological and resource provision of infrastructure, as well as economic efficiency and competitiveness of carriers and companies engaged in transport infrastructure operations; and improving the operational and environmental safety of transport infrastructure. The lending rate available for borrowers under the Infrastructure Development Programme is no more than 8% *per annum.* Pursuant to Government resolution № 271 dated 23 April 2015, as amended, funds in an amount of KZT 100 billion were allocated to DBK for the provision of financing to domestic producers and exporters pursuant to the Infrastructure Development Programme, of which: (i) KZT 30 billion is to be allocated to support domestic car manufacturers (KZT 26 billion to be used for interbank lending and KZT 4 billion to be provided to IDF JSC for the provision of leasing financing); (ii) KZT 5 billion is to be allocated to support passenger railcar manufacturing; and (iii) KZT 65 billion is to be allocated to support exporters.

As at 31 December 2023, five agent banks (*i.e.,* commercial banks participating in the Infrastructure Development Programme, which provide preferential loans for the purchase of domestic cars) had granted 17,239 loans to individuals for the purchase of domestically manufactured motor vehicles for a total amount of KZT 88.7 billion and IDF JSC had entered into 1,098 leases for assets valued at KZT 14.4 billion. As at 31 December 2023, DBK, had approved 29 export operations for financing up to a total amount of KZT 820 billion.

Under the Infrastructure Development Programme, DBK also provides funds to second-tier banks for on-lending, and, as at 31 December 2023, 124 projects had been financed in a total amount of KZT 207 billion.

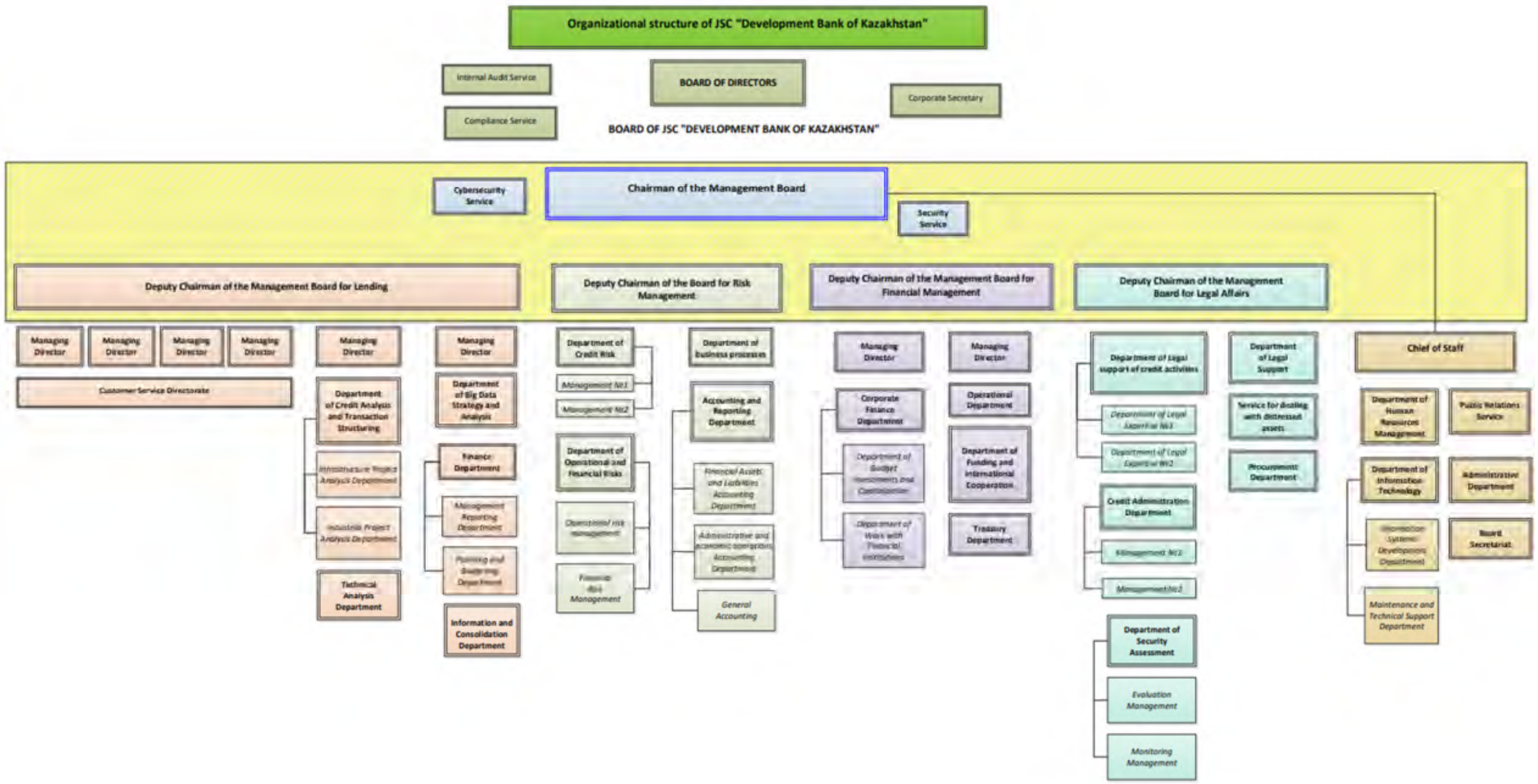
In December 2019, the Government Programme for Infrastructure Development "Nurly Zhol" for 2020–2025 was approved by Government Decree № 1055 dated 31 December 2019. Among other priorities, the Programme aims to develop transport infrastructure, support local car manufacturers, solicit intercontinental transit and implement export policy through the development of efficient transit, export and logistics infrastructure. DBK is not, however, participating in the second phase of this programme.

Interbank Lending Programmes

Within the framework of the joint action plan of the Government and the NBK for financing business entities in the processing industry approved by Government decrees № 1276 dated 5 December 2014 ("**Decree 1276**") and № 124 dated 11 March 2015 ("**Decree 124**"), KZT 100 billion was allocated as funding for second-tier banks for on-lending to such entities. Such funds are received by DBK through its shareholder, Baiterek JSC, for on-lending to second-tier banks, which, in turn, on-lend to the ultimate borrowers. As of 31 December 2023, 75 projects for a total of KZT 96.1 billion (including secondary utilisations of funds) have been financed under Decree 1276, and 92 projects for a total of KZT 112.3 billion (including secondary utilisation of funds) have been financed under Decree 124. In addition, within the framework of these interbank lending programmes, KZT 82.0 billion was allocated for preferential car loan programmes. As of 31 December 2023, second-tier banks had issued 35,252 loans to purchase vehicles of domestic automakers for a total of KZT 205.7 billion.

Structure of DBK

DBK's head office is in Astana. The chart below sets forth the organisational structure of DBK.



Lending

DBK is a development financial institution that provides medium and long-term financing for investment projects and trade financing for export transactions in priority sectors of the economy of Kazakhstan, as set out in the Credit Policy Memorandum.

As defined in the Credit Policy Memorandum, DBK's priorities are to finance investment projects and leasing transactions (through its subsidiary, IDF JSC), which are focused on the creation and development of:

- infrastructure (power engineering, transport, telecommunications and tourist infrastructure);
- non-extractive industrial production, including the excavation, purchase and transportation of raw materials and the processing and sales of finished products;
- agricultural production, including the cultivation, purchase and transportation of crops and the processing and sales of finished products;
- commercial service industries, including tourism and hotels; and
- exports.

DBK is also permitted to finance the following types of projects implemented outside Kazakhstan:

- projects, which are linked to facilities located in Kazakhstan and involved in the processing of extracted raw materials where those projects aid the development of such facilities;
- infrastructure projects, which enhance the transportation network in Kazakhstan and promote exports of Kazakhstan's goods; and
- projects by non-residents, which are recommended by the Government and guaranteed by the government of the borrower's country.

DBK's core investment activity abroad is in projects that facilitate the development of infrastructure in Kazakhstan and the export of goods and services produced in Kazakhstan. DBK's short-term lending strategy is to focus on providing direct financing to projects under the Industrialisation Programme, as well as export operations under the Infrastructure Development Programme, primarily involving other State-owned companies.

DBK does not finance certain socially-sensitive businesses, such as, arms, alcohol and tobacco production and, since 2022, has introduced ESG-lending criteria covering environmental management, social safeguards and corporate governance. See "*—ESG and Sustainable Development*".

Much of DBK's lending is co-financed by other banks or lending institutions, predominantly financial institutions such as the China Export-Import Bank, China Development Bank, J.P. Morgan, Bank of Tokyo–Mitsubishi UFJ and others.

As at 31 December 2023, DBK had 76 investment projects, including three bank guarantees and 31 export-related projects ongoing with a value of KZT 8.2 trillion (U.S.$18 billion), of which DBK's participation was KZT 3.9 trillion (U.S.$8.7 billion). As at 31 December 2023, DBK's investment project portfolio included projects in the manufacturing, carbon and petrochemical (oil refinery) manufacturing, information and telecommunication, energy and electricity distribution, chemical, machinery-producing, construction materials, transportation and warehousing, food processing, mortgage, textile and agriculture sectors. As at 31 December 2023, DBK had approved total project costs of KZT 12,945,459 million and total loan amounts of KZT 6,853,004 million since commencing operations in 2001.

Investment Projects

DBK offers medium-term and long-term loan financing, including co-financing and refinancing of investment projects in priority areas, including metallurgy, transportation and logistics, electrical power, gas, steam and water sector, petrochemicals (oil refinery) and chemicals, construction and other manufacturing industries. The minimum level of funding granted for investment project loans is KZT 7 billion (other than food or beverage projects and public private partnership projects) and KZT 3 billion (for food or beverage projects and public private partnership projects). As at 31 December 2023, the total amount of investment project loans in which DBK participated was U.S.$17.4 million (of which DBK's participation was U.S.$8 million), with investments in the petrochemicals (oil refinery), mining, metallurgy, transport and warehousing and power energy sectors comprising the largest proportion of such investment projects

(26.6%, 19.3%, 18.3%, 10.9%, and 7.8 % of total investment project loans (excluding export operations), respectively). Details of the principal sectors in which DBK is participating, as at 31 December 2023, are set out below.

- **Transport and Logistics Sector**

  As at 31 December 2023, DBK was participating in 12 investment projects in the transport and logistics sector, totalling approximately U.S.$1,895 million, of which DBK's participation was approximately U.S.$1,120 million.

  As at 31 December 2023, DBK was participating in 12 major projects in this sector, including the modernisation of the passenger terminal at Astana and Aktau airports, the modernisation of the gas distribution system of the South Kazakhstan region, two expansion projects at the Aktau International Sea Trade Port, the construction of the main Saryarka gas pipeline, gasification projects in five settlements in the Kyzylorda region and modernisation of the gas distribution networks in the Aktobe region, the modernisation of the gas distribution network in Taraz and the modernisation of transport and logistics centres in Astana.

  Electric Power Sector

  As at 31 December 2023, DBK was participating in 11 investment projects in the electric power, gas, steam and water sector, totalling approximately U.S.$1,352 million, of which DBK's participation was approximately U.S.$829 million.

  As at 31 December 2023, DBK was participating in 11 major projects in this sector, including: the construction of the Moinak hydro power plant on the Charyn river; the construction of the Turgusun hydro power plant in East Kazakhstan; construction of the Zhylga photovoltaic power station; reconstruction of OHL 220-500 kV of KEGOC branches, strengthening of the power grid of the Western Zone of UPS in Kazakhstan and construction of power grid facilities, construction of a cascade of hydroelectric power plants on the Baskan River, construction of a wind power plant with a total capacity of 150 MW: a 100 MW wind farm in the Ayagoz district of the East Kazakhstan region and a 50 MW wind farm in the Sarkand district of the Almaty region, construction of a solar power station with a capacity of 50 MW (stage I) in the Karaganda region, construction of the Ybyray wind farm with a capacity of 50 MW in the Kostanay district of the Kostanay region, construction of a 50 MW solar power plant, reconstruction of power station № 5 and coal mine "Vostochny" and construction of a turbine power station at the Akshabulak site.

- **Tourism Sector**

  As at 31 December 2023, DBK was participating in four investment projects in the tourism sector, totalling approximately U.S.$541 million, of which DBK's participation was approximately U.S.$233 million.

  As at 31 December 2023, DBK was participating in four major projects in the tourism sector, including: the construction of a Hilton hotel complex in Astana on the EXPO-17 site; the construction of a resort hotel, multifunctional hotel and tourist complex in Aktau and a multifunctional tourist complex in Keruyen-Saray; as well as the second stage of construction of the multifunctional hotel and tourist complex and theme park located in the Warm Beach area of Aktau in the Mangystau region.

- **Metallurgy Sector**

  As at 31 December 2023, DBK was participating in 14 investment projects in the metallurgy sector, totalling approximately U.S.$6,564 million, of which DBK's participation was approximately U.S.$2,713 million.

  As at 31 December 2023, DBK was participating in 14 major projects in the metallurgy sector, including: two projects for the construction of the Aktogay mining and processing plant in the East Kazakhstan region; construction of a plant for the production of primary aluminium in the Pavlodar region; the construction of a rail and beam plant in Aktobe with a design capacity of 430,000 tonnes of rolled metal per year; expansion and modernisation of production of Ust-Kamenogorsk Titanium-Magnesium Plant JSC; construction of a plant for the production of titanium ingots and slabs; the construction of a ferrosilicon plant in the city of Karaganda with a production volume of 96,000 tonnes per year; construction of a mining and processing plant for the processing of polymetallic ores in the village of Zhairem, Karaganda region, with a capacity of 5.0 million tonnes per year; construction of a processing plant in Karaganda; the modernisation and reconstruction of zinc production facilities; construction of an enrichment plant at the Sarvarkinsky ferroalloy plant with a sinter plant and modernisation of existing production facilities; construction and operation of a complex for processing gold-bearing primary ores with a capacity of 5.0 million tonnes per year; construction of a ferroalloy plant in Ekibastuz in the Pavlodar region; construction of a processing plant for sludge processing from Don Mining and Processing Plant in Khromtau city and construction of the first stage, including one start-up facility and four thermal ore furnaces, at the Karaganda Complex Alloys Plant..

- **Construction Sector (Production of Construction Material)**

  As at 31 December 2023, DBK was participating in three major projects in the construction sector, totalling approximately U.S.$234 million, of which DBK's participation was approximately U.S.$169 million.

  As at 31 December 2023, DBK was participating in three major projects in the construction sector: the construction of a plant for the production of bulk blocks, the acquisition of a 100% stake in the house-building plant and the expansion of its production facilities

  In 2018, a project regarding construction of a cement plant in East Kazakhstan with a capacity of 1.0 million tonnes of cement per year was recognised as a problem asset. Kazakhcement LLP and DBK has ensured the return of debt in the amount of KZT 19 billion, including KZT 8.4 billion as a result of enforcement measures to collect debts. The current debt balance is KZT 18.2 billion. Further measures are currently being taken to collect the debt as part of the bankruptcy proceedings of Kazakhcement LLP and other debtors.

- **Petrochemical (Oil Refinery) Industry**

  As at 31 December 2023, DBK was participating in six investment projects in the oil refinery sector, totalling approximately U.S.$4,649 million, of which DBK's participation was approximately U.S.$1,624 million.

  As at 31 December 2023, DBK was participating in six major projects in these sectors, including the modernisation and reconstruction of the Shymkent oil refinery plant, the construction of a deep oil refining complex at Atyrau oil refinery, the modernisation of the Pavlodar petrochemical plant; two projects for the production of motor fuels; and the construction of a methyl tert-butyl ether production plant in Shymkent.

- **Chemicals Sector**

  As at 31 December 2023, DBK was participating in six investment projects in the chemicals sector, totalling approximately U.S.$744 million, of which DBK's participation was approximately U.S.$377 million.

  As at 31 December 2023, DBK was participating in six major projects in these sectors, including construction of a sodium cyanide plant with a capacity of 15,000 tonnes in the city of Karatau for Talas Investment Company LLP; construction and organisation of production by JSC "Caustic" of chlorine and caustic soda using the membrane method with a capacity of 30,000 tonnes per year; modernisation of the KazAzot JSC plant for the production of mineral fertilisers with an increase in the design capacity for the production of finished products; construction of a plant for the production of caustic soda, polyvinyl chloride and calcium carbide in the Turkestan region; construction of the second stage of a sodium cyanide production plant in the Zhambyl region; and capital expenditure financing for the modernisation of the mineral fertiliser plant in the Zhambyl region.

- **Agricultural Sector**

  As at 31 December 2023, DBK was participating in eight investment projects in the food production sector, totalling approximately U.S.$512 million, of which DBK's participation was approximately U.S.$333 million.

  As at 31 December 2023, DBK was participating in 8 major projects in this sector, including the construction of the first and second stages of a poultry factory for broiler farming in Akmola with a capacity of 60,000 tonnes per year in live weight; construction of the first stage of the greenhouse complex with an area of 51,26 hectares, located in the Turkestan region; construction of an oil extraction plant for processing oil crops in the city of Petropavlovsk; pre-export financing of JSC «AsiaAgroFood»; and pre-export financing for the purchase of raw materials for the production of confectioneries with further export sales.

- **Machine building industry**

  As at 31 December 2023, DBK was also participating in eight investment projects in the machine building industry, totalling approximately U.S.$662 million, of which DBK's participation was approximately U.S.$459 million.

  As at 31 December 2023, DBK was participating in eight major projects in this sector, including: expansion and modernisation of AgromashHolding JSC's service centres for the sale and maintenance of agricultural equipment; construction of a plant for the production of 110kV and 220 kV power transformers in Shymkent; development of AtyrauNefteMash LLP's oil engineering plant; recovery and stabilisation of the financial and economic condition of the automotive sector of JSC "Group of Companies Allure"; creation of Prommashkomplekt LLP; the Hyundai passenger car production project in Kazakhstan; construction of a Multi-Brand Changan, Chery and Haval Passenger Car Production Plant in Kazakhstan; and acquisition of railroad passenger cars.

- **Information and Communication Sector**

  As at 31 December 2023, DBK was participating in four investment projects in the information and communication sector, totalling approximately U.S.$294 million, of which DBK's participation was approximately U.S.$203 million.

  As at 31 December 2023, DBK was participating in four major projects in this sector: two projects for providing broadband access to rural settlements of Kazakhstan using fibre-optic communication lines technology; the project for the introduction of LTE / GSM / UMTS networks in Kazakhstan; and construction of a hardware and software complex for a communication platform along railway lines.

Export Financing

DBK provides export financing for operations worth more than U.S.$2.2 million to both producers of Kazakhstan goods and to foreign buyers of exported goods. The provision of financing of exports of Kazakhstan commodity producers promotes the development of Kazakhstan's export potential. As at 31 December 2023, DBK's portfolio of export-related transactions included 31 export-related transactions, of which DBK's participation was U.S.$667 million.

Industrial Development Fund JSC

IDF JSC was established as a joint stock company initially under the name DBK-Leasing JSC under the laws of Kazakhstan on 6 September 2005 and was re-registered with the Ministry of Justice under certificate № 20246-1901-AO in February 2006. Pursuant to Decree № 521 of the Government dated 18 August 2020 "On Establishment of the Industrial Development Fund," the Board of Directors of DBK changed the brand name DBK-Leasing JSC to Industrial Development Fund JSC in September 2020. IDF JSC is based in Astana. As at 31 December 2023, IDF JSC had share capital of 1,253,930 ordinary shares, all of which were fully paid and directly owned by DBK. IDF JSC has the same development priorities as DBK and supports DBK's role as a development bank. IDF JSC operates under business identification number 050940001237.

IDF JSC, which is wholly-owned by DBK, conducts all of DBK's lease financing activities. It offers short- and long-term (up to 20 years) lease financing in various forms, including for industrial equipment, leasing of industrial buildings and certain combined services, such as leasing and consulting, equity participation and leasing and credit and leasing pursuant to various Government programmes (see "*—Participation in Government Programmes*"). IDF JSC invests only in large-scale projects worth KZT 500 million or more. IDF JSC provides financial leasing for investment projects in priority sectors of the economy in an amount of KZT 80 million or more, and KZT 50 million or more for investment projects in the consumer goods industry. IDF JSC also provides leasing under the Manufacturing Development Programme to develop Kazakhstan's transport infrastructure and support local car manufacturers. As at 31 December 2023, IDF JSC had a total leasing portfolio of approximately U.S.$967.7 million and has, since its establishment, participated in 1,629 transactions in an aggregate amount, of approximately KZT 1,583,280 million. The main sectors in which IDF JSC has approved financing are the manufacturing and transportation and warehousing sectors. See "*Selected Statistical and Other Data—Finance Lease Receivables*".

DBK funds 100% of IDF JSC's activities for on-lending under finance lease arrangements. IDF JSC was established as a separate legal entity in order to permit IDF JSC's customers to take advantage of tax benefits and certain VAT exemptions in respect of certain financed imported equipment. These tax advantages are intended to stimulate businesses to invest in the modernisation of industrial and manufacturing equipment. Customers may also prefer leasing, which, unlike loans from DBK, does not require 100% collateral, since IDF JSC retains title to the equipment. As a result, only a 15% to 30% down payment is required and there is a smaller collateral requirement than is required for all other forms of finance requested of customers.

The Chairman of the management board of IDF JSC is Gapparov Rinat Eduardovich. See "*Selected Statistical and Other Data—Finance Lease Receivables*".

DBK CSF

In July 2017, DBK established its wholly-owned subsidiary, DBK CSF, a closed private limited liability company established in the Netherlands. DBK CSF was established for the purpose of participating in a direct investment fund in the Netherlands. In November 2017, DBK CSF and QIC established DBK Equity Fund, a direct investment fund, for purposes of investing in domestic and foreign projects, which promote the interests of the Kazakhstan economy.

DBK Equity Fund's investment activities focus on investments: (i) that may require unsecured convertible or subordinated debt, in addition, or as an alternative, to existing debt, which would, in turn, be expected to generate a higher rate of return on investment; (ii) that have a stable growth potential and efficient management, as well as a target internal rate of return of at least 8%; (iii) whose shareholders are interested in seeking additional equity investment from an outside investor for a three to five year period (with such outside investor to be appointed to the Board of Directors and granted appropriate veto powers or consent rights in respect of key decisions); and (iv) whose shareholders are looking to seek an exit from their investment in a period of between three and five years through, for example, an initial public offering.

DBK Equity Fund is majority-owned by DBK CSF (97%), with QIC holding the remaining ownership interest. DBK Equity Fund is managed by QIC. DBK Equity Fund is controlled by Baiterek Holding. Equity investments of DBK Equity Fund may not be made to projects where the proposed investment from DBK Equity Fund will exceed 30% of a loan amount that the project has obtained, or will obtain, from DBK. Such projects must also be linked to financing provided by DBK or IDF JSC.

On 3 November 2017, a limited partnership agreement was signed among DBK CSF and QIC and, on 29 December 2017, a share premium contribution agreement was signed between DBK and DBK CSF for a share premium contribution in an amount equivalent to U.S.$97.0 million. The investment period for the partnership ended in November 2023.

In March 2018, the Advisory Board of DBK Equity Fund agreed to amend the conditions applicable to investments by DBK Equity Fund so that any acquired share in the target company shall be less than the shareholding of a major shareholder of this company and shall not exceed 49% of the equity of the target company.

In December 2018, DBK Equity Fund acquired a 12.2% stake in Freight International Holding B.V. The investment was provided for the purpose of financing the purchase of railcars and working capital

In December 2018, DBK Equity Fund acquired (through AOM Metal B.V.) a 23.55% stake in CAPEC Green Energy LLP. The investment was aimed at financing the construction of a start-up complex.

In October 2019, DBK Equity Fund contributed additional funds in the amount of KZT 1,115 million to the share capital of CAPEC Green Energy LLP This contribution was aimed at financing the construction of a second start-up wind power complex. As a result of this transaction, DBK Equity Fund's equity holding in CAPEC Green Energy LLP decreased from 23.55% to 19.39% due to disproportionate share capital contributions in the transaction.

In November 2019, DBK Equity Fund provided a loan to Turgusun-1 LLP in an amount of KZT 1,000 million for the purpose of financing the construction of a hydro power station.

In December 2019, DBK Equity Fund participated in an investment project in poultry farming in the amount of KZT 7.8 billion (Aitas LUX S.a.r.l.).

In February 2020, DBK Equity Fund acquired a KZT 4,000 million stake in Continental Logistics LLP with the aim of modernising a transport and logistics centre in Astana.

In March 2021, DBK Equity Fund provided a loan to Turkistan Turism City Ltd in an amount of KZT 13,500 million for the purpose of financing the construction of a multifunctional tourist complex.

No loans have been granted since March 2021.

In 2022, policy changes were implemented to ensure the effective management of DBK Equity Fund in light of unfavourable market conditions. In particular, the threshold investment amounts were reduced to KZT 1.5 billion.

Agency Services

DBK is only permitted to act as an agent in relation to State programmes financed from the State budget, which contemplate financing to be provided to second-tier banks for on-lending to support manufacturers.

Investment Banking Services

Pursuant to the DBK Law, DBK is permitted to provide investment banking services together with direct financing. As at the date of this Base Information Memorandum, however, DBK does not intend to provide investment banking services.

International Banking

DBK co-operates with international development organisations and financial institutions, such as the IMF, the Islamic Development Bank, the European Bank for Reconstruction and Development (the **"EBRD"**), the Asian Development Bank, the Export-Import Bank of Turkey, the Export-Import Bank of Korea, the Development Bank of China, the Export-Import

Bank of China, the European Investment Bank, Sinosure, the Eurasian Development Bank and other international financial institutions. DBK is also a founding member of the InterBank Consortium of the Shanghai Co-operation Organisation.

DBK focuses much attention on the development of co-operation with international financial organisations and learning from the experiences of other development institutions through its participation in various associations, interactions with international institutions and training programmes.

DBK also attracts investment from foreign investors, which is, in turn, beneficial to the promotion of Kazakhstan and assists economic diversification efforts. Since its establishment, DBK has signed a number of memoranda and agreements with organisations including, among others, the World Bank, HSBC, Merrill Lynch, European Bank for Reconstruction and Development, Bank of Tokyo Mitsubishi UFJ, EULER HERMES A.G., SACE, Japan Bank for International Cooperation, Commerzbank, Deutsche Bank, CESCE, and COFIDES.

DBK maintains correspondent banking relationships with a number of banks, including (among others) Societe Generale, The Bank of New York Mellon, Citibank New York, Industrial and Commercial Bank of China and JPMorgan Chase & Co.

Competition

DBK's activities are governed by the DBK Law. Pursuant to the DBK Law, DBK's primary lending activities include both medium-term (for five or more years) and long-term (from 10 to 20 years) financings, whereas Kazakhstan's commercial banks generally provide short- to medium-term financing for up to three years. In addition, DBK does not participate in retail banking activities and does not accept deposits from customers who are not borrowers of DBK or customers of DBK under an agency agreement. As a result of all these factors, DBK does not consider itself to be a competitor of the commercial banks in Kazakhstan.

DBK co-operates with a number of international development organisations and financial organisations. See "—*International Banking*". In addition, DBK co-operates with domestic development institutions in matters relating to NPLs, the promotion of export activities and the implementation of Government programmes and initiatives. DBK does not consider itself to be a competitor to such institutions.

ESG and Sustainable Development

DBK's corporate social responsibility is based on international standards and practices. DBK annually publishes non-financial reports in accordance with the international standard of the Global Reporting Initiative and KASE requirements for disclosure of information in the annual reports of listed companies. DBK actively promotes the principles of sustainable development on international platforms.

In May 2022, the Board of Directors of DBK approved its Sustainable Development Policy, which aims to ensure consistency in DBK's economic, environmental and social goals of sustainable development in the long-term, including:

- Economic objectives, such as:
  - for DBK and its subsidiaries to break-even (i.*e.*, not incur losses);
  - ensuring the interests of its sole shareholder and investors;
  - improving the efficiency of processes;
  - promoting the development of the non-primary economy (*i.e.*, manufacturing industry and infrastructure), including growing non-primary goods exports;
  - improving labour productivity; and
  - promoting employment growth.
- Environmental objectives, such as:
  - minimising DBK's environmental impact;
  - optimising use of limited resources; and
  - applying eco-friendly energy- and material-saving techniques.

- Social objectives, such as:
    - ensuring transparent competitive procedures and equal employment opportunities;
    - promoting fair remuneration and respect for employees' rights;
    - ensuring occupational safety and preserving the health of employees;
    - training and professional development of employees; and
    - implementing internal and external training programmes.

In 2022, with the support of a grant from the Asian Development Bank, DBK developed a roadmap for the implementation of ESG principles. This roadmap includes 35 initiatives grouped in four categories (*i.e.*, strategic, environmental, social responsibility and corporate governance). DBK has set various ESG targets and strategic objectives up to 2033, including increased sustainability reporting and ESG scoring, increasing the share of ESG projects in DBK's loan portfolio and seeking external ESG accreditations.

In 2023, DBK developed ESG compliance criteria, as part of evaluating applicants for new investment projects. Such criteria include transparent reporting of greenhouse gas emissions and strategies for emissions reduction, criteria regarding accident prevention, worker safety, social welfare provisions and employment opportunities, as well as governance criteria, including risk management transparency, robust internal control systems and stakeholder engagement. Promoting gender diversity in leadership roles is also prioritised. DBK considers 14 out of the 17 SDGs in its activities: (i) zero hunger (SDG 2); (ii) good health and well-being (SDG 3); (iii) quality education (SDG 4); (iv) gender equality (SDG 5); (v) clean water and sanitation (SDG 6); (vi) affordable and clean energy (SDG 7); (vii) decent work and economic growth (SDG 8); (viii) industry, innovation and infrastructure (SDG 9); (iv) reduced inequalities (SDG 10); (x) sustainable cities and communities (SDG 11); (xi) responsible consumption and production (SDG 12); (xii) climate action (SDG 13); (xiii) life on land (SDG 15); and (xiv) partnerships for the goals (SDG 17).

In March 2023, DBK placed its first green bonds, which are governed by Kazakhstan law and listed on KASE and, in December 2023, DBK issued a Climate Bonds Initiative ("**CBI**")-certified Kazakhstan-law green bond listed on the Astana International Exchange.

In December 2023, Sustainable Fitch assigned DBK an ESG entity rating of 3 and an entity score of 60, reflecting "*the focus of the bank's business and strategy on the socioeconomic development of Kazakhstan, DBK's good corporate governance and its work on integrating ESG criteria into its financing activities*". See "*Risk Factors—Factors that are material for assessing the market risks associated with Notes issued under the Programme—There can be no assurance as to the suitability or reliability of DBK's ESG rating or as to the accuracy or completeness of the underlying methodology applied in assigning such rating.*"

DBK's Development Strategy also provides for ESG-related strategic objectives and key ESG indicators. See "—*Strategy*".

In March 2024, DBK published its Green and Sustainable Financing Framework.

Employees

As at 31 December 2023, DBK had 240 full-time employees, as compared to 227 full-time employees as at 31 December 2022. One of DBK's key human resources-related objectives is to build personnel management models. DBK uses full-scale automation of business processes, including for its personnel administration. DBK's employees are professional and qualified, with many holding academic degrees. In particular, 60 employees of DBK have achieved international certifications in their chosen fields, while 52 specialists hold masters' degrees and one holds a doctorate.

Protecting employee health and promoting healthy lifestyle choices are among DBK's employee-related priorities. In 2021, a remote work schedule was applied for 80% of DBK's employees, emphasising the importance of maintaining employees' health. Since the COVID-19 pandemic and amendments made to the Kazakhstan Labour Code, bank employees can work remotely or in a hybrid format.

While DBK does not have any union, collective bargaining or other labour agreement governing its overall relationships with its employees, employees are entitled (by statute) to elect employee representatives who are responsible for the overall representation and protection of the rights and interests of DBK's employees and participate in the settlement of any employee disputes. DBK's employees elected the current representatives on 27 October 2021. On 12 May 2023, DBK entered into an agreement with employee representatives in respect of the regulation of individual labour disputes in accordance with the Kazakhstan Labour Code. Pursuant to this agreement, a conciliation commission comprised of six DBK-representatives and six employee-representatives was established.

DBK's policy on labour compensation and employee motivation governs the procedures for the granting of employee incentives and rewards. In addition to salaries, which DBK believes, based on its own market research, are competitive within the Kazakhstan banking sector, the statute provides for bonus packages to be awarded based on DBK's reported financial results in certain circumstances, as well as certain other employee incentives. In addition, although DBK is not required to make social benefits available, employees are provided with certain levels of social support, including financial aid on the occurrence of certain events, including child birth, marriage or death of any employee and for health improvement, which is paid for annual leave; and health and life insurance. DBK conducts annual salary surveys for comparison of its employee remuneration with market conditions.

DBK provides systematic training and staff development opportunities to its employees. DBK conducts comprehensive training activities in various fields of activity, and in various formats designed to address market trends and business requirements. In general, a 70% on-the-job training, 20% internal training and 10% external training split is followed for the training programme. DBK expects to shift the focus of training and development towards motivating employees to self-development and learning through practical experience. Employees from DBK regularly attend a wide range of specialised training seminars organised by multinational financial institutions. In addition to the arrangement of specialist seminars and training courses, DBK's employees also participate in internships with banks and other financial institutions. The average training hours per employee in 2023 was 11.1 hours. In 2023, more than 75 training events were conducted.

DBK is committed to continuing to upgrade the level of the professional skills and knowledge of its personnel with a view to ensuring the availability of sufficiently trained personnel to implement its strategic objectives as set out in the DBK Law and the Credit Policy Memorandum. . During 2023, 100% of DBK's employees received training at various seminars and courses at a total cost of approximately KZT 95.8 million.

Technology

DBK has developed its own internal documentation and information network protection system to assist efficient communication and data management and protection. Management believes that DBK is in compliance with applicable standards relating to automation and has installed a monitoring and analysis automated information system. The use of these communications systems enables DBK to have protected interactive access to SWIFT, the Kazakh Centre of Interbank Settlements for Tenge payments and the Reuters and Bloomberg information services. DBK is committed to further upgrading and maintaining these systems, as well as its data storage capacity and security.

The 2024-2026 Information Technology Development Strategy was approved in 2024, the key objectives of which include implementing product-oriented automated activities, creating digital product, and digitising DBK's customer interactions. Over the next three years, DBK plans to implement large-scale projects for the establishment of a corporate data warehouse and for further automation of reporting. This is expected to result in the streamlining of internal processes, increased transparency in DBK's operations, reduced production costs and the creation of decision-making tools. COBIT 2019 methodology will also be integrated into DBK's IT activities, promoting IT maturity. DBK also plans to increase the involvement of business users in automation processes through the creation of cross-functional, agile product teams and the application of the "SCRUM" methodology in solution development.

Since 2021, DBK has invested more than KZT 754 million in the development of IT systems and has strengthened its internal procedures to ensure that the most critical information is backed-up on an hourly basis, other important information is backed-up on a daily basis and stored within DBK, while other information is backed-up on a weekly basis. The systems are periodically improved and implemented based on the core banking system and electronic document management system ("**EDMS**").

Only information technology and information security personnel have access to DBK's servers and back-up information. DBK has also developed a disaster recovery plan and actively uses the capacities of the remote data processing centre, which store back-up copies of all information systems, as well as DBK's EDMS virtual server. In order to ensure information security, DBK has installed a security information and event management information system, as well as a data loss prevention information system.

In 2023, DBK invested KZT 245 million, and in 2024, plans on investing approximately KZT 430 million, in developing its existing information systems and information security, as well as to implement new ISO:20022 standard payment systems.

In order to improve the quality and transparency of business processes, in 2023, KZT 271 million was allocated to modernising licensed software for automating business processes in DBK's core activities., including those relating to risk assessment, collateral calculation, collateral database and lending procedures. DBK has also purchased business studio software for modeling and managing business architecture.

In 2019, an external consultant reviewed DBK's cyber security practices. While penetration tests conducted did not reveal any material deficiencies, the external consultant and DBK developed a roadmap with DBK to address those deficiencies identified. The measures identified in the roadmap have subsequently all been implemented. In 2020, one of DBK's interim servers was hacked. No secure data was held on this server and the attack was discovered and blocked and the server subsequently restructured. In late 2020, DBK established a dedicated cyber security team.

As part of the development of information security:

- in 2021, the DBK's internal Cybersecurity Service implemented measures to increase the level of security of information systems and resources;

- DBK is connected to the Information Security Monitoring Center (Security Operation Center), which provides for continuous and professional monitoring of information security events relating to DBK's information systems;

- DBK's information systems published on the internet are connected to the BugBounty programme, which is designed to identify information security vulnerabilities in information systems by independent researchers;

- DBK has implemented software for detecting network anomalies and attacks, which facilitates deep analysis of network traffic to detect attacks on the perimeter and within DBK's network;

- a next-generation firewall was installed to protect DBK's data center;

- an assessment of information security risks in the critical information systems of DBK was carried out in 2021. Based on the results of the information security risk assessment, together with the Department of Information Technology, an action plan for the treatment of information security risks was developed;

- in 2023, DBK implemented new email security and a web application firewall with artificial intelligence; and

- in 2024, DBK aims to introduce new a new data loss prevention system and endpoint detection and response with artificial intelligence.

In addition to the above, measures are also taken to raise the awareness of DBK's employees and customers in the field of information security.

See "*Risk Factors—Factors that may affect DBK's ability to fulfil its obligations under, or in connection with the Notes—A. Operational Risks relating to DBK and its Business—DBK is subject to Information Systems Risk*".

Credit ratings

DBK is rated by S&P, Moody's and Fitch and its credit ratings are as follows:

Rating Agency	Tenor	Rating	Outlook
S&P	Foreign Long Term Rating	BBB-	Stable
	Foreign Short Term Rating	A-3	—
	Local Long Term Rating	BBB-	Stable
	Local Short Term Rating	A-3	—
Moody's	Foreign Long Term Issuer Rating	Baa2	Positive
	Local Long Term Issuer Rating	Baa2	Positive
Fitch	Long Term Issuer Default Rating	BBB	Stable
	Short Term Issuer Default Rating	F2	—
	Local Currency Long Term Issuer Default Rating	BBB	Stable
	Local Currency Short Term Issuer Default Rating	F2	—
	Government Support Rating	bbb	—

In March 2023, S&P revised the outlook on DBK's ratings from negative to stable. S&P also affirmed the long- and short-term foreign- and local-currency issuer credit ratings assigned to DBK at BBB-/A-3. The stable outlook mirrors S&Ps' outlook on Kazakhstan's sovereign ratings.

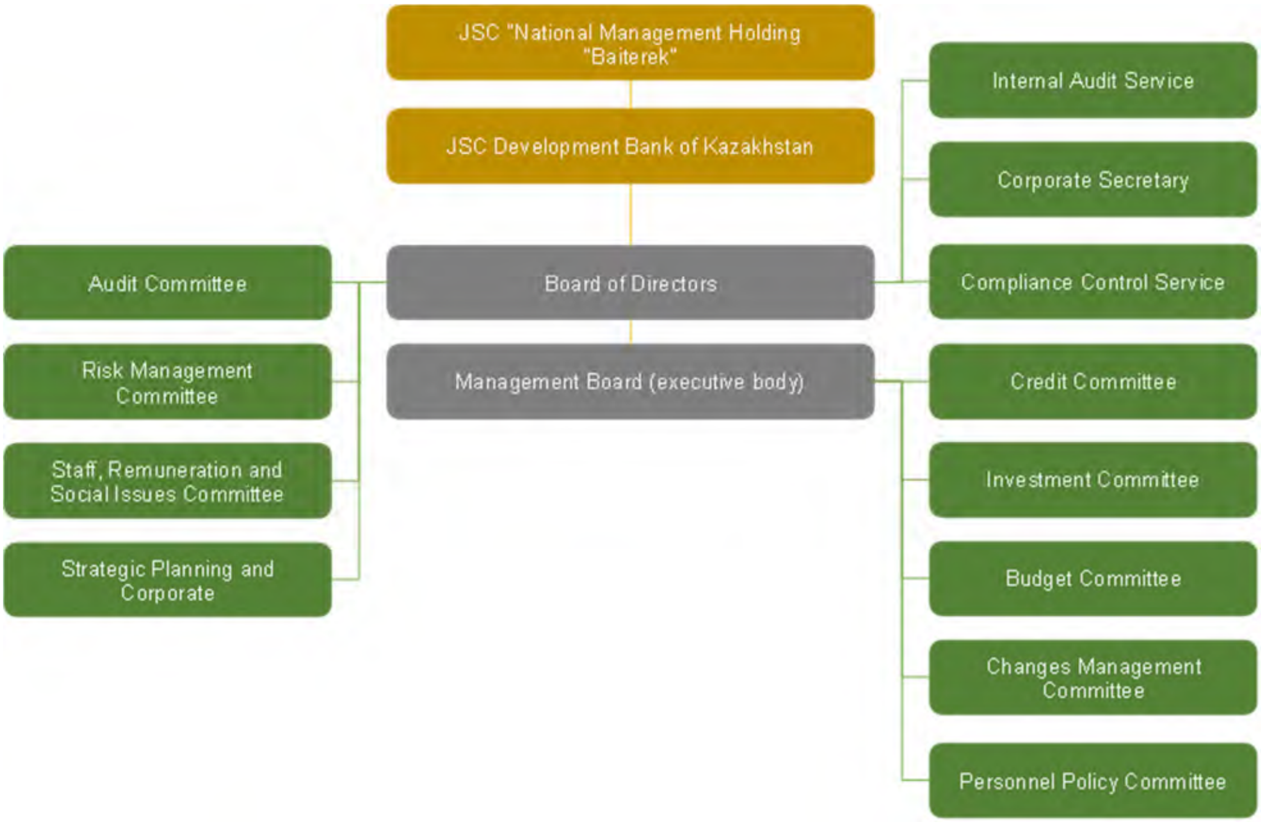
In April 2023, Moody's announced the completion of a periodic review of DBK's ratings. In October 2023, Moody's affirmed the Baa2 long-term ratings assigned to DBK and changed the outlook on DBK's long-term ratings to positive. Moody's also affirmed the Baa2 senior unsecured local- and foreign-currency issuer ratings of DBK. Moody's noted that the rating affirmations and positive outlook, reflected "*DBK's status as the most important subsidiary under the Baiterek umbrella […] [and] its public-policy role as a national development bank [which] regularly receives government funds […]*".

In February 2023, Fitch affirmed the long-term issuer default rating of DBK at BBB with a stable outlook in line with the sovereign, as well as the other ratings listed in the table above. In August 2023, Fitch reviewed DBK's ratings without taking action.

A credit rating is not a recommendation by the rating organisation or any other person to buy, sell or hold securities and may be subject to revisions or withdrawal at any time by the assigning rating organisation and each should be evaluated independently from the other. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes.

MANAGEMENT

The following organisation chart sets forth the management reporting lines and principal business units of DBK as at the date of this Base Information Memorandum:



General

The DBK Charter provides for the following corporate governing bodies:

- the sole shareholder, Baiterek JSC, which represents the highest corporate governing authority of DBK. Baiterek JSC was established pursuant to the Decree of the President of the Republic of Kazakhstan № 571 dated 22 May 2013, which provided for, among other things, the transfer of the entire issued share capital of DBK from Samruk-Kazyna to Baiterek JSC. Among other matters, Baiterek JSC, as shareholder, sets DBK's dividend policy. See "*Share Capital, Sole Shareholder and Related Party Transactions—Share Capital—Dividend Policy*";

- the Board of Directors, which is responsible for the general management of DBK and the approval of its strategic and operational plans;

- the Management Board, which is responsible for the day-to-day management and administration of DBK;

- the Credit Committee, which is responsible for making decisions with respect to DBK's internal credit policy (other than matters that fall within the exclusive competence of other bodies or officials of DBK);

- the Investment Committee, which is responsible for making decisions with respect to DBK's portfolio management (other than matters that fall within the exclusive competence of other bodies or officials of DBK); and

- the Internal Audit Service, which is responsible for DBK's internal control processes and reports to the Board of Directors.

Board of Directors

The Board of Directors must consist of not less than three members and not less 30% of all members must be independent directors. As at the date of this Base Information Memorandum, the Board of Directors consists of six members, including the Chairman of the Board of Directors, two representatives of Baiterek JSC, as sole shareholder of DBK, the Chairman of the Management Board of DBK and two independent directors. The Board of Directors is tasked with ensuring the protection of rights of DBK's sole shareholder, the effective implementation of DBK's objectives, the approval of DBK's long-term strategy and mid-term development plans, the efficient operation of DBK's strategy and risk management system and controlling DBK's financial and economic activities.

The activities of the Board of Directors are governed by the Provision of the Board of Directors, dated 18 December 2018 (the "**Provision**"). The Provision sets forth information regarding the role of the Board of Directors and the rights, duties and responsibilities of members of the Board of Directors. The Board of Directors also carries out its activities in accordance with the JSC Law, DBK's Corporate Governance Code, decisions of Baiterek JSC (as sole shareholder), applicable legislation and regulation, as well as other internal acts of DBK.

The business address of the members of the Board of Directors is the registered office of DBK, namely, n-r. pr. 15, building 55A Mangilik Yel Avenue, Yesil district, Astana, Republic of Kazakhstan. The members of DBK's Board of Directors are:

Name	Other Positions	Date Appointed	Age	Date of Birth
Nurlan Baibazarov	Representative of Baiterek JSC. Chairman of the Management Board of Baiterek and member of the Board of Directors of Industrial Development Fund JSC	5 October 2023	48	10 October 1975
Yersain Khamitov	Representative of Baiterek JSC	31 October 2022	40	5 September 1983
Ussen Galym	Representative of Baiterek JSC	10 January 2024	40	6 July 1983
Marcia Favale (independent director)	Chair of the Audit, Risk Management, Strategic Planning and Corporate Development Committees, member of the Staff, Remuneration and Social Issues Committee	26 January 2015	54	17 October 1969
Anvar Saidenov (independent director)	Chairman of the Staff, Remuneration and Social Issues Committee, member of the Audit, Risk Management, Strategic Planning and Corporate Development Committees	24 October 2018	63	19 September 1960
Marat Yelibayev	Chairman of the Management Board of DBK	4 December 2023	39	2 June 1984

Information regarding the members of the Board of Directors is set out below:

Nurlan Baibazarov graduated from the Kazakh State Academy of Management in 1997. Mr. Baibazarov began his career in 1997 at the Ministry of Finance of the Republic of Kazakhstan, serving in various positions until 2003. Between 2004 and 2011, he held various positions at DBK, including Head of the Department of Agency Service for Projects, Managing Director for Investment Projects, Director of the Corporate Development Department and Corporate Secretary. Between 2013 and 2016, Mr. Baibazarov headed the Department for the Development of Economic Industries at the Ministry of National Economy of the Republic of Kazakhstan. During this time, he also served on the boards of various joint-stock companies, including Kazakhstan Temir Zholy NC JSC, KazMunayGas Consulting JSC, and KazMunayGas NC JSC. From 2016 to November 2022, Mr. Baibazarov was a member of the Board of Directors and Chairman of the Management Board of the Industrial Development Fund JSC. In 2022, he became the Chairman of the Management Board of DBK, a position he held until 2023. In October 2023, Mr. Baibazarov was elected Chairman of the Management Board of Baiterek NMH Joint-Stock Company and member of the Board of Directors of DBK, as a representative of Baiterek JSC. In November 2023, he was appointed Chairman of the Board of Directors of DBK. In 2021, Mr. Baibazarov was appointed as a member of the Board of Directors of the Industrial Development Fund JSC.

Yersain Khamitov graduated from Kostanay State University in 2004, majoring in Finance and Credit with a qualification as an Economist-Financier, and from Moscow State University in 2020 with an MBA. Mr. Khamitov began his career in 2004 at Halyk Bank of Kazakhstan JSC (Kostanay Branch) as the Head of the Credit Analysis Section and, subsequently, Chief Analyst of the Credit Analysis Department. He then served as the Deputy Head of the Corporate Business Department at BTA Bank JSC until 2009. Between 2009 and 2014, Mr. Khamitov held various positions, including Chief Manager of the Department for Investment Management at Samruk Energo JSC, Chief Manager of the Corporate Finance Department at Samruk-Kazyna National Welfare Fund JSC and Director of the Corporate Finance Department at Baiterek NMH JSC.

In May 2022, he became the Deputy Chairman of the Board for Economics and Finance of Baiterek National Managing Holding JSC. In October 2022, Mr. Khamitov was elected member of the Board of Directors of DBK, as a representative of Baiterek JSC. In addition, he is a member of the Audit Committee and the Strategic Planning and Corporate Development Committee of DBK. Mr. Khamitov is also a member of the Board of Directors of Housing Construction Savings Bank Otbasy Bank JSC, a member of the Board of Directors of Bereke bank JSC and the Chairman of the Board of Directors of Kazakhstan Housing Company JSC.

Marcia Favale graduated from Said Business School, University of Oxford 2010 with a Master of Science in Major Programme Management, a Master of Business Administration and a Post-Graduate Diploma in Financial Strategy. She graduated with a B.A. in Political Science from New York University in 1992. Prior to founding her own company, Ms. Favale was Managing Director, Head of LATAM and CEEMEA Credit Research at UBS (between 1998 and 2005), a senior member of UBS's global credit fixed income research group, as well as a member of UBS's Emerging Market Credit Committee and a member of UBS's Emerging Market Steering Committee. Ms. Favale worked at Banker's Trust between 1992 and 1993 and at Merrill Lynch in the High Yield Department between 1993 and 1998. She worked as a Portfolio Manager at Brevan Howard and Advent Capital between 2006 and 2007 and has participated in and contributed to the E15 initiative meetings at the World Economic Forum. Ms. Favale teaches part-time at the Major Programme Management Graduate Programme and guest lectures on Private Equity at Said Business School, University of Oxford. She was Senior Advisor to the Prime Minister of Kazakhstan from 2009 to 2013. She is currently an Independent Director of the Investment Council of the Republic of Kazakhstan and the Chair of the Board of the African Development Organisation. She has served as an Independent Director and a member of the Board of Directors of DBK since January 2015. Ms. Favale is Chair of the Audit, Risk Management, Strategic Planning and Corporate Development Committees, and a member of the Staff, Remuneration and Social Issues Committee of DBK.

Anvar Saidenov graduated with a Ph.D. in Economics from the Faculty of Economics of Lomonosov Moscow State University in 1982. In 1994, Mr. Saidenov graduated from the school of Oriental and African Studies University of London with a Master of Science degree in Financial Economics. Between 1987 and 1993, he taught economic theory at the Dzhambul Irrigation and Construction Institute. From August 1993 to August 1996, Mr. Saidenov worked as an Intern, Consultant and Junior Banker at the European Bank for Reconstruction and Development in London. Since August 1996, he has been working in the financial sector in Kazakhstan, where he has held senior positions at the NBK, the State Investment Committee, the Investment Agency and the Ministry of Finance, Halyk Savings Bank and BTA Bank. Between January 2004 to January 2009, Mr. Saidenov was Chairman of the NBK. Since April 2016, he has been an Independent Director of the Board of Directors of Halyk Bank JSC and, since February 2018, he has been an Independent Director of the Board of Directors of Bank Home Credit SB JSC. On 24 October, 2018, Mr. Saidenov was appointed as an Independent Director and member of the Board of Directors of DBK. Since 2021, he has been an Ombudsman of DBK. DBK's Ombudsman function was established to strengthen DBK's internal control system and monitor compliance with DBK's Code of Ethics. In addition to collecting information regarding violation of the Code of Ethics, the Ombudsman is tasked with initiating the settlement of disputes regarding such violations. Since October 2022, Mr. Saidenov has been an independent member of the Board of Directors of Unicorn Holdings Limited JSC.

Ussen Galym graduated from Osaka University, School of Economics with a Bachelor of Economics and Business in 2008 and from Harvard John F. Kennedy School of Government with a Master of Public Administration in 2023. Mr. Galym began his career in 2008 as a software developer at Simplex Inc. in Tokyo, Japan, where he worked until 2011. Between 2012 and 2018, he held several positions at Deloitte Tohmatsu Consulting LLC in Tokyo. From 2019 to 2020, Mr. Galym worked on the digitalisation of the social and labour sectors in Kazakhstan, including as Director of the Department for Analysis and Development of Public Services at the Ministry of Labor and Social Protection of the Population. Between 2020 and 2021, he was the Director of the Department of Digitalisation of Corporate Solutions at BI Innovations LLP in Astana. In January 2024, he was appointed as a member of the Board of Directors of DBK, as a representative of Baiterek JSC. In addition, Mr. Galym is the Deputy Chairman of the Board of Baiterek JSC and a member of the Audit Committee, the Strategic Planning and Corporate Development Committee and the Staff, Remuneration and Social Issues Committee of DBK.

Marat Yelibayev graduated from T. Ryskulov Kazakh Economic University in 2005 with a degree in Finance and Accounting. In 2004, he graduated from the International Academy of Business, specialising in management. Mr. Yelibayev has a Master's degree in Corporate Finance from the London Business School as part of the Bolashak International Programme. He also graduated from the Republican Specialized Physics and Mathematics Boarding School. Mr. Yelibayev began his career in 2004 at Deloitte as an Auditor and Senior Auditor and worked on projects in the metallurgy, mining, oil and gas, transport and logistics sectors, as well as state-owned companies. Between 2007 and 2010, he was a Manager in the Mergers and Acquisitions Department at PricewaterhouseCoopers. Between 2010 and 2014, Mr. Yelibayev held the position of Investment Director and Vice President at CITIC Kazyna Investment Fund I LP. Since 2014, he has held the position of Chief Banker in the Eurasia, Middle East and Africa Energy Department of the European Bank for Reconstruction and Development. From February 2022 to December 2023, Mr. Yelibayev served as the Deputy Chairman of the Board of DBK. In December 2023, he was appointed Chairman of the Management Board and member of the Board of Directors of DBK.

Management Board

In February 2009, a number of changes were made to the DBK Law, including the creation of a new management structure which abolished the previous offices of the President and his Vice Presidents and replaced them with the Management Board. The Management Board is an executive board consisting of not less than five members. As at the date of this Base Information Memorandum, the Management Board consists of five members. The Management Board generally manages the day-to-day activities of DBK. Members of the Management Board are appointed by the Board of Directors, after consultation with the Staff, Remuneration and Social Issues Committee. The term of the members of the Management Board is determined by the Board of Directors.

The members of the Management Board are:

Name	Positions	Date Appointed	Age	Date of Birth
Marat Yelibayev	Chairman	4 December 2023	39	2 June 1984
Vladimir Lee	Deputy Chairman, Lending	1 March 2024	39	10 June 1985
Botagoz Abisheva	Deputy Chairman, Financial Management	25 February 2022	47	2 September 1976
Asset Sharipov	Deputy Chairman, Legal Affairs	16 March 2020	41	16 September 1982
Bakhytzhan Omarov	Deputy Chairman, Risk Management	3 May 2023	46	28 April 1977

Marat Yelibayev See *"—Board of Directors"*.

Vladimir Lee graduated from Karaganda State University Y.A. Buketov in 2007, majoring in Finance. From 2007 to 2015, Mr. Lee worked as a Specialist in the Akmola branch of Kazkommertsbank JSC, Chief Specialist of the Small and Medium-sized Business Department in the Karaganda branch of Temirbank JSC, Risk Manager in the Karaganda branch of Tsesnabank JSC, Head of the Medium-sized Business Department in Karaganda branch of Temirbank JSC and Alfa-Bank JSC. From 2015 to 2022, he worked as a Credit Analyst in the Project Department, a Banker, and later as a Senior Banker, in the Customer Service Department of DBK. Between March 2022 and February 2024, Mr. Lee held the position of Managing Director of DBK. He was appointed to the position of Deputy Chairman of the Management Board of DBK with effect from 1 March 2024.

Botagoz Abisheva graduated from Kazakhstan Institute of Law and International Relations in 1997 with a degree in International Law. In 2014, she graduated from the Kazakh University of Economics, Finance and International Trade, specialising in Finance, and, in 2018, she received a Master's degree in Economics from the same university. In 2022, Ms. Abisheva graduated from Renmin University of China with a Master's degree. She began her career in 1998 in the International Department of Bank TuranAlem. Between 2003 and 2007, Ms. Abisheva held numerous positions at Bank of TuranAlem in Beijing, China, including Banking Director, Deputy Head of Representative Office and Head of Representative Office. From 2007 to 2010, she worked as Head of the Financial Institutions Department at ICICI Bank Eurasia in Moscow. Ms. Abisheva has been working at DBK since 15 February 2010 and has held a number of positions, including Deputy Director of the Department of Funding and International Cooperation and Managing Director. She was appointed Deputy Chairman of the Management Board of DBK on 25 February 2022.

Asset Sharipov graduated from the Kazakh Humanitarian Legal University with a degree in Law. He has a Master's degree from Kazakh Humanitarian Legal University, specialising in Labor Law and Social Security law. Mr. Sharipov began his career in 2003 as a Specialist at the OPSF Otan JSC of ATFBank. From 2004 to 2010, he held the positions of Lawyer, Chief Specialist, Head of Department and Senior Lecturer at International Bank "Alma-Ata" JSC, ABK-V LLP, ATF Bank JSC and RSE Kostanay State University named after A. Baitursynov. Between 2010 and 2014, Mr. Sharipov worked as Deputy Director of the Legal Support Department of DBK. From 2014 to 2016, he was a Deputy Director of the Legal Support Department of RSE National Bank of Kazakhstan. From 2016 to 2017, Mr. Sharipov was a Director of the Legal Support Department of DBK. Between July 2017 and March 2019, he held the position of Deputy Chairman of the Board of Damu Entrepreneurship Fund JSC. In March 2020, Mr. Sharipov was appointed to the position of Managing Director and member of the Management Board of DBK.

Bakhytzhan Omarov graduated from Almaty Institute of Economics and Statistics in 2001, majoring in Economy and Accounting. Mr. Omarov has 20 years' of experience in the financial sector, including 15 years at DBK. He began his career in 2002 at Bank TuranAlem JSC (Ekibastuz branch), where he worked as a Specialist in the EBRD lending sector, Senior Specialist and Head of the EBRD lending sector. From October 2003 to July 2004, Mr. Omarov was Head of the Lending Department and then, in the second half of 2004, Chief Specialist (Risk Manager) of the Credit Risk Department of Nurbank JSC. From 2005 to 2008, he worked as Head of the Problem Loans Department and in the Credit Risk Department of Nurbank JSC. He began his career at DBK in 2008 as the Chief Risk Manager, worked in DBK's Credit

Unit for more than seven years, and was appointed as Managing Director in April 2019. In May 2023, Mr. Omarov was appointed Deputy Chairman of DBK's Management Board.

The business address of the members of the Management Board is the registered office of DBK, namely, n-r. pr. 15, building 55A Mangilik Yel Avenue, Yesil district, Astana, Republic of Kazakhstan.

Corporate Governance DBK's Code of Corporate Governance, the most recent amendments to which were approved on 9 January 2020, is constructed upon the following principles:

- protection of the rights and interests of the sole shareholder;
- efficient management of DBK by the Board of Directors and the Management Board (as the executive body);
- division of powers;
- sustainable development;
- transparency and fair disclosure of information;
- risk management, compliance control and internal audit; and
- regulation of corporate conflicts and conflicts of interest.

Two members of the Board of Directors are independent directors, which exceeds the minimum share of independent directors required by the JSC Law. These directors are appointed by Baiterek JSC, the sole shareholder of DBK.

In addition to establishing committees of the Board of Directors, as described below, DBK also has a Corporate Secretary of the Board of Directors and a Compliance Service to assist the Board of Directors in ensuring DBK's compliance with corporate rules and management policy. The Corporate Secretary works to assist the Board of Directors in fulfilling its duties and protecting the rights and interests of the sole shareholder. The Compliance Service works to ensure effective management of compliance risks and has the exclusive right to exercise internal control over DBK's compliance with the legislation of Kazakhstan, including NBK regulations and DBK's internal regulations and procedures.

See "*Asset and Liability Management – Anti Money Laundering, Countering the Financing of Terrorism, Anti-Corruption and Anti-Bribery Policies and Procedures.*"

Board Committees

The Board of Directors has established the following committees:

Audit Committee

The Audit Committee was established to facilitate the monitoring of DBK's financial and economic activities and to ensure that there is an adequate system of internal control and risk management in operation. The Audit Committee is responsible for the promotion and strengthening of DBK's internal and external audit functions.

As at the date of this Base Information Memorandum, the members of the Audit Committee are Ms. Favale (Chair), Mr. Saidenov and Mr. Khamitov.

Risk Management Committee

The role of the Risk Management Committee is to assist the Board of Directors in risk monitoring, risk control and risk analysis. As at the date of this Base Information Memorandum, the members of the Risk Management Committee are Ms. Favale (Chair), Mr. Saidenov and Mr. Galym. See also "*Asset and Liability Management*".

Staff, Remuneration and Social Issues Committee

The Staff, Remuneration and Social Issues Committee is an advisory body of the Board of Directors, created in order to improve the efficiency of DBK's development management by preparing recommendations to the Board of Directors in respect of staff and motivation policy and addressing issues of appointment and remuneration falling under the competence of the Board of Directors.

As at the date of this Base Information Memorandum, the members of the Staff, Remuneration and Social Issues Committee are Mr. Saidenov (Chair), Ms. Favale and Mr. Galym.

Strategic Planning and Corporate Development Committee

The role of the Strategic Planning and Corporate Development Committee is to make recommendations to the Board of Directors in relation to the development of the priority sectors, strategic aims, and efficiency of DBK in the medium- and long-term. As at the date of this Base Information Memorandum, the members of the Strategic Planning Committee are Ms. Favale (Chair), Mr. Saidenov, Mr. Khamitov.

Other Committees and Support Bodies

The Management Board is also assisted by the Budget Commission, the Investment Committee, the Credit Committee, the Change Management Committee, the Personnel Policy Committee and the Problem Assets Committee.

The Budget Commission assists with the timely development and execution of the budget for each financial year and the Personnel Policy Committee carries out management and development of human resources of DBK.

See "*Asset and Liability Management—Principal Committees*" for a description of the Investment Committee and the Credit Committee.

Internal Audit Service

The work of the Internal Audit Service aims to provide independent assurance and objective advisory services to improve DBK's activities. The main objective of the Internal Audit Service is to implement control over DBK's financial and economic activities, also providing to the Board of Directors independent assessment and advice on improving DBK's activities and increasing efficiency of DBK's management, including risk management systems, internal controls and corporate governance.

The Internal Audit Service is tasked with ensuring the organisation and implementation of DBK's internal audits and developing an annual audit plan based on the recommendations of the Audit Committee, as well as a map of DBK's audit risks, based on DBK's matrix of business processes, risks and controls, and risk its register. The Internal Audit Service is accountable to the Board of Directors and supervised by the Audit Committee. The Internal Audit Service carries out its activities in compliance with the legislation of the Republic of Kazakhstan, the International Professional Practices Framework promulgated by the Institute of Internal Auditors and internal regulations of DBK. The Internal Audit Service conducts its activities in line with specially developed methodologies approved by the Board of Directors and the annual audit plan. An external assessment of the Internal Audit Service's activity is generally performed every five years, with the last such assessment completed in 2022 by KPMG LLP. The assessment approved the activities of the Internal Audit Service, in line with the International Professional Standards for Internal Audit and the Code of Ethics.

The head and other members of the Internal Audit Service are appointed by the Board of Directors based on a competitive selection process. The Board of Directors approves the annual plan for the Internal Audit Service and key performance indicators applicable to the Internal Audit Service and the Head of the Internal Audit Service. The activity report of the Internal Audit Service is submitted to the Audit Committee and the Board of Directors on a quarterly basis.

Management Remuneration

Determination of the amounts and terms of remuneration for the Board of Directors is the responsibility of Baiterek JSC, as sole shareholder. The current policy of Baiterek JSC does not provide for the payment of remuneration to members of the Board of Directors who are representatives of Baiterek JSC. According to DBK's internal regulations, remuneration is paid to independent members of the Board of Directors in the form of annual fixed remuneration and additional remuneration for attendance at meetings of committees of the Board of Directors. Remuneration of executive management is based on DBK's financial results and is determined by the Board of Directors. As at 31 December 2023, there were no outstanding loans or guarantees granted by DBK to any member of the Board of Directors or the Management Board or to any parties related to them. See "*Share Capital, Sole Shareholder and Related Party Transactions—Related Party Transactions—Transactions with the Board of Directors and Management Board*".

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 of DBK towards DBK and their private interests or other duties.

DBK has instituted and maintains a policy regarding the settlement of corporate conflicts and conflicts of interest of interest involving officials and employees of DBK, which is aimed at ensuring the prevention and settlement of any actual or potential conflicts of interest.

SHARE CAPITAL, SOLE SHAREHOLDER AND RELATED PARTY TRANSACTIONS

Share Capital

As at 31 December 2023, DBK's outstanding share capital consisted of: 2,114,590 ordinary shares, as follows:

- 1,819,519 ordinary shares with a nominal value of KZT 50,000 per share;
- 250,000 ordinary shares with a nominal value of KZT 668,000 per share;
- 30,000 ordinary shares with a nominal value of KZT 1,000,000 per share;
- 5,000 ordinary shares with a nominal value of KZT 5,000,000 per share;
- 2,500 ordinary shares with a nominal value of KZT 40,000,000 per share;
- 1,250 ordinary shares with a nominal value of KZT 40,000,000 per share;
- 1,250 ordinary shares with a nominal value of KZT 40,000,000 per share;
- 1,250 ordinary shares with a nominal value of KZT 40,000,000 per share;
- 1,000 ordinary shares with a nominal value of KZT 40,000,000 per share;
- 625 ordinary shares with a nominal value of KZT 40,000,000 per share;
- 500 ordinary shares with a nominal value of KZT 40,000,000 per share;
- 375 ordinary shares with a nominal value of KZT 40,000,000 per share;
- 320 ordinary shares with a nominal value of KZT 38,393,750 per share;
- 300 ordinary shares with a nominal value of KZT 40,000,000 per share;
- 250 ordinary shares with a nominal value of KZT 40,000,000 per share;
- 250 ordinary shares with a nominal value of KZT 40,000,000 per share;
- 200 ordinary shares with a nominal value of KZT 40,000,000 per share; and
- 1 ordinary shares with a nominal value of KZT 691,560,619 per share.

all of which were issued and fully paid. Each ordinary share carries one vote. Baiterek JSC is the sole shareholder of DBK's outstanding ordinary shares. See "*Selected Statistical and other Data—Equity and Capital Adequacy Ratios*".

Baiterek JSC

As at 31 December 2012, the sole shareholder of DBK was Samruk Kazyna. In accordance with the Decree of the President of the Republic of Kazakhstan № 136 dated 10 August 2011 and the Decree of the Government № 1224 dated 28 October 2011, the entire issued share capital of DBK was transferred under trust management to the Ministry of Industry and Infrastructural Development. Baiterek JSC was established pursuant to the Decree of the President of the Republic of Kazakhstan № 571 dated 22 May 2013 and the entire issued share capital of DBK was subsequently transferred to Baiterek JSC (and the trust management arrangement was terminated).

Baiterek JSC's key objectives are to support: (i) development of the non-resource sectors of the Kazakhstan economy; (ii) development of entrepreneurship; (iii) development of the manufacturing industry; (iv) exports of non-resource products; (v) increasing labour productivity; (vi) development of a competitive agro-industrial complex; (vii) increasing the investment attractiveness of the economy; and (viii) improving the welfare of the Kazakhstan population.

Baiterek JSC's board of directors is appointed by the Government, as sole shareholder, and its members include, among others, the Prime Minister of Kazakhstan, the Minister of Finance of Kazakhstan, the First Deputy Prime Minister of Kazakhstan, the Assistant of the President on Economy, the Minister of Industry and Construction of Kazakhstan, as well as independent directors.

In March 2021, JSC "KazAgro" National Management Holding merged with Baiterek JSC, DBK's parent company. The merger has not impacted DBK's credit rating, nor did it disrupt the provision of financial and non-financial services for agricultural producers in Kazakhstan under the framework of state-funded programmes. Baiterek JSC is consolidating different development institutions operating in Kazakhstan and is the legal successor to the merged entities.

Related Party Transactions

Transactions with the Board of Directors and Management Board

For the year ended 31 December 2023, the total remuneration of members of the Board of Directors and the Management Board, Managing Directors included in payroll and related taxes, was KZT 600.8 million, as compared to KZT 623.8 million for the year ended 31 December 2022 and KZT 586.7 million for the year ended 31 December 2021. Such amounts include cash benefits granted to members of the Board of Directors and the Management Board, Managing Directors, as the case may be.

During the years ended 31 December 2023 and 2022, there were no reversals of accrued bonuses to the Management Board.

Transactions with other Related Parties

DBK also enters into certain transactions with Baiterek JSC and other State and national companies and organisations, which are deemed to be related parties to DBK. See Note 33 to the 2023 Annual Financial Statements.

Loans from Baiterek JSC, Samruk-Kazyna and Government grants comprise significant sources of DBK's funding. See "*Selected Statistical and Other Data—Principal Sources of Funding*". In addition, DBK extends financing to state-owned companies, subsidiaries of Samruk-Kazyna and other organisations (other than Samruk-Kazyna). As at 31 December 2023, loans to companies with state participation of more than 50% (net of reserves) were KZT 463,763.8 billion.

The JSC Law provides that in the event that a member of the Board of Directors has a conflict of interest in relation to an investment project or other transaction, such member must inform the Board of Directors of the conflict and shall not participate in the vote to approve such transactions. Any vote shall then be passed by a majority of the remaining non-conflicted members. Only if there are insufficient non-conflicted members of the Board of Directors to pass a vote, shall a decision to approve a transaction be taken by DBK's sole shareholder.

Dividend Policy

Dividends are paid in accordance with Baiterek JSC's procedure for determining the amount of dividends payable by its subsidiaries, which are based on the following main principles:

- the need for making payments and expenses by Baiterek JSC on behalf of itself or the Government;
- the principle of needing to ensure financing of the activities of the sole shareholder, including the financing of new activities and investment projects implemented at the expense of the sole shareholder; and
- the principle of needing to finance development costs, including investment activities, by subsidiaries of Baiterek JSC.

In line with the above procedure, Baiterek JSC has established a target dividend size of 70% of total consolidated net income to be paid by DBK and a maximum dividend size of 100% of total consolidated net income. In order to permit DBK to comply with its financing covenants, the Committee for Planning and Assessment of the Activities of Baiterek JSC instructed DBK to pay dividends in the amount of 50% of DBK's consolidated net profit for the years 2020-2023.

During the year ended 31 December 2023, DBK declared and paid dividends of KZT 17,062.4 million, as compared to declared and paid dividends of KZT 15,749.8 million in 2022. No dividend was declared for the year ended 31 December 2021. The increase in dividends in 2023 was due to an increase in profits available for distribution.

THE BANKING SECTOR IN KAZAKHSTAN

Set forth below is certain information regarding Kazakhstan's banking sector. Unless specifically mentioned therein, this information does not apply to DBK due to its special status as a development bank. In particular, pursuant to the DBK Law, DBK is not subject to the prudential requirements of the banking regulator, which only apply to commercial banks in Kazakhstan.

Introduction

Kazakhstan has a two-tier banking system with the NBK, comprising the first tier and the commercial banks comprising the second tier (with the exception of DBK, which has a special status and belongs to neither tier). Generally, all credit institutions in Kazakhstan are required to be licensed and regulated by the regulator, which is currently the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market (the "**Agency**"). 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, while the NBK concentrates on monetary policy and inflation control. With effect from 1 January 2020, the Agency was established. The Agency 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 Agency, 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.

Sanctions imposed against Russia have increased the concentration of the banking sector in Kazakhstan. Subsidiaries of three Russian banks, which represented 15% total Kazakhstan bank assets prior to February 2022, were subjected to international sanctions. In coordination with the Agency, two such banks have been acquired by local entities, thus increasing the concentration of Kazakhstan's banking sector. The third bank was recapitalised and has continued operating in Kazakhstan focusing on intermediating payments with Russia.

As at 1 March 2023, the total number of Kazakhstan's banks had decreased to 21, as compared to 22 as at 1 March 2022, due to acquisition by BankCenterCredit of Russian-owned Alfa Bank in Kazakhstan, which was completed in April 2022. Alfa-Bank was subsequently re-branded and continued operating under the brand of Eco Center Bank, but eventually was merged into Bank CenterCredit thereby strengthening its position, especially in terms of products for SMEs and individuals. In September 2022, Baiterek JSC purchased 100% shares of a subsidiary bank of Russian Sberbank in Kazakhstan, which was renamed Bereke Bank. In early March 2023, the sanctions against Bereke Bank were lifted by the U.S. Treasury Department, due to the fact that the bank no longer belongs to the Russian Sberbank.

According to an IMF report, 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.

COVID-19 Pandemic

In response to the outbreak of the COVID-19 pandemic, the Government encouraged Kazakhstan banks to introduce "repayment holidays" to citizens and SMEs affected by lockdowns for a period of 90 days from 16 March to 15 June 2020. According to the Agency, banks had deferred loan payments for 41.5% of SMEs and 34% of individual borrowers as of June 2020. This measure was reintroduced for SMEs for an additional 60 days from 3 August 2020 to 1 October 2020. Credit repayment holidays were accompanied by regulatory relaxations for Kazakhstan banks introduced for a six-month period to 1 October 2020. The Agency introduced a number of regulatory measures to increase the liquidity of, and reduce the pressure on, banks' capital. The Agency relaxed certain capital, liquidity, loan classification, and provisioning requirements. The Agency reported that these measures released more than 10% of regulatory capital, more than 16% of liquid assets, and helped banks re-focus their lending into the economy. In September 2020, the Agency extended the majority of these measures until July 2021. The Agency then extended certain prudential measures (*e.g.*, a lower risk weighting for loans and guarantees issued to SMEs and for syndicated loans, the discouraging of the making of additional provisions for loans granted a deferral of payments due to the introduction of restrictive lockdown measures, *etc*.) until the end of 2021 to provide additional support to businesses.

The IMF reported that during the COVID-19 pandemic, Kazakhstan banks' profitability, liquidity and capitalisation have remained strong. The Agency reported an increase in the net income of the Kazakhstan banking sector from KZT 1,289.0 billion as at 1 January 2022 to KZT 1,466.5 billion as at 1 January 2023. The Agency reported a further increase in the net income of the Kazakhstan banking sector to KZT 2,183.1 billion as at 1 January 2024. According to the Agency, the liquid assets of Kazakhstan banks accounted for 30.2% of total assets as at 1 January 2023, as compared to 31.1% as at 1 January 2022. As at 1 January 2024, the liquid assets of Kazakhstan banks declined to 29.3%, although the Agency noted that the portion of liquid assets remains significant and permits banks to fulfil their obligations. According to the Agency, NPLs have decreased from 3.3% as at 1 January 2022 to 3.36% as at 1 January 2023 and 2.9% as at 1 January 2024, reflecting the write-off of significant amounts of corporate sector NPLs.

The long-term issuer default ratings were affirmed by Fitch at BBB- for Halyk Bank and Halyk Finance in April 2023, at BBB+ for Altyn Bank (Subsidiary Bank of China CITIC Bank Corporation Limited) and Kazakhstan-based JSC AB Bank of China Kazakhstan's (BOCK) in January 2024, at BBB for DBK and at B- for AB Kazakhstan - Ziraat International Bank JSC (KZI) in February 2024 with a stable outlook.

The revision of the outlooks and affirmation of ratings on Halyk Bank, Alfa Bank and ForteBank were due to Fitch's view that "the banks' strong pre-impairment profitability and substantial capital buffers will be sufficient to mitigate the ongoing pressure on their asset quality, stemming from the economic recession, lower oil prices, and negative implications from the spread of COVID-19 on the broader economy".

The Agency

The Agency is the state authority performing regulation, control and supervision of financial market and financial organisation 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 Agency, to appoint and remove the NBK's Deputy Chairman upon the proposal of the Chairman. Ms. Madyna Abylkassymova was appointed as Chairman of the Agency in December 2019. The principal governing body of the Agency is the Executive Board. The Executive Board consists of four members, including the Chairman.

The Agency is responsible for 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 is 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 Agency. 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 Agency.

Banking Supervision

Capital Adequacy

The regulator (then the FMSA) refined its capital adequacy and credit exposure standards in September 2005, when it set limits and rules for calculating capital adequacy, single party exposure, liquidity ratios and open currency positions.

In November 2005, the regulations regarding regulatory capital and risk management came into effect in Kazakhstan. These regulations represented a substantial step towards the implementation of the Basel Accord. In particular, these regulations introduced the concepts of hybrid capital eligible to be included in Tier I and Tier II capital, Tier III capital (qualified subordinated debt) and operational and market risks and included rules for calculating risk with respect to derivatives.

The implementation of Basel III has been postponed on several occasions in line with the extended implementation of the Third Basel Accord. On 13 September 2017, the NBK adopted Resolution № 170 setting forth amended and restated prudential requirements, which became effective on 25 September 2017. In line with Basel III, Resolution № 170 sets forth different requirements for banks that fall within the definition of systematically-important banks and those bank which do not have such status and introduced two additional capital buffers: a "capital conservation buffer" and a "systematic buffer". Systematically-important banks are required to maintain k1 of 9.5%, k1-2 of 10.5% and k2 of 12% taking into account the "capital conservation buffer" and "systematic buffer". Those banks which are not considered systematically-important are required to maintain k1 of 8%, k1-2 of 9% and k2 of 10.5% taking into account the "capital conservation buffer" and "systematic buffer".

The IMF reported that Kazakhstan has transitioned to Basel III and banks operate under a credit risk standardised approach, market risk standardised approach and operational risk basic indicator approach. The IMF further reported that the Agency has not yet conducted an assessment on whether any modifications to the capital requirements are needed in relation to the new Basel framework, which entered into force in January 2023.

Risk–Focused Supervision

In 2018 and 2019, the then-regulator, the NBK, continued strengthening the financial system of Kazakhstan. On 1 January 2019, the regulator introduced risk-focused supervision of the banking sector. During the risk-focused supervisory process, the regulator reviews and analyses the activities of a financial institution and considers whether such activities are compliant with statutory requirements, as well as analyses the business model of the financial institution. The regulator further assesses corporate governance, capital adequacy and levels of liquidity of financial institutions. Risk-focused supervision also includes the concept of reasoned judgment. The regulator is now authorised, among other things, to identify, based on its reasoned judgment: (i) top managers of banks of other persons that have "special relations" with such banks; and (ii) loans and other financing that was provided by a bank on favourable terms. The regulator is further authorised, based on its reasoned judgment, to: (x) assess sufficiency of reserves; (y) identify and assess risks that a bank is exposed to; and (z) identify violations of statutory requirements committed by a bank.

The IMF reported that the Agency has made progress in delivering on its supervisory mandate by conducting stress test and internal desk-based assets quality reviews ("**AQR**"), which are two annual exercises that complement the supervisory review examination process ("**SREP**").

In 2021, for the first time, the Agency conducted a full-scale assessment of Kazakhstan banks using the SREP methodology, and an internal desk-based AQR and supervisory stress testing in a pilot mode. Since 2022, the ARDFM conducts regular AQR and supervisory stress testing that covers over 70% of the Kazakhstan banking sector's assets.

Deposit Insurance

In December 1999, a self-funded domestic deposit insurance scheme was established and, as at 1 March 2022, 20 banks were covered by the scheme. The insurance coverage is presently limited to personal deposits in any currency and current accounts up to a maximum amount per customer of KZT 20 million for Tenge-denominated saving deposits, KZT 10 million for Tenge-denominated deposits (other than saving) and KZT 5 million for deposits denominated in foreign currencies. Only banks participating in the deposit insurance scheme are authorised to open accounts and take deposits from private individuals.

Commercial Banks

According to data published by the Agency, as at 1 January 2024, there were 21 commercial banks in Kazakhstan, excluding DBK and the NBK. Since 1 July 2011, the minimum capital requirements are KZT 10 billion for banks, including newly established banks, and KZT 4 billion for residential construction savings banks.

As at 1 January 2024, the total capital of commercial banks was KZT 7,497.7 billion, as compared to KZT 5,967.3 billion, KZT 5,308.1 billion and KZT 4,821.9 billion as at January 2023, January 2022 and 1 January 2021, respectively. During such period, the total assets (including reserves) of such banks increased to KZT 51,440.0 billion as at 1 January 2024 from KZT 44,562.3 billion as at 1 January 2023, which, in turn, increased from KZT 37,622 billion as at 1 January 2022. Aggregate liabilities were approximately KZT 31,598.5 billion as at 1 January 2024, as compared to KZT 39,334.6 billion and KZT 33,187.1 billion as at 1 January 2023 and 1 January 2022, respectively. The aggregate net income of commercial banks amounted to KZT 2,193.8 billion as at 1 January 2024, as compared to KZT 1,439.9 billion and KZT 1,289.3 billion as at 1 January 2023 and 1 January 2022, 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% on 22 January 2024. On 26 February 2024, the NBK further decreased the base rate to 14.75%.

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 are 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 Bank of Tokyo-Mitsubishi UFJ Ltd, Commerzbank AG, Deutsche Bank AG, ING Bank N.V., JP Morgan Chase Bank, N.A., Landesbank Berlin AG, Société Générale, Standard Chartered Bank and UBS AG.

However, the slowdown in Kazakhstan's economy in recent 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 by submitting simplified applications. Previously, foreign banks were required to set up a local entity (*i.e.*, a Kazakhstan joint stock company) and obtain a regular local banking license to operate in Kazakhstan.

The scope of the license to be issued by the Agency to a branch office of a foreign bank under the simplified 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.

The Regulator's Powers under the DBK Law

Under the DBK Law, the regulator may apply a number of compulsory restrictive measures to DBK if it finds DBK to be in breach of Kazakhstan laws relating to its operations, accounting practices and financial reporting requirements (including in respect of the application of IFRS). In this respect, Article 28 of the DBK Law allows the regulator:

- to give recommendations to DBK;
- to apply compulsory measures to improve its financial condition or minimize risks to DBK; and
- to apply compulsory supervisory measures to DBK.

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which, save for the wording in italics, as supplemented, amended or replaced by the relevant Final Terms, will be endorsed on each Definitive Note and attached to or incorporated by reference into each Global Note. The relevant Final Terms (or relevant provisions thereof) will be endorsed upon or attached to each Global Note and Definitive Note. The Terms and Conditions of the Notes applicable to Global Notes will differ from those which would apply to a Definitive Note to the extent described under "Form of Notes".

Notwithstanding that the Conditions allow for the issue of Notes linked to LIBOR, DBK shall not issue any such Notes under the Programme.

1. **INTRODUCTION**

JSC Development Bank of Kazakhstan (the "**Issuer**") has established a Medium Term Note Programme (the "**Programme**") for the issuance of up to U.S.$3,000,000,000 in aggregate principal amount of notes (the "**Notes**") outstanding. The Notes are constituted by an amended and restated trust deed (as amended or supplemented or restated from time to time, the "**Trust Deed**") dated 13 November 2012 between the Issuer and Deutsche Trustee Company Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). The Notes are the subject of an amended and restated agency agreement dated 13 November 2012 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the Trustee, Deutsche Bank AG, London Branch as Principal Paying and Transfer Agent (the "**Principal Paying and Transfer Agent**", which expression includes any successor Principal Paying and Transfer Agent appointed from time to time in connection with the Notes), Deutsche Bank Trust Company Americas as U.S. Paying and Transfer Agent and U.S. Registrar (the "**U.S. Registrar**") and Deutsche Bank Luxembourg S.A. as Luxembourg Registrar (the "**Luxembourg Registrar**").

Notes issued under the Programme are issued in series (each, a "**Series**") and each Series may comprise one or more tranches (each, a "**Tranche**") of Notes. Each Tranche is the subject of Final Terms (the "**Final Terms**") which supplements these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended or replaced by Part A of the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for inspection by Noteholders during normal business hours at the Specified Office of the Principal Paying and Transfer Agent, the initial Specified Office of which is set out below.

Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. The holders of the Notes (the "**Noteholders**") are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Trustee and the Paying Agents, the initial Specified Offices of which are set out below.

2. **INTERPRETATION**

2.1. In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Business Day**" means:

(a) in the case of Euros, a TARGET Settlement Day;

(b) in the case of a Specified Currency other than Euros, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency; or

(c) in the case of a Specified Currency or one or more Business Centre(s) specified in the relevant Final Terms, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres so specified;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(a) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

(b) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(c) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(d) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of Months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:

(i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(e) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"**Calculation Agent**" means the Principal Paying and Transfer Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and such other amount(s) as may be specified in the relevant Final Terms;

"**Clearstream, Luxembourg**" means Clearstream Banking *société anonyme*;

"**Day Count Fraction**" means (subject as provided in Condition 7), in respect of the calculation of an amount of interest for any Interest Period:

(a) if "Actual/365 or "Actual/Actual (ISDA)" is specified in the relevant Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of the Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period falling in a non leap year divided by 365);

(b) if "Actual/365" (Fixed)" is specified in the relevant Final Terms, the actual number of days in the Interest Period divided by 365;

(c) if "Actual/360" is specified in the relevant Final Terms, the actual number of days in the Interest Period divided by 360;

(d) if "30/360", "360/360" or "Bond Basis" is specified in the relevant Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30 day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30 day month, or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month)); and

(e) if "30E/360" or "Eurobond Basis" is specified in the relevant Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30 day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month);

"**Early Redemption Amount (Tax)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Early Termination Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

"**Euroclear**" means Euroclear Bank SA/NV;

"**Euro Exchange Date**" means the date on which the Issuer gives notice (the "**Euro Exchange Notice**") to the Trustee and the Noteholders that replacement Notes denominated in Euros are available for exchange;

"**Extraordinary Resolution**" has the meaning given in the Trust Deed;

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Indebtedness**" means any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

"**Indebtedness for Borrowed Money**" means, any Indebtedness of any Person for or in respect of (i) moneys borrowed, (ii) amounts raised by acceptance under any acceptance credit facility, (iii) amounts raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or similar instruments, (iv) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with generally accepted accounting standards in the jurisdiction of incorporation of the lessee, be treated as finance or capital leases, (v) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred primarily as a means of raising finance or financing the acquisition of the relevant asset or service and (vi) amounts raised under any other transaction (including any forward sale or purchase agreement and the sale of receivables or other assets on a "with recourse" basis) having the commercial effect of a borrowing;

"**Indebtedness Guarantee**" means in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation) (i) any obligation to purchase such Indebtedness, (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness, (iii) any indemnity against the consequences of a default in the payment of such Indebtedness and (iv) any other agreement to be responsible for repayment of such Indebtedness;

"**Interest Amount**" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"**Interest Commencement Date**" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"**Interest Determination Date**" has the meaning given in the relevant Final Terms;

"**Interest Payment Date**" means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

(a) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"**ISDA Definitions**" means the 2000 ISDA Definitions (as supplemented by the Annex to the 2000 ISDA Definitions and as further amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms)) as published by the International Swaps and Derivatives Association, Inc. (formerly the International Swap Dealers Association, Inc.);

"**Issue Date**" has the meaning given in the relevant Final Terms;

"**Maximum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Margin**" has the meaning given in the relevant Final Terms;

"**Material Subsidiary**" means, at any given time, any Subsidiary of the Issuer whose gross assets or gross revenues represent at least 5.0%, of the consolidated gross assets, or, as the case may be, consolidated gross revenues of the Issuer and its consolidated Subsidiaries (in each case, determined by reference to the Issuer's most recent consolidated financial statements prepared in accordance with International Financial Reporting Standards ("**IFRS**") as published at the time by the International Accounting Standards Board or its successor) or any other Subsidiary to which is transferred either (a) all or substantially all of the assets of another Subsidiary which immediately prior to the transfer was a Material Subsidiary or (b) sufficient assets of the Issuer that such Subsidiary would have been a Material Subsidiary had the transfer occurred on or before either (i) the date of the said most recent audited financial statements of the Issuer or (ii) if management accounts or other unaudited financial statements of the Issuer prepared in accordance with IFRS are available for any period subsequent to the said most recent audited financial statements, such accounts or financial statements and, for these purposes:

(a) the gross assets and gross revenues of a Subsidiary shall be determined by reference to its then most recent audited financial statements prepared in accordance with IFRS (or, if none, its then most recent management accounts or other financial statements prepared in accordance with IFRS); and

(b) the consolidated gross assets and consolidated gross revenues of the Issuer and its consolidated Subsidiaries shall be determined by reference to its then most recent audited consolidated financial statements prepared in accordance with IFRS (or, if none, its then most recent consolidated management accounts or other unaudited consolidated financial statements prepared in accordance with IFRS);

"**Maturity Date**" has the meaning given in the relevant Final Terms;

"**Minimum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Optional Redemption Amount (Call)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Optional Redemption Amount (Put)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Optional Redemption Date (Call)**" has the meaning given in the relevant Final Terms;

"**Optional Redemption Date (Put)**" has the meaning given in the relevant Final Terms or, following the occurrence of a Put Event, the sixtieth day after notice thereof is given by the Issuer pursuant to Condition 10.6;

"**Participating Member State**" means a Member State of the European Communities which adopts the Euro as its lawful currency in accordance with the Treaty;

"**Payment Business Day**" means:

(a) if the currency of payment is Euros, any day which is:

   (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

   (ii) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(b) if the currency of payment is not Euros, any day which is:

   (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

   (ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre and which, if the currency of payment is Australian dollars or New Zealand dollars, shall be Melbourne and Wellington, respectively;

"**Permitted Security Interest**" means any Security Interest:

(a) granted in favour of the Issuer by any Subsidiary to secure Indebtedness for Borrowed Money owed by such entity to the Issuer;

(b) which arises pursuant to any order of attachment, distraint or similar legal process arising in connection with court proceedings or as security for costs and expenses in any such proceedings, so long as the execution or other enforcement thereof is effectively stayed and the claims secured thereby are being contested in good faith by appropriate proceedings;

(c) being liens or rights of set off arising by operation of law and in the ordinary course of business, including, without limitation, any rights of set off with respect to demand or time deposits maintained with financial institutions and bankers' liens with respect to property of the Issuer held by financial institutions;

(d) arising in the ordinary course of the Issuer's or a Subsidiary's business and (i) which are necessary in order to enable the Issuer or such Subsidiary to comply with any mandatory or customary requirement imposed on it by a banking or other regulatory authority in connection with the Issuer's or such Subsidiary's business or (ii) limited to deposits made in the name of the Issuer or such Subsidiary to secure obligations of the Issuer's or such Subsidiary's customers;

(e) on property acquired (or deemed to be acquired) under a financial lease, or claims arising from the use or loss of or damage to such property, provided that any such encumbrance secures only rentals and other amounts payable under such lease;

(f) arising pursuant to any agreement (or other applicable terms and conditions) which is standard or customary in the relevant market (and not for the purpose of raising credit or funds for the operation of the Issuer or any Subsidiary), in connection with (i) contracts entered into substantially simultaneously for sales and purchases at market prices of securities, (ii) the establishment of margin deposits and similar securities in connection with interest rate and foreign currency hedging operations and trading in securities or precious metals or (iii) the Issuer's foreign exchange dealings or other proprietary trading activities including, without limitation in the case of (i), (ii) and (iii), Repos,;

(g) granted upon or with regard to any property hereafter acquired by the Issuer or any Subsidiary to secure the purchase price of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such property and transactional expenses related to such acquisition (other than a Security Interest created in contemplation of such acquisition), provided that the maximum amount of Indebtedness for Borrowed Money thereafter secured by such Security Interest does not exceed the purchase price of such property (including transactional expenses) or the Indebtedness incurred solely for the purpose of financing the acquisition of such property;

(h) any netting or set-off arrangement entered into by the Issuer in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;

(i) on the property, income or assets of the Issuer or any Subsidiary securing Indebtedness, provided that the aggregate amount of Indebtedness so secured pursuant to this clause (i) at any one time shall not exceed an amount in any currency or currencies equivalent to 15% of the Issuer's total assets, determined by reference to the Issuer's most recent audited consolidated IFRS financial statements; and

(j) arising out of the refinancing, extension, renewal or refunding of any Indebtedness for Borrowed Money secured by a Security Interest either existing on or before the Issue Date of the Notes or permitted by any of the above exceptions, provided that the Indebtedness for Borrowed Money thereafter secured by such Security Interest does not exceed the amount of the original Indebtedness for Borrowed Money and such Security Interest is not extended to cover any property not previously subject to such Security Interest;

"**Permitted Shareholder**" has the meaning given in Condition 10.6;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Principal Financial Centre**" means, in relation to any currency, the principal financial centre for that currency provided, however, that:

(a) in relation to Euros, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and

(b) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New *Zealand* dollars, it means either Wellington or Auckland, in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

"**Put Event**" has the meaning given in Condition 10.6;

"**Put Option Notice**" means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"**Put Option Receipt**" means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"**Rate of Interest**" means the rate or rates (expressed as a percentage *per annum*) of interest payable in respect of the Notes specified in relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and the relevant Final Terms;

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

"**Reference Banks**" has the meaning given in the relevant Final Terms or, if none, four (or if the Principal Financial Centre is Helsinki, five) major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

"**Reference Price**" has the meaning given in the relevant Final Terms;

"**Reference Rate**" means one of the following benchmark rates (as specified in the relevant Final Terms);

(a) LIBOR; or

(b) EURIBOR;

"**Registrar**" means the U.S. Registrar or the Luxembourg Registrar, as the case may be;

"**Relevant Date**" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying and Transfer Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"**Relevant Financial Centre**" has the meaning given in the relevant Final Terms;

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, the Reuters Markets 3000 Money Rates Service and Telerate) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Time**" has the meaning given in the relevant Final Terms;

"**Repo**" means a securities repurchase or resale agreement or reverse repurchase or resale agreement, a securities borrowing agreement or any agreement relating to securities which is similar in effect to any of the foregoing and for purposes of this definition, the term "securities" means any capital stock, share, debenture or other debt or equity instrument, or derivative thereof, whether issued by any private or public company, any government or agency or instrumentality thereof or any supernational, international or multilateral organisation;

"**Reserved Matter**" means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

"**Security Interest**" means any mortgage, charge, pledge, lien, security interest or other encumbrance securing any obligation of any Person or any other type of preferential arrangement having similar effect over any assets or revenues of such Person;

"**Specified Currency**" has the meaning given in the relevant Final Terms; "**Specified Denomination(s)**" has the meaning given in the relevant Final Terms; "**Specified Interest Payment Date**" has the meaning given in the relevant Final Terms; "**Specified Office**" has the meaning given in the Trust Deed; "**Specified Period**" has the meaning given in the relevant Final Terms;

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at a given time, any other Person (the "second Person") (i) whose affairs and policies the first Person directly or indirectly controls or (ii) as to whom the first Person owns directly or indirectly more than 50.0%, of the capital, voting stock or other right of ownership and "**Control**," as used in this definition, means the power by the first Person to direct the management and the policies of the second Person, whether through the ownership of share capital, by contract or otherwise;

"**TARGET System**" means the Trans European Automated Real Time Gross Settlement Express Transfer (TARGET) System 2 or any successor thereto;

"**TARGET Settlement Day**" means any day on which the TARGET System is open; and

"**Treaty**" means the Treaty establishing the European Communities, as amended; and "**Zero Coupon Note**" means a Note specified as such in the relevant Final Terms.

2.2. Terms defined in the Trust Deed or the Agency Agreement shall, unless otherwise defined herein or the context requires otherwise, bear the same meanings herein.

2.3. In these Conditions:

(a) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 9, any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

(b) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 9 and any other amount in the nature of interest payable pursuant to these Conditions;

(c) references to Notes being "outstanding" shall be construed in accordance with the Trust Deed; and

(d) if an expression is stated in Condition 2.1 to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes.

3. FORM, DENOMINATION AND TITLE

The Notes are issued in registered form in the Specified Denomination(s) shown in the relevant Final Terms or integral multiples thereof, without interest coupons, provided that:

(a) the Specified Denomination(s) shall not be less than € 100,000 or its equivalent in another currency,

(b) interests in the Rule 144A Notes shall be held in amounts of not less than U.S.$200,000 or its equivalent in other currencies.

Title to the Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholde**r" means the person in whose name a Note is registered, "**holder**" shall be read accordingly and capitalised terms have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

4. TRANSFERS OF NOTES

4.1. One or more Notes may be transferred, in whole or in part in the authorised denominations set out in the applicable Final Terms and subject to the minimum transfer amounts specified therein, upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the relevant Note or Notes, together with the form of transfer endorsed on such Note or Notes (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or the Transfer Agent may reasonably require, including for the purposes of establishing title to the relevant Note, and the identity of the person making the request. In the case of a transfer of part only of a holding of a Note, a new Note shall be issued to the transferee in respect of the part transferred and a further new Note in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

4.2. In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Notes, a new Note shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Notes of the same holding having different terms, separate Notes shall be issued in respect of those Notes of that holding that have the same terms. New Notes shall only be issued against surrender of the existing Notes to the Registrar or any Transfer Agent. In the case of a transfer of Notes to a person who is already a holder of Notes, a new Note representing the enlarged holding shall only be issued against surrender of the Note representing the existing holding.

4.3. Each new Note to be issued pursuant to Conditions 4.1 or 4.2 shall be available for delivery within five business days of receipt of the form of transfer or Put Option Notice and surrender of the Note for exchange. Delivery of the new 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, Put Option Notice or 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, Put Option Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Note to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and such insurance as it may specify. In this Condition 4.3, "**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 relevant Transfer Agent or the Registrar (as the case may be).

4.4. Transfer of Notes on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and security as the Registrar or the relevant Transfer Agent may require).

4.5. No Noteholder may require the transfer of a Note to be registered:

(a) during the period of 15 days ending on the due date for redemption of, or payment of interest amount in respect of, that Note;

(b) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 10.3; or

(c) after any such Note has been called for redemption, including partial redemption.

4.6. As specified in the Agency Agreement, if, at any time, the Issuer determines that any beneficial owner of Notes, or any account for which such owner purchased Notes, who is required to be a QIB and a QP is not a QIB and a QP, the Issuer may (i) require such beneficial owner to sell its Notes, or may sell such Notes on behalf of such beneficial owner, to a non U.S. person who purchases in an offshore transaction pursuant to Regulation S or to a person who is a QIB who is also a QP and who is otherwise qualified to purchase such Notes in a transaction exempt from registration under the Securities Act or (ii) require the beneficial owner to sell such Notes, or may sell such Notes on behalf of such beneficial owner at a price equal to the lesser of the purchase price paid by the beneficial owner for such Notes, 100% of the principal amount thereof and (z) the fair market value thereof. The Issuer also has the right to refuse to honour a transfer of an interest in a Note to a U.S. person who is not a QIB and a QP.

5. STATUS

The Notes constitute direct, general and unconditional obligations of the Issuer, which will at all times rank *pari passu* among themselves and *pari passu* in right of payment with all other present and future unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

6. NEGATIVE PLEDGE AND COVENANTS

6.1. So long as any Note remains outstanding the Issuer shall not, and shall not permit any Material Subsidiary to create, incur, assume or permit to arise or subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of their respective undertakings, assets or revenues, present or future, to secure any Indebtedness for Borrowed Money or any Indebtedness Guarantee in respect of such Indebtedness for Borrowed Money unless, at the same time or prior thereto, the Issuer's obligations under the Trust Deed and the Notes are secured equally and rateably therewith (to the satisfaction of the Trustee) or have the benefit of such other arrangement as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders or as the Trustee in its discretion shall deem to be not materially less beneficial to the Noteholders.

6.2. So long as any Note remains outstanding, the Issuer shall ensure that it is fully in compliance with the Law on Development Bank of Kazakhstan of 25 April 2001, as amended (the "**DBK Law**"), and the Memorandum on Credit Policy of the Issuer referred to in the DBK Law, as amended from time-to-time, (the "**Credit Policy Memorandum**").

6.3. So long as any Note remains outstanding, the Issuer shall, and shall ensure that each of its Subsidiaries shall, at all times comply with all regulations and requirements of the National Bank of Kazakhstan and applicable to it in any jurisdiction where the Issuer or the relevant Subsidiary does business, including any prudential ratios and any regulations and requirements in relation to its equity capital or capital adequacy.

6.4. So long as any Note remains outstanding, the Issuer shall:

(a) send to the Trustee and to the Principal Paying and Transfer Agent one copy of:

(i) the consolidated annual financial statements of the Issuer as soon as practicable after their date of publication and in any event not more than 120 days after the end of each financial year of the Issuer;

(ii) the consolidated interim condensed financial statements of the Issuer as soon as practicable after their date of publication and in any event not more than 90 days after the end of the first half of each financial year of the Issuer; and

(iii) every balance sheet, profit and loss account, report or other notice, statement or circular issued (or which under any legal or contractual obligation should be issued) to the members or holders of debentures or creditors (or any of them as a class) of the Issuer, as the case may be, in their capacity as such at the time of the actual (or legally or contractually required) issue or publication thereof,

and procure that the same are made available for inspection by Noteholders at the specified offices of the Principal Paying and Transfer Agent as soon as practicable thereafter;

(b) ensure that:

(i) each set of annual financial statements delivered by it pursuant to Condition 6.4(a)(i) is accompanied by an audit report of the Auditors;

(ii) each set of half yearly interim financial statements delivered by it pursuant to Condition 6.4(a)(ii) is accompanied by a review report of the Auditors;

(iii) each set of financial statements delivered pursuant to Condition 6.4(a)(i) or (ii) is prepared in accordance with IFRS, consistently applied, and certified for and on behalf of the Issuer as presenting fairly, in all material respects, its financial condition as at the end of the period to which those financial statements relate and its results of operations for such period; and

(iv) all information sent to the Trustee and to the Principal Paying and Transfer Agent and made available on the Issuer's website pursuant to Condition 6.4 is in the English language or accompanied by a certified translation thereof;

(c) send to the Trustee, together with each set of audited financial statements delivered by it pursuant to Condition 6.4(a)(i), a separate opinion satisfactory to the Trustee from the Auditors as to the adequacy of the Issuer's financial procedures, accounting systems and management information and cost control systems; and

(d) promptly upon sending any information to the Trustee and to the Principal Paying and Transfer Agent pursuant to Condition 6.4(a), and in any event within five Business Days of sending such information, make such information available on the Issuer's website.

6.5. So long as any Notes are outstanding and are "**restricted securities**" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will furnish upon the request of a Noteholder or a beneficial owner of an interest therein to such Noteholder or the beneficial owner or to a prospective purchaser of Notes designated by such Noteholder or beneficial owner, the information required to be delivered under Rule 144A(d)(4) under the Securities Act and will otherwise comply with the requirements of Rule 144A under the Securities Act, if at the time of such request the Issuer is not a reporting company under Section 13 or Section 15(d) of the Exchange Act, or exempt from reporting pursuant to Rule 12g3 2(b) thereunder.

7. FIXED RATE NOTE PROVISIONS

7.1. This Condition 7 is applicable to the Notes only if the relevant Final Terms specifies the Fixed Rate Note Provisions as being applicable.

7.2. The Notes bear interest on the outstanding principal amount from the Interest Commencement Date at the rate(s) *per annum* equal to Rate(s) of Interest payable in arrear on each Interest Payment Date in each year and on the Maturity Date if that does not fall on Interest Payment Date, subject as provided in Condition 11. Unless otherwise specified in the relevant Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the relevant Final Terms, amount to the Broken Amount(s) so specified.

7.3. If interest is required to be calculated for a period ending other than on an Interest Payment Date, such interest shall be calculated by applying the Rate of Interest to each Calculation Amount, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest subunit of the Specified Currency, half of any such sub unit being rounded upwards or otherwise in accordance with applicable market convention. In these Conditions "**sub unit**" means, with respect of any currency other than the Euro, the lowest amount of such currency that is available as legal tender in the country of such currency, and with respect to Euros means one cent.

7.4. For the purposes of these Conditions, "**Day Count Fraction**" means:

(a) if "Actual/Actual (ICMA)" is specified in the relevant Final Terms:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the relevant Final Terms) that would occur in one calendar year; or

For the purposes of Condition 7.4(a), "**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (i) the number of days in such Determination Period and (ii) the number of Determination Dates (as specified in the relevant Final Terms) that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (i) the number of days in such Determination Period and (ii) the number of Determination Dates that would occur in one calendar year; and

(b) if "30/360" is specified in the relevant Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30 day months) divided by 360.

8. **FLOATING RATE NOTE PROVISIONS**

8.1. This Condition 8 is applicable to the Notes only if the relevant Final Terms specifies the Floating Rate Note Provisions.

8.2. The Notes bear interest on the outstanding principal amount from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(a) the Specified Interest Payment Date(s) (each, an "Interest Payment Date") in each year specified in the relevant Final Terms; or

(b) if no Specified Interest Payment Date(s) is/are specified in the relevant Final Terms, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls in the number of months or other period specified as the Specified Period in the relevant Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall in these Conditions, mean the period from (and including) an Interest Payment Date (or, as the case may be, the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

8.3. The Rate of Interest payable from time to time in respect of the Notes shall be determined in the manner specified in the relevant Final Terms.

(a) Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will, subject as provided below, be either:

(i) the offered quotation; or

(ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate *per annum*) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 am (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (i) above, no such offered quotation appears or, in the case of (ii) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

(b) Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;

(ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and

(iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.

8.4. If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

8.5. The Calculation Agent will, as soon as reasonably practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, determine the Rate of Interest for the relevant Interest Period and calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the principal amount of such Note during such Interest Period and multiplying the product by the relevant Day Count Fraction and rounding the resultant figure to the nearest sub unit of the relevant Specified Currency, half of any such sub unit being rounded upwards or otherwise in accordance with applicable market convention.

8.6. If the relevant Final Terms specify that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as reasonably practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.

8.7. The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each listing authority, stock exchange and quotation system (if any) by which the Notes have than been admitted to listing, trading and quotation as soon as reasonably practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders in accordance with Condition 19. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.

8.8. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non exercise by it of its powers, duties and discretions for such purposes.

9. ZERO COUPON NOTE PROVISIONS

9.1. This Condition 9 is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.

9.2. If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(a) the Reference Price; and

(b) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying and Transfer Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

10. REDEMPTION AND PURCHASE

10.1. Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 11.

10.2. The Notes may be redeemed at the option of the Issuer in whole, but not in part:

(a) at any time (if neither the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable); or

(b) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 19 (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

(i) the Issuer satisfies the Trustee immediately before the giving of notice that it has or will become obliged to pay additional amounts as provided or referred to in Condition 12 as a result of any change in, or amendment to, the laws or regulations 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 (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided, however, that no such notice of redemption shall be given earlier than:

(A) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or

(B) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (B) 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. Upon the expiry of any such notice as is referred to in this Condition 10.2, the Issuer shall be bound to redeem the Notes in accordance with this Condition 10.2.

10.3. If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

10.4. If the Notes are to be redeemed in part only on any date in accordance with Condition 10.3, the Notes to be redeemed shall be selected by the drawing of lots in such place as the Principal Paying and Transfer Agent in its sole discretion approves and in such manner as the Trustee in its sole discretion considers appropriate, subject to compliance with the requirements, as certified to the Trustee and Principal Paying and Transfer Agent by the Issuer, of applicable law and the rules of each listing authority, stock exchange and quotation system (if any) on which the Notes have then been admitted to listing, trading and quotation, and the notice to Noteholders referred to in Condition 10.3 on which the Notes are then listed, and the notice to Noteholders referred to in Condition 10.3 shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified. Neither the Trustee nor the Principal Paying Agent shall be liable for any selection made by it under this Condition 10.4.

10.5. If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10.5, the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10.5, may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 10.5, the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

10.6. Whether or not the Put Option is specified under Condition 10.5, the Issuer shall, at the option of the holder of any Note, exercisable as set out in Condition 10.5, redeem such Note on the applicable Optional Redemption Date (Put) at 101% of its principal amount together with interest (if any) accrued to but excluding such date, if:

(a) the Republic of Kazakhstan or its regional authorities cease to own, whether directly or indirectly, through JSC Sovereign Wealth Fund "Samruk-Kazyna" or another entity wholly owned by the Republic of Kazakhstan or its regional authorities (each, a "**Permitted Shareholder**"), 100.0% of the paid up share capital of the Issuer; or

(b) the Issuer ceases to be a "financial agency" as defined in Kazakhstan's Law "On Securities Market" or loses its status as a "financial agency" by virtue of the resolution of the Management Board of the National Bank of Kazakhstan "On Prudential Requirements for the Financial Agency and the Procedure for the Loss of the Status of the Financial Agency",

(each of the foregoing a "**Put Event**");

provided, however, that if any of the foregoing events results from any Permitted Shareholder selling, transferring or otherwise disposing of part of its shareholding to one or more supranational entities established by treaty, each having a credit rating assigned by at least one statistical rating organisation generally recognised by banks, securities houses and investors in the European financial markets of AAA or its equivalent (at the time of such sale, transfer or disposal), such event shall not constitute a Put Event under this Condition 10.6.

Notwithstanding any other provision of this Condition 10.6 to the contrary, if at any time the Republic of Kazakhstan ceases, whether directly or indirectly through a Permitted Shareholder owned by it, to own 51.0% or more of the paid up share capital of the Issuer, such circumstance shall constitute a Put Event under this Condition 10.6. Upon the occurrence of a Put Event, the Issuer shall promptly give notice thereof to the Noteholders in accordance with Condition 19 with a copy to the Trustee.

10.7. The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 10.1 to 10.6.

10.8. Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(a) the Reference Price; and

(b) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 10.8 or, if none is so specified, a Day Count Fraction of 30E/360.

10.9. The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.

10.10. All Notes which are redeemed pursuant to Conditions 10.1 to 10.6 or purchased pursuant to Condition 10.9 by the Issuer or any of its Subsidiaries shall be cancelled and may not be reissued or resold. All Notes so cancelled shall be forwarded to the Principal Paying and Transfer Agent.

11. PAYMENTS

11.1. Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Notes at the Specified Office of any Transfer Agent or of the Registrar by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is Euros, any other account to which Euros may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.

11.2. Payments of interest shall, subject to Condition 11.4, be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Note shall be made in the relevant currency by cheque drawn on a bank and mailed by uninsured post to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. The holder of such Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of such Notes as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank.

11.3. All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

11.4. If the due date for payment of any amount in respect of any Note is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

12. TAXATION

12.1. All payments of principal and interest in respect of the Notes by or on behalf of 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 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 the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Note presented for payment:

(a) 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 Kazakhstan other than the mere holding of such Note;

(b) 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 presented such Note on the last day of such period of 30 days;

(c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a member state of the European Union.

12.2. If the Issuer becomes subject at any time to any taxing jurisdiction other than Kazakhstan, references in these Conditions to Kazakhstan shall be construed as references to Kazakhstan and such other jurisdiction. Notwithstanding anything to the contrary in this Condition 12, none of DBK, any Paying Agent or any other person shall be required to pay any additional amounts with respect to any withholding or deduction (i) imposed on or in respect of any Note pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), and the regulations promulgated thereunder ("**FATCA**"), the laws of Kazakhstan implementing FATCA, or any agreement between DBK and the United States or any authority thereof entered into for FATCA purposes, or (ii) imposed on or with respect to any "dividend equivalent" payment made pursuant to section 871 or 881 of the Code.

13. EVENTS OF DEFAULT

The Trustee at its discretion may, and if so requested in writing by the holders of not less than one fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution (subject in each case to being indemnified and/or secured to its satisfaction) shall, give notice to the Issuer that the Notes are and they shall immediately become due and repayable at their principal amount together with accrued interest if any of the following events (each, an "**Event of Default**") occurs and is continuing:

13.1. the Issuer fails to pay any of the principal of any of the Notes when the same becomes due and payable either at maturity, by declaration or otherwise or the Issuer is in default with respect to the payment of interest or Additional Amounts on any of the Notes and such default in respect of interest or Additional Amounts continues for a period of seven days; or

13.2. the Issuer is in default in the performance, or is otherwise in breach, of any covenant, obligation, undertaking or other agreement under the Notes or the Trust Deed (other than a default or breach elsewhere specifically dealt with in this Condition 13) and such default or breach is not remedied within 30 days (or such longer period as the Trustee may in its sole discretion determine) after notice thereof has been given to the Issuer by the Trustee; or

13.3. (a) any Indebtedness for Borrowed Money of the Issuer or any Material Subsidiary (i) becomes (or becomes capable of being declared) due and payable prior to the due date for payment thereof or (ii) is not repaid at maturity as extended by the period of grace, if any, applicable thereto or (b) any Indebtedness Guarantee given by the Issuer or any Material Subsidiary in respect of Indebtedness for Borrowed Money of any other Person is not honoured when due and called, provided that the aggregate principal amount of such Indebtedness for Borrowed Money exceeds U.S.$20,000,000 (or its equivalent in other currencies (as determined by the Trustee)); or

13.4. (a) any Person shall have instituted a proceeding or entered a decree or order for the appointment of a receiver, administrator or liquidator in any insolvency, rehabilitation, readjustment of debt, marshalling of assets and liabilities or similar arrangements involving the Issuer or any Material Subsidiary or all or (in the opinion of the Trustee) substantially all of their respective properties and such proceeding, decree or order shall not have been vacated or shall have remained in force undischarged or unstayed for a period of 60 days; or (b) the Issuer or any Material Subsidiary shall institute proceedings under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect to be adjudicated a bankrupt or shall consent to the filing of a bankruptcy, insolvency or similar proceeding against it or shall file a petition or answer or consent seeking reorganisation under any such law or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver, administrator or liquidator or trustee or assignee in bankruptcy or liquidation of the Issuer or any Material Subsidiary, as the case may be, or in respect of its property or (in the opinion of the Trustee) substantially all thereof, or shall make an assignment for the benefit of its creditors or shall otherwise be unable or admit its inability to pay its debts generally as they become due or the Issuer or any Material Subsidiary commences proceedings with a view to the general adjustment of its Indebtedness and, in any case as is specified in this Condition 13.4 in relation to a Material Subsidiary, the event is (in the opinion of the Trustee) materially prejudicial to the interests of the Noteholders; or

13.5. the Issuer makes or threatens to make any substantial change in the principal nature of its business as presently conducted which is (in the opinion of the Trustee) materially prejudicial to the interests of the Noteholders; or

13.6. the Issuer fails to take any action as is required of it under the DBK Law, the Credit Policy Memorandum or any applicable regulations in Kazakhstan or otherwise to maintain in effect its corporate existence or fails to take any action to maintain any material rights, privileges, titles to property, franchises and the like necessary or desirable in the normal conduct of its business, activities or operations which is (in the opinion of the

Trustee) materially prejudicial to the interests of the Noteholders and such failure is not remedied within 30 days (or such longer period as the Trustee may in its sole discretion determine) after notice thereof has been given to the Issuer; or

13.7. the Issuer fails to comply in any (in the opinion of the Trustee) material respect with any applicable laws or regulations (including any foreign exchange rules or regulations) of any governmental or other regulatory authority for any purpose to enable it lawfully to exercise its rights or perform or comply with its obligations under the Notes, the Trust Deed or the Agency Agreement or to ensure that those obligations are legally binding and enforceable or that all necessary agreements or other documents are entered into and that all necessary consents and approvals of, and registrations and filings with, any such authority in connection therewith are obtained and maintained in full force and effect; or

13.8. (a) the validity of the Notes, the Trust Deed or the Agency Agreement is contested by the Issuer or the Issuer shall deny any of its obligations under the Notes, the Trust Deed or the Agency Agreement (whether by a general suspension of payments or a moratorium on the payment of debt or otherwise) or (b) it is or becomes unlawful for the Issuer to perform or comply with all or any of its obligations set out in the Notes, the Trust Deed or the Agency Agreement or (c) all or any of its obligations set out in the Notes, the Trust Deed or the Agency Agreement shall be or become unenforceable or invalid or (d) the DBK Law is repealed and, following the occurrence of any of the events specified in this Condition 13.8, the Trustee is of the opinion that such occurrence is materially prejudicial to the interests of the Noteholders;

13.9. (a) all or any substantial part of the undertaking, assets and revenues of the Issuer or any Material Subsidiary is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government or (b) the Issuer or any Material Subsidiary is prevented by any such person from exercising normal control over all or any substantial part of its undertaking, assets and revenues and, following the occurrence of any of the events specified in this Condition 13.9, the Trustee is of the opinion that such occurrence is materially prejudicial to the interests of the Noteholders; or

13.10. the Republic of Kazakhstan takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an agreement or composition with or for the benefit of its creditors or a moratorium is declared in respect of the payment of any class of obligations of the Republic of Kazakhstan (such payment being due in a currency other than the lawful currency for the time being of the Republic of Kazakhstan).

14. PRESCRIPTION

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

15. REPLACEMENT OF NOTES

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders (and, if the Notes are then admitted to listing, trading or quotation by any listing authority, stock exchange or quotation by any listing authority, stock exchange or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such listing authority stock exchange or quotation system), subject to all applicable laws and listing authority stock exchange or quotation system 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 Notes must be surrendered before replacements will be issued.

16. AGENTS

16.1. In acting under the Agency Agreement and in connection with the Notes, the Paying Agents act solely as agents of the Issuer and, in certain circumstances, the Trustee. The Paying Agents do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

16.2. The initial Paying Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. the Issuer, with the prior written approval of the Trustee, reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor

Principal Paying and Transfer Agent or Calculation Agent and additional or successor paying agents; provided, however, that:

(a) the Issuer shall at all times maintain a Principal Paying and Transfer Agent;

(b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent;

(c) if and for so long as the Notes are admitted to listing, trading or quotation, by any listing authority, stock exchange or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent having its Specified Office in the place required by such listing authority, stock exchange or quotation system; and

(d) the Issuer shall maintain a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Union Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

17. MEETINGS OF NOTEHOLDERS; MODIFICATION; WAIVER AND ENFORCEMENT

17.1. The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Trustee or the Issuer and shall be convened by the Issuer upon the request in writing of Noteholders holding not less than one tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; provided, however, that Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. 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.

17.2. The Trustee may agree, without the consent of the Noteholders, to (a) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, (b) 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 Trust Deed and (c) determine that any Event of Default or Potential Event of Default (as defined in the Trust Deed) will not be treated as such, provided that such modification, waiver or determination is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

17.3. At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Notes (whether by arbitration or by litigation), but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one fifth in principal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured to its satisfaction. No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

17.4. The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances and to be paid its costs and expenses in priority to claims of the Noteholders. The

Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

17.5. In connection with the exercise of its functions (including but not limited to those referred to in this Condition) 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 any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

18. FURTHER ISSUES AND CONSOLIDATION

18.1. The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of Notes of other series in certain circumstances where the Trustee so decides.

18.2. The Issuer may, with the prior approval of the Trustee and the Principal Paying and Transfer Agent (which shall not be unreasonably withheld), from time to time on any Interest Payment Date occurring on or after the Redenomination Date (as defined in Condition 22) on giving not less than 30 days' prior notice to the Noteholders in accordance with Condition 19, without the consent of the Noteholders, consolidate the Notes of one Series with the Notes of one or more other Series issued by it, whether or not originally issued in one of the European national currencies or in Euros, provided such other Notes have been redenominated in Euros (if not originally denominated in Euros) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

19. NOTICES

Notices to the Noteholders shall be valid if published in a leading daily newspaper of general circulation in Europe and so long as the Notes are listed on any stock exchange, in a leading daily newspaper with general circulation in the city or cities where the stock exchange(s) on which the Notes are listed (which in the case of the London Stock Exchange, is expected to be the *Financial Times*). Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).

20. CURRENCY INDEMNITY

If any sum due from the Issuer in respect of the Notes or any order, award or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Principal Paying and Transfer Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, award judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

21. ROUNDING

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005%, being rounded up to 0.00001%), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

22. REDENOMINATION

22.1. This Condition 22 is applicable to the Notes only if it is specified in the relevant Final Terms as being applicable.

22.2. If the country of the Specified Currency becomes or, announces its intention to become, a Participating Member State, the Issuer may, without the consent of the Noteholders, on giving at least 30 days' prior notice to the Trustee, the Noteholders and the Paying Agents, designate a date (the "**Redenomination Date**"), being an Interest Payment Date under the Notes falling on or after the date on which such country becomes a Participating Member State.

22.3. Notwithstanding the other provisions of these Conditions, with effect from the Redenomination Date:

(a) the Notes shall be deemed to be redenominated into Euros in the denomination of Euros 0.01 with a principal amount for each Note equal to the principal amount of that Note in the Specified Currency, converted into Euros at the rate for conversion of such currency into Euros established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations); provided, however, that, if the Issuer determines, with the agreement of the Trustee and the Principal Paying and Transfer Agent that the then market practice in respect of the re denomination into Euros 0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, each listing authority, stock exchange or quotation system (if any) by which the Notes have then been admitted to listing, trading or quotation and the Paying Agents of such deemed amendments;

(b) if Notes have been issued in definitive form:

(i) the payment obligations contained in all Notes denominated in the Specified Currency will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Notes in accordance with this Condition 22) shall remain in full force and effect; and

(ii) new Notes denominated in Euros will be issued in exchange for Notes denominated in the Specified Currency in such manner as the Principal Paying and Transfer Agent may specify and as shall be notified to the Noteholders in the Euro Exchange Notice; and

(c) all payments in respect of the Notes (other than, unless the Redenomination Date is on or after such date as the Specified Currency ceases to be a sub division of the Euros, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in Euros by cheque drawn on, or by credit or transfer to a Euros account (or any other account to which Euros may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any Member State of the European Communities.

22.4. Following redenomination of the Notes pursuant to this Condition 22, where Notes have been issued in definitive form, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of the Notes held by the relevant holder.

22.5. If the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable and Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, with effect from the Redenomination Date the Interest Determination Date shall be deemed to be the second TARGET Settlement Day before the first day of the relevant Interest Period.

23. GOVERNING LAW, JURISDICTION AND ARBITRATION

23.1. The Trust Deed and the Notes, and any non-contractual obligations arising out of or in connection with the Trust Deed or the Notes, are governed by, and shall be construed in accordance with, English law.

23.2. Subject to Condition 23.3, the Issuer has agreed in the Trust Deed for the benefit of the Noteholders that any claim, dispute or difference of whatever nature arising under, out of or in connection with the Trust Deed or the Notes (including a claim, dispute or difference regarding its existence, termination or validity or any non-contractual obligations arising out of or in connection with the Trust Deed or the Notes) (a "**Dispute**"), shall be referred to and finally settled by arbitration in accordance with the rules of the LCIA (formerly the London Court of International Arbitration) (the "**Rules**") as at present in force and as modified by this Condition, which Rules shall be deemed incorporated into this Condition. The number of arbitrators shall be three, each of whom shall be a lawyer experienced in international finance transactions. The claimant(s), irrespective of number, shall nominate jointly one arbitrator; the respondent(s), irrespective of number, shall nominate jointly one arbitrator; and a third arbitrator, who shall act as Chairman, shall be nominated by the two party-nominated arbitrators, provided that if the third arbitrator has not been nominated within the time limits specified by the Rules, such third arbitrator shall be appointed by the LCIA court. Any arbitrator, including the Chairman, may be of the same nationality as any of the parties to the Trust Deed. Any requirement in the Rules to take account of the nationality of a person considered for appointment as an arbitrator shall be disapplied and a person shall be nominated or appointed as an arbitrator (including as Chairman) without regard to her or his nationality. The seat of arbitration shall be London, England and the language of arbitration shall be English. Sections 45 and 69 of the Arbitration Act 1996 shall not apply.

23.3. The Issuer has agreed in the Trust Deed that at any time before the Trustee has nominated an arbitrator to resolve any Dispute(s) pursuant to Condition 23.2, the Trustee, at its sole option, may elect by notice in writing to the Issuer that such Dispute(s) shall instead be heard by the courts of England or by any other court of competent jurisdiction, as more particularly described in Condition 23.4. Following any such election, no arbitral tribunal shall have jurisdiction in respect of such Dispute(s)

23.4. In the event that the Trustee serves a written notice of election in respect of any Dispute(s) pursuant to Condition 23.3, the Issuer has agreed in the Trust Deed for the benefit of the Trustee and the Noteholders that the courts of England shall have jurisdiction to hear and determine any such Dispute(s) and, for such purposes, irrevocably submits to the jurisdiction of such courts.

23.5. The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of the Trustee to bring any suit, action or proceedings (the "**Proceedings**") for the determination of any Dispute(s) in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

23.6. For the purpose of Conditions 23.3, 23.4 and 23.5, the Issuer has irrevocably waived any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and agrees not to claim that any such court is not a convenient or appropriate forum.

23.7. The Issuer has agreed that the process by which any Proceedings in England are begun may be served on it by being delivered to Law Debenture Corporate Services Limited, Fifth Floor, 100 Wood Street, London EC2V 7EX, England or, if different, its registered office for the time being or at any address of the Issuer or in Great Britain at which process may be served on it in accordance with Part XXIII of the Companies Act 1985. If such Person is not or ceases to be effectively appointed to accept service of process on the Issuer's behalf, the Issuer shall, on the written demand of any Noteholder addressed to the Issuer or and delivered to the Issuer or to the Specified Office of the Principal Paying and Transfer Agent, appoint a further Person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a Person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Principal Paying and Transfer Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.

23.8. The Issuer has consented generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such Proceedings.

23.9. In relation to any Proceedings and to the enforcement of any judgment, order or award (whether or not given or made in those Proceedings), to the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from jurisdiction, suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, including in relation to the enforcement of any arbitration award, and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer has irrevocably consented to the enforcement of any judgment or award, agreed not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

24. RIGHTS OF THIRD PARTIES

No person shall have any right to enforce any term or condition of the Notes or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

FORM OF FINAL TERMS

Final Terms dated [•]

JSC DEVELOPMENT BANK OF KAZAKHSTAN

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the U.S.$3,000,000,000 Medium Term Note Programme

PROHIBITION OF SALES TO EEA 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 European Economic Area ("**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 Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 the ("**Insurance Distribution Directive**"), 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 UK 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 United Kingdom (the "**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) № 2017/565, as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**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. Consequently, no key information document required by Regulation (EU) № 1286/2014, 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.

[MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] 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 (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 manufacturer['s/s'] 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 manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[UK MIFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of each 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 Regulation (EU) № 600/2014, as it forms part of domestic law by virtue of the EUWA ("**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 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.]

PART A—CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Base Information Memorandum dated 2 April 2024. This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with such Base Information Memorandum in order to obtain all relevant information. The Base Information Memorandum has been published on [*insert website*].

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs (in which case the sub-*

paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.]

1.	Issuer:	JSC Development Bank of Kazakhstan
2.	[(i)] Series Number:	[•]
	[(ii)] Tranche Number:	[•]
	[(iii)] Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single series with [•] on [the Issue Date][Not Applicable]
3.	Specified Currency or Currencies:	[•]
4.	Aggregate Nominal Amount of Notes:	
	[(i)] Series:	[•]
	[(ii)] Tranche:	[•]
5.	Issue Price:	[•]% of the Aggregate Nominal Amount [plus accrued interest from [•]]
6.	(i) Specified Denomination(s):	[•] (*Note*: *No Notes may be issued which have a minimum denomination of less than €100,000 (or nearly equivalent amount in other currencies))*
	(ii) Calculation Amount:	[•]
7.	[(i)] Issue Date:	[*Specify / Closing Date / Not Applicable*]
	[(ii)] Interest Commencement Date:	[•]
8.	Maturity Date:	[•]
9.	Interest Basis:	[[•]% Fixed Rate] [[•] month [EURIBOR] [•] +/- [•]% Floating Rate] [Zero Coupon] (further particulars specified below at paragraphs 13 to 15)
10.	Redemption/Payment Basis:	[Redemption at par]
11.	Put/Call Options:	[Investor Put] [Issuer Call] [(further particulars specified below at paragraphs 16 to 19)]
12.	Status of the Notes:	[Senior]
13.	Date [Board] approval for issuance of Notes obtained:	[•]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

	(i) Rate[(s)] of Interest:	[•]% *per annum* [payable [annually/ semi-annually/quarterly/monthly/] in arrear on each Interest Payment Date]
	(ii) Interest Payment Date(s):	[•] in each year [adjusted in accordance with Business Day Convention/ not adjusted]
	(iii) Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(iv) Broken Amount(s):	[•] per Calculation Amount payable on the Interest Payment Date falling [in/on] [•]
	(v) Day Count Fraction:	[Actual/365] / [Actual/Actual (ISDA)] / [Actual / 365 (Fixed)] / [Actual / 360] / [30/360] / [360/360] / [Bond Basis] / [30E/360] / [Eurobond Basis]
	(vi) Determination Date(s):	[•] in each year [Not Applicable]
15.	Floating Rate Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Interest Period(s):	[[•] [,subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable]]
	(ii) Specified Interest Payment Dates:	[[•] in each year [,subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable]]
	(iii) First Interest Payment Date:	[•]
	(iv) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention] [Not Applicable]
	(v) Business Centre(s):	[Not Applicable/[•]]
	(vi) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Principal Paying and Transfer Agent]):	[•]
	(viii) Screen Rate Determination:	
	— Reference Rate:	[[•] month EURIBOR]
	— Interest Determination Date(s):	[•]
	— Relevant Screen Page:	[•]

(ix) ISDA Determination:	[•]
— Floating Rate Option:	[•]
— Designated Maturity:	[•]
— Reset Date:	[•]
(x) Margin(s):	[+/-][•]% *per annum*
(xi) Minimum Rate of Interest:	[•]% *per annum*
(xii) Maximum Rate of Interest:	[•]% *per annum*
(xiii) Day Count Fraction:	[•]
16. Zero Coupon Note Provisions:	[Applicable/Not Applicable]
(i) [Amortisation/Accrual] Yield:	[•]% *per annum*
(ii) Reference Price:	[•]

PROVISIONS RELATING TO REDEMPTION

17. Call Option:	[Applicable/Not Applicable (except as specified in Condition 10.2)]
(i) Optional Redemption Date(s):	[•]
(ii) Optional Redemption Amount(s) of each Note:	[•] per Calculation Amount/[•] per Note of [•] specified denomination]
(iii) If redeemable in part:	
(a) Minimum Redemption Amount:	[•] per Calculation Amount
(b) Maximum Redemption Amount:	[•] per Calculation Amount
18. Put Options:	[Applicable/Not Applicable (except as specified in Condition 10.6)]
(i) Optional Redemption Date(s):	[•]
(ii) Optional Redemption Amount(s) of each Note:	[[•] per Calculation Amount/[•] per Note of [•] specified denomination]
19. Final Redemption Amount of each Note:	[•]
20. Early Redemption Amount:	
Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:	[Not Applicable/[•] per Calculation Amount]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. Form of Notes:	[Registered Global Notes exchangeable for Definitive Notes in the limited circumstances specified in the Global Note.]

22. Financial Centre(s): [Not Applicable/[•].]

THIRD PARTY INFORMATION

[*(Relevant third party information)* has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading.] / [Not Applicable]

Signed on behalf of the Issuer:

By: ....
Duly authorised

PART B — OTHER INFORMATION

1. LISTING

(i) Admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to (i) the Vienna MTF of the Vienna Stock Exchange and (ii) to the "Bonds" category of the "Debt Securities" sector of the "Main" platform of the Kazakhstan Stock Exchange with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on (i) the Vienna MTF of the Vienna Stock Exchange and (ii) to the "Bonds" category of the "Debt Securities" sector of the "Main" platform of the Kazakhstan Stock Exchange with effect from [•].] [Not Applicable.]
(ii) Estimate of total expenses related to admission to trading:	[•]

2. RATINGS

Ratings:	The Notes to be issued have been rated: [S & P: [•]] [Moody's: [•]] [[Fitch: [•]] [*Brief explanation of meaning of the ratings to be included if previously published by the rating provider]* [Each of] [Fitch] [and] [Moody's] is established in the United Kingdom and is registered under Regulation (EU) № 1060/2009 as it forms part of domestic law by virtue of the EUWA (the "**UK CRA Regulation**"). [S&P is not established in the UK but the rating it has given to Notes is endorsed by S&P Global Ratings UK Limited which is established in the UK and registered under the UK CRA Regulation.]

3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

If applicable a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest is to be included. This may be satisfied by the inclusion of the following statement:
"Save as discussed in [*Subscription and Sale*]*, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."*]

4. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

Reasons for the offer:	[See ["Use of Proceeds"] in Base Information Memorandum] / *[Give details]*
Estimated net proceeds:	[•]

[5. Fixed Rate Notes only—YIELD

Indication of yield:	[•] [The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. OPERATIONAL INFORMATION

Legal Entity Identifier code:	213800LCDPGJ1BI7KX98
ISIN Code (Regulation S Notes):	[•]
ISIN Code (Rule 144A Notes):	[•]
Common Code (Regulation S Notes):	[•]
Common Code (Rule 144A Notes):	[•]
Rule 144A Notes CUSIP number:	[•]
CFI (Regulation S Notes):	[•]
CFI (Rule 144A Notes):	[•]
FISN (Regulation S Notes):	[•]
FISN (Rule 144A Notes):	[•]
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. or DTC and the relevant identification number(s):	[Not Applicable/[•]]
Names and addresses of additional Paying Agent(s) (if any):	[•]

7. DISTRIBUTION

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated:	
	(A) Names of Managers:	[Not Applicable/give names]
	(B) Stabilisation Manager(s) (if any):	[Not Applicable/give names]
(iii)	If non-syndicated, name of Dealer:	[Not Applicable/give names]
(iv)	U.S. Selling Restrictions:	[Reg. S Compliance Category [2/3]; [Rule 144A;] TEFRA C/TEFRA D/ TEFRA not applicable]
(iv)	Development Finance Structuring Agent:	[Not Applicable/[•]]

SUMMARY OF THE PROVISIONS RELATING TO NOTES IN GLOBAL FORM

The Global Notes

Each Series of Notes will be evidenced on issue by, 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, 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 a 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 a Regulation S Global Note, the purchaser thereof will be deemed to represent, among other things, that it is not a U.S. person and that, prior to the expiration of 40 days after completion of the distribution of the Series of which such Notes are a part as determined and certified to the Principal Paying and Transfer Agent by the relevant Dealer (or in the case of a Series of Notes sold to or through more than one relevant Dealer, by each of such relevant Dealers as to the Notes of such Series sold by or through it, in which case the Principal Paying and Transfer Agent shall notify each such relevant Dealer when all relevant Dealers have so certified, (the "**distribution compliance period**"), it will not offer, sell, pledge or otherwise transfer such interest except to a person whom the seller reasonably believes to be a non-U.S. person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S. See "*Transfer Restrictions*". Beneficial interests in a Rule 144A Global Note may only be held through DTC at any time. See "*—Book Entry Procedures for the Global Notes*". By acquisition of a beneficial interest in a Rule 144A Global Note, the purchaser thereof will be deemed to represent, among other things, that if it is a U.S. person, it is a QIB that is also a QP and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest only 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 Agency Agreement and, with respect to a Rule 144A Global Note, as set forth in Rule 144A, and the Rule 144A Notes will bear the legends set forth thereon regarding such restrictions set forth under "*Transfer Restrictions*".

Any beneficial interest in a Regulation S Global Note that is transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Note will, upon transfer, cease to be an interest in that Regulation S Global Note and become an interest in the corresponding Rule 144A Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in that Rule 144A Global Note for as long as it remains such an interest. Any beneficial interest in a Rule 144A Global Note that is transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note will, upon transfer, cease to be an interest in that Rule 144A Global Note and become an interest in that Regulation S Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Regulation S Global Note for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange of Notes but the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. Except in the limited circumstances described below, owners of beneficial interests in Global Notes will not be entitled to receive physical delivery of certificated Notes 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 they represent, some of which modify the effect of the Terms and Conditions of the Notes. 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 against presentation for endorsement by the Principal Paying and Transfer Agent 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 and Transfer Agent or such other Paying Agent as shall have been notified to the relevant Noteholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the relevant Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the relevant Notes.

- *Record Date*. Condition 11.2, which defines "Record Date", shall be amended in relation to Global Notes to the effect that Record Date shall mean the close of business on the Payment Business Date immediately preceding the relevant Interest Payment Date.

- *Notices*. So long as any 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 by it to entitled account holders in substitution for delivery thereof as required by the Terms and Conditions of the Notes provided that for so long as the Notes are listed on the Market and the rules of the Market so require, notices will also be published in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*).

- *Meetings*. The holder of each 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 Notes for which the relevant Global Note may be exchangeable.

- *Trustee's Powers*. In considering the interests of Noteholders while the relevant Global Note is held on behalf of a clearing system, the Trustee, to the extent it considers it appropriate to do so in the circumstances, may 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 as if such accountholders were the holders of such Global Note.

- *Cancellation*. Cancellation of any Note required by the Terms and Conditions of the Notes to be cancelled will be effected by reduction in the principal amount of the applicable Global Note.

- *Redemption at the Option of the Issuer*. Any Call Option provided for in the Terms and Conditions of the Notes shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Terms and Conditions of the Notes, 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.

- *Redemption at the Option of Noteholders*. Any Put Option provided for in the Terms and Conditions of the Notes may be exercised by the holder of the Global Note (i) giving notice to the Issuer within the time limits relating to the deposit of Notes set out in the Terms and Conditions of the Notes substantially in the form of the notice available from any Paying Agent, the Registrar or any Transfer Agent (except that the notice shall not be required to contain the certificate numbers of the Notes in respect of which the option has been exercised) stating the nominal amount of Notes in respect of which the option is exercised and (ii) at the same time depositing the Global Note with the Registrar or any Transfer Agent at its specified office.

Exchange for Definitive Notes

Exchange

Registration of title to Notes initially represented by a Rule 144A Global Note in a name other than DTC or a successor depositary or one of their respective nominees will not be permitted unless such depositary 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 United States Securities Exchange Act of 1934, as amended, or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of such depositary and the Registrar has received a notice from the registered holder of a Rule 144A Global Note requesting an exchange of a specified amount of the Rule 144A Global Note for Definitive Notes.

Registration of title to Notes initially represented by a Regulation S Global Note in a name other than the nominee of a common depositary for Euroclear and Clearstream, Luxembourg will only be permitted if Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or following the failure to pay principal in respect of any Note at maturity or upon acceleration of any Note and the Registrar has received a notice from the registered holder (i.e., the nominee of the common depositary) of the relevant Regulation S Global Note requesting an exchange of the Regulation S Global Note for Definitive Notes.

On or after the Exchange Date, the holder of the relevant Global Note may surrender such Global Note to or to the order of the Registrar or any Transfer Agent. In exchange for the relevant Global Note, as provided in the Paying Agency Agreement, the Registrar will deliver, or procure the delivery of, an equal aggregate amount of duly executed and authenticated Definitive Notes in or substantially in the form set out in the relevant schedule to the Trust Deed.

The Registrar will not register the transfer of, or exchange of interests in, a Global Note for Definitive Notes for a period of 15 calendar days ending on the date for any payment of principal or interest or on the date of optional redemption in respect of the Notes.

"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 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 and/or security as the Registrar or any 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 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 written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Notes and, 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 that is also a QP. 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 any Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of a Rule 144A Definitive Note bearing the legend referred to under "*Transfer Restrictions*" or upon specific request for removal of the legend on a Rule 144A Definitive Note, the Issuer will deliver only Rule 144A Definitive Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act and the Investment Company Act.

Book Entry Procedures for the Global Notes

For each Series of Notes evidenced by both a Regulation S Global Note and a Rule 144A Global Note, custodial and depository 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 "*—Book Entry Ownership*" and " *—Settlement and Transfer of Notes*".

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 which 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 depository 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 such Global Notes directly through Euroclear or Clearstream, Luxembourg if they are accountholders ("**Direct Participants**") or indirectly ("**Indirect Participants**" and, together with Direct Participants, "**Participants**") through organisations which are accountholders therein.

DTC

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, that clear through or maintain a custodial relationship with a DTC Direct Participant, either directly or indirectly.

Investors may hold their interests in Rule 144A Global Notes directly through DTC if they are Direct Participants in the DTC system, or as Indirect Participants through organisations which 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 relevant Rule 144A Global Notes 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 relevant Rule 144A Global Notes for exchange for individual Rule 144A Definitive Notes (which will bear the legend applicable to transfers pursuant to Rule 144A).

Book Entry Ownership

Euroclear and Clearstream, Luxembourg

The Regulation S Global Note representing Regulation S Notes of any Series will have an ISIN and a Common Code and will be registered in the name of a nominee for, and deposited with a common depositary on behalf of, Euroclear and Clearstream, Luxembourg.

DTC

The Rule 144A Global Note representing Rule 144A Notes of any Series will have a CUSIP number, unless otherwise agreed, and will be deposited with a 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.

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a Note evidenced by a Global Note must look solely to Euroclear, 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 the Global Note, subject to and in accordance with the respective rules and procedures of Euroclear, 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 accountholders' accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant 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 any 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 such 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 a 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 any 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. Because DTC can only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, the ability of a person having an interest in a 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 a lack of physical certificate in respect of such interest.

Trading Between Euroclear and 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 a Rule 144A Global Note to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in a Regulation S Global Note (subject to the certification procedures provided in the Agency Agreement), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12:00 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 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 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 a Rule 144A Global Note (subject to the certification procedures provided in the 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 a Regulation S Global Note and (ii) increase the amount of Notes registered in the name of Cede & Co. and evidenced by a 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 procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee or 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 their operations.

Pre issue Trades Settlement

It is expected that the delivery of Notes will be made against payment therefor on the relevant closing date, which could be more than three business days following the date of pricing. Under Rule 15c6-l under the Exchange Act, trades in the United States secondary market generally are required to settle within two business days (T+2), 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 two days prior to the relevant closing date will be required, by virtue of the fact that the Notes initially will settle beyond T+2, 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 relevant closing date should consult their own advisers.

Redenomination

If the Notes are redenominated pursuant to Condition 22, then following redenomination:

- if Definitive Notes are required to be issued, they shall be issued at the expense of the Issuer in denominations in excess of €100,000 as determined by the Principal Paying and Transfer Agent and such other denominations as the Principal Paying and Transfer Agent shall determine and notify to the Noteholders; and

- the amount of interest due in respect of Notes represented by a Permanent Global Note and/or a Temporary Global Note will be calculated by reference to the aggregate principal amount of such Notes and the amount of such payment shall be rounded down to the nearest €0.01.

TAXATION

The following is a general description of certain material tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Information Memorandum and is subject to any change in law that may take effect after such date.

United States Federal Income Taxation

*The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership, disposition and retirement of Notes by a holder thereof. This summary does not address the U.S. federal income tax consequences of every type of Note which may be issued under the Programme, and additional or modified disclosure concerning certain U.S. federal income tax consequences relevant to such type of Note may be provided, as appropriate. This summary only applies to holders that acquire Notes as part of the initial distribution at their initial offering price and that hold the Notes as capital assets for U.S. federal income tax purposes. This overview does not discuss all aspects of U.S. federal income taxation that may be applicable to all members of a class of holders subject to special treatment under United States federal income taxation (except as may be specifically set forth below), such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, tax-exempt organisations, dealers or traders in securities or currencies, persons that mark their securities to market, holders that will hold Notes through a partnership or other pass through entity, holders that will hold a Note as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes, controlled foreign corporations, passive foreign investment companies, accrual basis tax payers subject to specific rules for the taxable year of inclusion under Section 451(b) of the Internal Revenue Code of 1986, as amended (the "**Code**"), U.S. Holders (as defined below) that have a functional currency other than the U.S. Dollar, U.S. Holders holding Notes in connection with a trade or business conducted outside the United States or certain expatriates and long-term residents of the United States. Moreover, this summary does not address the U.S. federal estate and gift tax, the "net investment income" tax imposed under Section 1411 of the Code or alternative minimum tax consequences of the acquisition, ownership or retirement of Notes and does not include any description of the tax laws of any non-U.S., U.S. State or local governments.*

This summary is based on the Code, existing and proposed U.S. Treasury Regulations, administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein. Any special U.S. federal income tax considerations relevant to a particular issue of the Notes will be provided in a supplement to this Base Information Memorandum.

For purposes of this description, a "**U.S. Holder**" is a beneficial owner of the Notes who for U.S. federal income tax purposes is (i) a citizen or resident of the United States; (ii) a corporation (or entity treated as a corporation for U.S. federal income tax purposes) created or organised in or under the laws of the United States or any State thereof, including the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (1) that validly elects to be treated as a "United States person" for U.S. federal income tax purposes ("**U.S. person**") or (2)(a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control.

If a partnership (or any other entity or arrangement treated as a partnership) for U.S. federal income tax purposes holds Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax advisor concerning the U.S. federal income tax consequences of the acquisition, ownership or disposition of Notes by the partnership.

A Non-U.S. Holder is a beneficial owner of Notes that is neither a U.S. Holder nor a partnership (or any other entity treated as a partnership) for U.S. federal income tax purposes.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

U.S. Holders

Classification of 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. There may be no statutory, judicial or administrative authority directly addressing the appropriate characterisation of the Notes, and no rulings have been or will be sought from the Internal Revenue Service ("**IRS**") with respect to the appropriate characterisation of the Notes for U.S. federal income tax purposes. To the extent it is required to take a position, DBK intends to take the position that the Notes are characterised as debt for U.S. federal income tax purposes. Additional alternative characterisations may also be possible. Further possible characterisations, if applicable, may be discussed in any supplemental prospectus or series prospectus. Prospective purchasers of the Notes should consult their own tax advisers about the consequences in the event the Notes are treated as any other characterisation for U.S. federal income tax purposes and the consequences of acquiring, owning or disposing of Notes. The remainder of this discussion assumes that the Notes will be treated as debt for U.S. federal income tax purposes.

Interest

Except as set forth below, interest paid on a Note, whether payable in U.S. Dollars or a currency, composite currency or basket of currencies other than U.S. Dollars (a "**foreign currency**"), including any additional amounts, will be includible in a U.S. Holder's gross income as ordinary interest income at the time it is received or accrued, in accordance with the U.S. Holder's usual method of accounting for U.S. federal income tax purposes, reduced by the allocable amount of amortisable bond premium, subject to the discussion below. In addition, interest and original issue discount ("**OID**"), if any, accrued with respect to the Notes (as described below under "—*Original Issue Discount*") on the Notes will generally be treated as income from sources outside the United States for U.S. federal income tax purposes. For purposes of calculating the U.S. Holder's foreign tax credit limitation, interest on the Notes should generally constitute "passive category income" or, in the case of certain U.S. Holders, "general category income". The U.S. federal income tax rules relating to foreign tax credits and limitations thereof are complex and may vary depending on the facts and circumstances of each U.S. Holder. Accordingly, U.S. Holders should consult their own tax advisers regarding the availability of a foreign tax credit for foreign taxes, if any, withheld under such U.S. Holder's particular situation.

Pre-Issuance Accrued Interest

If a portion of the price paid for a Note is attributable to an amount of interest accrued prior to the date the Note is issued (the "**pre-issuance accrued interest**"), a portion of the first interest payment on the Notes equal to the amount of the pre-issuance accrued interest may be treated as a non-taxable return of the pre-issuance accrued interest. This discussion assumes that the first interest payment on Notes with pre-issuance accrued interest will be so treated, and references to interest in the remainder of this discussion exclude pre-issuance accrued interest. This discussion assumes that in determining the issue price of a Note, there will be excluded an amount equal to the pre-issuance accrued interest. Pre-issuance accrued interest not included in income should not form part of any amortisable bond premium (as descried below under "—*Amortisable Bond Premium*"). A U.S. Holder's tax basis in a Note will be reduced by any non-taxable return of pre-issuance accrued interest. This discussion does not otherwise address the treatment of pre-issuance accrued interest, and U.S. Holders should consult their tax advisers concerning the U.S. federal income tax treatment of pre-issuance accrued interest.

Foreign Currency Denominated Qualified Stated Interest

Except as set forth below, if any payment of "qualified stated interest" (as defined below), including any additional amounts, is denominated in, or determined by reference to, a foreign currency (a "**Foreign Currency Note**"), the amount of income recognised by a U.S. Holder will be the U.S. Dollar value of the foreign currency, including the amount of any applicable withholding tax thereon, regardless of whether the foreign currency is converted into U.S. Dollars. Generally, a U.S. Holder that uses the cash method of tax accounting will determine such U.S. Dollar value using the spot rate of exchange on the date of receipt. Generally, a U.S. Holder that uses the accrual method of tax accounting will determine the U.S. Dollar value of accrued interest income using the average rate of exchange for the accrual period (or, in the case of an accrual period that spans two taxable years of the U.S. Holder, the part of the period within the applicable taxable year) or, at the U.S. Holder's election, at the spot rate of exchange on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years of the U.S. Holder, the last day of the period within the applicable taxable year) or the spot rate on the date of receipt, if that date is within five business days of the last day of the accrual period. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS. A U.S. Holder that uses the accrual method of accounting for tax purposes will recognise U.S. source foreign currency gain or loss on the receipt of an interest payment if the exchange rate in effect on the date of payment is received differs from the rate applicable to an accrual of that interest, regardless of whether the payment is converted to U.S. Dollars at such time. This foreign currency gain or loss will be treated as ordinary income or loss, but generally will not be treated as an adjustment to interest income received on the debt security.

Original Issue Discount

U.S. Holders of Notes issued with OID, including Zero Coupon Notes, with a term of over one year (an **"Original Issue Discount Note**"), will be subject to special tax accounting rules, as described in greater detail below. Additional rules applicable to Original Issue Discount Notes that are denominated in or determined by reference to a currency other than the U.S. Dollar are described under Foreign Currency Discount Notes below.

The following discussion does not address the application of the U.S. Treasury Regulations governing OID to, or address the U.S. federal income tax consequences of, an investment in Notes that are contingent payment debt instruments. In the event DBK issues contingent payment debt instruments, the relevant supplemental prospectus will describe certain U.S. federal income tax consequences thereof.

For U.S. federal income tax purposes, a Note (including a Zero Coupon Note), other than a Note with a term of one year or less (a "**Short Term Note**"), will be treated as issued with OID if the excess of the Note's stated redemption price at maturity over its issue price equals or exceeds a *de minimis* amount (0.25% of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of a Note that provides for payments other than qualified stated interest before maturity, its "weighted average maturity")). A Note's "weighted average maturity" is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. The "issue price" of each Note in a particular offering will be the first price at which a substantial amount of that particular offering is sold (other than to an underwriter, broker, agent or wholesaler). The "stated redemption price at maturity" of a Note is the total of all payments provided by the Note that are not payments of "qualified stated interest". The term "qualified stated interest" means stated interest that is unconditionally payable in cash or in property (other than debt instruments of the issuer) at least annually at a single fixed rate or a variable rate (in the circumstances described below under "—*Variable Rate Debt Instruments*"). Interest is payable at a single fixed rate only if the rate appropriately takes into account the length of the interval between payments. Notice will be given if it is determined that a particular Note will bear interest that is not qualified stated interest. In the case of a Note issued with *de minimis* OID, a U.S. Holder must include such *de minimis* OID in income as stated principal payments on the Note are made, unless such U.S. Holder makes the election described below under "—*Election to Treat All Interest as Original Issue Discount*". The amount of such includible income with respect to each principal payment will equal the product of the total amount of the Note's *de minimis* OID and a fraction, the numerator of which is the amount of the principal payment made and the denominator of which is the stated principal amount of the Note.

U.S. Holders of Original Issue Discount Notes with a maturity upon issuance of more than one year must, in general, include OID in income in advance of the receipt of some or all of the related cash payments. The amount of OID includible in income by the initial U.S. Holder of an Original Issue Discount Note is the sum of the "daily portions" of OID with respect to the Note for each day during the taxable year or portion of the taxable year in which such U.S. Holder held such Note ("**accrued OID**"). The daily portion is determined by allocating to each day in any "accrual period" a *pro rata* portion of the OID allocable to that accrual period. The "accrual period" for an Original Issue Discount Note may be of any length and may vary in length over the term of the Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on the first day or the final day of an accrual period. The amount of OID allocable to any accrual period is an amount equal to the excess, if any, of (a) the product of the Note's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of any qualified stated interest allocable to the accrual period. OID allocable to a final accrual period is the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price at the beginning of the final accrual period. Special rules will apply for calculating OID for an initial short accrual period. The "yield to maturity" of a Note is the discount rate that causes the present value of all payments on the Note as of its original issue date to equal the issue price of such Note. The "adjusted issue price" of a Note at the beginning of any accrual period is equal to its issue price increased by the accrued OID for each prior accrual period (determined without regard to the amortisation of any acquisition or bond premium, as described below) and reduced by any payments made on such Note (other than qualified stated interest) on or before the first day of the accrual period. Under these rules, a U.S. Holder will generally have to include in income increasingly greater amounts of OID in successive accrual periods.

Certain of the Notes may be redeemed prior to their maturity at DBK's option and/or at the option of the holder. Original Issue Discount Notes containing such features may be subject to rules that differ from the general rules discussed herein. Persons considering the purchase of Original Issue Discount Notes with such features should carefully examine the relevant Final Terms and should consult their own tax advisors with respect to such features since the tax consequences with respect to OID will depend, in part, on the particular terms and features of the Notes.

In the case of an Original Issue Discount Note that is a Floating Rate Note (as described below under "*Variable Rate Debt Instruments*"), both the "yield to maturity" and "qualified stated interest" will be determined solely for purposes of calculating the accrual of OID as though the Note will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable to interest payments on the Note on its date of issue or, in the case of certain Floating Rate Notes, the rate that reflects the yield to maturity that is reasonably expected for the Note. Additional rules may apply if interest on a Floating Rate Note is based on more than one interest index or if the principal amount of the Note is indexed in any manner. Persons considering the purchase of Floating Rate Notes should carefully examine the relevant supplemental prospectus and should consult their own tax advisors regarding the U.S. federal income tax consequences of the holding and disposition of such Notes.

Election to Treat All Interest as Original Issue Discount

U.S. Holders may elect to treat all interest on any Note as OID and calculate the amount includible in gross income under the constant yield method described above. For the purposes of this election, interest includes stated interest, acquisition discount, OID, *de minimis* OID and unstated interest, as adjusted by any amortisable bond premium or acquisition premium. This election generally will apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. U.S. Holders should consult their own tax advisors about this election.

Acquisition Premium

A U.S. Holder that purchases an Original Issue Discount Note for an amount that is greater than its adjusted issue price but less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, will be considered to have purchased the Original Issue Discount Note at an "acquisition premium". If the U.S. Holder does not make the election described above under "*Election to Treat All Interest as Original Issue Discount*," under the acquisition premium rules, the daily portions of OID which the U.S. Holder must include in its gross income with respect to such Original Issue Discount Note will be reduced by an amount equal to the daily portion of the OID for such day multiplied by the acquisition premium fraction. The numerator of the "acquisition premium fraction" is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the adjusted issue price of the Note, and the denominator is the sum of the daily portions of OID for such Note for all days after the date of purchase and ending on the stated maturity date (i.e., the total OID remaining on the Note).

Amortisable Bond Premium

A U.S. Holder that purchases Notes for an amount in excess of its principal amount (or, in the case of an Original Issue Discount Note, in excess of the sum of all amounts payable on the Note after the acquisition date (other than payments of qualified stated interest)), may elect to treat the excess as "amortisable bond premium". If a U.S. Holder makes this election, it will reduce the amount required to be included in income for each accrual period with respect to interest on the Note by the amount of amortisable bond premium allocable, based on the Note's yield to maturity, to that accrual period. Special rules may limit the amortisation of bond premium with respect to Notes subject to early redemption.

If the amortisable bond premium allocable to an accrual period exceeds interest income from the Note for such accrual period, such excess is first allowed as a deduction to the extent of interest included in income in respect of the Note in previous accrual periods and is then carried forward to the next accrual period. If the amortisable bond premium allocable and carried forward to the accrual period in which the Note is sold, retired or otherwise disposed of exceeds interest income for such accrual period, a U.S. Holder would be allowed an ordinary deduction equal to such excess.

If the Note is denominated in, or determined by reference to, a foreign currency, the amortisable bond premium is computed in units of the foreign currency and the amortisable bond premium will reduce interest income in units of the foreign currency. Gain or loss recognized that is attributable to changes in exchange rates between the time the amortised bond premium offsets interest income and the time of the acquisition of the Note is generally taxable as ordinary income or loss. If a U.S. Holder makes an election to amortise the bond premium, it will apply to all debt instruments, other than debt instruments the interest on which is excludible from gross income, that the U.S. Holder owns at the beginning of the first taxable year to which the election applies, and to all debt instruments that the U.S. Holder thereafter acquires, and the U.S. Holder may not revoke it without the consent of the IRS.

Variable Rate Debt Instruments

Generally, a Note that provides for interest at a variable rate (a "**Floating Rate Note**") will qualify as a "variable rate debt instrument" under U.S. Treasury Regulations governing the accrual of OID if: (a) its issue price does not exceed the total non-contingent principal payments due under the Floating Rate Note by more than an amount equal to the lesser of (i) 0.015 multiplied by the product of the total non-contingent principal payments and the number of complete years to maturity from the issue date or (ii) 15 percent of the total non-contingent principal payments; (b) it does not provide for stated interest other than stated interest that pays or compounds at least annually at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate; and (c) each qualified floating rate or objective rate taken into account in stated interest that is in effect at any time during the term of the Note is set at a current value of that rate (i.e., the value of the rate on any day that is no earlier than three months prior to the first day on which the value is in effect and no later than one year following that first day).

A "qualified floating rate" is any variable rate where: (a) variations in the value of such rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Floating Rate Notes are denominated; or (b) the rate is equal to such a rate multiplied by either a fixed multiple that is greater than 0.65 but not more than 1.35, or a fixed multiple greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Floating Rate Notes together will constitute a single qualified floating rate. Two or more qualified floating rates will be presumed to meet the requirements of the previous sentence if the values of all rates on the issue date are within 25 basis points of each other. A variable rate is not a qualified floating rate if it is subject to certain restrictions (including caps, floors, governors, or other similar restrictions) unless such restrictions are fixed throughout the term of the Note or are not reasonably expected to significantly affect the yield on the Note.

An "objective rate" is a rate that: (a) is not a qualified floating rate; and (b) is determined using a single fixed formula that is based on objective financial or economic information that is not within the control of or unique to the circumstances of the issuer or a related party. Despite the foregoing, a variable rate of interest on Floating Rate Notes will not constitute an objective rate if it is reasonably expected that the average value of such rate during the first half of the Floating Rate Notes' term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Floating Rate Notes' term. A "qualified inverse floating rate," is any objective rate where such rate is equal to a fixed rate minus a qualified floating rate, and the variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the cost of newly borrowed funds in the currency in which the Floating Rate Notes are denominated.

Generally, if a Floating Rate Note provides for stated interest (payable unconditionally at least annually) at a fixed rate for an initial period of one year or less followed by a variable rate that is either a single qualified floating rate or a single objective rate, and the value of the variable rate on the Floating Rate Notes' issue date is intended to approximate the fixed rate, then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be. If the Notes pay interest at a single objective rate or a single qualified floating rate, the amount of OID, if any, is determined by using a fixed rate equal to, in the case of a qualified floating rate or qualified inverse floating rate, the value as of the issue date, of the qualified floating rate or qualified inverse floating rate, or, for any other objective rate, a fixed rate that reflects the yield reasonably expected for such Floating Rate Note.

If a Floating Rate Note that is a variable rate debt instrument does not provide for stated interest at a single qualified floating rate or single objective rate, or at a single fixed rate (other than at a single fixed rate for an initial period), the amount of qualified stated interest and the amount and accrual of OID on the Note are generally determined by: (a) determining a fixed rate substitute for each variable rate provided under the Floating Rate Note (generally, the value of each variable rate as of the issue date or, in the case of an objective rate that is not a qualified inverse floating rate, a rate that reflects the yield that is reasonably expected for the Note); (b) constructing the equivalent fixed rate debt instrument (using the fixed rate substitutes described above); (c) determining the amount of qualified stated interest and OID with respect to the equivalent fixed rate debt instrument (by applying the general OID rules as described above under "Original Issue Discount"); and (d) making the appropriate adjustment for actual variable rates during the applicable accrual period.

If a Floating Rate Note provides for stated interest either at one or more qualified floating rates or at a qualified inverse floating rate and in addition provides for stated interest at a single fixed rate (other than a single fixed rate for an initial period), a U.S. Holder generally must determine the amount of interest and OID accruals by using the method described in the preceding paragraph with the modification that the Floating Rate Note is treated, for purposes of the first three steps of the determination, as if it provided for a qualified floating rate (or qualified inverse floating rate, if the Note provides for a qualified inverse floating rate) rather than the fixed rate. The qualified floating rate (or qualified inverse floating rate) replacing the fixed rate must be such that the fair market value of the Note as of the issue date would be approximately the same as the fair market value of an otherwise identical debt instrument that provides for a qualified floating rate (or qualified inverse floating rate) rather than a fixed rate.

A Floating Rate Note that does not qualify as a variable rate debt instrument will be treated as a contingent payment debt obligation. Certain consequences of the treatment of such a Note for U.S. federal income tax purposes will be more fully described in the relevant supplemental prospectus.

Short Term Notes

In the case of Short Term Notes, all payments (including all stated interest) will be included in the stated redemption price at maturity and, thus, U.S. Holders generally will be taxable on the discount in lieu of any stated interest. The discount will be equal to the excess of the stated redemption price at maturity over the issue price of a Short Term Note, unless the U.S. Holder elects to compute this discount using tax basis instead of issue price. Such election will apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS. Under the OID regulations, in general, individuals and certain other cash method U.S. Holders of a Short Term Note are not required to include accrued discount in their income currently unless the U.S. Holder elects to do so (but may be required to include any stated interest in income as it is received). U.S. Holders that report income for U.S. federal income tax purposes on the accrual method and certain other U.S. Holders are required to accrue discount on such Short Term Notes (as ordinary income) on a straight-line basis, unless an election is made to accrue the discount according to a constant yield method based on daily compounding. In the case of a U.S. Holder that is not required, and does not elect, to include discount in income currently, any gain realised on the sale, exchange or retirement of the Short Term Note will generally be ordinary income to the extent of the discount accrued on a straight-line basis (unless an election is made to accrue the OID under the constant yield method) through the date of sale, exchange or retirement. In addition, a U.S. Holder that does not elect to include currently accrued discount in income may be required to defer deductions for a portion of the U.S. Holder's interest expense with respect to any indebtedness incurred or continued to purchase or carry such Notes in an amount not exceeding the deferred income until the deferred income is realised.

Market Discount

A Note, other than a Short-Term Note, generally will be treated as purchased at a market discount (a "**Market Discount Note**") if the Note's stated redemption price at maturity or, in the case of an Original Discount Note, the Note's "revised issue price", exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25% of the Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity. If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes "*de minimis* market discount". For this purpose, the "revised issue price" of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments. Additionally, for this purpose the "stated redemption price at maturity" (as defined above) is decreased by the amount of any payments previously made on the Note that were not qualified stated interest.

Any gain recognised on the sale, retirement or other disposition of a Market Discount Note (including any payment on a Note that is not qualified stated interest) generally will be treated as ordinary income to the extent of the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may avoid such treatment by electing to include market discount in income currently over the life of the Note. This election applies to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year for which the election is made. This election may not be revoked without the consent of the IRS.

A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently may be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note. Such interest is deductible when paid or incurred to the extent of income from the Note for the year. If the interest expense exceeds such income, such excess is currently deductible only to the extent that such excess exceeds the portion of the market discount allocable to the days during the taxable year on which such Note was held by the U.S. Holder.

Market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Market Discount Note with respect to which it is made and is irrevocable.

Foreign Currency Discount Notes

OID for any accrual period on an Original Issue Discount Note that is denominated in, or determined by reference to, a foreign currency will be determined for any accrual period in the foreign currency and then translated into U.S.

Dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described under "*Foreign Currency Denominated Qualified Stated Interest*" above. Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale or retirement of a Note), a U.S. Holder will recognise foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. Dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. Dollars.

Sale, Exchange or Retirement

A U.S. Holder's adjusted tax basis in a Note generally will be its U.S. Dollar cost (as defined herein) increased by the amount of any OID and any market discount included in the U.S. Holder's income with respect to the Note and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note. The U.S. Dollar cost of a Note purchased with a foreign currency generally will be the U.S. Dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

A U.S. Holder generally will recognise gain or loss on the sale, exchange or retirement of a Note equal to the difference between the amount realised on the sale, exchange or retirement and the U.S. Holder's adjusted tax basis of the Note. The amount realised does not include the amount attributable to accrued but unpaid interest or OID, which will be taxable as interest income to the extent not previously included in income. The amount realised on a sale, exchange or retirement for an amount in foreign currency will be the U.S. Dollar value of such amount on the date of sale or retirement or, in the case of Notes traded on an established securities market, within the meaning of the applicable U.S. Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale.

Except with respect to (i) gains or losses attributable to changes in exchange rates (as described in the next paragraph), and (ii) gain on the disposition of a Short Term Note (see "—*Short Term Notes*"), gain or loss recognised on the sale, exchange or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the Note was held for more than one year at the time of such sale. The deductibility of capital losses is subject to limitation. Gain or loss realised by a U.S. Holder on the sale, exchange or retirement of a Note generally will be U.S. source income or loss. Prospective investors should consult their tax advisors as to the foreign tax credit implications of such sale, exchange or retirement of Notes.

Gain or loss recognised by a U.S. Holder on the sale, exchange or retirement of a Note that is attributable to changes in exchange rates will be treated as U.S. source ordinary income or loss; however, exchange gain or loss is taken into account only to the extent of total gain or loss realised on the transaction (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest (including OID)).

Reportable Transaction Reporting

Under certain U.S. Treasury Regulations, U.S. Holders that participate in "reportable transactions" (as defined in the regulations) must attach to their U.S. federal income tax returns a disclosure statement on IRS Form 8886. Under the relevant rules, if the Notes are denominated in a foreign currency, a U.S. Holder may be required to treat foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations (U.S.$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amount for other non-individual U.S. Holders), and to disclose its investment by filing IRS Form 8886 with the IRS. A penalty of up to U.S. $10,000 in the case of a natural person and U.S.$50,000 in all other cases may be imposed in any taxable year on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. U.S. Holders should consult their own tax advisors as to the possible obligation to file IRS Form 8886 with respect to the ownership or disposition of the Notes, or any related transaction, including without limitation, the disposition of any foreign currency received as interest or as proceeds from the sale, exchange or retirement of the Notes.

Foreign Asset Reporting

U.S. Holders who are individuals and certain specified entities are required to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by financial institutions, in which case the accounts may be reportable if maintained by a non-U.S. financial institutions). U.S. Holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of the Notes.

Non-U.S. Holders

Under U.S. federal income tax law currently in effect, subject to the discussion below under the caption "U.S. Backup Withholding and Information Reporting," payments of interest (including OID) on a Note to a Non-U.S. Holder generally will not be subject to U.S. federal income tax unless the income is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States.

Subject to the discussion below under the caption "U.S. Backup Withholding and Information Reporting," any gain realised by a Non-U.S. Holder upon the sale, exchange or retirement of a Note generally will not be subject to U.S. federal income tax, unless (i) the gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States or (ii) in the case of any gain realised by an individual Non-U.S. Holder, such Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met.

U.S. Backup Withholding and Information Reporting

Backup withholding and information reporting requirements apply to certain payments of principal of, and interest and accruals of OID on, an obligation and to proceeds of the sale or redemption of an obligation, to certain non-corporate holders of Notes that are U.S. persons. Information reporting generally will apply to payments of principal of, and interest and accruals of OID on, an obligation, and to proceeds from the sale or redemption of, an obligation made within the United States, or by a U.S. payor or U.S. middleman (including certain U.S.-connected payors or middleman), to a holder (other than an exempt recipient, including a corporation, a payee that is not a U.S. person that provides an appropriate certification and certain other persons). The payor will be required to withhold backup withholding on payments made within the United States, including payments of accrued OID, or by a U.S. payor or U.S. middleman, on a Note to a holder of a Note that is a U.S. person, other than an exempt recipient, such as a corporation, if the holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements. Payments within the United States, or by a U.S. payor or U.S. middleman, of principal and interest to a holder of a Note that is not a U.S. person will not be subject to backup withholding tax and information reporting requirements if an appropriate certification is provided by the holder to the payor and the payor does not have actual knowledge or a reason to know that the certificate is incorrect. The backup withholding tax rate is currently 24%.

Backup withholding is not an additional tax. Holders generally will be entitled to credit any amounts withheld under the backup withholding rules against such holder's U.S. federal income tax liability provided the required information is furnished to the IRS in a timely manner.

Kazakhstan Taxation

Kazakhstan Taxation

Payments of principal on the Notes are not subject to Kazakhstan taxation. Due to DBK's status as a Financial Agency, payments of interest on the Notes and gains realised on disposal, sale, exchange or transfer of the Notes are not subject to taxation in Kazakhstan.

There are no stamp duties or registration or other taxes payable in Kazakhstan in connection with the transfer of any Notes.

Certain ERISA Considerations

Subject to the following discussion, the Notes may be acquired by pension, profit-sharing or other employee benefit plans that are subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended **("ERISA**"), individual retirement accounts, Keogh plans and other plans that are subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (each of the foregoing, "**Plans**") and entities deemed to hold the assets of Plans (collectively with Plans, each a "**Benefit Plan**"). Section 406 of ERISA and Section 4975 of the Code, which are among the various provisions of ERISA and the Code applicable to Benefit Plans, prohibit a Benefit Plan from engaging in certain transactions with persons that are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to such Benefit Plan. A violation of these "prohibited transaction" rules may result in an excise tax or other penalties and liabilities under ERISA and the Code for such persons or the fiduciaries of the Benefit Plan.

A regulation promulgated by the United States Department of Labor ("**DOL**") describes when the assets of an entity may be treated as the assets of Plans that invest in such entity. Under 29 C.F.R. Section 2510.3-101 of the Regulations issued by the DOL, as modified by Section 3(42) of ERISA (the "**Plan Asset Regulation**"), when a Plan acquires an equity interest in an entity, the Plan's assets include the interest in the entity and, unless one of certain exceptions in the Plan Asset

Regulation applies, an undivided interest in each of the underlying assets of the entity in which the investment is made. The Plan Asset Regulation defines an "equity interest" as any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features. While there is no clear guidance as to the meaning of "equity interest" for purposes of ERISA, to the extent it is required to take a position, DBK intends to take the position that the Notes are characterised as debt for U.S. federal income tax purposes (see "*Taxation—United States Federal Income Taxation*"). However, no assurance can be given as to the treatment of the Notes as indebtedness for purposes of ERISA and the Plan Asset Regulation.

The acquisition or holding of Notes by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if DBK, the Trustee, the Dealers, the Registrar or any of their respective affiliates is or becomes a party in interest or a disqualified person with respect to such Benefit Plan. Certain exemptions from the prohibited transaction rules could be applicable to the purchase and holding of Notes by a Benefit Plan depending on the type and circumstances of the plan fiduciary making the decision to acquire such Notes. Even if the conditions specified in one or more exemptions are met, the scope of the relief provided by these exemptions might or might not cover all acts which might be construed as prohibited transactions. There can be no assurance that any exemption will be available with respect to any particular transaction involving the Notes and prospective purchasers that are Benefit Plans should consult with their own advisers regarding the applicability of any such exemption and the implications under ERISA, Section 4975 of the Code and other applicable laws of the acquisition and holding of Notes based on their specific circumstances.

This summary does not include a discussion of any laws that may apply to employee benefit plans that are not subject to ERISA or Section 4975 of the Code. Such plans (and entities in which they invest, as applicable) should consult their own professional advisors about any laws applicable thereto.

By acquiring a Note or any interest therein, each purchaser and transferee will be deemed to represent, warrant and covenant that either (i) it is not, and is not acquiring the Note or any interest therein with the assets of (and is not acting on behalf of) an entity or other person that is or will be, a Benefit Plan or any other plan subject to a law, regulation or rule that is substantially similar to Section 406 of ERISA or Section 4975 of the Code or (ii) the acquisition and holding of the Note or any interest therein is permitted by ERISA, the Code and other applicable law (to the extent applicable) and will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any substantially similar applicable law.

No information herein or provided in connection herewith by DBK, the Trustee, the Dealers, the Registrar or any of their respective affiliates (collectively, the "**Covered Parties**") is providing, or shall be considered to be providing, advice on which any Benefit Plan may rely for any investment decision. The Covered Parties have not made, and are not making, a recommendation, have not provided, and are not providing, investment advice of any kind whatsoever (whether impartial or otherwise), and are not otherwise acting in a fiduciary capacity in connection with any Benefit Plan's decision to purchase or hold Notes.

PRIOR TO MAKING AN INVESTMENT IN NOTES, PROSPECTIVE INVESTORS THAT ARE BENEFIT PLANS SHOULD CONSULT WITH THEIR LEGAL AND OTHER ADVISORS CONCERNING THE IMPACT OF ERISA AND THE CODE (AND, PARTICULARLY IN THE CASE OF NON-ERISA PLANS AND ARRANGEMENTS, ANY ADDITIONAL LEGAL CONSIDERATIONS), AS APPLICABLE. THE SALE OF NOTES TO A BENEFIT PLAN IS NOT A REPRESENTATION THAT THE NOTES ARE A SUITABLE INVESTMENT FOR BENEFIT PLANS GENERALLY OR ANY PARTICULAR BENEFIT PLAN OR THAT THE NOTES SATISFY ALL LEGAL REQUIREMENTS APPLICABLE TO BENEFIT PLANS GENERALLY OR ANY PARTICULAR BENEFIT PLAN.

TRANSFER RESTRICTIONS

Rule 144A Notes

Each purchaser of a beneficial interest in a Rule 144A Note, by accepting delivery of this Base Information Memorandum and the Notes, will be deemed to have represented, agreed and acknowledged that:

(1) It is (a) a QIB that is also a QP, (b) not a broker dealer which owns and invests on a discretionary basis less than U.S.$25 million in securities of unaffiliated issuers, (c) not a participant directed employee plan, such as a 401(k) plan, (d) acquiring such interest for its own account or for the account of one or more QIBs each of which is also a QP, (e) not formed for the purpose of investing in the Notes and (f) 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 will (a) along with each account for which it is purchasing, hold and transfer beneficial interests in the relevant Rule 144A Note in a principal amount that is not less than U.S.$200,000 and (b) provide notice of these transfer restrictions to any subsequent transferees. In addition, it understands that DBK may receive a list of participants holding positions in its securities from one or more book entry depositaries.

(3) It understands that the Rule 144A Notes have not been and will not be registered 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 that is also a QP purchasing for its own account or for the account of one or more QIBs each of which is also a QP, each of which is purchasing not less than U.S.$200,000 in principal amount of the Rule 144A Notes or (b) to a non-U.S. person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.

(4) It understands that DBK has the power to compel any beneficial owner of Rule 144A Notes that is a U.S. person and is not a QIB and a QP to sell its interest in the Rule 144A Notes or may sell such interest on behalf of such owner. DBK has the right to refuse to honour the transfer of an interest in the Rule 144A Notes to a U.S. person who is not a QIB and a QP.

(5) It understands that its purchase and holding of the Rule 144A Notes or any interest therein constitutes a representation and warranty by it that at the time of its purchase and throughout the period in which it holds such Notes or any interest therein that either (i) it is not, and is not acquiring such Notes or any interest therein with assets of (and for so long as it holds such Note or any interest therein will not be and will not be acting on behalf of), a pension, profit sharing or other employee benefit plans that are subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), individual retirement accounts, Keogh plans and other plans that are subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") and entities deemed to hold the plan assets of the foregoing (each a "**Benefit Plan**") or any other plan subject to a law, regulation or rule that is substantially similar to Section 406 of ERISA or Section 4975 of the Code or (ii) the acquisition and holding of the Notes or any interest therein will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any such other substantially similar applicable law.

(6) It understands that the Rule 144A Notes (and any individual Note Certificates issued in respect thereof), unless otherwise agreed between DBK 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 BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT (A "**QIB**") AND A QUALIFIED PURCHASER ("**QUALIFIED PURCHASER**") WITHIN THE MEANING OF SECTION 2(a)(51) OF THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**"), PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBs, EACH OF WHICH ALSO A QUALIFIED PURCHASER AND IN AN AMOUNT FOR EACH ACCOUNT OF NOT LESS THAN U.S.$200,000 PRINCIPAL AMOUNT OF NOTES WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT

OR (2) TO NON U.S. PERSONS WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**") IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S, AND IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE OR EFFECT, WILL BE VOID AB INITIO AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO DBK, THE TRUSTEE OR ANY INTERMEDIARY. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF ANY EXEMPTION UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE.

EACH BENEFICIAL OWNER HEREOF REPRESENTS THAT (1) IT IS A QIB THAT IS ALSO A QUALIFIED PURCHASER; (2) IT IS NOT A BROKER DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS; (3) IT IS NOT A PARTICIPANT DIRECTED EMPLOYEE PLAN, SUCH AS A 401(k) PLAN; (4) IT IS HOLDING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBs EACH OF WHICH IS ALSO A QUALIFIED PURCHASER; (5) IT WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN DBK OR THIS NOTE; (6) IT, AND EACH ACCOUNT FOR WHICH IT HOLDS RULE 144A NOTES, WILL HOLD AND TRANSFER AT LEAST U.S.$200,000 IN PRINCIPAL AMOUNT OF RULE 144A NOTES; (7) IT UNDERSTANDS THAT DBK MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK ENTRY DEPOSITARIES AND (8) IT WILL PROVIDE NOTICE OF THE FOREGOING TRANSFER RESTRICTIONS TO ITS SUBSEQUENT TRANSFEREES. THE BENEFICIAL OWNER HEREOF HEREBY ACKNOWLEDGES THAT IF AT ANY TIME WHILE IT HOLDS AN INTEREST IN THIS NOTE IT IS A PERSON WHO IS NOT A QIB THAT IS ALSO A QUALIFIED PURCHASER, DBK MAY (A) SELL ITS INTEREST IN THIS NOTE TO A PERSON (I) WHO IS A QIB WHO IS ALSO A QUALIFIED PURCHASER AND WHO IS OTHERWISE QUALIFIED TO PURCHASE THIS NOTE IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OR (II) TO A NON U.S. PERSON PURCHASING THIS NOTE IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S OR (B) COMPEL THE BENEFICIAL OWNER TO SELL ITS INTEREST IN THIS NOTE TO DBK OR AN AFFILIATE OF DBK OR TRANSFER ITS INTEREST IN THIS NOTE TO A PERSON DESIGNATED BY OR ACCEPTABLE TO DBK AT A PRICE EQUAL TO THE LESSER OF (X) THE PURCHASE PRICE THEREFOR PAID BY THE BENEFICIAL OWNER, (Y) 100% OF THE PRINCIPAL AMOUNT THEREOF AND (Z) THE FAIR MARKET VALUE THEREOF. DBK HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF AN INTEREST IN THIS NOTE TO A U.S. PERSON WHO IS NOT A QIB AND A QUALIFIED PURCHASER. DBK HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT.

EACH BENEFICIAL OWNER HEREOF OR OF ANY INTEREST HEREIN REPRESENTS AND WARRANTS THAT AT THE TIME OF PURCHASE OF THIS NOTE AND THROUGHOUT THE PERIOD IT HOLDS THIS NOTE OR ANY INTEREST HEREIN THAT EITHER (A) IT IS NOT, AND IT IS NOT ACTING ON BEHALF OF, AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**")), SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED, ("**CODE**"), APPLIES, OR ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN SUCH ENTITY OR ANY OTHER PLAN SUBJECT TO A LAW, REGULATION OR RULE THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR (B) THE ACQUISITION AND HOLDING OF THIS NOTE OR ANY INTEREST HEREIN WILL NOT GIVE RISE TO A NONEXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA, SECTION 4975 OF THE CODE OR ANY SUBSTANTIALLY SIMILAR APPLICABLE LAW.

DBK MAY COMPEL EACH BENEFICIAL HOLDER HEREOF TO CERTIFY PERIODICALLY THAT SUCH HOLDER IS A QIB AND A QUALIFIED PURCHASER.

(7) It acknowledges that DBK, the Registrar, the Dealers and their respective affiliates and others will rely upon the trust and accuracy of the above acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Rule 144A Notes is no longer accurate, it shall promptly notify DBK and the Dealers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts who are QIBs that are also QPs, it represents that it has sole investment discretion with respect to each such account, and that it has full power to make the above acknowledgements, representations and agreements on behalf of each such account.

(8) It understands that Rule 144A Notes will be evidenced by Rule 144A Global Note. Before any interest in 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 corresponding 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.

(9) 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.

Regulation S Notes

Each purchaser of Regulation S Notes outside the United States and each subsequent purchaser of Regulation S Notes in resales, throughout the period that it holds such Note, by accepting delivery of this Base Information Memorandum and the Regulation S Notes, will be deemed to have represented, agreed and acknowledged that:

(1) It is, or at the time Regulation S Notes are purchased will be, the beneficial owner of such Regulation S Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of DBK or a person acting on behalf of such an affiliate.

(2) It understands that the Regulation S Notes have not been and will not be registered 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 that is also a QP purchasing for its own account or for the account of one or more QIB each of which is also a QP, each of which is purchasing not less than U.S.$200,000 in principal amount of the Rule 144A Notes or (b) to a non-U.S. person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.

(3) It understands that Regulation S Notes will be evidenced by a Regulation S Global Note. Before any interest in a Regulation S Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the corresponding Rule 144A 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.

(4) It acknowledges that DBK, the Registrar, the Dealers and their respective affiliates and others will rely upon the truth and accuracy of the above acknowledgements, representations and agreements and agree that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Notes is no longer accurate, it shall promptly notify DBK and the Dealers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the above acknowledgements, representations and agreements on behalf of each account.

(5) It understands that its purchase and holding of the Regulation S Notes or any interest therein constitutes a representation and warranty by it that at the time of its purchase and throughout the period in which it holds such Notes or any interest therein that either (a) it is not, and is not acquiring such Notes or any interest therein with assets of (and for so long as it holds such Note or any interest therein will not be and will not be acting on behalf of), a Benefit Plan or any other plan subject to a law, regulation or rule that is substantially similar to Section 406 of ERISA or Section 4975 of the Code or (b) the acquisition and holding of such Notes or any interest therein will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any substantially similar applicable law.

FORM OF THE NOTES

The Notes of each Series will be in registered form, without interest coupons attached. The Notes will be issued either outside the United States in reliance on Regulation S or both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A.

The Regulation S Notes of each Tranche will initially be represented by a Regulation S Global Note. Prior to expiry of the distribution compliance period (as defined in "*Summary of the Provisions Relating to the Notes in Global Form*") applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 4 (*Transfers of Notes*) and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Notes of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions to QIBs that are also QPs. The Rule 144A Notes of any Tranche will initially be represented by a Rule 144A Global Note.

Global Notes will either be deposited with a custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream, Luxembourg or be deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms. Persons holding beneficial interests in Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Payments of principal, interest and any other amount in respect of the Global Notes shall, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 11 (*Payments*)) as the registered holder of the Global Notes. None of DBK, any Principal Paying and Transfer Agent, the Trustee or the Registrar shall have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Notes in definitive form shall, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 11 (*Payments*)) immediately preceding the due date for payment in the manner provided in that Condition.

TRANSFER OF INTERESTS

Interests in a Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Global Note. No beneficial owner of an interest in a Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. Notes are also subject to the restrictions on transfer set forth herein and will bear a legend regarding such restrictions. See "*Transfer Restrictions*".

GENERAL

Pursuant to the Agency Agreement (as defined in "*Terms and Conditions of the Notes*"), the Principal Paying and Transfer Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 13 (*Events of Default*).

SUBSCRIPTION AND SALE

*Notes may be sold from time to time by DBK to any one or more of Citigroup Global Markets Limited, J.P. Morgan Securities plc, JSC Halyk Finance, Mashreqbank psc, Société Générale and any other Dealer (as the case may be) appointed under the terms of the Programme Agreement (as defined below). The arrangements under which Notes may from time to time be agreed to be sold by DBK to, and purchased by, Dealers are set out in an amended and restated programme agreement dated 13 November 2012 (as from time to time supplemented, amended or restated, the "**Programme Agreement**"), and made between DBK and the Dealers. Any such agreement will, inter alia, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by DBK in respect of such purchase. The Programme Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.*

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

Each Dealer has agreed that it will not offer, sell or deliver any Notes, (a) as part of their distribution at any time, or (b) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each Dealer to which it sells Notes (other than a sale pursuant to Rule 144A) during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this and the preceding paragraph have the meanings given to them by Regulation S under the Securities Act. The Programme Agreement provides that the Dealers may directly or through their respective U.S. broker dealer affiliates only, arrange for the offer and resale of Notes within the United States only to QIBs that are QPs in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any 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 Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Information Memorandum as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

- a retail client, as defined in point (8) of Article 2 of Regulation (EU) № 2017/565, as it forms part of domestic law by virtue of the EUWA; or
- 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) № 600/2014, as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

Each Dealer has represented and agreed that:

(a) in relation to any Notes which have a maturity of less than a year (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by DBK;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an 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 the Notes in circumstances in which Section 21(1) of the FSMA does not apply to DBK; and

(c) 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.

Republic of Kazakhstan

Each Dealer 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.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (as amended), (the "**Financial Instruments and Exchange Law**") and, accordingly, each Dealer has undertaken and agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of and otherwise in compliance with the Financial Instruments and Exchange Law and any other applicable laws and regulations and ministerial guidelines of Japan.

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Information Memorandum as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

- a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

General

These selling restrictions may be modified by the agreement of DBK and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Information Memorandum.

No action has been or will be taken in any jurisdiction that would, or is intended to, permit a public offering of any of the Notes, or possession or distribution of the Base Information Memorandum or any other offering material or any set of Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Information Memorandum, any other offering material or any set of Final Terms and neither DBK nor any other Dealer shall have responsibility therefor.

Other Relationships

Certain of the Dealers and their respective affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and/or its affiliates in the ordinary course of business. Certain of the Dealers and their respective affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its respective affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. In addition, in the ordinary course of their business activities, the Dealers 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 (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. Certain of the Dealers or their respective affiliates routinely hedge their credit exposures to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

GENERAL INFORMATION

Listing and Trading

The admission of the Programme to trading on the Vienna MTF is expected to be granted on or about 2 April 2024. It is expected that each Tranche of Notes which is to be admitted for trading on the Vienna MTF will be admitted separately as and when issued, subject only to the issue of the Global Note(s) representing the Notes of that Tranche.

However, Notes may be issued pursuant to the Programme which will not be listed on the Vienna MTF or any other stock exchange outside of Kazakhstan or which will be listed on such stock exchange as DBK and the relevant Dealer(s) may agree. DBK shall apply for Notes issued under the Programme to be listed on the KASE.

In addition, unless otherwise agreed with the relevant Dealer(s) and provided for in the Final Terms or Drawdown Information Memorandum, DBK will use its reasonable endeavours to cause all Notes issued under the Programme to be submitted to the "Bonds" category of the "Debt Securities" sector of the "Main" platform of the official list of the KASE. No Notes issued by DBK may be issued and/or placed (including the listing thereof) outside of Kazakhstan without prior getting the Agency Permissions.

Legal Entity Identifier

The Legal Entity Identifier is 213800LCDPGJ1BI7KX98.

Authorisations

The establishment of the Programme was authorised by a duly convened meeting of the shareholders' of DBK held on 2 September 2002. The increase of the programme size was authorised by a resolution of DBK's sole shareholder on 23 October 2007. The issuance of Notes under the updated Programme was authorised by a resolution passed by DBK's Board of Directors on 5 March 2024. DBK has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and in particular, each Tranche will require a specific authorisation by DBK's Board of Directors.

Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and/or DTC. The appropriate common code and the International Securities Identification Number and/or (where applicable) the CUSIP number in relation to the Notes of each Series will be specified in the Final Terms relating thereto. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

Use of Proceeds

The net proceeds of the issue of each Tranche of Notes will be applied by DBK for general corporate purposes, including for the funding of various investment and export projects, trade finance activities and for the refinancing of existing debt.

Commissions, fees and expenses may be deducted from the gross proceeds of each Tranche of Notes, as set out in the applicable Final Terms.

Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which DBK is aware), during the 12 months preceding the date of this Base Information Memorandum, which may have, or have had in the recent past, a significant effect on the financial position or profitability of DBK or of the Group, taken as a whole.

No Material Adverse or Significant Change

Since 31 December 2023 (the end of the last financial period for which audited financial information has been published), there has been no material adverse change in the prospects of the Group nor has there been a significant change in the financial performance or financial position of the Group.

No Material Contracts

Neither DBK nor either of its subsidiaries has entered into any material contracts outside the ordinary course of its business which could result in it being under an obligation or entitlement that is material to DBK's ability to make payments under the Notes.

Independent Auditors

The consolidated financial statements of DBK and its subsidiaries as of 31 December 2023 and 2022 (which includes comparative information as of 31 December 2021 and for the year then ended), and for the years then ended, included in this Base Information Memorandum, have been audited by KPMG Audit LLC ("**KPMG**"), independent auditors, as stated in their reports appearing herein.

The independent auditors of DBK are KPMG acting as auditors under State License № 0000021, dated 6 December 2006 issued by the Ministry of Finance of Kazakhstan. KPMG is a member of the Chamber of Auditors of Kazakhstan, the professional body which oversees audit firms in Kazakhstan. KPMG audited the Financial Statements, which were prepared in accordance with IFRS, and have issued unqualified opinions thereon. See also "*Presentation of Financial and Other Information*".

As the Notes have not been and will not be registered under the Securities Act, KPMG has not filed and would not be required to file a consent under the Securities Act.

Website

The website of the Issuer is https://www.kdb.kz/en/. The information on https://www.kdb.kz/en/ does not form part of this Base Information Memorandum.

Documents Available for Inspection

For the period of 12 months following the date of this Base Information Memorandum, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the specified office of the Principal Paying and Transfer Agent or be accessed on the website of the Issuer at https://www.kdb.kz/investors/eurobonds-and-credit-ratings/

(a) the constitutional documents of DBK;

(b) the Financial Statements including, in each case, the audit opinion relating to such Financial Statements;

(c) the Agency Agreement;

(e) the Trust Deed (which contains the forms of the Notes in global and definitive form);

(f) the Procedures Memorandum;

(g) a copy of this Base Information Memorandum together with any supplements to this Base Information Memorandum or any further base information memorandum or base prospectus;

(h) any Final Terms relating to Notes which are listed on any stock exchange (in the case of any Notes which are not listed on any stock exchange outside of Kazakhstan, copies of the relevant Final Terms will only be available for inspection by the relevant Noteholders or otherwise in accordance with the rules of the KASE); and

(i) the DBK Law.

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Банк развития
Казахстана

Development Bank of Kazakhstan JSC

Consolidated Financial Statements

for the year ended 31 December 2023

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KPMG Audit LLC
180 Dostyk Avenue, Almaty,
A25D6T5, Kazakhstan

Independent Auditors' Report

To the Board of Directors of Development Bank of Kazakhstan JSC

Opinion

We have audited the consolidated financial statements of Development Bank of Kazakhstan JSC 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.

Expected credit losses on loans to customers and finance lease receivables	
Please refer to the Notes 3, 14, 15, 29(c) and 37(e)(iv) in the consolidated financial statements.	
The key audit matter	***How the matter was addressed in our audit***
Loans to customers measured at amortised cost and finance lease receivables account for 38% and 14% of total assets, respectively. Loans to customers and finance lease receivables are stated net of loss allowance for expected credit losses (ECL) that is estimated on a regular basis and is sensitive to the 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 to stages 1, 2 and 3 in accordance with the IFRS 9 *Financial Instruments*); - assessment of probability of default (PD) and loss given default (LGD); - assessment of add-on adjustment to account for different scenarios and forward-looking information; - assessment of expected cash flows forecast for loans to customers and finance lease receivables which are classified as credit-impaired; - Due to the significant volume of loans to customers and finance lease receivables and related estimation uncertainty, this area is a key audit matter.	We analysed the key aspects of the Group's methodology and policies related to ECL estimate for compliance with the requirements of IFRS 9, with the involvement of financial risks management specialists. We tested the principle of operation of the respective models used by the Group. To analyse the adequacy of professional judgment and assumptions made by the Group in relation to the allowance for ECL estimate, we performed the following: - We tested the design and implementation of the controls used for allocation of loans to customers and finance lease receivables by the credit risk stages. - For a sample of loans to customers and finance lease receivables, for which potential changes in ECL estimate may have a significant impact on the consolidated financial statements, we tested whether stages are correctly assigned by the Group and tested overall adequacy of the internal rating assigned by the Group to borrowers and debtors by analysing financial and non-financial information, as well as assumptions and professional judgments applied. - For a sample of loans to customers and finance lease receivables allocated to Stage 1 and Stage 2 we tested the operation of related PD и LGD models, and reconciled inputs used in the models to the source documents, on a sample basis. We challenged the assumptions used by the Group in estimation of the amount and timing of cash flows in the LGD model, based on our knowledge and available market information. - We also analysed the overall adequacy of the adjustment to account for various scenarios and forward-looking information and compared it with our estimates taking into account the current and future economic situation and operating conditions of borrowers and debtors.

	- For a sample of the Stage 3 loans and finance lease receivables, and purchased or originated credit-impaired (POCI) loans for which the ECL allowance is estimated at an individual asset level and which comprise loans and finance leases provided to legal entities, we critically assessed the assumptions used by the Group to value the amount and timing of future cash flows. We compared assumptions used by the Group with industry, financial and economic data from available public sources. We focused on loans and finance lease receivables for which potential changes in ECL estimates could have a significant impact on the consolidated financial statements. 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.

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. MФ-0000096 of 27 August 2012

KPMG Audit LLC
State Licence 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

6 March 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2023

	Note	For the year ended 31 December 2023 KZT'000	For the year ended 31 December 2022 KZT'000
Interest income calculated using the effective interest method	4	319,821,169	237,145,433
Other interest income	4	94,651,138	81,314,570
Interest expense	4	(228,992,815)	(210,019,302)
Net interest income		**185,479,492**	**108,440,701**
Fee and commission income		711,162	1,237,690
Fee and commission expense		(661,187)	(984,104)
Net fee and commission income		**49,975**	**253,586**
Net foreign exchange gain	5	5,153,175	1,993,695
Net realised loss on debt securities at fair value through other comprehensive income		(127,887)	(21,277,996)
Net gain/(loss) on financial instruments at fair value through profit or loss	6	2,866,147	(3,137,117)
Net gain arising from derecognition of financial assets measured at amortised cost		1,579,700	8,744,373
Income on repurchase of debt securities issued	25	-	21,065,319
Other expense, net	7	(9,746,791)	(12,681,442)
Operating profit		**185,253,811**	**103,401,119**
Reversal of impairment loss/(impairment loss) on debt financial assets	8	42,420,785	(47,096,163)
Reversal of impairment losses on loan commitments and financial guarantee contracts	8	371,520	2,478,838
(Impairment losses)/reversal of impairment losses on other non- financial assets	8	(17,286)	825,942
General administrative expenses	9	(10,292,351)	(9,061,260)
Profit before income tax		**217,736,479**	**50,548,476**
Income tax expense	10	(37,718,499)	(16,423,589)
Profit for the year		**180,017,980**	**34,124,887**
Other comprehensive income/(loss)			
Items that are or may be reclassified subsequently to profit or loss:			
Movement in fair value reserve (debt instruments):			
Net change in fair value		13,187,321	(66,174,352)
Net amount reclassified to profit or loss		127,887	21,028,242
Total items that are or may be reclassified subsequently to profit or loss		*13,315,208*	*(45,146,110)*
Items that will not be reclassified to profit or loss			
Movement in fair value reserve of equity instruments		(3,287,931)	(15,591,314)
Net unrealised loss on hedges, net of tax		(993,164)	-
Total items that will not be reclassified to profit or loss		*(4,281,095)*	*(15,591,314)*
Other comprehensive income/(loss) for the year		**9,034,113**	**(60,737,424)**
Total comprehensive income/(loss) for the year		**189,052,093**	**(26,612,537)**

The consolidated financial statements as set out on pages 8 to 108 were approved by the Management Board of the Bank on 6 March 2024 and were signed on its behalf by:

Marat Talgatovich Yelibayev
Chairman of the Management Board

Saule Mamyroyna Mamekova
Chief Accountant

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

	Note	31 December 2023 KZT'000	31 December 2022 KZT'000
ASSETS			
Cash and cash equivalents	11	889,221,270	816,469,903
Placements with banks and other financial institutions	12	80,045,589	79,972,071
Loans to banks	13	120,043,694	118,726,690
Loans to customers	14	1,749,653,864	1,774,176,600
Finance lease receivables	15	615,895,386	495,027,848
Debt securities	16	416,460,273	406,673,601
Advances paid under finance lease agreements	17	342,673,733	180,825,499
Assets to be transferred under finance lease agreements		26,335,102	3,899,344
Equity investments	18	15,167,890	20,442,839
Investment property		58,743	94,543
Property, equipment and intangible assets		6,016,429	5,954,973
Other assets	19	7,486,654	9,439,113
Value-added tax receivable		30,068,580	24,603,961
Current tax asset		4,579,467	-
Deferred tax assets	20	6,978,166	6,603,495
Total assets		**4,310,684,840**	**3,942,910,480**
LIABILITIES			
Current accounts and deposits	21	136,022,198	91,717,372
Loans from SWF "Samruk-Kazyna" JSC		1,595,524	1,809,214
Loans and balances from banks and other financial institutions	22	710,511,650	691,797,176
Loans from the Parent Company	23	402,549,011	380,714,997
Amounts payable under sale and repurchase agreements		27,362,351	-
Government grants	24	591,470,760	637,305,435
Debt securities issued	25	1,278,258,121	1,309,587,035
Subordinated debt	26	133,777,729	125,744,366
Other liabilities	27	106,553,791	87,383,917
Provisions	31	36,128,147	1,814,271
Current income tax liabilities		-	570,789
Total liabilities		**3,424,229,282**	**3,328,444,572**
EQUITY			
Share capital	28	715,953,511	615,953,511
Fair value reserve		(57,531,954)	(66,566,067)
Additional paid-in capital		36,750,489	36,750,489
Retained earnings		191,283,512	28,327,975
Total equity		**886,455,558**	**614,465,908**
Total liabilities and equity		**4,310,684,840**	**3,942,910,480**

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

	For the year ended 31 December 2023 KZT'000	For the year ended 31 December 2022 KZT'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	361,005,008	271,595,370
Interest payments	(169,744,565)	(155,167,103)
Fee and commission receipts	143,678	174,931
Fee and commission payments	(607,457)	(750,050)
Net foreign exchange receipts/(payments)	2,144,035	(1,999,716)
Net gain on financial instruments at fair value through profit or loss	18,667	65,575
Other receipts, net	467,075	935,009
General administrative expenses payments	(8,701,198)	(7,123,633)
	184,725,243	**107,730,383**
Decrease/(increase) in operating assets		
Placements with banks and other financial institutions	1,356	(54,456,662)
Loans to banks	6,807,853	(88,634,588)
Loans to customers	19,210,221	123,336,520
Finance lease receivables	89,072,997	69,299,551
Advances paid under finance lease agreements*	(383,403,306)	(140,631,776)
Other assets	6,351,572	(3,658,649)
Increase/(decrease) in operating liabilities		
Current accounts and deposits	45,784,468	66,555,521
Loans from SWF "Samruk-Kazyna" JSC	(333,333)	(10,080,664)
Loans from the Parent Company	(1,744,805)	356,073,525
Government grants received in the form of a discount on debt securities issued at a below-market rate (Note 24)	11,033,025	22,106,580
Loans and balances from banks and other financial institutions	31,223,805	97,802,766
Amounts payable under sale and repurchase agreements	28,391,550	(43,030,551)
Other liabilities	36,398,364	119,405,412
Net cash provided from operating activities before income tax paid	**73,519,010**	**621,817,368**
Income tax paid	(42,995,134)	(12,478,038)
Net cash from operating activities	**30,523,876**	**609,339,330**

* Including the offset amounts of accounts payable to suppliers of leased items and advances paid under finance lease agreements, totalling KZT 244,969,287 thousand (2022: KZT 132,166,104 thousand).

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

	For the year ended 31 December 2023 KZT'000	For the year ended 31 December 2022 KZT'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment, intangible assets, and investment property	(793,006)	(601,063)
Proceeds from sale of property and equipment, and intangible assets	24,357	-
Redemption/(purchase) of equity investments	1,987,018	(346,716)
Purchases of debt securities	(18,395,555)	(929,842,699)
Disposal and redemption of debt securities	8,482,605	1,034,069,007
Dividends received	1,040,444	-
Net cash (used in)/from investing activities	**(7,654,137)**	**103,278,529**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital (Note 28)	100,000,000	100,000,000
Proceeds from issue of debt securities (Note 25)*	70,807,059	7,893,420
Repurchase/redemption of debt securities issued (Note 25)	(100,000,000)	(458,320,473)
Dividends paid (Note 28)	(17,062,443)	(15,749,836)
Net cash from/(used in) in financing activities	**53,744,616**	**(366,176,889)**
Net increase in cash and cash equivalents	**76,614,355**	**346,440,970**
Effect of changes in exchange rates on cash and cash equivalents	(3,856,706)	(1,258,603)
Effect of changes in ECL on cash and cash equivalents	(6,282)	175
Cash and cash equivalents at the beginning of the year	816,469,903	471,287,361
Cash and cash equivalents at the end of the year (Note 11)	**889,221,270**	**816,469,903**

* During 2022, the Group issued Eurobonds for a total of USD 500,000 thousand (equivalent to KZT 221,305,000 thousand). Proceeds from the issue, net of expenses, have been offset against the Group's liabilities on partial early redemption of the bonds issued in 2012, for a total of USD 700,000 thousand (equivalent to KZT 309,827,000 thousand).

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

	Share capital KZT'000	**Fair value reserve KZT'000**	**Hedging reserve KZT'000**	**Additional paid-in capital KZT'000**	**Retained earnings KZT'000**	**Total equity KZT'000**
Balance at 1 January 2023	**615,953,511**	**(66,566,067)**	**-**	**36,750,489**	**28,327,975**	**614,465,908**
Profit for the year	-	-	-	-	180,017,980	180,017,980
Other comprehensive income						
Items that are or may be reclassified subsequently to profit or loss:						
Net change in fair value	-	13,187,321	-	-	-	13,187,321
Net amount reclassified to profit or loss	-	127,887	-	-	-	127,887
Items that will not be reclassified to profit or loss	-	-	-	-	-	-
Net change in fair value – equity instruments	-	(3,287,931)	-	-	-	(3,287,931)
Net unrealised expense on hedges, net of tax (Note 11)	-	-	(993,164)	-	-	(993,164)
Total other comprehensive income	**-**	**10,027,277**	**(993,164)**	**-**	**-**	**9,034,113**
Total comprehensive income for the year	**-**	**10,027,277**	**(993,164)**	**-**	**180,017,980**	**189,052,093**
Transactions with owners recorded directly in equity						
Shares issued (Note 28)	100,000,000	-	-	-	-	100,000,000
Dividends declared and paid (Note 28)	-	-	-	-	(17,062,443)	(17,062,443)
Total transactions with owners recorded directly in equity	**100,000,000**	**-**	**-**	**-**	**(17,062,443)**	**82,937,557**
Balance at 31 December 2023	**715,953,511**	**(56,538,790)**	**(993,164)**	**36,750,489**	**191,283,512**	**886,455,558**

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

	Share capital KZT'000	Fair value reserve KZT'000	Additional paid-in capital KZT'000	Retained earnings KZT'000	Total equity KZT'000
Balance at 1 January 2022	**515,953,511**	**(5,828,643)**	**36,750,489**	**9,952,924**	**556,828,281**
Profit for the year	-	-	-	34,124,887	34,124,887
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Net change in fair value	-	(66,174,352)	-	-	(66,174,352)
Net amount reclassified to profit or loss	-	21,028,242	-	-	21,028,242
Items that will not be reclassified to profit or loss					
Net change in fair value – equity instruments	-	(15,591,314)	-	-	(15,591,314)
Total other comprehensive loss	**-**	**(60,737,424)**	**-**	**-**	**(60,737,424)**
Total comprehensive loss for the year	**-**	**(60,737,424)**	**-**	**34,124,887**	**(26,612,537)**
Transactions with owners recorded directly in equity					
Shares issued (Note 28)	100,000,000	-	-	-	100,000,000
Dividends declared and paid (Note 28)	-	-	-	(15,749,836)	(15,749,836)
Total transactions with owners recorded directly in equity	**100,000,000**	**-**	**-**	**(15,749,836)**	**84,250,164**
Balance at 31 December 2022	**615,953,511**	**(66,566,067)**	**36,750,489**	**28,327,975**	**614,465,908**

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

1 Background

(a) Principal activity

These consolidated financial statements comprise the financial statements of the Development Bank of Kazakhstan JSC (the “Bank”) and the financial statements of its subsidiaries – Industrial Development Fund JSC and DBK Capital Structure Fund B.V. (the “Group”).

Development Bank of Kazakhstan JSC (the “Bank”) was established in the Republic of Kazakhstan as a closed joint-stock company as defined in the Civil Code of the Republic of Kazakhstan, in accordance with the legislation of the Republic of Kazakhstan. The Bank was established in 2001 in accordance with the Law of the Republic of Kazakhstan “On the Development Bank of Kazakhstan” No.178-II dated 25 April 2001 (the “Law”). On 18 August 2003, the Bank underwent the state re-registration procedure due to change of its name – from Development Bank of Kazakhstan CJSC to Development Bank of Kazakhstan JSC. The Bank operates in accordance with the Law of the Republic of Kazakhstan dated 31 August 1995 “On Banks and Banking Activity in the Republic of Kazakhstan”, the Law of the Republic of Kazakhstan dated 13 May 2003 “On Joint-Stock Companies”, the Charter of the Development Bank of Kazakhstan JSC approved by the Resolution of the Management Board of Baiterek National Managing Holding JSC No.41/14 dated 24 December 2014, Credit Policy Memorandum of Development Bank of Kazakhstan JSC approved by the Resolution of the Management Board of Baiterek National Managing Holding JSC No. 43/16 dated 27 October 2016, other legal acts of the Republic of Kazakhstan and internal regulations of the Bank.

The Bank is a national development institution. The main purpose of the Bank is to improve state investment activity and enhance its efficiency, promote the development of industrial infrastructure and processing industry, and assist in attracting external and internal investments to the economy of the Republic of Kazakhstan.

The Bank’s registered office is n-r. pr. 15, 55A Mangilik El Avenue, Yessil district, Astana, Republic of Kazakhstan.

As at 31 December 2023 and 31 December 2022, the Bank is the parent company of two wholly-owned subsidiaries (the “Subsidiaries”).

DBK Leasing JSC was established on 6 September 2005 in accordance with the legislation of the Republic of Kazakhstan. Pursuant to the Decree No.521 of the Government of the Republic of Kazakhstan of 18 August 2020 “On Establishing the Industrial Development Fund”, and by the Decision No. 243-2020-14 of the Board of Directors of the Bank of 21 September 2020, the corporate name of BRK-Leasing JSC, a subsidiary of Development Bank of Kazakhstan Joint-Stock Company, was changed to Industrial Development Fund JSC (the “IDF”). IDF JSC principal activities are leasing operations, realisation of industrial-innovative development strategy and stimulation of leasing in the following industries: machinery construction, metallurgy and metalworking production, chemical and pharmaceutical industry, manufacturing of construction materials, light and woodworking industry, transportation and warehousing.

DBK Capital Structure Fund B.V. (a closed private limited company) was established in the Netherlands on 19 July 2017. The principal activity of DBK Capital Structure Fund B.V. is participation as a limited partner in private equity fund or other companies by making cash contributions for further investing it to authorised capital of companies, as part of financing investment projects implemented by the Bank and IDF JSC.

Eurobonds issued by the Bank are listed on London Stock Exchange, Luxembourg Stock Exchange, Vienna Stock Exchange and Kazakhstan Stock Exchange (the “KASE”).

(b) Shareholders

As at 31 December 2012, the sole shareholder of the Group was Sovereign Wealth Fund “Samruk-Kazyna” JSC (SWF “Samruk-Kazyna”). In accordance with the Decree of the President of the Republic of Kazakhstan No.136 dated 10 August 2011 “On Measures for Further Improvement of the Public Management System of the Republic of Kazakhstan” the entire block of ordinary shares of the Bank was transferred in trust management of the Ministry of Industry and New Technologies of the Republic of Kazakhstan.

In accordance with the Decree of the President of the Republic of Kazakhstan No.571 dated 22 May 2013 "On Certain Measures for Optimisation of the System of Management of the Development Institutions, Financial Organisations and for Development of the National Economy", the entire block of ordinary shares of the Bank, together with related risks and control, were transferred as payment to the authorised capital of Baiterek National Managing Holding JSC. As at 31 December 2023 and 31 December 2022, the Group's sole shareholder was Baiterek National Managing Holding JSC (the "Parent Company" or "Baiterek"). The ultimate controlling party is the Government of the Republic of Kazakhstan (the "Government"). Related party transactions are detailed in Note 33.

(c) Kazakhstan business environment

The Group's operations are primarily located in Kazakhstan. Consequently, the Group 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. The volatility in the global price of oil have also increased the level of uncertainty in the business environment.

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 consolidated financial statements reflect management's assessment of the impact of the Kazakhstan business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

2 Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRSs").

(b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except that financial assets measured at fair value through other comprehensive income and financial instruments measured at fair value through profit or loss are stated at fair value.

(c) Functional and presentation currency

The functional currency of the Bank and its subsidiaries 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 consolidated financial statements. Financial information presented in KZT is rounded to the nearest thousand.

(d) Use of estimates and judgments

The preparation of consolidated 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 judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- setting the criteria to assess whether credit risk on the financial asset has increased significantly since initial recognition including methodology of incorporation of forward-looking information in the measurement of ECL – Note 37.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

- impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information – Notes 3, 13, 14 and 15;
- estimates of fair values of financial assets and liabilities – Note 35.

(e) Comparative information

The Group changed presentation of certain captions in the primary forms of consolidated financial statements. Comparative information is reclassified to conform to changes in presentation in the current period.

The Group changed its presentation of finance lease receivables in the consolidated statement of financial position and provided an individual caption 'Value-added tax receivable'.

The following table summarises the impacts on the Group's consolidated financial statements.

	As previously reported KZT'000	Effect of reclassifications KZT'000	As reclassified KZT'000
The consolidated statement of financial position as at 31 December 2022			
Finance lease receivables	519,631,809	(24,603,961)	495,027,848
Value-added tax receivable	-	24,603,961	24,603,961

3 Financial risk review

This note presents information about the Group's exposure to financial risks. For information on the Group's financial risk management framework, see Note 29.

Credit risk - Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

See accounting policy in Note 37(e)(iv).

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group 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 Group's historical experience and informed 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 Group uses the following three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in probability of default (PD);
- qualitative indicators; and
- backstop of 30 days past due.

Credit risk grades

The Group 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.

Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors may vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

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.

The monitoring typically involves use of the following data:

- information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections;
- payment record – this includes overdue status as well as a range of variables about payment ratios;
- data from credit reference agencies, press articles, changes in external credit ratings;
- requests for and granting of forbearance;
- quoted bond prices for the issuer where available;
- existing and forecast changes in business, financial and economic conditions;
- actual and expected significant changes in political, regulatory and technological environment of the counterparty or in its business activities.

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction or region, type of product and counterparty as well as by credit risk grading. Information obtained from external credit reference agencies is also used by the Group.

The Group 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 Group 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.

The criteria for determining whether credit risk has increased significantly depends on the portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

The Group considers credit risk of a particular exposure is deemed to have increased significantly since initial recognition, if the issuer's credit rating decreased by 2 points and more since initial recognition.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Group'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 qualitative factors are based on its expert judgement and relevant historical experience.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due, except for debt securities and placements with banks for which being past may be the event of default. 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 counterparty.

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. 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 payments over at least 12 months after the terms were revised, directed for repayment of the gross carrying amount of the financial asset against the modified contractual terms.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- there is no unwarranted volatility in loss allowance from transfers between 12-month ECL (stage 1) and lifetime ECL measurements (stage 2).

Definition of default

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Group except for debt securities and placements with banks for which being past due may be the event of default; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a counterparty is in default, the Group 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 to the Group; and
- based on data developed internally and obtained from external sources.

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 Group incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Group formulates a base scenario of future development of relevant economic variables and also considers a presented selection of other forecast scenarios. This process involves developing two or more additional economic scenarios and considering the appropriate probabilities of occurring of each scenario. External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, national organisations such the Ministry of National Economy of the Republic of Kazakhstan, and International Monetary Fund.

A base scenario is aligned with information used by the Group for other purposes such as strategic planning and budget forming. Other are less likely to occur scenarios where some are upside and other downside scenarios.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The key driver is the GDP forecasts. Taking into account the lack of sufficient historical default data, the Group determined that the data provided by rating agencies would serve as a source of information for economic scenarios. Scenarios are regularly reviewed and are used to assess credit risk grades.

As at 31 December 2023, the Group updated key drivers forecasts, revised the scenario weights used to estimate expected credit losses (ECL) that resulted in a decrease in the 12-month PDs compared to the PDs used as at 31 December 2022, from 0.01% to 2.03% for all ratings except a pre-default rating (2022: an increase from 0.01% to 0.91%).

Key assumptions and judgements used to estimate loss allowance for loans issued and finance lease receivables

In determining the loss allowance for loans issued, management used the following key assumptions:

- The 12-month PDs for borrowers classified as Stage 1 exposures were estimated at 0.1%-7.0%; the lifetime PDs for borrowers classified as Stage 2 exposures were estimated at 3.5%-48.1%.
- The average weighted LGD for borrowers classified as Stage 1 and Stage 2 exposures was estimated at 51%.

In determining the loss allowance for financial lease receivables, management used the following key assumptions:

- The 12-month PDs for lessees classified as Stage 1 exposures were estimated at 0.2%-51%; the lifetime PDs for lessees classified as Stage 2 exposures were estimated at 2.3%-51%.
- The LGD for lessees classified as Stage 1 and Stage 2 exposures was estimated at an average 23%.

Modified financial assets and financial lease

The contractual terms of a loan agreement and finance lease agreements 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 borrower. 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 37(e)(iii).

If the modification is not an individual lease and the lease has not been classified as an operating lease, and if the modification had been effective at the inception date, the lessor accounts for the modification of finance lease under IFRS 9.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; and
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

When modification results in derecognition, a new loan and finance lease is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Group renegotiates loans to customers or finance leases in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan or finance lease 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 and finance lease modified as part of the Group's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect interest and principal and the Group's previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, a loan or finance lease forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance under loan agreements/finance lease agreements may constitute evidence that an exposure is credit-impaired. A counterparty 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 expected credit losses (ECL)

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD.

The methodology of estimating PDs is discussed above under the heading "Generating the term structure of PD".

The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

To ensure adequate evaluation of loss given default amounts, the Group also considers the following LGD categories:

- The LGD parameter is equal to 0%, if the Government of the Republic of Kazakhstan acts as a counterparty.
- The LGD parameter is equal to 70%, if a bank or another financial institution acts as a counterparty.
- For other counterparties of debt securities, the LGD parameter is estimated based on Moody's studies of recovery rates depending on the counterparty's external rating. LGD estimates are recalibrated, once the updated studies are published (generally, on an annual basis).

EAD represents the expected exposure in the event of a default.

The Group generally 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.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Group 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 Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of a loan or terminate a loan commitment.

For portfolios in respect of which the Group 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.

	Carrying amount at 31 December 2023 KZT'000	External benchmarks used PD	LGD
Cash and cash equivalents	889,221,270	S&P's default study	70%
Placements with banks and other financial institutions	80,045,589	S&P's default study	70%
Loans to banks	120,043,694	S&P's default study	70%-100%
Finance lease receivables	615,895,386	S&P's default study	-
Loans to customers measured at amortised cost (stages 1 and 2 of credit risk)	1,535,393,057	S&P's default study	An individual approach is applied in accordance with internal LGD models developed by S&P.
Debt securities measured through other comprehensive income, where the Government of the Republic of Kazakhstan and governments of other countries act as a counterparty.	381,085,994	S&P's default study	Up to 5%
Other debt securities	34,274,600	S&P's default study	Moody's recovery studies

Credit quality analysis

The following table provides information on the credit quality of financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income as at 31 December 2023 and 31 December 2022. Unless otherwise indicated, the amounts of financial assets in the table below are gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired financial assets are included in Note 37(e)(iv).

	31 December 2023			
	Stage 1 KZT'000	**Stage 2 KZT'000**	**Stage 3 KZT'000**	**Total KZT'000**
Cash and cash equivalents				
External credit ratings:				
- rated from AA- to AA+	14,842,648	-	-	14,842,648
- rated from A- to A+	165,011,975	-	-	165,011,975
- rated from BBB- to BBB+	562,818,929	-	-	562,818,929
- rated from BB- to BB+	295,539	-	-	295,539
- not rated*	146,317,223	-	-	146,317,223
	889,286,314	**-**	**-**	**889,286,314**
Loss allowance for expected credit losses	(65,044)	-	-	(65,044)
Total cash and cash equivalents	**889,221,270**	**-**	**-**	**889,221,270**

* Cash and cash equivalents as at 31 December 2023, that are not rated, comprise amounts receivable under reverse repurchase agreements concluded at the Kazakhstan Stock Exchange, totalling KZT 145,255,807 thousand, against the treasury bills of the Ministry of Finance of the Republic of Kazakhstan pledged as collateral and bonds of Kazakhstan Sustainability Fund JSC (Note 11).

	31 December 2022			
	Stage 1 KZT'000	**Stage 2 KZT'000**	**Stage 3 KZT'000**	**Total KZT'000**
Cash and cash equivalents				
External credit ratings:				
- rated from AA- to AA+	4,458,559	-	-	4,458,559
- rated from A- to A+	52,245,200	-	-	52,245,200
- rated from BBB- to BBB+	203,020,856	-	-	203,020,856
- rated from BB- to BB+	666,955	-	-	666,955
- rated from B- to B+	1,508,588	-	-	1,508,588
- not rated*	554,631,731	-	-	554,631,731
	816,531,889	**-**	**-**	**816,531,889**
Loss allowance for expected credit losses	(61,986)	-	-	(61,986)
Total cash and cash equivalents	**816,469,903**	**-**	**-**	**816,469,903**

* Cash and cash equivalents as at 31 December 2022, that are not rated, comprise amounts receivable under reverse repurchase agreements concluded at the Kazakhstan Stock Exchange, totalling KZT 550,103,488 thousand, against the notes of the National Bank of the Republic of Kazakhstan and treasury bills of the Ministry of Finance of the Republic of Kazakhstan pledged as collateral and other securities included in the basket of government securities of the Republic of Kazakhstan (Note 11).

	31 December 2023			
	Stage 1 KZT'000	**Stage 2 KZT'000**	**Stage 3 KZT'000**	**Total KZT'000**
Placements with banks and other financial institutions				
External credit ratings:				
- rated from BBB- to BBB+	80,133,333	-	-	80,133,333
- rated from BB- to BB+	-	-	1,166	1,166
- not rated	-	-	389,285	389,285
	80,133,333	**-**	**390,451**	**80,523,784**
Loss allowance for expected credit losses	(87,744)	-	(390,451)	(478,195)
Total placements with banks and other financial institutions	**80,045,589**	**-**	**-**	**80,045,589**

	31 December 2022			
	Stage 1 KZT'000	**Stage 2 KZT'000**	**Stage 3 KZT'000**	**Total KZT'000**
Placements with banks and other financial institutions				
External credit ratings:				
- rated from BBB- to BBB+	80,133,333	-	-	80,133,333
- rated from BB- to BB+	-	-	1,337	1,337
- not rated	-	-	390,470	390,470
	80,133,333	**-**	**391,807**	**80,525,140**
Loss allowance for expected credit losses	(161,262)	-	(391,807)	(553,069)
Total placements with banks and other financial institutions	**79,972,071**	**-**	**-**	**79,972,071**

	31 December 2023				
	Stage 1 KZT'000	**Stage 2 KZT'000**	**Stage 3 KZT'000**	**Credit-impaired on initial recognition KZT'000**	**Total KZT'000**
Loans to banks					
External credit ratings:					
- rated from BBB- to BBB+	43,566,190	-	-	-	43,566,190
- rated from BB- to BB+*	73,642,015	-	-	2,034,156	75,676,171
- rated from B- to B+	-	1,487,656	-	-	1,487,656
- not rated	-	-	3,663,704	-	3,663,704
	117,208,205	**1,487,656**	**3,663,704**	**2,034,156**	**124,393,721**
Loss allowance for expected credit losses	(409,076)	(277,247)	(3,663,704)	-	(4,350,027)
Total loans to banks	**116,799,129**	**1,210,409**	**-**	**2,034,156**	**120,043,694**

* Included in this category is a loan with the gross carrying amount of KZT 39,408,665 thousand (31 December 2022: KZT 43,808,301 thousand), provided to the bank with the external credit rating at BBB- from S&P. The Group classified this loan as '- rated from BB- to BB+', using the external credit rating at BB of the ultimate borrower, who received these borrowed funds. In case the ultimate borrower has defaulted, rights of claim on the loan will be transferred to the Group to repay the bank's loan debt to the Group.

	31 December 2022				
	Stage 1 KZT'000	**Stage 2 KZT'000**	**Stage 3 KZT'000**	**Credit-impaired on initial recognition KZT'000**	**Total KZT'000**
Loans to banks					
External credit ratings:					
- rated from BBB- to BBB+	40,423,200	-	-	-	40,423,200
- rated from BB- to BB+	8,664,965	-	-	-	8,664,965
- rated from B- to B+	67,748,125	1,416,606	-	1,906,540	71,071,271
- not rated	-	-	3,682,610	-	3,682,610
	116,836,290	**1,416,606**	**3,682,610**	**1,906,540**	**123,842,046**
Loss allowance for expected credit losses	(1,009,316)	(423,430)	(3,682,610)	-	(5,115,356)
Total loans to banks	**115,826,974**	**993,176**	**-**	**1,906,540**	**118,726,690**

	31 December 2023				
	Stage 1 KZT'000	**Stage 2 KZT'000**	**Stage 3 KZT'000**	**Credit-impaired on initial recognition KZT'000**	**Total KZT'000**
Loans to customers measured at amortised cost					
External credit ratings:					
- rated from BBB- to BBB+	133,917,413	-	-		133,917,413
- rated from BB- to BB+	24,043,473	-	-		24,043,473
- rated from B- to B+	8,163,608	-	-		8,163,608
Internal credit ratings:					
- rated from BBB- to BBB+	65,301,286	-	-	-	65,301,286
- rated from BB- to BB+	667,021,017	-	-	-	667,021,017
- rated from B- to B+	563,163,155	15,171,820	-	3,223,564	581,558,539
- rated from CCC- to CCC+	-	119,652,694	-	10,540,108	130,192,802
- rated D	-	-	191,031,689	2,889,588	193,921,277
- not rated	15,008	-	-	-	15,008
	1,461,624,960	**134,824,514**	**191,031,689**	**16,653,260**	**1,804,134,423**
Loss allowance for expected credit losses	(10,631,422)	(50,424,995)	(105,259,413)	(2,889,588)	(169,205,418)
Total loans to customers measured at amortised cost	**1,450,993,538**	**84,399,519**	**85,772,276**	**13,763,672**	**1,634,929,005**

	31 December 2022				
	Stage 1 KZT'000	**Stage 2 KZT'000**	**Stage 3 KZT'000**	**Credit-impaired on initial recognition KZT'000**	**Total KZT'000**
Loans to customers measured at amortised cost					
External credit ratings:					
- rated from BBB- to BBB+	188,487,040	-	-	-	188,487,040
- rated from BB- to BB+	30,074,734	-	-	-	30,074,734
- rated from B- to B+	4,695,721	-	-	-	4,695,721
Internal credit ratings:					
- rated from BBB- to BBB+	115,120,869	-	-	-	115,120,869
- rated from BB- to BB+	744,567,118	-	-	-	744,567,118
- rated from B- to B+	425,397,931	21,646,523	-	-	447,044,454
- rated from CCC- to CCC+	21,405,455	91,501,819	4,747,615	8,043,755	125,698,644
- rated D	-	-	202,417,936	6,854,284	209,272,220
- not rated	33,468	-	-	-	33,468
	1,529,782,336	**113,148,342**	**207,165,551**	**14,898,039**	**1,864,994,268**
Loss allowance for expected credit losses	(15,261,772)	(49,058,058)	(128,563,781)	(3,172,021)	(196,055,632)
Total loans to customers measured at amortised cost	**1,514,520,564**	**64,090,284**	**78,601,770**	**11,726,018**	**1,668,938,636**

The following table sets out information about the credit quality of finance lease receivables by stages and credit quality ratings. The Stage 1 finance lease receivables with assigned internal credit ratings from CCC- to CCC includes mainly the projects, for which a low credit rating has been initially established due to a long period of investment stage and a long grace period for payments.

	31 December 2023			
	Stage 1 KZT'000	**Stage 2 KZT'000**	**Stage 3 KZT'000**	**Total KZT'000**
Finance lease receivables				
With externally rated credit risk				
- rated from BBB- to BBB+	225,870,984	-	-	225,870,984
- rated from B- to B+	86,618	-	-	86,618
With internally rated credit risk				
- rated from BB- to BB+	79,312,604	-	-	79,312,604
- rated from B- to B+	174,420,014	8,286,074	895,874	183,601,962
- rated CCC+	71,626,097	2,677,825	9,574,349	83,878,271
- rated from CCC- to CCC	12,517,711	18,863,479	32,686,664	64,067,854
- rated D	-	-	2,360,169	2,360,169
	563,834,028	**29,827,378**	**45,517,056**	**639,178,462**
Loss allowance for expected credit losses	(5,113,374)	(2,220,149)	(15,949,553)	(23,283,076)
Total finance lease receivables	**558,720,654**	**27,607,229**	**29,567,503**	**615,895,386**

	31 December 2022			
	Stage 1 KZT'000	**Stage 2 KZT'000**	**Stage 3 KZT'000**	**Total KZT'000**
Finance lease receivables				
With externally rated credit risk				
- rated from BBB- to BBB+	179,761,277	-	-	179,761,277
- rated from B- to B+	181,110	-	-	181,110
With internally rated credit risk				
- rated from BBB- to BBB+	2,653,028	-	-	2,653,028
- rated from BB- to BB+	70,289,907	-	-	70,289,907
- rated from B- to B+	167,454,697	1,990,946	389,032	169,834,675
- rated CCC+	6,227,919	16,561,520	13,356,014	36,145,453
- rated from CCC- to CCC	28,595,389	7,871,972	435,348	36,902,709
- rated D	-	-	23,013,993	23,013,993
	455,163,327	**26,424,438**	**37,194,387**	**518,782,152**
Loss allowance for expected credit losses	(4,597,003)	(1,185,859)	(17,971,442)	(23,754,304)
Total finance lease receivables	**450,566,324**	**25,238,579**	**19,222,945**	**495,027,848**

	31 December 2023			
	Stage 1 KZT'000	**Stage 2 KZT'000**	**Stage 3 KZT'000**	**Total KZT'000**
Debt securities measured at fair value through other comprehensive income (FVOCI)				
External credit ratings:				
- rated from AA- to AA+	126,073,390	-	-	126,073,390
- rated from A- to A+	126,399,616	-	-	126,399,616
- rated from BBB- to BBB+	134,435,567	-	-	134,435,567
	386,908,573	**-**	**-**	**386,908,573**
Loss allowance for expected credit losses	(9,828)	-	-	(9,828)
Gross carrying amount	**432,476,292**	**-**	**-**	**432,476,292**
Total debt securities at FVOCI	**386,908,573**	**-**	**-**	**386,908,573**

	31 December 2022			
	Stage 1 KZT'000	**Stage 2 KZT'000**	**Stage 3 KZT'000**	**Total KZT'000**
Debt securities measured at fair value through other comprehensive income (FVOCI)				
External credit ratings:				
- rated from AA- to AA+	126,776,117	-	-	126,776,117
- rated from A- to A+	126,878,830	-	-	126,878,830
- rated from BBB- to BBB+	138,399,532	-	-	138,399,532
	392,054,479	**-**	**-**	**392,054,479**
Loss allowance for expected credit losses	(23,853)	-	-	(23,853)
Gross carrying amount	**451,566,126**	**-**	**-**	**451,566,126**
Total debt securities at FVOCI	**392,054,479**	**-**	**-**	**392,054,479**

	31 December 2023				
	Stage 1 KZT'000	**Stage 2 KZT'000**	**Stage 3 KZT'000**	**Credit-impaired on initial recognition KZT'000**	**Total KZT'000**
Debt securities measured at amortised cost					
External credit ratings:					
- rated from BBB- to BBB+	23,253,855	-	-	-	23,253,855
- rated from BB- to BB+	-	-	-	2,341,461	2,341,461
- rated from B- to B+	4,367,724	-		-	4,367,724
	27,621,579	**-**	**-**	**2,341,461**	**29,963,040**
Loss allowance for expected credit losses	(102,613)	-	-	(1,408,406)	(1,511,019)
Total debt securities measured at amortised cost	**27,518,966**	**-**	**-**	**933,055**	**28,452,021**

	31 December 2022				
	Stage 1 KZT'000	**Stage 2 KZT'000**	**Stage 3 KZT'000**	**Credit-impaired on initial recognition KZT'000**	**Total KZT'000**
Debt securities measured at amortised cost					
External credit ratings:					
- rated from BBB- to BBB+	12,666,370	-	-	-	12,666,370
- rated from B- to B+	-	-	-	2,198,541	2,198,541
	12,666,370	**-**	**-**	**2,198,541**	**14,864,911**
Loss allowance for expected credit losses	(14,709)	-	-	(1,408,406)	(1,423,115)
Total debt securities measured at amortised cost	**12,651,661**	**-**	**-**	**790,135**	**13,441,796**

	31 December 2023				
	Stage 1 KZT'000	**Stage 2 KZT'000**	**Stage 3 KZT'000**	**Credit-impaired on initial recognition KZT'000**	**Total KZT'000**
Loan commitments					
Internal credit ratings:					
- rated from BB- to BB+	48,839,121	-	-	-	48,839,121
- rated from B- to B+	142,325,976	-	-	-	142,325,976
	191,165,097	**-**	**-**	**-**	**191,165,097**
Loss allowance for expected credit losses	**(285,523)**	**-**	**-**	**-**	**(285,523)**

	31 December 2022				
	Stage 1 KZT'000	**Stage 2 KZT'000**	**Stage 3 KZT'000**	**Credit-impaired on initial recognition KZT'000**	**Total KZT'000**
Loan commitments					
Internal credit ratings:					
- rated from BBB- to BBB+	34,000,000	-	-	-	34,000,000
- rated from BB- to BB+	51,205,945	-	-	-	51,205,945
- rated from B- to B+	58,646,349	-	-	-	58,646,349
	143,852,294	**-**	**-**	**-**	**143,852,294**
Loss allowance for expected credit losses	**(942,105)**	**-**	**-**	**-**	**(942,105)**

	31 December 2023				
	Stage 1 KZT'000	**Stage 2 KZT'000**	**Stage 3 KZT'000**	**Credit-impaired on initial recognition KZT'000**	**Total KZT'000**
Financial guarantee contracts					
External credit ratings:					
- rated from BBB- to BBB+	140,379,802	-	-	-	140,379,802
	140,379,802	**-**	**-**	**-**	**140,379,802**
Loss allowance for expected credit losses	**(274,890)**	**-**	**-**	**-**	**(274,890)**

	31 December 2022				
	Stage 1 KZT'000	**Stage 2 KZT'000**	**Stage 3 KZT'000**	**Credit-impaired on initial recognition KZT'000**	**Total KZT'000**
Financial guarantee contracts					
Internal credit ratings:					
- rated from BB- to BB+	2,625,539	-	-	-	2,625,539
	2,625,539	**-**		**-**	**2,625,539**
Loss allowance for expected credit losses	**-**	**-**	**-**	**-**	**-**

The following table sets out information about overdue status of loans to customers and finance lease receivables by credit quality stages.

	31 December 2023				
	Stage 1 KZT'000	**Stage 2 KZT'000**	**Stage 3 KZT'000**	**Credit-impaired on initial recognition KZT'000**	**Total KZT'000**
Loans to customers measured at amortised cost					
- not overdue	1,461,624,960	134,824,514	142,195,395	13,763,672	1,752,408,541
- overdue 1-30 days	-	-	48,836,294	-	48,836,294
- overdue more than 360 days	-	-	-	2,889,588	2,889,588
	1,461,624,960	**134,824,514**	**191,031,689**	**16,653,260**	**1,804,134,423**
Loss allowance for expected credit losses	(10,631,422)	(50,424,995)	(105,259,413)	(2,889,588)	(169,205,418)
Total loans to customers measured at amortised cost	**1,450,993,538**	**84,399,519**	**85,772,276**	**13,763,672**	**1,634,929,005**

	31 December 2022				
	Stage 1 KZT'000	**Stage 2 KZT'000**	**Stage 3 KZT'000**	**Credit-impaired on initial recognition KZT'000**	**Total KZT'000**
Loans to customers measured at amortised cost					
- not overdue	1,529,782,336	113,148,342	133,897,268	12,008,451	1,788,836,397
- overdue 31-90 days	-	-	22,687,531	-	22,687,531
- overdue 91-180 days	-	-	205,883	-	205,883
- overdue more than 360 days	-	-	50,374,869	2,889,588	53,264,457
	1,529,782,336	**113,148,342**	**207,165,551**	**14,898,039**	**1,864,994,268**
Loss allowance for expected credit losses	(15,261,772)	(49,058,058)	(128,563,781)	(3,172,021)	(196,055,632)
Total loans to customers measured at amortised cost	**1,514,520,564**	**64,090,284**	**78,601,770**	**11,726,018**	**1,668,938,636**

	31 December 2023			
	Stage 1 KZT'000	**Stage 2 KZT'000**	**Stage 3 KZT'000**	**Total KZT'000**
Finance lease receivables				
- not overdue	563,042,654	24,942,772	26,452,505	614,437,931
- overdue 1-30 days	791,374	2,553,771	3,392,050	6,737,195
- overdue 31- 90 days	-	2,330,835	13,312,331	15,643,166
- overdue 91-360 days	-	-	270,129	270,129
- overdue more than 360 days	-	-	2,090,041	2,090,041
	563,834,028	**29,827,378**	**45,517,056**	**639,178,462**
Loss allowance for expected credit losses	(5,113,374)	(2,220,149)	(15,949,553)	(23,283,076)
Total finance lease receivables	**558,720,654**	**27,607,229**	**29,567,503**	**615,895,386**

	31 December 2022			
	Stage 1 KZT'000	**Stage 2 KZT'000**	**Stage 3 KZT'000**	**Total KZT'000**
Finance lease receivables				
- not overdue	453,803,755	11,450,953	13,791,362	479,046,070
- overdue 1- 30 days	1,359,572	1,030,642	-	2,390,214
- overdue 31-90 days	-	13,942,843	389,032	14,331,875
- overdue 91-360 days	-	-	20,984,946	20,984,946
- overdue more than 360 days	-	-	2,029,047	2,029,047
	455,163,327	**26,424,438**	**37,194,387**	**518,782,152**
Loss allowance for expected credit losses	(4,597,003)	(1,185,859)	(17,971,442)	(23,754,304)
Total finance lease receivables	**450,566,324**	**25,238,579**	**19,222,945**	**495,027,848**

4 Net interest income

	For the year ended 31 December 2023 KZT'000	**For the year ended 31 December 2022 KZT'000**
Interest income calculated using the effective interest method		
Loans to customers	173,510,039	156,625,892
Reverse REPO agreements	91,316,361	33,097,650
Cash and cash equivalents, except for reverse REPO agreements	22,368,051	17,993,594
Loans to banks	13,192,337	12,666,355
Debt securities	10,103,795	12,034,078
Placements with banks and other financial institutions	8,111,111	3,325,821
Other financial assets	1,219,475	1,402,043
	319,821,169	**237,145,433**
Other interest income		
Finance lease receivables	80,743,704	66,754,731
Loans to customers	13,738,561	14,405,242
Debt securities measured at fair value through profit or loss	168,873	154,597
	94,651,138	**81,314,570**
Interest expense		
Debt securities issued	(124,234,036)	(137,866,045)
Loans and balances from banks and other financial institutions	(53,369,005)	(32,425,249)
Loans from the Parent Company	(41,283,866)	(30,895,279)
Subordinated debt	(8,419,849)	(7,914,092)
Other liabilities	(713,817)	(264,104)
Current accounts and deposits	(482,630)	(133,463)
Amounts payable under REPO agreements	(365,635)	(48,110)
Loans from SWF "Samruk-Kazyna" JSC	(123,977)	(472,960)
	(228,992,815)	**(210,019,302)**

Included within interest income on finance lease receivables is a total of KZT 21,451,778 thousand of government grant amortisation (2022: KZT 21,040,493 thousand) (Note 24).

5 Net foreign exchange gain

	For the year ended 31 December 2023 KZT'000	**For the year ended 31 December 2022 KZT'000**
Foreign currency differences, net	(896,236)	3,937,835
Dealing operations, net	6,049,411	(1,944,140)
	5,153,175	**1,993,695**

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

	For the year ended 31 December 2023 KZT'000	For the year ended 31 December 2022 KZT'000
Unrealised gain/(loss) on remeasurement of financial instruments at fair value through profit or loss		
Loans to customers	2,809,693	(2,248,791)
Debt securities	(163,332)	(53,669)
Derivative financial instruments	-	(882,024)
Realised gain on financial instruments at fair value through profit or loss		
Debt securities	219,786	31,954
Derivative financial instruments	-	15,413
	2,866,147	**(3,137,117)**

7 Other expenses, net

	For the year ended 31 December 2023 KZT'000	For the year ended 31 December 2022 KZT'000
Other income from utilisation of government grants	72,219,034	125,313,816
Gain on substantial modification of other financial assets	2,095,641	-
Dividend income	1,040,444	364,491
Gain on early repayment of loans issued	908,323	-
Gain on derecognition of estimated liability to provide loans at below market rate	872,166	-
Fines and penalties receipts	733,857	503,471
Gain on initial recognition of debt liabilities attracted	334,520	1,284,716
Rental income from property	17,229	20,515
Expense on modification of financial assets measured at amortised cost	(1,410,856)	-
Expense on modification of financial liabilities	(1,581,094)	-
Expense on early repayment of loans raised	(2,912,957)	(4,543,471)
Losses arising on initial recognition of loans issued to banks and leasing companies at below-market interest rates	(17,431,954)	(118,608,555)
Losses arising on initial recognition of loans issued to other customers	(29,391,835)	(17,248,686)
Expenses on estimate of loan commitments to provide a loan at a below-market interest rate	(35,567,734)	(872,166)
Other income	328,425	1,104,427
	(9,746,791)	**(12,681,442)**

Other income from utilisation of government grants was recognised as income based on the results of compliance with the terms of the relevant government programmes in the amount of KZT 72,219,034 thousand (2022: KZT 125,313,816 thousand (Note 24).

During 2023, the Group recognised losses of KZT 46,823,789 thousand (2022: KZT 135,857,241 thousand) on initial recognition of loans issued at the below-market rates. This amount includes loss of KZT 536,457 thousand arising from initial recognition of loans to banks (2022: KZT 91,455,289 thousand), loss of KZT 16,895,497 thousand arising from initial recognition of loans issued to the leasing companies (2022: KZT 27,153,266 thousand), and loss of KZT 29,391,835 thousand arising from initial recognition of loans to customers (2022: KZT 17,248,686 thousand).

During 2023, loss on initial recognition of loans to banks arose from issuance of loans with a nominal interest rate of 2% per annum, the market interest rates of which was 14.61% per annum (during 2022: with a nominal rate ranging from 1% to 2% per annum, the market rates on which ranged from 12.28% to 18.10% per annum).

During 2023, losses on initial recognition of loans to the leasing companies, presented within loans to customers, arose from issuance of loans with a nominal interest rate of 0.35% per annum, the market interest rate of which was 14.38% per annum (during 2022: with a nominal interest rate of 0.35% per annum, the market interest rates of which ranged from 13.85% to 14.51% per annum).

During 2023, losses on initial recognition of other loans to customers arose from issuance of loans with a nominal interest rate ranging from 3% to 14% per annum, markets rates of which ranged from 14.43% to 18.58% per annum (during 2022: with a nominal interest rate ranging from 6% to 15% per annum, markets rates of which ranged from 12.65% to 27.37% per annum).

Included in losses arising on initial recognition of loans issued as well as on the estimate of liabilities on loan commitments to provide loans at a below-market rate is a loss of KZT 15,342,813 thousand that is not related to raising and issuing loans using government grants (2022: KZT 16,009,638 thousand).

8 Impairment losses

	For the year ended 31 December 2023 KZT'000	For the year ended 31 December 2022 KZT'000
Reversal/(charge) of impairment loss on debt financial assets		
Loans to customers (Note 14)	40,461,644	(45,173,212)
Other financial assets (Note 19)	1,097,361	242,175
Loans to banks (Note 13)	765,329	(373,620)
Finance lease receivables (Note 15)	101,738	(1,671,989)
Placements with banks and other financial institutions	74,874	(103,114)
Cash and cash equivalents	(6,282)	175
Debt securities	(73,879)	(16,578)
	42,420,785	**(47,096,163)**
Reversal of impairment losses on loan commitments and financial guarantee contracts		
Loan commitments	646,410	2,465,627
Financial guarantee contracts	(274,890)	13,211
	371,520	**2,478,838**
(Charge)/reversal of impairment losses on other non-financial assets		
Other assets	(17,286)	664,747
Advances paid under finance lease agreements	-	161,195
	(17,286)	**825,942**

9 General administrative expenses

	For the year ended 31 December 2023 KZT'000	For the year ended 31 December 2022 KZT'000
Personnel costs, including taxes and other obligatory payments	(6,056,033)	(5,055,385)
Maintenance and repair of property, plant and equipment	(922,496)	(761,979)
Other professional services	(516,215)	(383,352)
Amortisation of intangible assets	(461,095)	(424,197)
Taxes other than income tax	(413,307)	(666,196)
Information services	(307,402)	(285,589)
Depreciation of property, plant and equipment and investment property	(276,582)	(333,833)
Administrative expense of the Board of Directors	(255,228)	(230,657)
Rating services	(187,237)	(197,230)
Communication services	(149,943)	(162,494)
Audit services	(138,780)	(131,580)
Travel expenses	(134,768)	(84,214)
Employee training and advanced training	(103,649)	(56,674)
Consulting services	(103,190)	(146,792)
Advertising and marketing	(80,011)	(46,175)
Transportation services	(65,874)	(23,268)
Materials	(25,238)	(22,393)
Charity and sponsorship	(24,330)	(5,740)
Membership fees	(18,950)	(13,011)
Operating lease expenses	(14,220)	(3,394)
Other expenses	(37,803)	(27,107)
	(10,292,351)	**(9,061,260)**

Included within 'Audit services' and 'Consulting services' captions for 2023 are the totals of KZT 140,800 thousand and KZT 18,400 thousand of audit services and non-audit services, respectively, provided by a single supplier.

10 Income tax expense

	For the year ended 31 December 2023 KZT'000	For the year ended 31 December 2022 KZT'000
Current year tax expense		
Current period	(36,117,685)	(17,369,214)
Income tax overprovided/(underprovided) in prior periods	1,809,038	(231,115)
Income tax withheld at the source of payment	(3,536,232)	(2,693,021)
	(37,844,879)	**(20,293,350)**
Deferred tax benefit		
Origination and reversal of temporary differences	126,380	5,492,266
Movement in unrecognised deferred tax asset	-	(1,622,505)
	126,380	**3,869,761**
Total income tax expense	**(37,718,499)**	**(16,423,589)**

The applicable tax rate for current and deferred tax of the Group is 20% (2022: 20%).

Reconciliation of effective tax rate:

	For the year ended 31 December 2023		For the year ended 31 December 2022	
	KZT'000	%	KZT'000	%
Profit before income tax	**217,736,479**	**100**	**50,548,476**	**100**
Income tax at the applicable tax rate	(43,547,296)	(20)	(10,109,695)	(20)
Non-deductible expenses	226,413	-	(243,518)	-
Non-taxable income on securities	1,520,486	1	473,830	1
Non-taxable income from reversal of provisions/(non-deductible impairment loss)	1,747,785	1	(3,002,724)	(6)
Non-taxable income/(non-deductible expenses) on revaluation of loans measured at fair value through profit or loss	561,939	-	(449,758)	(1)
Tax exempt interest on finance lease receivables	3,499,368	2	5,675,950	11
Change in unrecognised deferred tax assets	-	-	(5,843,538)	(12)
Income tax overprovided/(underprovided) in prior periods	1,809,038	1	(231,115)	-
Income tax withheld at the source of payment	(3,536,232)	(2)	(2,693,021)	(5)
	(37,718,499)	**(17)**	**(16,423,589)**	**(32)**

During 2022, movement in unrecognised deferred assets of KZT 5,843,538 was due mostly to remeasurement of debt securities measured at fair value through other comprehensive income. In addition, a subsidiary leasing company enjoys tax exemptions and as a result it has no taxable income after utilisation of tax exemptions.

11 Cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the consolidated statement of cash flows comprise the following items:

	31 December 2023 KZT'000	31 December 2022 KZT'000
Demand deposits		
National Bank of the Republic of Kazakhstan	25,821,375	23,211,365
Total demand deposits	**25,821,375**	**23,211,365**
Current bank accounts balances		
National Bank of the Republic of Kazakhstan	315,254,811	53,357,807
Other banks		
- rated from AA- to AA+	14,842,648	4,458,559
- rated from A- to A+	165,011,975	52,245,200
- rated from BBB- to BBB+	221,742,743	126,451,684
- rated from BB- to BB+	295,539	666,955
- rated from B- to B+	-	1,508,588
- not rated	1,061,416	4,528,243
Total cash on current bank accounts	**718,209,132**	**243,217,036**
Reverse repurchase agreements with original maturities of less than three months	145,255,807	550,103,488
Cash on hand	-	-
Gross cash and cash equivalents	**889,286,314**	**816,531,889**
Allowance for expected credit losses	(65,044)	(61,986)
Net cash and cash equivalents	**889,221,270**	**816,469,903**

As at 31 December 2023, the Group entered into reverse repurchase agreements at Kazakhstan Stock Exchange. The subject of these agreements was treasury bills issued by the Government of the Republic of Kazakhstan and bonds issued by Kazakhstan Sustainability Fund JSC (31 December 2022: notes of the National Bank of the Republic of Kazakhstan, treasury bills of the Ministry of Finance of the Republic of Kazakhstan and other securities included in the portfolio of government securities). The carrying amount of the agreements and fair value of securities pledged amounted to KZT 145,255,807 thousand and KZT 145,150,840 thousand, respectively (31 December 2022: KZT 550,103,488 thousand and KZT 549,527,104 thousand, respectively).

The credit ratings are presented by reference to the credit ratings of Standard&Poor's credit ratings agency or analogues of similar international agencies. None of cash and cash equivalents are past due.

Since 17 October 2023, the Group has been applying a hedge accounting for currency risk due to future cash outflows under certain purchase and sale agreements with foreign suppliers as part of the leasing transactions for the equipment to be transferred to lessees under finance lease agreements. As at 31 December 2023, cash of KZT 126,581,106 thousand placed with other banks is used as a hedging instrument for future cash flows to be used as part of concluded leasing transactions (contingent liabilities denominated in foreign currency under the contracts for purchase of equipment from foreign suppliers).

Said cash is equivalent to the amounts and currencies of future cash outflows. Movement in the value of the hedging instrument in the amount of KZT 993,164 thousand (including tax) is stated in other comprehensive income.

Concentration of cash and cash equivalents

As at 31 December 2023 the Group had one bank (31 December 2022: one bank), whose balances exceeded 10% of equity. The gross value of these balances as of 31 December 2023 and 31 December 2022 was KZT 554,662,513 thousand and KZT 76,569,172 thousand, respectively.

12 Placements with banks and other financial institutions

	31 December 2023 KZT'000	31 December 2022 KZT'000
Placements with banks and other financial institutions		
rated from BBB- to BBB+	80,133,333	80,133,333
rated from BB- to BB+	1,166	1,337
not rated	389,285	390,470
Gross placements with banks other financial institutions	**80,523,784**	**80,525,140**
Loss allowance for expected credit losses	(478,195)	(553,069)
Net placements with banks other financial institutions	**80,045,589**	**79,972,071**

The above table is based on the credit ratings assigned by Standard & Poor's or other agencies converted into Standard & Poor's scale.

Concentration of accounts and deposits with banks

As at 31 December 2023 the Group had placements with one bank, whose balances exceeded 10% of equity (31 December 2022: KZT 79,972,071 thousand).

As at 31 December 2023 the Group had deposit with one bank that was fully impaired (31 December 2022: with one bank).

13 Loans to banks

	31 December 2023 KZT'000	31 December 2022 KZT'000
Loans to banks		
rated from BBB- to BBB+	43,566,190	40,423,200
rated from BB- to BB+	75,676,171	8,664,965
rated from B- to B+	1,487,656	71,071,271
not rated	3,663,704	3,682,610
Gross loans to banks	**124,393,721**	**123,842,046**
Loss allowance for expected credit losses	(4,350,027)	(5,115,356)
Net loans to banks	**120,043,694**	**118,726,690**

As at 31 December 2023 the Group had no outstanding balances of loan issued to the bank whose balance exceeds 10% of equity (31 December 2022: none).

(a) Analysis of movements in the loss allowance for expected credit losses on loans to banks

Movements in the loss allowance for expected credit losses on loans to banks for the years ended 31 December 2023 and 31 December 2022 are as follows:

	For the year ended 31 December 2023			
	Stage 1 12-month expected credit losses KZT'000	Stage 2 Lifetime expected credit losses for assets not credit-impaired KZT'000	Stage 3 Lifetime ECL for credit-impaired assets KZT'000	Total KZT'000
Balance at the beginning of the reporting period	**(1,009,316)**	**(423,430)**	**(3,682,610)**	**(5,115,356)**
New financial assets originated or purchased	(352)	-	-	(352)
Net recovery of loss allowance for expected credit losses	600,592	146,183	18,906	765,681
Balance at the end of the reporting period	**(409,076)**	**(277,247)**	**(3,663,704)**	**(4,350,027)**

	For the year ended 31 December 2022			
	Stage 1 12-month expected credit losses KZT'000	Stage 2 Lifetime expected credit losses for assets not credit-impaired KZT'000	Stage 3 Lifetime ECL for credit-impaired assets KZT'000	Total KZT'000
Balance at the beginning of the reporting period	**(705,689)**	**(353,437)**	**(3,682,610)**	**(4,741,736)**
Transfer to Stage 2	69,095	(69,095)	-	-
New financial assets originated or purchased	(298,025)	-	-	(298,025)
Net charge of loss allowance for expected credit losses	(74,697)	(898)	-	(75,595)
Balance at the end of the reporting period	**(1,009,316)**	**(423,430)**	**(3,682,610)**	**(5,115,356)**

14 Loans to customers

	31 December 2023 KZT'000	31 December 2022 KZT'000
Loans to customers measured at amortised cost		
Loans to corporate customers	1,804,119,415	1,864,960,800
Mortgage loans	15,008	33,468
Gross loans to customers measured at amortised cost	**1,804,134,423**	**1,864,994,268**
Loss allowance for expected credit losses	(169,205,418)	(196,055,632)
Total net loans to customers measured at amortised cost	**1,634,929,005**	**1,668,938,636**
Loans to customers measured at fair value through profit or loss	**114,724,859**	**105,237,964**
Total loans to customers	**1,749,653,864**	**1,774,176,600**

In determining the fair value of loans to customers measured at fair value through profit or loss, management made an assumption that the following market rates are appropriate for the Group: from 14.94% to 16.18% in KZT (2022: 14.84% to 17.82% in KZT and 5.75% in USD). None of the loans to customers measured at fair value through profit or loss are past due.

(a) Analysis of movements in the loss allowance for expected credit losses on loans to customers

Movements in the loss allowance for expected credit losses on loans to customers for the years ended 31 December 2023 and 31 December 2022 are as follows:

	For the year ended 31 December 2023				
	Stage 1 12-month expected credit losses KZT'000	**Stage 2 Lifetime expected credit losses for assets not credit-impaired KZT'000**	**Stage 3 Lifetime ECL for credit-impaired assets KZT'000**	**Assets credit-impaired on initial recognition KZT'000**	**Total KZT'000**
Balance at the beginning of the reporting period	**(15,261,772)**	**(49,058,058)**	**(128,563,781)**	**(3,172,021)**	**(196,055,632)**
Transfer to Stage 1	(1,006,622)	1,006,622	-	-	-
Transfer to Stage 2	3,452,016	(6,173,193)	2,721,177	-	-
Transfer to Stage 3	-	-	-	-	-
New financial assets originated or purchased	(3,953,432)	-	-	-	(3,953,432)
Net recovery of loss allowance for expected credit losses	6,000,401	3,790,264	28,571,302	6,053,109	44,415,076
Recovery	-	-	-	(5,770,676)	(5,770,676)
Unwinding of discount on present value of ECLs	-	-	(8,550,660)	-	(8,550,660)
Effect of changes in foreign exchange rates	137,987	9,370	562,549	-	709,906
Balance at the end of the reporting period	**(10,631,422)**	**(50,424,995)**	**(105,259,413)**	**(2,889,588)**	**(169,205,418)**

	For the year ended 31 December 2022				
	Stage 1 12-month expected credit losses KZT'000	**Stage 2 Lifetime expected credit losses for assets not credit-impaired KZT'000**	**Stage 3 Lifetime ECL for credit-impaired assets KZT'000**	**Assets credit-impaired on initial recognition KZT'000**	**Total KZT'000**
Balance at the beginning of the reporting period	**(16,290,690)**	**(36,498,042)**	**(84,631,372)**	**(3,459,706)**	**(140,879,810)**
Transfer to Stage 1	(4,138,504)	4,138,504	-	-	-
Transfer to Stage 2	70,309	(70,309)	-	-	-
Transfer to Stage 3	-	2,324,176	(2,324,176)	-	-
New financial assets originated or purchased	(2,295,209)	-	-	-	(2,295,209)
Net recovery/(charge) of loss allowance for expected credit losses	7,701,886	(18,897,357)	(34,756,802)	3,074,270	(42,878,003)
Write-off/(recovery)	-	-	1,407,449	(2,787,507)	(1,380,058)
Unwinding of discount on present value of ECLs	-	-	(6,547,437)	-	(6,547,437)
Effect of changes in foreign exchange rates	(309,564)	(55,030)	(1,711,443)	922	(2,075,115)
Balance at the end of the reporting period	**(15,261,772)**	**(49,058,058)**	**(128,563,781)**	**(3,172,021)**	**(196,055,632)**

During 2022 the Group adopted a new methodology developed by S&P Global Market Intelligence to determine the loss given default (hereinafter - "LGD model") for loans classified as Stages 1 and 2. The previous methodology was based on loss given default rates depending on the type of collateral. The new methodology is based on historical statistics and determines individual loss given default rates depending on the type, industry and seniority of the instruments. When calculating the loss given default in LGD models, the costs to recover any collateral that is an integral part of the financial asset and the stress test results of the economic value of assets for occurrence of negative economic scenarios are also taken into account.

(b) Analysis of movements in the gross carrying amounts

The note further explains how significant movements in the gross carrying amounts of loans to customers have contributed to changes in allowances for expected credit losses.

The large volume of loans to customers originated during 2023 resulted in the increase of the gross carrying amount of loans to customers by KZT 610,274,945 thousand (2022: KZT 345,562,392 thousand), with a corresponding increase in loss allowance for expected credit losses measured on a 12-month basis by KZT 3,953,432 thousand (during 2022: KZT 2,295,209 thousand).

Moreover, decrease in the loss allowance for expected credit losses in Stage 3 was due, in addition to the planned and partial early repayment of loans, by such factors as acceptance of additional collateral for certain loans, update of the actual financial data of borrowers and provision of an additional agreement to the "off-take" contract related to one of the loans.

During 2023, transfer of the loans issued to customers from Stage 1 to Stage 2, with gross carrying amount of KZT 38,058,882 thousand (during 2022: KZT 22,536,033 thousand) contributed to increase in loss allowance for expected credit losses by KZT 7,670,437 thousand (during 2022: KZT 2,008,419 thousand).

During 2023 there were no transfers of loans from Stage 2 to Stage 3 (during 2022, gross carrying amount: KZT 23,410,748 thousand, increase in the loss allowance for expected credit losses: KZT 19,426,396 thousand).

Analysis of collateral

The following tables provides information on collateral and other credit enhancements securing loans to corporate customers (net of loss allowance for expected credit losses) by types of collateral.

31 December 2023	Carrying amount of loans to customers KZT'000	Fair value of collateral - for collateral assessed during reporting date KZT'000	Fair value of collateral - for collateral assessed before reporting date KZT'000
Stage 1 (12-month expected credit losses)			
Cash and deposits	3,084	-	3,084
Bank guarantees and guarantees received from legal entities (rated from B- to BBB+)	204,593,991	-	-
Bank guarantees and guarantees received from legal entities (not rated)	268,508,454	-	-
Government guarantees	2,843,147	2,843,147	-
Vehicles	5,844,207	230,752	5,613,455
Real estate	202,829,193	62,699,955	140,129,238
Equipment	50,070,490	13,727,523	36,342,967
Goods in turnover	4,585,192	4,585,192	-
Shares, equity shares	317,029,934	112,123,165	204,906,769
Insurance contracts	117,979,885	-	-
Future assets	260,840,621	45,888,686	214,951,935
No collateral or other credit enhancement	15,865,340	-	-
Total Stage 1 (12-month expected credit losses)	**1,450,993,538**	**242,098,420**	**601,947,448**
Stage 2 (Lifetime expected credit losses on assets not credit-impaired)			
Bank guarantees and sureties received from legal entities (not rated)	17,577,164	-	-
Vehicles	177,677	-	177,677
Real estate	54,279,625	-	54,279,625
Equipment	3,032,827	-	3,032,827
Shares, equity shares	9,332,226	-	9,332,226
Total Stage 2 (Lifetime expected credit losses on assets not credit-impaired)	**84,399,519**	**-**	**66,822,355**

31 December 2023	Carrying amount of loans to customers KZT'000	Fair value of collateral - for collateral assessed during reporting date KZT'000	Fair value of collateral - for collateral assessed before reporting date KZT'000
Stage 3 (Lifetime expected credit losses on credit-impaired assets)			
Bank guarantees and guarantees received from legal entities (rated from B- to BBB+)	49,950,593	-	-
Vehicles	254,356	-	254,356
Real estate	35,567,327	3,063,499	32,503,828
Total Stage 3 (Lifetime expected credit losses on credit-impaired assets)	**85,772,276**	**3,063,499**	**32,758,184**
POCI-assets			
Vehicles	1,243,598	1,052,788	190,810
Real estate	12,520,074	-	12,520,074
Total POCI-assets	**13,763,672**	**1,052,788**	**12,710,884**

31 December 2022	Carrying amount of loans to customers KZT'000	Fair value of collateral - for collateral assessed during reporting date KZT'000	Fair value of collateral - for collateral assessed before reporting date KZT'000
Stage 1 (12-month expected credit losses)			
Cash and deposits	3,670,885	3,670,885	-
Bank guarantees and guarantees received from legal entities (rated from B- to BBB+)	290,835,801	-	-
Bank guarantees and guarantees received from legal entities (not rated)	307,896,752	-	-
Government guarantees	3,020,051	3,020,051	
Vehicles	7,132,188	533,023	6,599,165
Real estate	219,802,932	34,272,630	185,530,302
Equipment	36,622,727	26,528,110	10,094,617
Shares, equity shares	218,488,574	-	218,488,574
Insurance contracts	149,902,952	-	-
Future assets	271,030,756	43,411,174	227,619,582
No collateral or other credit enhancement	6,116,946	-	-
Total Stage 1 (12-month expected credit losses)	**1,514,520,564**	**111,435,873**	**648,332,240**
Stage 2 (Lifetime expected credit losses on assets not credit-impaired)			
Bank guarantees and sureties received from legal entities (not rated)	9,072,131	-	-
Vehicles	59,272	-	59,272
Real estate	47,757,036	6,645,460	41,111,576
Equipment	7,201,845	58,134	7,143,711
Total Stage 2 (Lifetime expected credit losses on assets not credit-impaired)	**64,090,284**	**6,703,594**	**48,314,559**

31 December 2022	Carrying amount of loans to customers KZT'000	Fair value of collateral - for collateral assessed during reporting date KZT'000	Fair value of collateral - for collateral assessed before reporting date KZT'000
Stage 3 (Lifetime expected credit losses on credit-impaired assets)			
Bank guarantees and guarantees received from legal entities (rated from B- to BBB+)	39,258,441	-	-
Bank guarantees and guarantees received from legal entities (not rated)	1,881,690	-	-
Vehicles	242,331	-	242,331
Real estate	36,128,522	3,084,862	33,043,660
Insurance contracts	1,090,786	-	-
Total Stage 3 (Lifetime expected credit losses on credit-impaired assets)	**78,601,770**	**3,084,862**	**33,285,991**
POCI-assets			
Vehicles	255,088	-	255,088
Real estate	11,470,730	-	11,470,730
Shares, equity shares	200	200	-
Total POCI-assets	**11,726,018**	**200**	**11,725,818**

The tables above exclude overcollateralisation. For loans secured by multiple types of collateral, collateral that is most relevant for assessment of loss allowance for expected credit losses is disclosed. Certain guarantees and sureties received from individuals, such as shareholders of borrowers, are not considered for impairment assessment purposes.

The recoverability of loans to corporate customers, which are not credit-impaired, is primarily dependent on the creditworthiness of the borrowers rather than the value of collateral, and the Group does not necessarily update the valuation of collateral as at each reporting date.

(c) Industry analysis of the loan portfolio

Loans were issued to customers located within the Republic of Kazakhstan, which operate in the following economic sectors:

	31 December 2023 KZT'000	31 December 2022 KZT'000
Metal industry	563,970,605	497,162,841
Petrochemicals manufacturing	373,782,405	446,147,175
Mining	250,407,743	294,123,677
Electric power supply, gas and steam supply, and air conditioning	156,273,045	174,664,077
Machinery manufacturing	113,971,713	120,793,273
Foodstuff manufacturing	111,206,293	124,710,628
Transportation and warehousing	84,820,199	96,961,689
Chemical industry	67,407,260	42,341,540
Arts, entertainment and leisure industry	55,115,843	55,459,706
Catering and accommodation services	39,990,831	43,296,955
Construction materials manufacturing	33,719,199	31,846,264
Information and telecommunications	30,939,874	39,746,723
Agriculture, forestry and fishery	19,480,157	-
Financial services	14,635,322	2,977,684
Textile manufacture	3,138,793	-
	1,918,859,282	**1,970,232,232**
Loss allowance for expected credit losses	(169,205,418)	(196,055,632)
Total loans to customers	**1,749,653,864**	**1,774,176,600**

(d) Significant credit exposures

As at 31 December 2023, the Group had four borrowers (31 December 2022: five borrowers) whose balances exceeded 10% of equity. The net carrying value of these loans as at 31 December 2023 was KZT 702,433,261 thousand (31 December 2022: KZT 816,613,602 thousand).

(e) Loan maturities

The maturity of the Group's loan portfolio is presented in Note 29(e), which shows the remaining period from the reporting date to the contractual maturity of the loans.

15 Finance lease receivables

The components of net investments in finance lease as at 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023 KZT'000	31 December 2022 KZT'000
Less than 1 year	155,194,531	116,812,487
From 1 to 2 years	167,738,349	113,695,384
From 2 to 3 years	150,874,519	115,227,282
From 3 to 4 years	111,137,906	97,029,455
From 4 to 5 years	93,923,784	61,264,184
More than 5 years	411,150,813	269,202,139
Minimum lease payments	**1,090,019,902**	**773,230,931**
Less unearned finance income		
Less than 1 year	(44,344,165)	(30,050,588)
From 1 year to 5 years	(235,051,015)	(139,124,375)
More than 5 years	(171,446,260)	(85,273,816)
Less unearned finance income, total	**(450,841,440)**	**(254,448,779)**
Loss allowance for expected credit losses	(23,283,076)	(23,754,304)
Net investments in finance lease	**615,895,386**	**495,027,848**
Finance lease receivables	**615,895,386**	**495,027,848**

	31 December 2023 KZT'000	31 December 2022 KZT'000
Finance leases to large corporates	372,109,416	260,929,998
Finance leases to small- and medium-sized companies	267,069,046	257,852,154
Loss allowance for expected credit losses	(23,283,076)	(23,754,304)
Net investments in finance lease	**615,895,386**	**495,027,848**
Finance lease receivables	**615,895,386**	**495,027,848**

Finance lease origination fees, lease servicing fees and other fees, differences between the actual cost of the lease items and cost of the lease items at the time of their transfer under the finance lease agreement are recognised as deferred income and amortised to interest income over the estimated life of the financial instrument in the amount of KZT 1,490,804 thousand (31 December 2022: KZT 1,620,126 thousand) that is considered to be integral part of the finance lease.

As at 31 December 2023 the Group has 6 lessees or 3 groups of related lessees, whose balances make 41% of total carrying amount of finance lease receivables. As at 31 December 2023 the total carrying amount of receivables from these lessees is KZT 251,982,876 thousand (31 December 2022: the Group has 7 lessees or 3 groups of related lessees, total carrying amount of finance lease receivables: KZT 201,560,839 thousand). Up to 90% of the total carrying amount relate to the group of National Company "Kazakhstan Temir Zholy" JSC ("KTZh") and the company, which is economically dependent on KTZh, for the total amount of KZT 225,637,292 thousand (31 December 2022: up to 93% for the total amount of KZT 209,016,607 thousand) that gives rise to risk of credit concentration due to the nature of their business activity and industry specifics. Lease agreements issued to KTZh are classified into Stage 1 for the purpose of measurement of expected credit losses. As at 31 December 2023, KTZh has no past due balances.

Movements in loss allowance for expected credit losses under finance lease agreements for the years ended 31 December 2023 and 31 December 2022 are as follows:

	For the year ended 31 December 2023			
	Stage 1 12-month expected credit losses KZT'000	**Stage 2 Lifetime expected credit losses on assets not credit-impaired KZT'000**	**Stage 3 Lifetime expected credit losses on assets credit-impaired KZT'000**	**Total KZT'000**
Finance lease receivables				
Balance at beginning of the year	**(4,597,003)**	**(1,185,859)**	**(17,971,442)**	**(23,754,304)**
Transfer to Stage 1	(985,868)	985,868	-	-
Transfer to Stage 2	2,474,795	(2,474,795)	-	-
Transfer to Stage 3	-	636,482	(636,482)	-
Net remeasurement of loss allowance for expected credit losses	(2,005,298)	(181,845)	2,288,881	101,738
Transfer to other assets	-	-	334,533	334,533
Write-off for the year	-	-	69,282	69,282
Recovery of previously written-off amounts	-	-	(28,011)	(28,011)
Unwinding of discount for the year	-	-	(6,314)	(6,314)
Balance at the end of the year	**(5,113,374)**	**(2,220,149)**	**(15,949,553)**	**(23,283,076)**

	For the year ended 31 December 2022			
	Stage 1 12-month expected credit losses KZT'000	**Stage 2 Lifetime expected credit losses on assets not credit-impaired KZT'000**	**Stage 3 Lifetime expected credit losses on assets credit-impaired KZT'000**	**Total KZT'000**
Finance lease receivables				
Balance at beginning of the year	**(7,594,081)**	**(3,238,829)**	**(10,913,333)**	**(21,746,243)**
Transfer to Stage 1	(1,371,107)	1,371,107	-	-
Transfer to Stage 2	1,380,753	(1,380,753)	-	-
Transfer to Stage 3	-	959,417	(959,417)	-
Net remeasurement of loss allowance for expected credit losses	2,987,432	1,103,199	(5,762,620)	(1,671,989)
Recovery of previously written-off amounts	-	-	(1,083)	(1,083)
Unwinding of discount for the year	-	-	(334,989)	(334,989)
Balance at the end of the year	**(4,597,003)**	**(1,185,859)**	**(17,971,442)**	**(23,754,304)**

Analysis of movements in the gross carrying amounts

Increase in financing of lease transactions for 2023 caused increase in gross carrying amount of lease portfolio for the total amount of KZT 238,186,289 thousand and respective increase in loss allowance for the portfolio by KZT 15,056,942 thousand, including by stages:

- Stage 1: increase in gross carrying amount of lease portfolio for KZT 196,827,833 thousand and increase in loss allowance by KZT 6,104,966 thousand;
- Stage 2: increase in gross carrying amount of lease portfolio by KZT 24,604,439 thousand and increase in loss allowance by KZT 1,420,055 thousand;
- Stage 3: increase in gross carrying amount of lease portfolio by KZT 16,754,017 thousand and increase in loss allowance by KZT 7,531,921 thousand.

Decrease in the receivables of gross carrying amount of KZT 142,393,940 thousand resulted in decrease in loss allowance for expected credit losses for the portfolio by KZT 11,663,372 thousand, including by stages:

- Stage 1: decrease in gross carrying amount of lease portfolio by KZT 112,760,671 thousand and decrease in loss allowance by KZT 4,099,668 thousand;
- Stage 2: decrease in gross carrying amount of lease portfolio by KZT 21,201,499 thousand and decrease in loss allowance by KZT 1,238,210 thousand;
- Stage 3: decrease in gross carrying amount of lease portfolio by KZT 8,431,770 thousand and decrease in loss allowance by KZT 6,325,494 thousand.

Availability of factors of stabilisation of operating activities of counterparties categorised as Stage 3 using the projected cash flow discounting model in addition to the cash flows from sale of collaterals resulted in decrease in portfolio net loss allowance by KZT 3,495,308 thousand.

Increase in financing of leasing operations for 2022 has caused growth of the portfolio gross carrying amount by the total amount of KZT 172,729,274 thousand, respective net increase in the portfolio loss allowance by KZT 14,593,098 thousand, including that by stages:

- Stage 1: increase in the portfolio gross carrying amount by KZT 142,526,716 thousand and increase in loss allowance by KZT 4,036,149 thousand;
- Stage 2: increase in the portfolio gross carrying amount by KZT 9,544,727 thousand and increase in the loss allowance by KZT 638,752 thousand;
- Stage 3: increase in the portfolio gross carrying amount by KZT 20,657,831 thousand and increase in loss allowance by KZT 9,918,197 thousand.

Decrease in the receivable with gross carrying amount of KZT 103,193,120 thousand resulted in decrease of portfolio loss allowance for expected credit losses by KZT 12,921,109 thousand, including that by stages:

- Stage 1: decrease in the portfolio gross carrying amount by KZT 58,292,168 thousand and decrease in the loss allowance for expected credit losses by KZT 7,023,581 thousand;
- Stage 2: decrease in the portfolio gross carrying amount by KZT 38,597,070 thousand and decrease in the loss allowance for expected credit losses by KZT 1,741,951 thousand;
- Stage 3: decrease in the portfolio gross carrying amount by KZT 6,303,882 thousand and decrease in loss allowance for expected credit losses by KZT 4,155,577 thousand.

Credit quality of finance lease portfolio

The following table sets out information about the credit quality of the finance lease portfolio as at 31 December 2023:

	Stage 1 KZT'000	Stage 2 KZT'000	Stage 3 KZT'000	Total KZT'000
Finance leases to large corporates				
- not overdue	362,532,368	-	9,574,350	372,106,718
- overdue 91-360 days	2,698	-	-	2,698
Total gross leases to large corporates	**362,535,066**	-	**9,574,350**	**372,109,416**
Loss allowance for expected credit losses	**(2,936,241)**	**-**	**(5,202,848)**	**(8,139,089)**
Total leases to large corporates	**359,598,825**	**-**	**4,371,502**	**363,970,327**
Finance leases to small- and medium-sized companies				
- not overdue	200,510,286	24,942,772	16,878,155	242,331,213
- overdue 1-30 days	788,676	2,553,771	3,392,050	6,734,497
- overdue 31-90 days	-	2,330,835	13,312,331	15,643,166
- overdue 91-360 days	-	-	270,129	270,129
- overdue more than 360 days	-	-	2,090,041	2,090,041
Total gross leases to small- and medium-sized companies	**201,298,962**	**29,827,378**	**35,942,706**	**267,069,046**
Loss allowance for expected credit losses	**(2,177,133)**	**(2,220,149)**	**(10,746,705)**	**(15,143,987)**
Total leases to small and medium-sized companies	**199,121,829**	**27,607,229**	**25,196,001**	**251,925,059**
Total finance leases	**558,720,654**	**27,607,229**	**29,567,503**	**615,895,386**

The following table sets out information about the credit quality of the finance lease portfolio as at 31 December 2022:

	Stage 1 KZT'000	Stage 2 KZT'000	Stage 3 KZT'000	Total KZT'000
Finance leases to large corporates				
- not overdue	249,859,943	-	10,631,722	260,491,665
- overdue 91-360 days	-	-	438,333	438,333
Total gross leases to large corporates	**249,859,943**	-	**11,070,055**	**260,929,998**
Loss allowance for expected credit losses	**(682,162)**	-	**(7,703,093)**	**(8,385,255)**
Total leases to large corporates	**249,177,781**	-	**3,366,962**	**252,544,743**
Finance leases to small- and medium-sized companies				
- not overdue	203,943,812	11,450,953	3,159,640	218,554,405
- overdue 1-30 days	1,359,572	1,030,642	-	2,390,214
- overdue 31-90 days	-	13,942,843	389,032	14,331,875
- overdue 91-360 days	-	-	20,546,613	20,546,613
- overdue more than 360 days	-	-	2,029,047	2,029,047
Total gross leases to small- and medium-sized companies	**205,303,384**	**26,424,438**	**26,124,332**	**257,852,154**
Loss allowance for expected credit losses	**(3,914,841)**	**(1,185,859)**	**(10,268,349)**	**(15,369,049)**
Total leases to small and medium-sized companies	**201,388,543**	**25,238,579**	**15,855,983**	**242,483,105**
Total finance leases	**450,566,324**	**25,238,579**	**19,222,945**	**495,027,848**

As at 31 December 2023 the Group classified all projects between 31 to 90 days overdue to Stage 2, and those overdue more than 90 days - to Stage 3.

Analysis of collateral

The following table provides information on collateral, leased assets and other credit enhancements securing finance lease receivables (net of loss allowance for expected credit losses and excluding embedded financial derivative) as at 31 December 2023, by types of collateral:

31 December 2023	Finance lease receivables, carrying amount KZT'000	Fair value of collateral - for collateral assessed as of reporting date KZT'000
Leases for which ECL are measured at the amount up to 12-month ECL:		
Real estate	11,638,742	11,638,742
Vehicles	374,775,389	374,775,389
Equipment	111,394,532	111,394,532
Guarantees from legal entities (rated from B to BBB-)	50,895,674	-
No collateral or other credit enhancement	10,016,317	-
Total leases for which ECL are measured at the amount up to 12-month ECL	**558,720,654**	**497,808,663**
Leases for which ECL are measured at an amount equal to lifetime ECL for assets that are not credit-impaired:		
Real estate	1,183,058	1,183,058
Vehicles	25,556,808	25,556,808
Equipment	730,068	730,068
No collateral or other credit enhancement	137,295	-
Total leases for which ECL are measured at an amount equal to lifetime ECL for assets that are not credit-impaired	**27,607,229**	**27,469,934**
Leases for which ECL are measured at an amount equal to lifetime ECL for assets that are credit-impaired:		
Real estate	2,952,106	2,952,106
Vehicles	20,003,131	20,003,131
Equipment	6,612,266	6,612,266
Total leases for which ECL are measured at an amount equal to lifetime ECL for assets that are credit-impaired	**29,567,503**	**29,567,503**
Total finance lease receivables	**615,895,386**	**554,846,100**

The following table provides information on collateral, leased assets and other credit enhancements securing finance lease receivables (net of loss allowance for expected credit losses) as at 31 December 2022, by types of collateral:

31 December 2022	**Finance lease receivables, carrying amount KZT'000**	**Fair value of collateral - for collateral assessed as of reporting date KZT'000**
Leases for which ECL are measured at the amount up to 12-month ECL:		
Real estate	8,971,045	8,971,045
Vehicles	320,626,435	320,626,435
Equipment	79,567,743	79,567,743
Guarantees from legal entities (rated from B to BBB-)	37,331,713	-
No collateral or other credit enhancement	4,069,388	-
Total leases for which ECL are measured at the amount up to 12-month ECL	**450,566,324**	**409,165,223**
Leases for which ECL are measured at an amount equal to lifetime ECL for assets that are not credit-impaired:		
Real estate	1,025,702	1,025,702
Vehicles	23,160,096	23,160,096
No collateral or other credit enhancement	1,052,781	-
Total leases for which ECL are measured at an amount equal to lifetime ECL for assets that are not credit-impaired	**25,238,579**	**24,185,798**
Leases for which ECL are measured at an amount equal to lifetime ECL for assets that are credit-impaired:		
Real estate	2,380,426	2,380,426
Vehicles	11,535,921	11,535,921
Equipment	5,306,598	5,306,598
Total leases for which ECL are measured at an amount equal to lifetime ECL for assets that are credit-impaired	**19,222,945**	**19,222,945**
Total finance lease receivables	**495,027,848**	**452,573,966**

The tables above exclude overcollateralisation.

For finance lease receivables secured by multiple types of collateral, collateral that is most relevant for impairment assessment is disclosed. Sureties received from individuals, such as shareholders of small- and medium-sized leaseholders, are not considered for impairment assessment purposes. Therefore, such finance lease receivables and unsecured portions of partially secured exposures are presented as leases without collateral or other credit enhancement.

The recoverability of finance lease receivables, which are neither past due nor credit-impaired, primarily depends on the creditworthiness of lessees rather than the value of collateral.

As at 31 December 2023, the gross carrying amount of credit-impaired finance lease receivables was KZT 45,517,056 thousand, while value of collateral (mostly equipment) securing these finance lease receivables was KZT 29,567,503 thousand. Fair value of collateral is limited by maximum nominal value of finance lease receivables.

As at 31 December 2022, the gross carrying amount of credit-impaired finance lease receivables was KZT 37,194,387 thousand, while value of collateral (mostly equipment) securing these finance lease receivables was KZT 19,222,945 thousand. Fair value of collateral is limited by maximum nominal value of finance lease receivables.

Foreclosed leased assets

During the year ended 31 December 2023, the Group foreclosed the leased items in the amount of KZT 2,111,035 thousand (for the year ended 31 December 2022: the Group did not foreclose the leased items).

16 Debt securities

	31 December 2023 KZT'000	31 December 2022 KZT'000
Debt securities measured at fair value through other comprehensive income	386,908,573	392,054,479
Debt securities measured at amortised cost	28,452,021	13,441,796
Debt securities measured at fair value through profit or loss	1,099,679	1,177,326
	416,460,273	**406,673,601**

Debt securities measured at fair value through other comprehensive income

	31 December 2023 KZT'000	31 December 2022 KZT'000
Debt securities of the government bodies of other countries	373,523,410	374,813,255
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	7,562,584	9,632,645
Corporate bonds of Kazakhstan issuers	5,822,579	7,608,579
Total debt securities measured at fair value through other comprehensive income	**386,908,573**	**392,054,479**

During 2022 the Group partially sold the debt securities measured at fair value through other comprehensive income in the amount of USD 232,819 thousand. During 2022, as a result of the sales of debt securities the Group recognised net expense of KZT 21,277,996 thousand, the effect of which was offset by a partial early buyout of issued bonds placed in 2021 for the total amount of USD 245,477 thousand using the funds from sale of debt securities (Note 25).

Debt securities measured at amortised cost

	31 December 2023 KZT'000	31 December 2022 KZT'000
Bonds of SWF "Samruk-Kazyna" JSC	8,640,756	8,050,779
Corporate bonds of Kazakhstan issuers	18,980,823	4,615,591
Bonds of Kazakhstan banks (POCI-assets)	2,341,461	2,198,541
	29,963,040	**14,864,911**
Loss allowance for expected credit losses	(1,511,019)	(1,423,115)
Total debt securities at amortised cost	**28,452,021**	**13,441,796**

Debt securities measured at fair value through profit or loss

	31 December 2023 KZT'000	31 December 2022 KZT'000
Corporate bonds (not rated)	1,099,679	1,177,326
Total debt securities measured at fair value through profit or loss	**1,099,679**	**1,177,326**

17 Advances paid under finance lease agreements

	31 December 2023 KZT'000	31 December 2022 KZT'000
Advances paid to the suppliers of equipment under the finance lease agreements	295,284,042	99,244,627
Cash placed under irrevocable letters of credit	47,389,691	81,580,872
	342,673,733	**180,825,499**
Impairment allowance	-	-
Total advances paid under finance lease agreements	**342,673,733**	**180,825,499**

As at 31 December 2023, no impairment allowance was recognised for advances paid under finance lease agreement, related to cash placed under irrevocable letters of credits (2022: impairment allowance was recognised for advances paid under finance lease agreements related to cash placed under irrevocable letters of credits).

18 Equity investments

	31 December 2023 KZT'000	31 December 2022 KZT'000
DBK Equity Fund C.V.	15,167,890	20,442,839
	15,167,890	**20,442,839**

In accordance with the terms and conditions of the Agreement on establishment of the limited liability partnership dated 3 November 2017, concluded by BV Management LLP, DBK Capital Structure B.V. and Kazyna Capital Management JSC (the "Agreement"), which jointly established DBK Equity Fund C.V. (the "Fund"), the gross investments contribution to the Fund amounted to KZT 33,515,000 thousand. The share of the contributions held by the parties are as follows:

- The Group (via DBK Capital Structure B.V.) (Limited Partner A) – 97% ownership interest;
- Kazyna Capital Management JSC (Limited Partner B) – 2.99% ownership interest;
- BV Management LLP (General Partner) – 0.01% ownership interest.

The main purpose to have established the Fund is investing in share capital of corporates whose principal activities are development of infrastructure projects in target areas. The Fund's operations are primarily located in Kazakhstan, while the country of incorporation is the Netherlands.

Nature and extent of the Group's involvement

The Group holds a 97% interest in the Fund via DBK Capital Structure B.V., and being a limited liability partner under the Agreement is not involved in the decision-making process related to the Fund's investing activities. The Fund's management company is the General Partner (BV Management LLP) that is responsible for making investing decisions, and governed by the Investment Policy in accordance with the Agreement. The General Partner is free to select assets for capital investment and makes key decisions on the Fund's operating activities and investees' capital, including budgets and key management remuneration.

The Investment Policy is amended by the General Partner subject to approval by the Supervisory Board. The Group has the right to appoint one of the four members of the Supervisory Board. Significant decisions on investment activity are made by the General Partner upon approval by the Investment Committee. The Group has the right to appoint one of the five members of the Investment Committee.

Under the Agreement, the Group has no right to individually make decisions on re-appointment of the General Partner who manages the Fund. Decisions on re-appointment of the General Partner under the Agreement are made upon joint consent by limited partners. Under the terms of the Agreement, there are certain conditions which are attached to the reappointment of the General Partner, including:

- notification of the General Partner 6 month prior to re-appointment;

- searching for a new general partner who is prepared for buy-out of the predecessor General Partner's rights and obligations;
- a new General Partner is appointed by common consent of the limited liability partners.

These conditions make the General Partner‘s reappointment process more difficult.

In accordance with the above, under the IFRS 10 *Consolidated Financial Statements,* the Group has no control over the Fund as at 31 December 2023 and 31 December 2022, does not exercise control over the Fund and does not consolidate the Fund.

As the Fund’s Investment Policy has been approved in the Agreement, and the Fund is managed by the General Partner in compliance with such Policy without involvement of the limited partners, the Group believes that it does not have a significant impact on the Fund’s activity. Thus, the Group accounts for the Fund in compliance with IFRS 9.

Under IFRS 9, there are exceptions to general requirements to the classification of financial instruments related to investments in equity instruments. On initial recognition of an equity investment that is not held for trading, an entity can make an irrevocable decision to present changes in fair value of such investments in OCI. The Group decided to use such exception. As at 31 December 2023 and 31 December 2022 equity investments are recognised by the Group at fair value through other comprehensive income.

During 2023 the Group recognized net return on funds invested in DBK Equity Fund C.V. (the “Fund”) of KZT 1,987,018 thousand (2022: the Group invested KZT 346,716 thousand in the Fund).

As at 31 December 2023 fair value of equity investments of KZT 15,167,890 thousand (31 December 2022: 20,442,839 thousand) was calculated using the adjustment present value of the Fund’s net assets. Fair value of the Fund’s assets was determined by estimating present value of projected cash flows using market discount rates ranging from 15.92% to 33.70% (as at 31 December 2022: from 17.39% to 37.74%).

19 Other assets

	31 December 2023 KZT’000	31 December 2022 KZT’000
Other financial assets measured at amortised cost		
Accounts receivable from IFK JSC	4,659,042	9,263,815
Fee and commission income accrued	599,249	292,913
Interest unpaid and VAT on foreclosed leased assets	525,914	562,524
Penalty account receivables	434,352	-
Trade and other receivables	222,208	308,569
Recoverable expenses due from lessees	141,035	114,005
Other	28,715	5,917
Total other financial assets measured at amortised cost, gross	**6,610,515**	**10,547,743**
Loss allowance for expected credit losses	(2,193,710)	(3,307,992)
Total other financial assets measured at amortised cost, net	**4,416,805**	**7,239,751**
Other assets measured at fair value through profit or loss	4,208	4,241
Total financial assets	**4,421,013**	**7,243,992**
Foreclosed lease equipment	1,788,064	1,370,987
Prepayments	1,313,773	1,159,154
Equipment not to be leased		323,174
Taxes and duties other than income tax	389,575	45,091
Assets received as additional collateral	212,817	212,817
Deferred expenses	107,086	162,737
Raw materials and supplies	28,414	22,825
Other	29,337	39,384
Total other non-financial assets, gross	**3,869,066**	**3,336,169**
Impairment allowance	(803,425)	(1,141,048)
Total non-financial assets	**3,065,641**	**2,195,121**
Total other assets	**7,486,654**	**9,439,113**

As at 31 December 2023, net carrying amount of the past due receivables was KZT 65,933 thousand (31 December 2022: KZT 139,356 thousand).

As at 31 December 2023, the Group recognised loss allowance for expected credit losses on the accounts receivable from IFK JSC in the amount equal to 12-month expected credit losses (Stage 1) (31 December 2022: lifetime expected credit losses (Stage 2).

Analysis of movements in the loss allowance for expected credit losses

Movements in the loss allowance for expected credit losses for other financial assets for the years ended 31 December 2023 and 31 December 2022 are as follows:

	2023 KZT'000	**2022 KZT'000**
Balance at the beginning of the year	**(3,307,992)**	**(3,564,532)**
Net recovery of loss for impairment allowance	1,097,361	242,175
Other changes	13,695	(1)
Effect of changes in foreign exchange rates	621	(2,995)
Write-off for the year	2,605	17,361
Balance at the end of the year	**(2,193,710)**	**(3,307,992)**

Movements in impairment allowance for other non-financial assets for the years ended 31 December 2023 and 31 December 2022 are as follows:

	2023 KZT'000	**2022 KZT'000**
Balance at the beginning of the year	**(1,141,048)**	**(1,516,037)**
Net (charge)/recovery of impairment allowance	(17,286)	664,747
Transfer from finance lease receivables		-
Write-off of foreclosed equipment	39,535	(445,432)
Write-off for the year	315,374	155,674
Balance at the end of the year	**(803,425)**	**(1,141,048)**

20 Deferred tax assets

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 as at 31 December 2023 and 31 December 2022.

Recognised deferred tax assets and liabilities

Movements in temporary differences for the year ended 31 December 2023 are presented as follows:

	Balance at 1 January 2023 KZT'000	Recognised in profit or loss KZT'000	Other changes KZT'000	Recognised in equity KZT'000	Balance at 31 December 2023 KZT'000
Cash and cash equivalents	-	-	-	248,291	248,291
Loans to banks	35,275,064	(1,232,292)	(43,966)	-	33,998,806
Loans to customers	28,250,699	2,486,181	585,725	-	31,322,605
Finance lease receivables	2,168,065	(2,168,065)	(1,547,853)	-	(1,547,853)
Property, plant and equipment and intangible assets	(341,362)	(25,844)	-	-	(367,206)
Other assets	1,008,851	286,390	-	-	1,295,241
Loans and balances from banks and other financial institutions	(3,331,910)	694,437	-	-	(2,637,473)
Loans from SWF "Samruk-Kazyna" JSC	(105,044)	23,960	-	-	(81,084)
Loans from the Parent Company	(111,952,493)	10,720,597	(4,420,878)	-	(105,652,774)
Debt securities issued	(14,559,003)	727,761	(2,206,605)	-	(16,037,847)
Government grants	127,461,087	(18,734,162)	9,567,227	-	118,294,152
Subordinated debt	(26,479,391)	1,488,677	-	-	(24,990,714)
Other liabilities	(30,965,501)	498,092	(3,514,696)	-	(33,982,105)
Provisions	174,433	5,360,648	1,581,046	-	7,116,127
Net deferred tax assets	**6,603,495**	**126,380**	**-**	**248,291**	**6,978,166**

*Other changes in deferred tax assets and liabilities reflect the recognition of liabilities in respect of government grants when receiving loans from the Government through the Parent Company, when issuing bonds at a below-market rate, when receiving loans from Zhasyl Damu JSC, and in case of early repayment of loans issued when the Group is obliged to reinvest these funds under government programmes.

Recognised deferred tax assets and liabilities

Movements in temporary differences for the year ended 31 December 2022 are presented as follows:

	Balance at 1 January 2022 KZT'000	Recognised in profit or loss KZT'000	Other changes* KZT'000	Balance at 31 December 2022 KZT'000
Loans to banks	18,714,060	17,290,733	(729,729)	35,275,064
Loans to customers	21,037,710	9,646,348	(2,433,359)	28,250,699
Finance lease receivables	2,676,799	(508,734)	-	2,168,065
Property, plant and equipment and intangible assets	(320,438)	(20,924)	-	(341,362)
Other assets	1,565,971	(557,120)	-	1,008,851
Loans and balances from banks and other financial institutions	(4,330,978)	999,068	-	(3,331,910)
Loans from SWF "Samruk-Kazyna" JSC	(244,591)	139,547	-	(105,044)
Loans from the Parent Company	(60,190,408)	5,995,353	(57,757,438)	(111,952,493)
Debt securities issued	(10,480,845)	343,158	(4,421,316)	(14,559,003)
Government grants	60,228,122	(29,270,862)	96,503,827	127,461,087
Subordinated debt	(27,875,186)	1,395,795	-	(26,479,391)
Other liabilities	107,601	88,883	(31,161,985)	(30,965,501)
Provisions	1,845,917	(1,671,484)	-	174,433
Net deferred tax assets	**2,733,734**	**3,869,761**	**-**	**6,603,495**

Other changes in deferred tax assets and liabilities reflect the recognition of liabilities in respect of government grants when receiving loans from the Government through the Parent Company, when issuing bonds at a below-market rate, when receiving loans from Zhasyl Damu JSC, and in case of early repayment of loans issued when the Group is obliged to reinvest these funds under government programmes.

As at 31 December 2023, the Company did not recognise the deferred tax asset of KZT 15,314,968 thousand (31 December 2022: KZT 17,980,015 thousand) due to uncertainty related to its utilisation. The principal amount of unrecognised deferred tax asset of KZT 13,304,554 thousand (31 December 2022: KZT 15,904,953 thousand) relates to unrealised revaluation and losses related to sales of debt securities measured at fair value through other comprehensive income. In accordance with the requirements of the tax legislation of the Republic of Kazakhstan, losses arising from sales of securities may be expensed only in the amount of gain from increment in value received from sales of other securities

21 Current accounts and deposits

	31 December 2023 KZT'000	31 December 2022 KZT'000
Savings deposits	73,157,065	74,296,218
Current accounts and demand deposits	62,862,047	15,540,692
Deposits pledged as collateral	-	1,734,937
Deposits used as collateral for loans to customers	3,086	145,525
	136,022,198	**91,717,372**

During the year ended 31 December 2022, the Group attracted two savings deposits from Eurasian Resources Group S.a.r.l for a term of 5 years (with the right of early withdrawal) at the rate of 0.24% for a total amount of USD 160,326 thousand.

At 31 December 2023 current accounts and deposits serve as collateral for loans to customers in the amount of KZT 3,086 thousand (31 December 2022: KZT 145,525 thousand).

22 Loans and balances from banks and other financial institutions

	31 December 2023 KZT'000	31 December 2022 KZT'000
Loans and balances with fixed interest rate		
Loans and balances from non-OECD banks	173,284,399	79,736,721
Total loans and balances with fixed interest rate	**173,284,399**	**79,736,721**
Loans with floating interest rate		
Loans from OECD banks	47,712,260	53,743,972
Loans from non-OECD banks	510,192,056	584,485,635
Total loans with floating interest rate	**557,904,316**	**638,229,607**
Total loans and balances from banks and other financial institutions	**731,188,715**	**717,966,328**
Unamortised portion of borrowing costs	(20,677,065)	(26,169,152)
	710,511,650	**691,797,176**

During the year ended 31 December 2023, the Group fully repaid, ahead of schedule, a loan from Eurasian Development Bank in the amount of RUB 3,886,689 thousand. The Group recognised expense of KZT 31,868 thousand on early repayment the loan.

During the year ended 31 December 2023 the Group attracted an interbank deposit of USD 250,000 thousand, which matures in April 2024. On initial recognition of the deposits the Group recognised gain of KZT 334,520 thousand. Fair value on initial recognition of the loan was calculated using market rate of 6.16%.

During the year ended 31 December 2022, the Group raised a loan of USD 120,000 thousand from a foreign bank – JP Morgan Chase Bank N.A. - maturing in January 2032. The loan is insured by the AAA-rated EKF Denmark´s Export Credit Agency.

During the year ended 31 December 2022 the Group raised a loan of USD 100,000 thousand from China Construction Bank Corporation Astana Branch maturing in October 2025.

During the year ended 31 December 2022, the Group raised a loan of RUB 4,318,543 thousand from the Eurasian Development Bank maturing in December 2027.

During the year ended at 31 December 2022, the Group repaid all loans received from Roseximbank JSC.

As at 31 December 2023, included in loans and balances from banks and other financial institutes is accrued interest expense of KZT 8,153,381 thousand (31 December 2022: KZT 8,040,780 thousand).

23 Loans from the Parent Company

	31 December 2023 KZT'000	31 December 2022 KZT'000
Loans from the Parent Company	402,549,011	380,714,997
	402,549,011	**380,714,997**

As at 31 December 2023 the loans from the Parent Company comprised forty-two long-term loans (as at 31 December 2022: thirty-nine long-term loans). The terms of the loans subsequently extended under these agreements are defined by the terms and conditions of the government programme.

	Loan amount KZT'000	Nominal interest rate	Effective interest rate	Borrowing date	Maturity date	Carrying amount 31 December 2023 KZT'000	Carrying amount 31 December 2022 KZT'000
1	75,000,000	0.15	9.75	28.10.2016	27.10.2036	39,194,537	40,719,607
2	10,000,000	0.15	10.30	28.10.2016	27.10.2026	3,449,594	4,395,756
3	12,861,805	0.08	9.75	28.10.2016	27.10.2036	6,311,918	6,554,368
4	17,500,000	0.15	9.42	14.04.2017	29.03.2027	7,029,788	8,671,709
5	18,600,000	0.08	8.78	25.04.2017	13.04.2037	10,451,474	10,833,077
6	80,000,000	0.15	8.78	25.04.2017	20.04.2037	42,358,948	46,596,392
7	10,000,000	0.15	8.91	25.12.2017	10.12.2037	5,811,770	5,350,474
8	10,000,000	0.15	8.48	30.05.2018	06.04.2027	4,693,512	5,811,743
9	13,000,000	0.15	8.48	03.08.2018	25.07.2033	8,670,719	8,603,054
10	12,000,000	0.15	8.50	29.08.2018	08.08.2038	6,931,595	6,405,966
11	12,537,182	0.08	8.46	19.12.2018	07.11.2038	7,092,081	6,548,296
12	10,000,000	0.15	8.72	29.04.2019	12.04.2037	5,767,422	5,319,158
13	14,000,000	0.15	8.80	28.06.2019	14.04.2027	6,983,815	8,632,685
14	23,546,000	0.15	10.80	01.07.2019	03.06.2029	13,359,460	14,905,480
15	11,258,978	0.08	10.89	29.07.2019	21.07.2039	5,174,261	4,674,627
16	11,000,000	0.15	10.37	24.09.2019	18.08.2038	3,619,252	4,899,960
17	18,741,022	0.08	10.57	09.12.2019	29.11.2039	8,470,200	7,674,166
18	6,000,000	0.15	10.59	20.12.2019	27.11.2027	3,237,279	3,865,674
19	20,000,000	0.08	13.46	30.04.2020	15.04.2040	7,234,516	6,391,700
20	10,000,000	0.15	13.44	12.06.2020	01.06.2035	4,841,103	4,281,342
21	30,000,000	0.15	13.08	09.10.2020	17.09.2040	10,664,531	9,473,506
22	20,000,000	0.08	11.83	11.12.2020	03.12.2040	7,472,059	6,696,053
23	13,700,000	0.15	11.82	20.12.2020	02.12.2035	6,780,858	6,083,159
24	22,500,000	0.15	11.36	20.12.2020	03.12.2027	14,638,539	17,438,998
25	10,000,000	0.15	11.44	08.02.2021	23.01.2041	4,522,916	4,334,580
26	10,000,000	0.15	10.73	11.08.2021	20.07.2027	7,472,220	7,813,157
27	22,000,000	0.15	10.82	11.08.2021	20.07.2036	10,793,415	9,771,591
28	16,000,000	0.15	10.66	12.08.2021	20.07.2041	6,186,757	5,614,062
29	14,700,000	0.08	10.40	01.09.2021	05.08.2041	5,707,286	5,180,732
30	20,000,000	0.15	12.19	10.09.2021	05.08.2041	6,845,616	6,130,645
31	20,000,000	0.15	12.36	17.09.2021	05.08.2041	6,758,792	6,044,126
32	46,422,400	0.15	13.80	29.03.2022	10.03.2042	13,100,607	11,577,766
33	46,776,498	0.15	14.31	17.08.2022	05.05.2042	12,436,331	10,944,317
34	10,000,000	0.15	14.95	31.10.2022	10.10.2037	1,149,658	1,004,304
35	3,500,000	0.15	14.95	31.10.2022	10.10.2037	3,284,713	2,869,420
36	55,000,000	0.15	14.21	01.11.2022	10.10.2042	13,952,898	12,282,597
37	200,000,000	0.15	14.21	01.11.2022	10.10.2042	49,969,424	43,919,555
38	5,300,000	0.08	12.23	09.12.2022	01.12.2042	1,536,414	1,372,653

	Loan amount KZT'000	Nominal interest rate	Effective interest rate	Borrowing date	Maturity date	Carrying amount 31 December 2023 KZT'000	Carrying amount 31 December 2022 KZT'000
39	4,000,000	0.15	12.40	22.12.2022	05.12.2042	1,150,223	1,028,542
40	14,400,000	0.15	15.93	29.08.2023	20.08.2038	3,943,631	-
41	9,000,000	15.50	15.50	01.09.2023	22.04.2026	4,881,880	-
42	20,000,000	0.15	14.16	28.11.2023	10.11.2034	8,616,999	-
Total:						**402,549,011**	**380,714,997**

A loan of KZT14,400,000 thousand was received in two tranches of KZT 7,000,000 thousand and KZT 7,400,000 thousand in August and September 2023; the loan bears an interest rate of 0.15% per annum and is repayable on 20 August 2038. The loans were initially recognised at their fair value calculated using the market interest rates of 15.93% and 15.79%, respectively. The difference of KZT 10,620,072 thousand between fair value and amounts received was recognised as a government grant due to the obligation of the Group to distribute benefits to the ultimate borrowers through providing a low interest lease financing (Note 24).

A loan of KZT 20,000,000 thousand bearing an interest rate of 0.15% per annum and maturing on 10 November 2034, was received in November 2023. The loan was provided to finance large projects in the processing industry. The loan was initially recognised at fair value calculated by discounting the loan contractual cash flows using a market interest rate of 14.16%. A discount of KZT 11,484,316 thousand between the fair value and consideration received was recognised as a government grant (Note 24).

A loan of KZT 46,422,400 thousand, bearing an interest rate of 0.15% per annum and maturing on 10 March 2042, was received in March 2022. The loan was provided for lease financing the tire manufacturing project in the city of Saran, Karaganda region. The loan was initially recognised at fair value calculated by discounting the loan contractual cash flows using a market interest rate of 13.80%. A discount of KZT 35,889,887 thousand between the fair value and consideration received was recognised as a 'government grant' (Note 24).

A loan of KZT 46,776,498 thousand, bearing an interest rate of 0.15% per annum and maturing on 5 May 2042, was received in August 2022. The loan was provided to finance a project of manufacturing of leading axle rear drives for heavy-load vehicles. The loan was initially recognised at fair value calculated by discounting the loan contractual cash flows using a market interest rate of 14.31%. A discount of KZT 36,345,811 thousand between the fair value and consideration received was recognised as a government grant (Note 24).

A loan of KZT 10,000,000 thousand, bearing an interest rate of 0.15% per annum and maturing on 10 October 2037, was received in October 2022. The loan was issued to provide lease financing to legal entities and individual entrepreneurs that lease motor vehicles and special-purpose automotive equipment, except for the agricultural equipment produced in Kazakhstan. The loan was initially recognised at fair value calculated by discounting the loan contractual cash flows using a market interest rate of 14.95%. A discount of KZT 7,194,316 thousand between the fair value and consideration received was recognised as a government grant (Note 24).

A loan of KZT 3,500,000 thousand, bearing an interest rate of 0.15% per annum and maturing on 10 October 2037, was received in October 2022. The loan was provided to sell tractors under lease agreements. The loan was initially recognised at fair value calculated by discounting the loan contractual cash flows using a market interest rate of 14.95%. A discount of KZT 2,518,003 thousand between the fair value and consideration received was recognised as a government grant (Note 24).

A loan of KZT 55,000,000 thousand, bearing an interest rate of 0.15% per annum and maturing on 10 October 2042, was received in November 2022. The loan was granted for financing the improvement of the level of localisation of driving axle casing for heavy-load vehicles project. The loan was initially recognised at fair value calculated by discounting the loan contractual cash flows using a market interest rate of 14.21%. A discount of KZT 42,971,812 thousand between the fair value and consideration received was recognised as 'government grant' (Note 24).

A loan of KZT 200,000,000 thousand, bearing an interest rate of 0.15% per annum and maturing on 10 October 2042, was received in November 2022. The loan was provided for financing projects in the manufacturing sector. The loan was initially recognised at fair value calculated by discounting the loan contractual cash flows using market interest rates of 14.21% and 14.59%. A discount of KZT 156,956,219 thousand between the fair value and consideration received was recognised as 'government grant' (Note 24).

A loan of KZT 5,300,000 thousand, bearing an interest rate of 0.08% per annum and maturing on 1 December 2042, was received in December 2022. The loan was provided for financing renewal of passenger car fleet. The loan was initially recognised at fair value calculated by discounting the loan contractual cash flows using a market interest rate of 12.23%. A discount of KZT 3,936,790 thousand between the fair value and consideration received was recognised as 'government grant' (Note 24).

A loan of KZT 4,000,000 thousand, bearing an interest rate of 0.15% per annum and maturing on 5 December 2042, was received in December 2022. The loan was granted to finance projects as part of the State Programme of Industrial and Innovative Development of the Republic of Kazakhstan for 2020-2025. The loan was initially recognised at fair value calculated by discounting the loan contractual cash flows using a market interest rate of 12.40%. A discount of KZT 2,974,352 thousand between the fair value and consideration received was recognised as 'government grant' (Note 24).

24 Government grants

The Group recorded as government grants the benefits obtained by means of low-interest rates borne by loans from the Parent Company, Kazakhstan Housing Company JSC and SWF "Samruk-Kazyna".

	31 December 2023 KZT'000	**31 December 2022 KZT'000**
Balance at beginning of the year	**637,305,435**	**301,140,609**
A government grant on loans received from the Government through the Parent Company (Note 23)	22,104,388	288,787,190
A government grant received through issue of bonds (Note 25)	11,033,025	22,106,580
Government grants on loans received from Zhasyl Damu JSC during the period (Note 27)	17,573,479	155,809,925
Recovery of the previously recognised amount of the government grants	219,830	15,815,440
Early repayment of loans received	(3,094,585)	-
Utilisation of the government grants upon issuance of low interest-rate loans to commercial banks (Note 7)	(536,457)	(91,455,289)
Utilisation of the government grants upon issuance of loans to other borrowers (Note 7)	(66,512,253)	(29,264,480)
Utilisation of the government grants under the concluded finance lease agreements (Note 4)	(21,451,778)	(21,040,493)
Amortisation charge for the year (Note 7)	(5,170,324)	(4,594,047)
Balance at the end of the year	**591,470,760**	**637,305,435**

The Group has an obligation to allocate benefits to the end - borrowers through setting low interest rate on loans. On initial recognition the Group allocated to profit or loss an amount corresponding to the debt relief provided to the borrowers.

During the year ended 31 December 2023, the amount of government grants transferred to profit or loss was KZT 72,219,034 thousand (31 December 2022: KZT 125,313,816 thousand) and was included in other expenses (Note 7).

During the year ended 31 December 2023, the reversed amount of the government grant includes the amount of recovery of KZT 219,830 thousand (2022: KZT 15,815,440 thousand) recognised as a result of the early repayment of loans issued by the Group in previous periods. The Group has decided to recover the government grant liability in respect of these amounts as the Group is required to reinvest these funds under government programmes.

During the year ended 31 December 2023 the Group recognised as government grants the benefits of KZT 39,677,867 thousand (2022: KZT 444,597,115 thousand) obtained as a result of provision of loans at low interest rate by Zhasyl Damu JSC and the Parent Company. The benefits are to be allocated further to the lessees by providing finance leases and to borrowers under loan agreements at favourable rates.

As at 31 December 2023 and 31 December 2022, the government grants broken by the programmes are presented as follows:

	31 December 2023 KZT'000	**31 December 2022 KZT'000**
Programme 214 Providing loans to Baiterek National Management Holding JSC with subsequent lending of Industrial Development Fund JSC for financing projects in the manufacturing sector	142,060,586	156,104,612
Programme 219 Providing loans to Baiterek National Management Holding JSC with subsequent lending of Development Bank of Kazakhstan JSC for financing renewal of passenger car fleet	70,858,840	73,558,860
Programme 247 Providing loans to Baiterek National Management Holding JSC with subsequent lending of Industrial Development Fund JSC for financing the manufacturing of leading axle rear drives for heavy-load vehicles project	64,694,082	56,856,127
Programme 023 Providing loans to Baiterek National Management Holding JSC with subsequent lending of Industrial Development Fund JSC for lease financing the Tire Manufacturing in the city of Saran of Karaganda region project	46,596,361	48,833,869
Programme 217 Financing of the investment projects under the State Programme of Industrial-Innovative Development of the Republic of Kazakhstan for 2015-2019	44,871,796	54,950,525
Programme 215 Providing loans to Baiterek National Management Holding JSC with subsequent lending of Industrial Development Fund JSC for financing the improvement of the level of localisation of driving axle casing for heavy-load vehicles project	41,065,435	42,724,048
Programme 246 Providing loans to Baiterek National Management Holding JSC with subsequent lending of Development Bank of Kazakhstan JSC for encouraging export financing	30,661,592	32,897,705
To continue financing projects in the manufacturing sector designed to improve the environment by encouraging consumer demand and renewal of vehicles in the Republic of Kazakhstan, as part of providing the financing under the special terms to bus lessees purchasing domestically produced buses that meet the emission standards in accordance with technical regulations from vehicle manufacturers who have concluded an agreement on industrial assembly of vehicles, with subsequent provision of them for joint management to legal entities and individual entrepreneurs operating in the passenger transportation sector.	29,383,707	29,458,569
Programme 218 Providing loans to Baiterek National Management Holding JSC with subsequent lending of DBK-Leasing JSC through Development Bank of Kazakhstan JSC for leasing buses	21,886,853	23,764,010
Nurly Zhol - financing domestic car and passenger car manufacturers and export and pre-export lending using leasing and/or lending instruments according to Resolution of the President of the Republic of Kazakhstan №1030 dated 06.04.2015	19,119,198	20,681,468
Financing of the investment projects in other areas	12,726,793	22,106,580

	31 December 2023 KZT'000	31 December 2022 KZT'000
Plan of joint actions of the Government of the Republic of Kazakhstan and the National Bank of the Republic of Kazakhstan on provision of financing to business entities in the manufacturing industry in accordance with the resolutions of the Government of the Republic of Kazakhstan No. 1276 dated 05.12.2014 and No. 124 dated 11.03.2015.	10,310,418	10,754,197
Providing loans to buyers of domestically produced cars in accordance with the terms of the Resolution of the Board of the NB RK No.79 dated 31 May 2019	8,652,546	8,652,546
Programme 220 "Providing loans to Baiterek National Management Holding JSC to ensure competitiveness and sustainability of the national economy (DBK-Leasing: providing loans for long-term lease financing as part of the Unified Business Support and Development Programme "Business Roadmap 2020")	7,313,575	9,591,276
Financing projects in the manufacturing sector designed to improve the environment by encouraging consumer demand and renewal of vehicles in the Republic of Kazakhstan, as part of providing the financing under the special terms to commercial banks to finance individuals - buyers of domestically produced cars	6,737,939	6,975,236
Nurly Zhol – export and pre-export lending in accordance with the terms of the Resolution of the Government of the Republic of Kazakhstan No. 271 dated 23 April 2015	6,693,624	7,247,198
Programme 047 Financing of project Organisation of the Multi-Purpose Tourist Complex "Karavan Saray"	5,779,413	6,118,106
For lease financing the renewal of passenger car fleet	4,050,963	3,928,084
Programme 240 Providing loans to Baiterek National Management Holding JSC with subsequent lending of Development Bank of Kazakhstan JSC for financing the local car manufacturers, through providing the financing under the special terms to commercial banks for the latter to extend loans to individuals - buyers of the locally manufactured cars, and as well as financing legal entities and individual entrepreneurs, which purchase under finance lease agreements motor vehicles and automotive equipment of special purpose, except for agricultural vehicles manufactured in Kazakhstan	3,836,433	4,149,661
Programme 036 financing of large projects in the processing industry	3,746,617	-
Programme 241 Providing loans to Baiterek National Management Holding JSC with subsequent lending of DBK-Leasing JSC through Development Bank of Kazakhstan JSC for lease out of buses, tractors and combine harvesters as part of support of domestic producers of buses, combine harvesters and tractors	3,333,355	4,142,213
Programme 209 Providing loans to Baiterek National Management Holding JSC with subsequent lending of Industrial Development Fund JSC for lease out of tractors and combine harvesters	2,351,508	2,496,118
Boosting export of domestic locomotives - by financing export deliveries of Locomotive Kurastyru Zauyty JSC under finance lease agreements	1,410,872	1,500,114
Programme 208 to finance projects as part of the State Programme of Industrial and Innovative Development of the Republic of Kazakhstan for 2020-2025	1,393,753	2,974,352
For further financing projects in the manufacturing sector designed to improve the environment	733,249	772,607

	31 December 2023 KZT'000	31 December 2022 KZT'000
For further financing projects in the manufacturing sector designed to improve the environment by encouraging consumer demand and renewal of self-propelled agricultural machinery in the Republic of Kazakhstan, as part of providing financing to leasing companies under the special terms for financing lessees of the machinery	672,274	-
Financing of private entrepreneurship projects in the processing industry in accordance with Resolution of the Government No.1085 dated 25 November 2008	512,856	698,867
Programme 048 to finance certain industries, including textile, gas processing and chemicals	12,340	62,253
Lease financing for implementation of manufacturing industry projects	3,782	9,807
Financing of agribusiness projects under the Employment Roadmap 2020-2021 in accordance with the order of the Prime Minister of the Republic of Kazakhstan № 55-r dated 27 March 2020.	-	5,296,427
Balance at the end of the year	**591,470,760**	**637,305,435**

25 Debt securities issued

	31 December 2023 KZT'000	31 December 2022 KZT'000
Debt securities with fixed interest rate		
Eurobonds denominated in USD	387,257,392	394,149,578
Eurobonds denominated in KZT	162,500,000	262,500,000
Bonds denominated in USD	6,818,400	-
Bonds denominated in KZT	772,442,000	707,442,000
	1,329,017,792	**1,364,091,578**
Debt securities with floating interest rate		
Bonds denominated in KZT	10,000,000	**-**
	10,000,000	**-**
Total debt securities issued	**1,339,017,792**	**1,364,091,578**
Unamortised discount, net	(83,061,432)	(76,456,139)
	1,255,956,360	**1,287,635,439**
Accrued interest	22,301,761	21,951,596
	1,278,258,121	**1,309,587,035**

As at 31 December 2023 and 31 December 2022, debt securities issued by the Group comprised the following instruments:

Type of instrument	Coupon rate	Effective rate	Date of issue	Maturity date	Carrying amount 31 December 2023 KZT'000	Carrying amount 31 December 2022 KZT'000
Eurobonds XS0248160102	6.00%	6.37%	23.03.2006	23.03.2026	44,755,942	45,451,760
Bonds KZ2C00003002	8.13%	8.30%	29.12.2014	29.12.2024	20,004,241	20,004,459
Bonds KZ2C00003580	14.00%	14.48%	25.05.2016	25.05.2026	65,888,153	65,891,778
Bonds KZ2C00003713	15.00%	15.56%	28.07.2016	28.07.2031	15,946,485	15,947,680
Bonds KZ2C00003648	14.00%	14.49%	01.08.2016	01.08.2026	18,506,816	18,507,342
Bonds KZ2C00003911	10.50%	10.79%	06.06.2017	06.06.2024	30,205,477	30,203,303

Type of instrument	Coupon rate	Effective rate	Date of issue	Maturity date	Carrying amount 31 December 2023 KZT'000	Carrying amount 31 December 2022 KZT'000
Bonds KZ2C00004000	11.25%	11.57%	22.08.2017	22.08.2032	9,180,903	9,181,221
Bonds KZ2C00004018	11.25%	11.57%	23.08.2017	23.08.2030	9,182,237	9,182,620
Bonds KZ2C00004026	11.00%	11.30%	24.08.2017	24.08.2028	9,171,132	9,171,341
Eurobonds XS1814831563	8.95%	9.54%	04.05.2018	04.05.2023	-	101,289,906
Bonds KZ2C00005908	10.00%	10.26%	18.06.2019	18.06.2026	27,572,526	27,571,997
Bonds KZ2C00005916	10.27%	10.53%	16.07.2019	16.07.2024	42,922,182	42,922,563
Bonds KZ2C00006286	0.15%	10.64%	07.10.2019	07.10.2039	4,292,674	3,908,257
Bonds KZ2C00004190	11.00%	11.31%	03.12.2019	03.12.2029	30,226,641	30,227,423
Eurobonds XS2106835262	10.75%	11.38%	12.02.2020	12.02.2025	64,828,956	64,667,864
Bonds KZ2C00006765	0.15%	14.50%	14.05.2020	14.05.2040	2,370,068	2,097,482
Bonds KZ2C00004273	11.00%	13.73%	18.06.2020	18.06.2030	9,560,766	9,465,960
Bonds KZ2C00006864	11.80%	12.15%	28.07.2020	28.07.2025	52,489,001	52,487,462
Bonds KZ2C00006898	11.80%	12.15%	09.12.2020	09.12.2030	50,317,749	50,320,261
Bonds KZ2C00007102	11.80%	12.16%	09.12.2020	09.12.2027	50,321,859	50,321,854
Bonds KZ2C00007011	11.80%	15.14%	11.11.2020	11.11.2030	44,811,240	44,310,359
Eurobonds XS2337670421	10.95%	11.35%	06.05.2021	06.05.2026	101,439,245	101,372,851
Eurobonds XS2337670694	2.95%	3.05%	06.05.2021	06.05.2031	115,645,489	117,636,116
Bonds KZ2C00007904	7.10%	10.47%	27.10.2021	27.10.2031	26,904,131	26,450,153
Bonds KZ2C00007391	11.50%	13.01%	19.03.2021	19.03.2031	49,006,563	48,775,951
Bonds KZ2C00008217	12.40%	12.40%	12.11.2021	12.11.2028	50,763,823	50,763,574
Bonds KZ2C00004273	11.00%	11.32%	06.12.2021	18.06.2030	22,259,510	22,258,791
Eurobonds XS2472852610	5.75%	6.20%	12.05.2022	12.05.2025	227,984,870	231,316,054
Bonds KZ2C00009132	0.50%	13.48%	30.12.2022	15.06.2034	8,944,114	7,880,653
Bonds KZ2C00009140	0.50%	12.85%	15.02.2023	15.02.2035	4,400,183	-
Bonds KZ2C00009637	Tonia+2%	12.85%	29.03.2023	29.03.2026	10,033,504	-
Bonds KZ2C00009397	15.25%	15.89%	18.04.2023	18.04.2024	51,506,215	-
Bonds KZX000001888	5.65%	5.91%	22.12.2023	22.12.2024	6,815,426	-
Total					**1,278,258,121**	**1,309,587,035**

On 15 February 2023, the Group issued bonds totalling KZT 15,000,000 thousand, at an interest rate of 0.5% per annum and with maturity on 15 February 2035. On initial recognition, the bonds were recognised at fair value calculated by discounting the contractual cash flows on securities using the market interest rate of 12.85%. A discount of KZT 11,033,025 thousand was recognised as 'government grant' (Note 24).

On 29 March 2023, the Group made the first issue of green bonds in the amount of KZT 10,000,000 thousand, at an interest rate of TONIAcomp + 2% and with maturity on 29 March 2026. The funds from issue of green bonds were directed to finance the investment project for modernising power grids.

On 18 April 2023 with additional placement held on 12 May 2023, the Group issued commercial bonds totalling KZT 50,000,000 thousand at an interest rate of 15.25% per annum and with maturity on 18 April 2024.

On 3 May 2023 the Group redeemed in full the Eurobonds of 2018 issue, in the amount of KZT 100,000,000 thousand.

On 22 December 2023, the Group issued the first issue of green bonds on the AIX in the amount of USD 15,000,000 certified under the international Climate Bonds Initiative standards at an interest rate of 5.65% per annum, maturing on 22 December 2024.

On 12 May 2022, the Group issued Eurobonds in the amount of USD 500,000 thousand (equivalent to KZT 221,305,000 thousand as of the issue date) at an interest rate of 5.75% per annum, maturing on 12 May 2025. Part of these Eurobonds issued was used for partial early redemption of bonds placed in 2012, maturing on 10 December 2022.

On 12 May 2022 the Group made a partial early redemption of bonds for the total amount of USD 700,000 thousand, part of which was bought back through the issue of Eurobonds in the amount of USD 500,000 thousand. In July 2022 the Group made a partial early redemption of bonds for the total amount of USD 42,074 thousand. In December 2022 the Group redeemed in full the bonds in the amount of USD 500,530 thousand. In October 2022 the Group made a partial early redemption of bonds placed in 2021 for the total amount of USD 245,477 thousand. As a result of transactions on early redemption of bonds, the Group, during 2022, recognised income of KZT 21,065,319 thousand, which levelled out the effect of USD 232,819 thousand from partial sale of debt securities measured at fair value through other comprehensive income.

On 31 May 2022 the Group redeemed in full the bonds of 2017 issue in the amount of KZT 20,000,000 thousand.

On 30 December 2022, the Group issued bonds for the amount of KZT 30,000,000 thousand, bearing an annual interest rate of 0.5% and maturing on 15 June 2034. On initial recognition, the bonds were recognised at fair value calculated by discounting the contractual cash flows on securities using the market interest rate of 13.48%. A discount of KZT 22,106,580 thousand was recognised as 'government grant' (Note 24).

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

	2023 KZT'000	2022 KZT'000
Balance at 1 January	**1,309,587,035**	**1,716,748,732**
Changes from financing cash flows		
Proceeds from debt securities issued	70,807,059	7,893,420
Repurchase/repayment of debt securities issued	(100,000,000)	(458,320,473)
Total changes from financing cash flows	**(29,192,941)**	**(450,427,053)**
Changes from operating cash flows		
Interest paid	(119,447,439)	(132,191,648)
Government grants received in the form of discount on debt securities issued at the below-market interest rate	11,033,025	22,106,580
Total changes from operating cash flows	**(108,414,414)**	**(110,085,068)**
Other changes		
Interest expense	124,234,036	137,866,045
Discount on initial recognition	(11,033,025)	(22,106,580)
Effect of movements in exchange rates	(6,882,270)	59,645,393
Income from repurchase of debt securities issued	-	(21,065,319)
Other	(40,300)	(989,115)
Balance at 31 December	**1,278,258,121**	**1,309,587,035**

26 Subordinated debt

	31 December 2023 KZT'000	31 December 2022 KZT'000
Subordinated debt with fixed interest rate		
Nominal in KZT	364,859,334	364,859,334
Unamortised discount, net	(231,175,879)	(239,209,242)
	133,683,455	**125,650,092**
Accrued interest	94,274	94,274
	133,777,729	**125,744,366**

In case of bankruptcy, the subordinated debt will be repaid once all other Group's liabilities have been repaid in full.

27 Other liabilities

	31 December 2023 KZT'000	31 December 2022 KZT'000
Financial liabilities		
Funds placed by customers as security for letters of credit	14,781,372	28,772,909
Other loans received	9,021,681	4,423,859
Other accrued expenses and accounts payable	1,316,554	665,882
Proceeds from sale of leased items	250,531	254,989
Guarantee fees payable	94,818	219,870
Accrued commission expenses	49,957	67,159
Accounts payable on insurance payments	19,718	76,280
Payables to employees	10,801	16,736
Total financial liabilities	**25,545,432**	**34,497,684**
Non-financial liabilities		
Advances received under finance lease agreements	64,901,094	39,826,280
Payables to suppliers of equipment to be transferred under finance lease agreements	9,058,497	7,630,061
Short-term payables under grant funds	5,039,296	1,752,176
Accrued provisions	1,425,826	1,088,439
Tax liabilities other than on income tax	265,406	2,195,335
Prepayments	201,597	317,662
Discount on credit lines	116,011	71,453
Other liabilities	632	4,827
Total non-financial liabilities	**81,008,359**	**52,886,233**
Total other liabilities	**106,553,791**	**87,383,917**

During the year ended 31 December 2023 the Group received a loan totalling KZT 20,000,000 thousand from Zhasyl Damu JSC. On initial recognition, the loan was recognised at fair value determined by applying market interest rate of 15.15%. The difference of KZT 17,573,479 thousand between fair values and amounts received was recognised as a government grant due to the obligation of the Group to allocate benefits to ultimate borrowers through financing leasing companies for further financing projects in the manufacturing sector (Note 24).

28 Share capital

(a) Issued share capital

As at 31 December 2023, the issued and authorised share capital comprised 2,114,590 ordinary shares (31 December 2022: 2,112,090 ordinary shares).

During the year ended 31 December 2023, the Group issued 2,500 ordinary shares with a nominal value of KZT 40,000,000 each (31 December 2022: 2,500 ordinary shares with a nominal value of KZT 40,000,000 each). All ordinary shares were issued at their nominal value and paid in cash.

Nominal values and number of ordinary shares as at 31 December 2023 and 31 December 2022 were as follows:

	Number of ordinary shares	Nominal value per share KZT	Paid-up capital KZT'000
Ordinary shares	1,819,519	50,000	90,975,950
Ordinary shares	250,000	668,000	167,000,000
Ordinary shares	30,000	1,000,000	30,000,000
Ordinary shares	5,000	5,000,000	25,000,000
Ordinary shares	2,500	40,000,000	100,000,000
Ordinary shares	1,250	40,000,000	50,000,000
Ordinary shares	1,250	40,000,000	50,000,000
Ordinary shares	1,250	40,000,000	50,000,000
Ordinary shares	1,000	40,000,000	40,000,000
Ordinary shares	625	40,000,000	25,000,000
Ordinary shares	500	40,000,000	20,000,000
Ordinary shares	375	40,000,000	15,000,000
Ordinary shares	320	38,393,750	12,286,000
Ordinary shares	300	40,000,000	12,000,000
Ordinary shares	250	40,000,000	10,000,000
Ordinary shares	250	40,000,000	10,000,000
Ordinary shares	200	40,000,000	8,000,000
Ordinary shares	1	691,560,619	691,561
At 31 December 2023	**2,114,590**		**715,953,511**

	Number of ordinary shares	Nominal value per share KZT	Paid-up capital KZT'000
Ordinary shares	1,819,519	50,000	90,975,950
Ordinary shares	250,000	668,000	167,000,000
Ordinary shares	30,000	1,000,000	30,000,000
Ordinary shares	5,000	5,000,000	25,000,000
Ordinary shares	1,250	40,000,000	50,000,000
Ordinary shares	1,250	40,000,000	50,000,000
Ordinary shares	1,250	40,000,000	50,000,000
Ordinary shares	1,000	40,000,000	40,000,000
Ordinary shares	625	40,000,000	25,000,000
Ordinary shares	500	40,000,000	20,000,000
Ordinary shares	375	40,000,000	15,000,000
Ordinary shares	320	38,393,750	12,286,000
Ordinary shares	300	40,000,000	12,000,000
Ordinary shares	250	40,000,000	10,000,000
Ordinary shares	250	40,000,000	10,000,000
Ordinary shares	200	40,000,000	8,000,000
Ordinary shares	1	691,560,619	691,561
At 31 December 2022	**2,112,090**		**615,953,511**

(b) Net assets per ordinary share

According to the Listing Rules of Kazakhstan Stock Exchange (the "Rules") the Group discloses the carrying amount of ordinary shares as required by the Rules:

	2023 KZT'000	2022 KZT'000
Net assets per ordinary share	418.73	290.45

The carrying amount of an ordinary share as at 31 December 2023 is estimated as the amount of consolidated capital decreased by the amount of intangible assets that the Group would be unable to sell to third parties in the amount of KZT 885,446,490 thousand (31 December 2022: KZT 613,459,816 thousand) and divided by a number of outstanding ordinary shares, i.e. 2,114,590 ordinary shares (31 December 2022: 2,112,090 ordinary shares).

(c) Dividends

In accordance with Kazakhstan legislation the Group's distributable dividends are limited to the maximum balance of the Group's retained earnings. During the year ended 31 December 2023, dividends in the amount of KZT 17,062,443 thousand were declared and paid (2022: dividends in the amount of KZT 15,749,836 thousand were declared and paid). Dividends per ordinary share amounted to KZT 8,068.91 (2022: KZT 7,461.41).

29 Risk management

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

(a) Risk management policies and procedures

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, bank products and services offered and emerging best practice.

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.

The Management Board is responsible for monitoring and implementation of risk mitigation measures and making sure that the Group operates within established risk parameters. The Director of the Risk Management Department 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.

Credit, market and liquidity risks are managed and controlled through a system of Credit Committee and Investment Committee.

Both external and internal risk factors are identified and managed throughout the Group's organisational structure. Apart from the standard credit and market risk analysis, the designated organisation departments monitor financial and non-financial risks by holding regular meetings with operational units in order to obtain judgements in their areas of expertise.

The Bank's Risk Department and internal audit function regularly prepare reports, which cover the Group's significant risks management issues. The reports include observations as to assessment of the effectiveness of the Group's procedures and methodologies, and recommendations for improvement.

(b) Market risk

Market risk is the risk that movements in market prices, including foreign exchange rates, interest rates, credit spreads and equity prices will affect the Group's income or the value of its portfolios. Market risks comprise currency risk, interest rate risk and equity risk. Market risk arises from open positions in interest rate, currency and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices.

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 optimisation of profitability obtained for risk accepted.

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.

The management of interest rates risk, component of market risk, by monitoring interest rate gap is supplemented by monitoring the sensitivity of the net interest margin to various standard and non-standard interest rate scenarios.

(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 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. A summary of the interest gap position for major financial instruments is as follows:

31 December 2023	Non-interest bearing KZT'000	Less than 3 months KZT'000	From 3 to 6 months KZT'000	From 6 to 12 months KZT'000	From 1 to 5 years KZT'000	More than 5 years KZT'000	Overdue KZT'000	Carrying amount KZT'000
ASSETS								
Cash and cash equivalents	350,504,965	538,716,305	-	-	-	-	-	889,221,270
Placements with banks and other financial institutions	-	80,045,589	-	-	-	-	-	80,045,589
Loans to banks	-	269,713	1,160,757	7,212,206	29,482,823	81,918,195	-	120,043,694
Loans to customers	-	336,307,786	395,424,515	115,725,507	246,049,781	650,018,190	6,128,085	1,749,653,864
Finance lease receivables	-	17,544,716	18,016,498	69,558,709	276,886,409	233,107,582	781,472	615,895,386
Debt securities	-	-	10,035,816	9,819,521	207,815,372	188,789,564	-	416,460,273
Equity investments	15,167,890	-	-	-	-	-	-	15,167,890
Other financial assets	4,203,799	107,699	11,439	2,100	17,194	12,849	65,933	4,421,013
	369,876,654	**972,991,808**	**424,649,025**	**202,318,043**	**760,251,579**	**1,153,846,380**	**6,975,490**	**3,890,908,979**
LIABILITIES								
Current accounts and deposits	62,865,133	73,157,065	-	-	-	-	-	136,022,198
Loans from SWF "Samruk-Kazyna"	-	-	-	-	-	1,595,524	-	1,595,524
Loans and balances from banks and other financial institutions	-	245,988,004	416,668,457	28,604,114	19,251,075	-	-	710,511,650
Loans from the Parent Company	-	12,633	26,832	-	76,744,169	325,765,377	-	402,549,011
Amounts payable under repurchase agreements	-	27,362,351	-	-	-	-	-	27,362,351
Debt securities issued	-	1,613,194	93,374,919	69,741,849	662,958,499	450,569,660	-	1,278,258,121
Subordinated debt	-	-	-	-	-	133,777,729	-	133,777,729
Other financial liabilities	15,002,317	194,009	65,127	33,427	1,228,871	9,021,681	-	25,545,432
	77,867,450	**348,327,256**	**510,135,335**	**98,379,390**	**760,182,614**	**920,729,971**	**-**	**2,715,622,016**
	292,009,204	**624,664,552**	**(85,486,310)**	**103,938,653**	**68,965**	**233,116,409**	**6,975,490**	**1,175,286,963**

A summary of the interest gap position for major interest-bearing financial instruments is as follows:

31 December 2022	Non-interest bearing KZT'000	Less than 3 months KZT'000	From 3 to 6 months KZT'000	From 6 to 12 months KZT'000	From 1 to 5 years KZT'000	More than 5 years KZT'000	Overdue KZT'000	Carrying amount KZT'000
ASSETS								
Cash and cash equivalents	164,117,221	652,352,682	-	-	-	-	-	816,469,903
Placements with banks and other financial institutions	-	-	-	-	79,972,071	-	-	79,972,071
Loans to banks	-	-	576,507	-	1,062,435	117,087,748	-	118,726,690
Loans to customers	-	243,122,090	421,530,761	124,770,655	367,991,281	610,863,794	5,898,019	1,774,176,600
Finance lease receivables	-	14,179,641	14,745,753	47,572,266	238,849,186	175,176,600	4,504,402	495,027,848
Debt securities	-	-	-	1,972,500	117,182,128	287,518,973	-	406,673,601
Equity investments	20,442,839	-	-	-	-	-	-	20,442,839
Other financial assets	6,796,218	13,333	-	106,190	132,240	56,656	139,355	7,243,992
	191,356,278	**909,667,746**	**436,853,021**	**174,421,611**	**805,189,341**	**1,190,703,771**	**10,541,776**	**3,718,733,544**
LIABILITIES								
Current accounts and deposits	17,421,154	74,296,218	-	-	-	-	-	91,717,372
Loans from SWF "Samruk-Kazyna"	-	-	-	-	-	1,809,214	-	1,809,214
Loans from the Parent Company	-	10,719	10,181	-	57,410,376	323,283,721	-	380,714,997
Loans from banks and other financial institutions	-	263,262,874	352,142,772	974,732	75,416,798	-	-	691,797,176
Debt securities issued	-	1,613,194	102,919,629	-	750,719,287	454,334,925	-	1,309,587,035
Subordinated debt	-	-	-	-	-	125,744,366	-	125,744,366
Other financial liabilities	29,126,355	172,766	1,720	10	774,704	4,422,129	-	34,497,684
	46,547,509	**339,355,771**	**455,074,302**	**974,742**	**884,321,165**	**909,594,355**	**-**	**2,635,867,844**
	144,808,769	**570,311,975**	**(18,221,281)**	**173,446,869**	**(79,131,824)**	**281,109,416**	**10,541,776**	**1,082,865,700**

Average interest rate

The table below displays average effective interest rates for interest bearing assets and liabilities as at 31 December 2023 and 31 December 2022.

	31 December 2023 Average effective interest rate %			31 December 2022 Average effective interest rate %		
	KZT	**USD**	**Other currencies**	**KZT**	**USD**	**Other currencies**
Interest-bearing assets						
Cash and cash equivalents, except for reverse repurchase agreements	14.25%	3.01%	0.33%	15.22%	0.06%	-
Reverse repurchase agreements	16.27%	-	-	16.65%	-	-
Placements with banks and other financial institutions	10.00%	-	-	10.00%	-	-
Loans to banks	11.68%	-	-	11.65%	-	-
Loans to customers	12.41%	6.20%	-	12.10%	5.66%	9.57%
Debt securities measured at fair value through other comprehensive income	6.22%	1.64%	-	11.28%	1.64%	-
Debt securities measured at amortised cost	15.49%	3.97%	-	8.66%	3.97%	-
Other financial assets	22.40%	-	-	15.20%	-	-
Interest-bearing liabilities						
Current accounts and deposits	-	0.24%	-	-	0.24%	-
Loans from SWF “Samruk-Kazyna”	7.00%	-	-	7.00%	-	-
Loans from the Parent Company	10.33%	-	-	10.07%	-	-
Amounts payable under repurchase agreements	-	5.93%	-	-	-	-
Loans and balances from banks and other financial institutions	9.48%	5.35%	-	9.35%	4.67%	9.23%
Debt securities issued	12.43%	5.29%	-	11.78%	5.28%	-
Subordinated debt	6.72%	-	-	6.72%	-	-
Other financial liabilities	14.73%	-	-	14.62%	-	-

Interest rate risk arises when the actual or forecasted assets of a given maturity period are either greater or less than the actual or forecasted liabilities in that maturity period.

Cash flow interest rate sensitivity analysis

An analysis of the sensitivity of net 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 2023 and 31 December 2022 is as follows:

	2023		2022	
	Profit or loss KZT'000	**Equity KZT'000**	**Profit or loss KZT'000**	**Equity KZT'000**
100 bp parallel rise	4,153,098	4,153,098	4,251,848	4,251,848
100 bp parallel fall	(4,153,098)	(4,153,098)	(4,251,848)	(4,251,848)

Fair value interest rate sensitivity analysis

An analysis of the sensitivity of net profit or loss and equity as a result of changes in the fair value of debt securities 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 rise in all yield curves, is as follows:

	2023		2022	
	Profit or loss KZT'000	**Equity KZT'000**	**Profit or loss KZT'000**	**Equity KZT'000**
100 bp parallel rise	-	(15,188,247)	-	(18,248,797)
100 bp parallel fall	-	15,988,629	-	19,368,216

(ii) Currency risk

The Group has assets and liabilities denominated in several foreign currencies. Foreign currency risk arises when the actual or forecast assets in a foreign currency are either greater or less than the liabilities in that currency.

The following table shows the currency structure of assets and liabilities at 31 December 2023:

	KZT KZT'000	USD KZT'000	EUR KZT'000	Other currencies KZT'000	Total KZT'000
Assets					
Cash and cash equivalents	705,957,173	60,395,279	74,809,255	48,059,563	889,221,270
Placements with banks and other financial institutions	80,045,589	-	-	-	80,045,589
Loans to banks	120,043,694	-	-	-	120,043,694
Loans to customers	959,674,568	789,979,296	-	-	1,749,653,864
Finance lease receivables	615,895,386	-	-	-	615,895,386
Debt securities	26,826,161	389,634,112	-	-	416,460,273
Equity investments	15,167,890	-	-	-	15,167,890
Advances paid under finance lease agreements	342,673,733	-	-	-	342,673,733
Assets to be transferred under finance lease agreements	26,335,102	-	-	-	26,335,102
Investment property	58,743	-	-	-	58,743
Property, plant and equipment and intangible assets	6,016,429	-	-	-	6,016,429
Value added tax receivable	30,068,580	-	-	-	30,068,580
Other assets	7,463,494	23,160	-	-	7,486,654
Current tax asset	4,579,467	-	-	-	4,579,467
Deferred tax asset	6,978,166	-	-	-	6,978,166
Total assets	**2,947,784,175**	**1,240,031,847**	**74,809,255**	**48,059,563**	**4,310,684,840**
Liabilities					
Current accounts and deposits	61,635,487	74,386,698	13	-	136,022,198
Loans from SWF "Samruk-Kazyna"	1,595,524	-	-	-	1,595,524
Loans from the Parent Company	402,549,011	-	-	-	402,549,011
Loans and balances from banks and other financial institutions	23,103,925	687,407,725	-	-	710,511,650
Government grants	591,470,760	-	-	-	591,470,760
Amounts payable under repurchase agreements	-	27,362,351	-	-	27,362,351
Debt securities issued	883,056,395	395,201,726	-	-	1,278,258,121
Subordinated debt	133,777,729	-	-	-	133,777,729
Reserves	35,980,706	147,441	-	-	36,128,147
Other liabilities	91,182,765	15,305,649	18,883	46,494	106,553,791
Total liabilities	**2,224,352,302**	**1,199,811,590**	**18,896**	**46,494**	**3,424,229,282**
Net on balance sheet positions as at 31 December 2023	**723,431,873**	**40,220,257**	**74,790,359**	**48,013,069**	**886,455,558**
Hedged item (Note 11)	**-**	**(5,013,429)**	**(73,802,015)**	**(47,765,664)**	**(126,581,108)**
Net on balance sheet positions, inclusive of hedging as at 31 December 2023	**723,431,873**	**35,206,828**	**988,344**	**247,405**	**759,874,450**

The following table shows the currency structure of assets and liabilities at 31 December 2022:

	KZT KZT'000	USD KZT'000	EUR KZT'000	Other currencies KZT'000	Total KZT'000
Assets					
Cash and cash equivalents	732,067,255	4,256,215	52,203,963	27,942,470	816,469,903
Placements with banks and other financial institutions	79,972,071	-	-	-	79,972,071
Loans to banks	118,726,690	-	-	-	118,726,690
Loans to customers	1,002,218,698	764,319,165	-	7,638,737	1,774,176,600
Finance lease receivables	495,027,848	-	-	-	495,027,848
Debt securities	13,805,615	392,867,986	-	-	406,673,601
Equity investments	20,442,839	-	-	-	20,442,839
Advances paid under finance lease agreements	180,825,499	-	-	-	180,825,499
Assets to be transferred under finance lease agreements	3,899,344	-	-	-	3,899,344
Investment property	94,543	-	-	-	94,543
Property, plant and equipment and intangible assets	5,954,973	-	-	-	5,954,973
Value added tax receivable	24,603,961	-	-	-	24,603,961
Other assets	9,350,965	88,148	-	-	9,439,113
Deferred tax asset	6,603,495	-	-	-	6,603,495
Total assets	**2,693,593,796**	**1,161,531,514**	**52,203,963**	**35,581,207**	**3,942,910,480**
Liabilities					
Current accounts and deposits	15,647,822	76,069,538	12	-	91,717,372
Loans from SWF "Samruk-Kazyna"	1,809,214	-	-	-	1,809,214
Loans from the Parent Company	380,714,997	-	-	-	380,714,997
Loans from banks and other financial institutions	24,046,113	639,843,251	-	27,907,812	691,797,176
Government grants	637,305,435	-	-	-	637,305,435
Debt securities issued	915,183,105	394,403,930	-	-	1,309,587,035
Subordinated debt	125,744,366	-	-	-	125,744,366
Reserves	1,386,866	427,405	-	-	1,814,271
Other liabilities	57,952,863	26,903,989	2,527,065	-	87,383,917
Current tax liability	570,789	-	-	-	570,789
Total liabilities	**2,160,361,570**	**1,137,648,113**	**2,527,077**	**27,907,812**	**3,328,444,572**
Net on balance sheet positions as at 31 December 2022	**533,232,226**	**23,883,401**	**49,676,886**	**7,673,395**	**614,465,908**

An analysis of sensitivity of profit or loss for the year and equity to changes in the foreign currency exchange rates based on positions, and embedded derivatives, existing as at 31 December 2023 and 31 December 2022 and a simplified scenario of change in US Dollar, Euro and other currencies to Kazakhstan Tenge exchange rates is as follows:

	2023		2022	
	Profit or loss KZT'000	Equity KZT'000	Profit or loss KZT'000	Equity KZT'000
20% appreciation of USD against KZT	5,633,092	5,633,092	3,821,344	3,821,344
5% depreciation of USD against KZT	(1,408,273)	(1,408,273)	(955,336)	(955,336)
20% appreciation of EUR against KZT	158,135	158,135	7,948,302	7,948,302
5% depreciation of EUR against KZT	(39,534)	(39,534)	(1,987,075)	(1,987,075)
20% appreciation of other currencies against KZT	39,585	39,585	1,227,743	1,227,743
5% depreciation of other currencies against KZT	(9,896)	(9,896)	(306,936)	(306,936)

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.

(c) Credit risk

Credit risk is the risk of financial loss occurring as a result of default by a borrower or counterparty on their obligation to the Group. The Group has developed policies and procedures for the management of credit exposures (both for on balance position and off-balance position exposures), including guidelines to limit portfolio concentration and the establishment of a Credit Committee, which actively monitors credit risk. Loans to customers, finance lease receivables, placements with banks and other financial institutions, amounts receivable under reverse repurchase agreements, debt securities at FVOCI, debt securities at amortised cost and accounts receivable are subject to credit risk. The Group's exposure is monitored on an ongoing basis.

The credit policy establishes:

- procedures for review and approval of loan credit applications;
- methodology for the credit assessment of borrowers (corporate and retail);
- methodology for the credit assessment of counterparties, issuers and insurance companies;
- methodology for the evaluation of collateral;
- credit documentation requirements;
- procedures for the ongoing monitoring of loans and other credit exposures.

Corporate loan credit applications are originated by the relevant client managers and are then passed on to the departments, which are responsible for the corporate loan portfolio. Analysis reports are based on a structured analysis, focusing on the customer's business and financial performance. The loan credit application and the report are then independently reviewed by the Credit Risk Department and a second opinion is given accompanied by a verification that credit policy requirements are met. The Credit Committee reviews the loan credit application on the basis of submissions by the Account Management Office and the Credit Risk Department. Individual transactions are also reviewed by the Legal Department, Accounting and Tax Business Unit, depending on the specific risks and pending final approval of the Credit Committee.

The Group continuously monitors the performance of individual credit exposures and regularly reassesses the creditworthiness of its customers. Revaluation procedures are based on analysis of the financial statements of the borrower as at the latest reporting date, or other information provided by the borrower itself or otherwise obtained by the Group.

Apart from individual customer analysis, the credit portfolio is assessed by the departments responsible for risk management with regard to credit concentration and market risks.

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets in the consolidated 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 at the reporting date is as follows:

	31 December 2023 KZT'000	31 December 2022 KZT'000
ASSETS		
Cash and cash equivalents	889,221,270	816,469,903
Placements with banks and other financial institutions	80,045,589	79,972,071
Loans to banks	120,043,694	118,726,690
Loans to customers	1,749,653,864	1,774,176,600
Finance lease receivables	615,895,386	495,027,848
Debt securities	416,460,273	406,673,601
Advances paid under finance lease agreements	342,673,733	180,825,499
Other financial assets	4,421,013	7,243,992
Total maximum exposure	**4,218,414,822**	**3,879,116,204**

The maximum exposure to credit risk from unrecognised contractual commitments at the reporting date is presented in Note 31.

Offsetting financial assets and liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- 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 agreements include derivative clearing agreements, global master repurchase agreements, and global master securities lending agreements. Similar financial instruments include derivatives, 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's derivative transactions that are not transacted on the exchange are entered into under International Derivative Swaps and Dealers Association (ISDA) Master Netting Agreements. In general, under such agreements the amounts owed by each counterparty that are due on a single day in respect of transactions outstanding in the same currency under the agreement are aggregated into a single net amount payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed, and only a single net amount is due or payable in settlement transactions.

The Group's sale and repurchase, reverse sale and repurchase transactions, and securities borrowings and lendings are covered by master agreements with netting terms similar to those of ISDA Master Netting Agreements.

The above ISDA and similar master netting arrangements do not meet the criteria for offsetting in the consolidated statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The following table provides information on financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2023:

				Related amounts not offset in the consolidated statement of financial position		
Types of financial assets/liabilities	**Gross amounts of recognised financial assets/liabilities KZT'000**	**Gross amount of recognised financial assets/liabilities offset in the consolidated statement of financial position KZT'000**	**Net amount of financial assets/liabilities presented in the consolidated statement of financial position KZT'000**	**Financial instruments (including non-cash collateral) KZT'000**	**Cash collateral (received)/pledged KZT'000**	**Net amount KZT'000**
Financial assets						
Reverse repurchase agreements with original maturities of less than three months	145,255,807	-	145,255,807	(145,150,840)	-	104,967
Loans to customers	573,099	-	573,099	-	(3,086)	570,013
Total financial assets	**145,828,906**	**-**	**145,828,906**	**(145,150,840)**	**(3,086)**	**674,980**
Financial liabilities						
Current accounts and deposits	(3,086)	-	(3,086)	3,086	-	-
Amounts payable under REPO agreements	(27,362,351)	-	(27,362,351)	31,368,459	-	4,006,108
Total financial liabilities	**(27,365,437)**	**-**	**(27,365,437)**	**31,371,545**	**-**	**4,006,108**

The following table provides information on financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2022:

				Related amounts not offset in the consolidated statement of financial position		
Types of financial assets/liabilities	**Gross amounts of recognised financial assets/liabilities KZT'000**	**Gross amount of recognised financial assets/liabilities offset in the consolidated statement of financial position KZT'000**	**Net amount of financial assets/liabilities presented in the consolidated statement of financial position KZT'000**	**Financial instruments (including non-cash collateral) KZT'000**	**Cash collateral (received)/pledged KZT'000**	**Net amount KZT'000**
Financial assets						
Reverse repurchase agreements with original maturities of less than three months	550,103,488	-	550,103,488	(549,527,104)	-	576,384
Loans to customers	17,723,710	-	17,723,710	-	(145,525)	17,578,185
Total financial assets	**567,827,198**	**-**	**567,827,198**	**(549,527,104)**	**(145,525)**	**18,154,569**
Financial liabilities						
Current accounts and deposits	(145,525)	-	(145,525)	145,525	-	-
Total financial liabilities	**(145,525)**	**-**	**(145,525)**	**145,525**	**-**	**-**

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the consolidated statement of financial position that are disclosed in the above tables are measured in the consolidated statement of financial position on the following basis:

- assets and liabilities resulting from sale and repurchase agreements, reverse sale and repurchase agreements and securities lending and borrowing – amortised cost. The amounts in the above tables that are offset in the consolidated statement of financial position are measured on the same basis.

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash. 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 management. It is unusual for financial 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 Management Board of the Group has approved Liquidity Management Rules to determine methods and procedures to manage liquidity.

The liquidity management rules require:

- projecting cash flows by major currencies and taking into account 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 flows;
- maintaining liquidity and funding contingency plans.

The 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 and is performed by the Treasury Department. Under the normal market conditions, liquidity reports covering the liquidity position are presented to senior management on a monthly basis. Decisions on liquidity management are made by the Investment Committee.

The following table shows liabilities on a consolidated basis by remaining contractual maturity dates as at 31 December 2023. Unrecognised commitments are discussed in Note 31.

	Demand and less than 1 month KZT'000	**From 1 to 3 months KZT'000**	**From 3 to 6 months KZT'000**	**From 6 to 12 months KZT'000**	**More than 1 year KZT'000**	**Total KZT'000**	**Carrying amount KZT'000**
Non-derivative financial liabilities							
Current accounts and deposits	62,862,047	73,157,065	-	2	3,084	136,022,198	136,022,198
Loans from SWF "Samruk-Kazyna"	-	-	335,333	1,667	1,675,000	2,012,000	1,595,524
Loans and balances from banks and other financial institutions	23,889,216	28,733,856	151,631,714	78,296,912	656,455,859	939,007,557	710,511,650
Loans from the Parent Company	2,059,681	1,276,520	15,776,367	17,122,417	916,178,382	952,413,367	402,549,011
Amounts payable under repurchase agreements	-	27,247,893	-	-	-	27,247,893	27,362,351
Debt securities issued	6,330,350	10,342,848	122,307,376	123,622,674	1,514,098,950	1,776,702,198	1,278,258,121
Subordinated debt	-	118,243	75,000	193,243	369,146,342	369,532,828	133,777,729
Other financial liabilities	15,351,640	176,912	108,027	81,590	180,805,582	196,523,751	25,545,432
Total liabilities	**110,492,934**	**141,053,337**	**290,233,817**	**219,318,505**	**3,638,363,199**	**4,399,461,792**	**2,715,622,016**
Credit related commitments	**761,221,643**	**-**	**-**	**-**	**-**	**761,221,643**	**-**

The Group assumes that will be able to obtain sufficient funding from a variety of sources, mainly being drawings on unutilised credit facilities opened by foreign banks and loans from the Parent Company in case of claims under any commitments. Moreover, the Group on a constant basis makes assessments of liquidity risk to avoid any payment shortfalls.

The following table shows liabilities on a consolidated basis by remaining contractual maturity dates as at 31 December 2022. Unrecognised commitments are discussed in Note 31.

	Demand and less than 1 month KZT'000	From 1 to 3 months KZT'000	From 3 to 6 months KZT'000	From 6 to 12 months KZT'000	More than 1 year KZT'000	Total KZT'000	Carrying amount KZT'000
Non-derivative financial liabilities							
Current accounts and deposits	17,275,893	74,296,218	-	-	145,261	91,717,372	91,717,372
Loans from SWF "Samruk-Kazyna"	-	-	335,667	2,000	2,012,000	2,349,667	1,809,214
Loans and balances from banks and other financial institutions	23,365,078	1,343,746	32,582,327	57,090,233	812,154,894	926,536,278	691,797,176
Loans from the Parent Company	53,250	1,279,109	15,309,254	15,385,945	921,300,588	953,328,146	380,714,997
Debt securities issued	6,180,350	10,291,490	141,530,917	56,513,971	1,693,632,120	1,908,148,848	1,309,587,035
Subordinated debt	-	118,243	75,000	193,243	369,532,828	369,919,314	125,744,366
Other financial liabilities	29,305,499	156,562	102,569	12,542	160,599,563	190,176,735	34,497,684
Total liabilities	**76,180,070**	**87,485,368**	**189,935,734**	**129,197,934**	**3,959,377,254**	**4,442,176,360**	**2,635,867,844**
Credit related commitments	**356,342,992**	**-**	**-**	**-**	**-**	**356,342,992**	**-**

(e) Maturity

The following table shows assets and liabilities by remaining contractual maturity dates as at 31 December 2023.

	On demand KZT'000	Less than 1 month KZT'000	From 1 to 3 months KZT'000	From 3 months to 1 year KZT'000	From 1 to 5 years KZT'000	More than 5 years KZT'000	No maturity KZT'000	Overdue KZT'000	Total KZT'000
Assets									
Cash and cash equivalents	743,965,463	145,255,807	-	-	-	-	-	-	889,221,270
Placements with banks and other financial institutions	-	-	80,045,589	-	-	-	-	-	80,045,589
Loans to banks	-	49,285	220,428	8,372,963	29,482,823	81,918,195	-	-	120,043,694
Loans to customers	-	11,674,051	121,092,814	190,926,167	275,436,127	1,144,396,620	-	6,128,085	1,749,653,864
Finance lease receivables	-	5,254,247	12,290,469	87,575,207	276,886,409	233,107,582	-	781,472	615,895,386
Debt securities	-	-	-	9,819,521	207,815,372	198,825,380	-	-	416,460,273
Advances paid under finance lease agreements	-	5,680,839	29,625,778	167,516,799	139,850,317	-	-	-	342,673,733
Assets to be transferred under finance lease agreements	-	-	3,944,023	6,099,631	16,291,448	-	-	-	26,335,102
Equity investments	-	-	-	-	-	-	15,167,890	-	15,167,890
Investment property	-	-	-	-	-	-	58,743	-	58,743
Property, plant and equipment and intangible assets	-	-	-	-	-	-	6,016,429	-	6,016,429
Other assets	1,077,934	146,566	554,263	3,990,916	253,680	178,450	1,218,912	65,933	7,486,654
Value added tax receivable	-	-	-	-	-	30,068,580	-	-	30,068,580
Current tax asset	-	-	-	4,579,467	-	-	-	-	4,579,467
Deferred tax asset	-	-	-	-	-	6,978,166	-	-	6,978,166
Total assets	**745,043,397**	**168,060,795**	**247,773,364**	**478,880,671**	**946,016,176**	**1,695,472,973**	**22,461,974**	**6,975,490**	**4,310,684,840**

	On demand KZT'000	Less than 1 month KZT'000	From 1 to 3 months KZT'000	From 3 months to 1 year KZT'000	From 1 to 5 years KZT'000	More than 5 years KZT'000	No maturity KZT'000	Overdue KZT'000	Total KZT'000
Liabilities									
Current accounts and deposits	62,862,047	-	73,157,065	2	3,084	-	-	-	136,022,198
Loans from SWF "Samruk-Kazyna"	-	-	-	-	-	1,595,524	-	-	1,595,524
Loans and balances from banks and other financial institutions	-	20,943,804	1,106,259	190,593,680	328,430,767	169,437,140	-	-	710,511,650
Loans from the Parent Company	-	-	12,633	26,832	76,744,169	325,765,377	-	-	402,549,011
Amounts payable under repurchase agreements	-	-	27,362,351	-	-	-	-	-	27,362,351
Government grants	-	2,567,650	2,568,115	44,386,291	136,234,868	405,713,836	-	-	591,470,760
Debt securities issued	-	-	1,613,194	153,083,264	672,992,003	450,569,660	-	-	1,278,258,121
Subordinated debt	-	-	-	-	-	133,777,729	-	-	133,777,729
Other liabilities	14,781,975	2,387,357	11,654,804	31,054,448	37,624,376	9,050,831	-	-	106,553,791
Reserves	-	-	-	7,905,228	460,763	27,762,156	-	-	36,128,147
Total liabilities	**77,644,022**	**25,898,811**	**117,474,421**	**427,049,745**	**1,252,490,030**	**1,523,672,253**	**-**	**-**	**3,424,229,282**
Net position as at 31 December 2023	**667,399,375**	**142,161,984**	**130,298,943**	**51,830,926**	**(306,473,854)**	**171,800,720**	**22,461,974**	**6,975,490**	**886,455,558**

The following table shows assets and liabilities by remaining contractual maturity dates as at 31 December 2022.

	On demand KZT'000	Less than 1 month KZT'000	From 1 to 3 months KZT'000	From 3 months to 1 year KZT'000	From 1 to 5 years KZT'000	More than 5 years KZT'000	No maturity KZT'000	Overdue KZT'000	Total KZT'000
Assets									
Cash and cash equivalents	266,365,889	550,103,489	525	-	-	-	-	-	816,469,903
Placements with banks and other financial institutions	-	-	-	-	79,972,071	-	-	-	79,972,071
Loans to banks	-	-	-	576,507	1,062,435	117,087,748	-	-	118,726,690
Loans to customers	-	846,815	19,258,512	178,883,348	421,041,843	1,148,248,063	-	5,898,019	1,774,176,600
Finance lease receivables	-	5,519,913	8,659,728	62,318,019	238,849,186	175,176,600	-	4,504,402	495,027,848
Debt securities	-	-	-	1,972,500	117,182,128	287,518,973	-	-	406,673,601
Advances paid under finance lease agreements	-	14,609,328	17,071,083	56,953,702	90,918,641	1,272,745	-	-	180,825,499
Assets to be transferred under finance lease agreements	-	-	750,847	204,062	2,944,435	-	-	-	3,899,344
Equity investments	-	-	-	-	-	-	20,442,839	-	20,442,839
Investment property	-	-	-	-	-	-	94,543	-	94,543
Property, plant and equipment and intangible assets	-	-	-	-	-	-	5,954,973	-	5,954,973
Other assets	867,680	43,452	51,553	555,909	6,918,145	56,656	806,362	139,356	9,439,113
Value added tax receivable	-	-	-	-	-	24,603,961	-	-	24,603,961
Deferred tax asset	-	-	-	-	-	6,603,495	-	-	6,603,495
Total assets	**267,233,569**	**571,122,997**	**45,792,248**	**301,464,047**	**958,888,884**	**1,760,568,241**	**27,298,717**	**10,541,777**	**3,942,910,480**

	On demand KZT'000	Less than 1 month KZT'000	From 1 to 3 months KZT'000	From 3 months to 1 year KZT'000	From 1 to 5 years KZT'000	More than 5 years KZT'000	No maturity KZT'000	Overdue KZT'000	Total KZT'000
Liabilities									
Current accounts and deposits	15,540,692	1,735,201	74,296,218	-	2,315	142,946	-	-	91,717,372
Loans from SWF "Samruk-Kazyna"	-	-	-	-	-	1,809,214	-	-	1,809,214
Loans from banks and other financial institutions	-	-	1,170,564	974,732	149,883,057	539,768,823	-	-	691,797,176
Loans from the Parent Company	-	-	10,719	10,181	57,410,376	323,283,721	-	-	380,714,997
Government grants	-	2,467,185	4,789,684	20,815,717	154,053,552	455,179,297	-	-	637,305,435
Debt securities issued	-	-	1,613,194	102,919,629	750,719,287	454,334,925	-	-	1,309,587,035
Subordinated debt	-	-	-	-	-	125,744,366	-	-	125,744,366
Other liabilities	28,782,295	840,793	9,752,313	9,704,695	32,172,322	6,131,499	-	-	87,383,917
Reserves	-	-	121,268	1,027,879	528,545	136,579	-	-	1,814,271
Current tax liability	-	-	-	570,789	-	-	-	-	570,789
Total liabilities	**44,322,987**	**5,043,179**	**91,753,960**	**136,023,622**	**1,144,769,454**	**1,906,531,370**	**-**	**-**	**3,328,444,572**
Net position as at 31 December 2022	**222,910,582**	**566,079,818**	**(45,961,712)**	**165,440,425**	**(185,880,570)**	**(145,963,129)**	**27,298,717**	**10,541,777**	**614,465,908**

30 Capital management

The Group defines capital as its total equity measured in accordance with IFRS.

In accordance with legislation, as at 31 December 2023 and 31 December 2022 the Group was not subject to capital requirements set by the National Bank of the Republic of Kazakhstan.

The Group is subject to minimum capital and maximum debt-to-equity ratio requirements established by covenants under certain liabilities incurred by the Group. As at 31 December 2023 and 31 December 2022, the Group complied with all externally imposed capital adequacy requirements.

31 Credit related commitments

At any time, the Group has outstanding credit related commitments to extend credit. These credit related commitments take the form of approved loans and overdrafts, and are cancellable on certain conditions. The Group plans to fund these commitments with the issue of debt securities, loans from the Parent Company and a number of foreign counterparties.

The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to five years.

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

The amounts reflected in the table for letters of credit represent the maximum accounting loss that would be recognised at the consolidated statement of financial position date if counterparties failed completely to perform as contracted.

	31 December 2023 KZT'000	31 December 2022 KZT'000
Contracted amount		
Loan commitments	191,165,097	143,852,294
Finance lease commitments	429,676,744	209,865,159
Letters of credit, guarantees and other commitments related to settlement operations	140,379,802	2,625,539

The Group uses the same credit control and management policies in undertaking unrecognised commitments as it does for recognised operations.

As at 31 December 2023, included in loan, credit line and finance lease commitments related to settlement operations is the amount of KZT 85,727,002 thousand, related to eight borrowers (2022: KZT 72,126,376 thousand, related to twelve borrowers), which, if aggregated with current amount of loans in the amount of KZT 178,095,250 thousand (2022: KZT 240,512,190 thousand), carrying value will comprise a significant credit exposure.

As at 31 December 2023, provisions for loan commitments and financial guarantees amount to KZT 36,128,147 thousand, including estimated loan commitments at below market rate of KZT 35,567,734 thousand, expected credit losses on other loan commitments of KZT 285,523 thousand and expected credit losses on financial guarantee agreements of KZT 274,890 thousand.

During 2023, the Group has assumed loan commitments to provide loans at below-market interest rates for the amount of KZT 35,567,734 thousand at interest rates varying from 4.73% to 11.00% per annum with market interest rates varying from 15.03% to 17.86% per annum.

During the year ended 31 December 2023, the Group concluded financial guarantee agreements for the total amount of KZT 140,379,802 thousand. The duration of the guarantees is 14-15 years.

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

32 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 Group does not have full coverage for its premises and equipment, business interruption, or third party liability in respect of property or environmental damage arising from accidents on its property or relating to operations. Until the Group 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) Litigations

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 or the results of future operations.

(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 consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

33 Related party transactions

(a) Control relationships

As at 31 December 2023 and 31 December 2022 the Group's controlling party is Baiterek National Management Holding JSC. The party with ultimate control over the Group is the Government of the Republic of Kazakhstan.

Publicly available financial statements will be produced by the Group's Parent Company; however, no publicly available financial statements are produced by the Group's ultimate controlling party.

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

Total remuneration included in personnel expenses, including taxes and other mandatory payments (see Note 9) is as follows:

	2023 KZT'000	2022 KZT'000
Members of the Board of Directors	145,204	179,711
Members of the Management Board and Managing Directors	455,572	444,039
	600,776	**623,750**

(c) Transactions with other related parties

Other related parties comprise the State, national companies and organisations, including the National Bank of the Republic of Kazakhstan, the Ministry of Finance of the Republic of Kazakhstan, SWF “Samruk-Kazyna” and its subsidiaries.

The outstanding balances and the related average contractual interest rates as at 31 December 2023 and 31 December 2022 and related profit or loss amounts of transactions for the years ended 31 December 2023 and 31 December 2022 with other related parties are as follows.

	Parent Company		Other subsidiaries of the Parent Company		Other companies and state organisations		
31 December 2023	**KZT’000**	**Average nominal interest rate**	**KZT’000**	**Average nominal interest rate**	**KZT’000**	**Average nominal interest rate**	**Total KZT’000**
Consolidated statement of financial position							
ASSETS							
Cash and cash equivalents	-	-	213,586,327	13.96	490,769,172	16.57	704,355,499
Placements with banks and other financial institutions	-	-	80,045,589	10.00	-	-	80,045,589
Loans to customers	-	-	6,409,199	0.35	457,354,600	9.08	463,763,799
Finance lease receivables	-	-	72,110	-	360,904,295	7.57	360,976,405
Debt securities	-	-	-		36,617,439	7.62	36,617,439
Equity investments	-	-	15,167,890	-	-	-	15,167,890
Advances paid under finance lease agreements	-	-	-	-	31,672,073	-	31,672,073
Value added tax receivable	-	-	-	-	30,068,580	-	30,068,580
Other assets	50,906	-	1,047	-	1,870,057	-	1,922,010
Current tax asset	-	-	-	-	4,579,467	-	4,579,467
Deferred tax asset	-	-	-	-	6,978,166	-	6,978,166
LIABILITIES		-					
Current accounts and deposits	-	-	308,933	-	681,458	-	990,391
Loans from SWF “Samruk-Kazyna”	-	-	-	-	1,595,524	0.20	1,595,524
Loans from the Parent Company	402,549,011	0.32	-	-	-	-	402,549,011
Loans and balances from banks and other financial institutions	-	-	19,073,469	1.00	-	-	19,073,469
Government grants	-	-	-	-	591,470,760	-	591,470,760
Debt securities issued	221,361,542	11.16	41,732,295	7.72	286,283,355	11.79	549,377,192
Subordinated debt	125,136,974	0.15	-	-	8,640,755	0.01	133,777,729
Other liabilities	-	-	43,429	-	20,640,632	0.03	20,684,061

2023	Parent Company KZT'000	Other subsidiaries of the Parent Company KZT'000	Other companies and state organisations KZT'000	Total KZT'000
Consolidated statement of profit or loss and other comprehensive income				
Interest income calculated using the effective interest method	-	26,418,824	147,461,091	173,879,915
Other interest income	-	405,600	30,670,017	31,075,617
Interest expense	(76,021,417)	(6,185,777)	(33,915,852)	(116,123,046)
Fee and commission income	-	-	378,503	378,503
Fee and commission expense	(46,898)	-	(510,789)	(557,687)
Net foreign exchange loss	-	-	(3,302,786)	(3,302,786)
Net realised loss on debt securities at fair value through other comprehensive income	-	-	(127,887)	(127,887)
Net loss on financial instruments at fair value through profit or loss	-	-	(21,466)	(21,466)
Reversal of impairment losses on debt financial assets	-	63,364	8,613,592	8,676,956
Impairment losses on loan commitments and financial guarantee contracts	-	-	(198,899)	(198,899)
Other (expenses)/income, net	(2,881,089)	20,610,043	31,832,304	49,561,258
General administrative expenses	-	(14,251)	(716,795)	(731,046)
Income tax expense	-	-	(37,718,499)	(37,718,499)

During the year ended 31 December 2023, income on government grants of KZT 72,219,034 thousand was recognised in profit or loss to compensate the Group's losses incurred as a result of issuance of loans at lower than market rates in accordance with the conditions of the government programmes (Note 7).

As at 31 December 2023, the Group obtained as collateral from other subsidiaries of the Parent Company the insurance contracts for the total amount of KZT 158,135,474 thousand as well as guarantees from other companies and state organisations for the total amount of KZT 383,913,716 thousand to secure loans to customers and finance lease receivables (2022: the guarantees from other subsidiaries of the Parent Company for the total amount of KZT 158,790,214 thousand and guarantees from other companies and state organisations for the total amount of KZT 468,528,968 thousand).

31 December 2022	Parent Company		Other subsidiaries of the Parent Company		Other companies and state organisations		
	KZT'000	**Average nominal interest rate**	**KZT'000**	**Average nominal interest rate**	**KZT'000**	**Average nominal interest rate**	**Total KZT'000**
Consolidated statement of financial position							
ASSETS							
Cash and cash equivalents	-	-	93,986,576	15.25	585,541,324	16.78	679,527,900
Placements with banks and other financial institutions	-	-	79,972,071	10.00	-	-	79,972,071
Loans to customers	-	-	2,934,500	0.35	523,600,595	8.54	526,535,095
Finance lease receivables	-	-	110,391	-	323,281,530	6.85	323,391,921
Debt securities	-	-	-	-	29,892,885	2.99	29,892,885
Equity investments	-	-	20,442,839	-	-	-	20,442,839
Advances paid under finance lease agreements	-	-	-	-	15,242,579	-	15,242,579
Other assets	52,112	-	8,284	-	1,077,066	-	1,137,462
Deferred tax assets	-	-	-	-	6,603,495	-	6,603,495
LIABILITIES							
Current accounts and deposits	-	-	210,700	-	253,773	-	464,473
Loans from SWF "Samruk-Kazyna"	-	-	-	-	1,809,214	0.20	1,809,214
Loans from the Parent Company	380,714,997	0.14	-	-	-	-	380,714,997
Loans from banks and other financial institutions	-	-	18,001,887	1.00	-	-	18,001,887
Government grants	-	-	-	-	637,305,435	-	637,305,435
Debt securities issued	220,178,578	11.74	34,014,362	8.40	267,818,284	11.53	522,011,224
Subordinated debt	117,693,588	0.15	-	-	8,050,778	0.01	125,744,366
Other liabilities	-	-	54,753	-	14,422,170	0.02	14,476,923
Current tax liabilities	-	-	-	-	570,789	-	570,789

2022	Parent Company KZT'000	Other subsidiaries of the Parent Company KZT'000	Other companies and state organisations KZT'000	Total KZT'000
Consolidated statement of profit or loss and other comprehensive income				
Interest income calculated using the effective interest method	-	17,106,975	83,828,044	100,935,019
Other interest income	-	7,193	24,438,654	24,445,847
Interest expense	(61,038,639)	(4,127,285)	(32,495,185)	(97,661,109)
Fee and commission income	-	-	1,031,755	1,031,755
Fee and commission expense	(43,691)	-	(238,793)	(282,484)
Net foreign exchange gain	-	-	3,442,573	3,442,573
Net receipts from financial instruments at fair value through profit or loss	-	-	92,776	92,776
Impairment losses on debt financial assets	-	(176,806)	(14,724,112)	(14,900,918)
Other income/(expenses), net	-	(26,956,035)	113,195,933	86,239,898
General administrative expenses	-	(3,394)	(1,072,373)	(1,075,767)
Income tax expense	-	-	(16,423,589)	(16,423,589)

During the year ended 31 December 2022, income on government grants of KZT 125,313,816 thousand was recognised in profit or loss to compensate the Group's losses incurred as a result of issuance of loans at lower than market rates in accordance with the conditions of the government programmes (Note 7).

34 Analysis by segments

he Group has two reportable segments, as described below, which are the Group's main components. The components offer different types of services, and are managed separately. For each of the segment, management of the Group reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- *Bank lending.* Includes financing of investment projects and export operations, interbank lending and other operations of the Bank, which is a national development institution.
- *Leasing activities.* Include leases, which mainly represent leasing of machinery, equipment and vehicles that act as collateral.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies, of these consolidated financial statements. Management of the Group reviews discrete financial information for each of its segments, including measures of operating income, which do not include the effects of intercompany eliminations.

Information about operating segments is presented below.

	Bank lending KZT'000	Leasing activities KZT'000	Total For the year ended 31 December 2023 KZT'000
Interest income calculated using the effective interest method	338,958,782	32,276,670	371,235,452
Other interest income	13,907,434	58,873,568	72,781,002
Interest expense	(198,686,140)	(53,852,918)	(252,539,058)
Impairment losses on debt financial assets	43,455,267	(117,047)	43,338,220
Net non-interest income/(expense)	14,451,961	(7,979,773)	6,472,188
General administrative expenses	(7,999,842)	(2,459,357)	(10,459,199)
Income tax expense	(34,182,266)	(3,173,648)	(37,355,914)
Financial results of segments	**169,905,196**	**23,567,495**	**193,472,691**

	Bank lending KZT'000	Leasing activities KZT'000	Total 31 December 2023 KZT'000
Segments assets	3,840,347,775	1,702,419,366	5,542,767,141
Segments liabilities	2,991,079,126	1,348,374,468	4,339,453,594

	Bank lending KZT'000	Leasing activities KZT'000	Total For the year ended 31 December 2022 KZT'000
Interest income calculated using the effective interest method	251,634,880	24,415,892	276,050,772
Other interest income	14,559,839	45,714,238	60,274,077
Interest expense	(187,097,043)	(41,405,392)	(228,502,435)
Impairment losses on debt financial assets	(45,877,424)	(1,919,382)	(47,796,806)
Net non-interest (expense)/income	(5,147,125)	137,396	(5,009,729)
General administrative expenses	(7,371,301)	(1,856,807)	(9,228,108)
Income tax expense	(13,730,568)	(2,693,021)	(16,423,589)
Financial results of segments	**6,971,258**	**22,392,924**	**29,364,182**

	Bank lending KZT'000	Leasing activities KZT'000	Total 31 December 2022 KZT'000
Segments assets	3,627,642,783	1,356,517,045	4,984,159,828
Segments liabilities	3,024,517,898	1,151,371,306	4,175,889,204

Reconciliations of reportable segment net interest income and profit or loss may be presented as follows:

	2023 KZT'000	2022 KZT'000
Reportable segments revenue	191,477,396	107,822,414
Consolidation effect	(5,997,904)	618,287
Total revenue	**185,479,492**	**108,440,701**

	2023 KZT'000	2022 KZT'000
Reportable segments profit	193,472,691	29,364,182
Consolidation effect	(13,454,711)	4,760,705
Total profit	**180,017,980**	**34,124,887**

Consolidation effect occurs due to the fact that management of the Group reviews internal reports on a stand-alone basis.

Reconciliation of total assets and liabilities of the reportable segments is as follows:

	31 December 2023 KZT'000	31 December 2022 KZT'000
Total assets for reportable segments	5,542,767,141	4,984,159,828
Consolidation effect	(1,232,082,301)	(1,041,249,348)
Total assets	**4,310,684,840**	**3,942,910,480**

	31 December 2023 KZT'000	31 December 2022 KZT'000
Total liabilities for reportable segments	4,339,453,594	4,175,889,204
Consolidation effect	(915,224,312)	(847,444,632)
Total liabilities	**3,424,229,282**	**3,328,444,572**

Information about major customers and geographical areas

For the year ended 31 December 2023, the Group has one large corporate customer revenues from which exceed 10% of total revenue (31 December 2022: none).

The Group's assets are concentrated in the Republic of Kazakhstan and the Group derives income from operations mainly performed in the Republic of Kazakhstan.

35 Fair value of financial instruments

(a) Determining fair values

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

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

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

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

- Discount rates of 5.46% to 17.17% p.a. for foreign currency and of 13.86% to 27.76% p.a. for KZT are used for discounting future cash flows on loans to customers (31 December 2022: 5.82% to 10.16% p.a. for USD and 13.02% to 28.35% p.a. for KZT).
- Discount rates of 5.90% p.a. for USD and 13.09% to 16.75% p.a. for KZT are used for discounting future cash flows on debt securities measured at amortised cost (31 December 2022: 6.14% p.a. for USD and 12.07% to 16.82% p.a. for KZT).
- Discount rate of 13.36% to 16.40% p.a. is used for discounting future cash flows on loans to banks (31 December 2022: 12.29% to 19.43% p.a.).
- Discount rate of 13.29% to 28.48% p.a. is used for discounting future cash flows on finance lease receivables (31 December 2022: 12.73% to 28.35% p.a.).
- Discount rate of 21.61% p.a. is used for discounting future cash flows on other financial assets (31 December 2022: 19.52% p.a.).
- Discount rates of 13.88% to 16.91% p.a. for KZT are used for discounting future cash flows on debt securities issued (31 December 2022: 12.90% to 16.82% p.a. for KZT).
- Discount rates of 13.09% to 13.88% p.a. are used for discounting future cash flows on subordinated debt (31 December 2022: 12.07% to 13.49% p.a.).
- Discount rates of 13.44% to 15.09% p.a. are used for discounting future cash flows on loans from the Parent Company (31 December 2022: 12.61% to 15.70% p.a.).
- Discount rates of 5.72% to 7.61% p.a. for foreign currency loans and 15.56% to 15.75% p.a. for KZT loans are used for discounting future cash flows on loans from banks and other financial institutions (31 December 2022: 6.08% to 9.50% p.a. for foreign currency loans and 16.05% to 17.52% p.a. for KZT loans).
- Discount rate of 14.16% p.a. is used for discounting future cash flows on loans from SWF "Samruk-Kazyna" (31 December 2022: 14.28% p.a.).
- Discount rate of 5.84% p.a. is used for discounting future cash flows on amounts payable under repurchase agreements.
- Discount rates of 14.10% to 14.74% p.a. are used for discounting future cash flows on other financial liabilities (31 December 2022: 14.57% to 15.17% p.a.).

(b) 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 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 differences between the instruments.

The control framework implemented by the Group includes preparation of fair value measurements by the responsible front-office specialists and subsequent review by the relevant unit responsible for control over the determination of the fair value of financial instruments. Specific controls implemented by the Group include:

- verification of observable pricing;
- review and approval process for new models and changes to models;
- overview of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared to previous reporting period.

(i) Financial instruments measured at fair value

The table below analyses financial instruments measured at fair value at 31 December 2023, 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 consolidated statement of financial position:

	Note	Level 1 KZT'000	Level 2 KZT'000	Level 3 KZT'000	Total KZT'000
Assets					
Debt securities	16	385,069,818	1,838,755	1,099,679	388,008,252
Loans to customers	14	-	-	114,724,859	114,724,859
Equity investments	18	-	-	15,167,890	15,167,890
Other assets	19	4,208	-	-	4,208
		385,074,026	**1,838,755**	**130,992,428**	**517,905,209**

The table below analyses financial instruments measured at fair value at 31 December 2022, 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 consolidated statement of financial position:

	Note	Level 1 KZT'000	Level 2 KZT'000	Level 3 KZT'000	Total KZT'000
Assets					
Debt securities	16	388,252,395	3,802,084	1,177,326	393,231,805
Loans to customers	14	-	-	105,237,964	105,237,964
Equity investments	18	-	-	20,442,839	20,442,839
Other assets	19	4,241	-	-	4,241
		388,256,636	**3,802,084**	**126,858,129**	**518,916,849**

The table below sets out information about significant unobservable inputs used at year end in the measuring financial instruments categorised as Level 3 in the fair value hierarchy as at 31 December 2023:

Type of instrument	Fair value KZT'000	Valuation technique	Significant unobservable inputs	Range of estimates (weighted average) for unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Equity investments	15,167,890	Adjusted net asset method	Value of net assets	15.92%-33.70%	Increase in discount rate would result in lower fair value
Loans to customers measured at fair value through profit or loss	114,724,859	Discounted cash flow	Discount rate	14.94%-16.18%	Increase in discount rate would result in lower fair value
Debt securities measured at fair value through profit or loss	1,099,679	Discounted cash flow	Discount rate	15.63%	Increase in discount rate would result in lower fair value

The table below sets out information about significant unobservable inputs used at year end in the measuring financial instruments categorised as Level 3 in the fair value hierarchy as at 31 December 2022:

Type of instrument	Fair value KZT'000	Valuation technique	Significant unobservable inputs	Range of estimates (weighted average) for unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Equity investments	20,442,839	Adjusted net asset method	Value of net assets	17.39%-37.74%	Increase in discount rate would result in lower fair value
Loans to customers measured at fair value through profit or loss	105,237,964	Discounted cash flow	Discount rate	USD: 5.75%, KZT: 14.84%-17.82%	Increase in discount rate would result in lower fair value
Debt securities measured at fair value through profit or loss	1,177,326	Discounted cash flow	Discount rate	17.91%	Increase in discount rate would result in lower fair value

The financial assets at FVOCI with fair values determined using valuation techniques that use observable inputs were classified into Level 2. Observable inputs included transaction prices in markets that are active for similar, but not identical, instruments and transaction prices in markets that are not active for identical instruments. Although all the instruments are listed on KASE, management believes that the market for these identical instruments is not active.

The Group applies discounted cash flow methodology in respect of valuation of impaired financial assets, for which fair values cannot be determined based on observable market inputs.

For impaired debt securities cash flow projections were based on publicly available information on expected post-restructuring payoff schedule for each respective type of security. Assumptions on discount rates were made based on issuers' credit risk premiums implied by market quotes of the issues on which the trades were not suspended.

Debt securities measured at fair value through other comprehensive income have prices on observable markets and have been measured based on the Bloomberg and KASE quoted prices. Certain assets measured at FVOCI that do not have observable market prices and cannot be valued based on observable market inputs were also valued applying discounted cash flow methodology. Cash flow projections for these securities were derived from contractual payment schedules. Assumptions regarding discount rates were made based on quoted prices in active markets of similar instruments of an issuer with adjacent credit rating adjusted to the difference in credit ratings.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy for the period ended 31 December 2023:

	Loans to customers measured at fair value through profit or loss KZT'000	Debt securities measured at fair value through profit or loss KZT'000	Equity investments KZT'000
Balance at 1 January	**105,237,964**	**1,177,326**	**20,442,839**
Total gain or loss:			
- net gain recognised in profit or loss	11,476,561	206,660	-
Other comprehensive income	-	-	(3,287,931)
Repayments	(26,641,912)	(284,307)	(1,987,018)
Acquisition	24,652,246	-	-
Settlements of receivables	-	-	-
Balance at 31 December	**114,724,859**	**1,099,679**	**15,167,890**

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy for the period ended 31 December 2022:

	Loans to customers measured at fair value through profit or loss KZT'000	Debt securities measured at fair value through profit or loss KZT'000	Equity investments KZT'000	Embedded derivative KZT'000
Balance at 1 January	**144,110,433**	**1,087,523**	**35,687,437**	**1,267,117**
Total gain or loss:				
- net gain recognised in profit or loss	12,112,956	132,882	-	(866,611)
Other comprehensive income	-	-	(15,591,314)	-
Repayments	(61,428,412)	(43,079)	-	(15,413)
Acquisition	10,442,987	-	346,716	-
Settlements of receivables	-	-	-	(385,093)
Balance at 31 December	**105,237,964**	**1,177,326**	**20,442,839**	**-**

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects as at 31 December 2023:

	Effect on profit or loss		Effect on other comprehensive income	
	Favourable KZT'000	**Unfavourable KZT'000**	**Favourable KZT'000**	**Unfavourable KZT'000**
Debt securities	5,119	(5,045)	-	-
Equity investments	-	-	1,516,789	(1,516,789)
Loans to customers	3,984,020	(3,742,361)	-	-
Total	**3,989,139**	**(3,747,406)**	**1,516,789**	**(1,516,789)**

For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects as at 31 December 2022:

	Effect on profit or loss		Effect on other comprehensive income	
	Favourable KZT'000	**Unfavourable KZT'000**	**Favourable KZT'000**	**Unfavourable KZT'000**
Debt securities	9,959	(9,793)	-	-
Equity investments	-	-	2,044,284	(2,044,284)
Loans to customers	3,619,340	(3,386,630)	-	-
Total	**3,629,299**	**(3,396,423)**	**2,044,284**	**(2,044,284)**

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

- for loans to customers measured at FVTPL: decrease and increase of the discount rate by 1%;
- for equity investments: change in fair value of net assets of the Fund by 10%;
- for debt securities: changes of the discount rate by 100 bp.

(ii) Financial instruments not measured at fair value

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.

	Level 1 KZT'000	**Level 2 KZT'000**	**Level 3 KZT'000**	**Total fair value KZT'000**	**Total carrying amount KZT'000**
ASSETS					
Cash and cash equivalents	-	889,221,270	-	889,221,270	889,221,270
Placements with banks and other financial institutions	-	80,045,589	-	80,045,589	80,045,589
Loans to banks	-	99,468,410	2,439,085	101,907,495	120,043,694
Loans to customers	-	1,547,029,814	53,848,727	1,600,878,541	1,634,929,005
Finance lease receivables	-	456,943,437	21,031,532	477,974,969	615,895,386
Debt securities	-	20,218,322	1,241,452	21,459,774	28,452,021
Other financial assets	-	4,435,126	7	4,435,133	4,416,805
LIABILITIES					
Current accounts and deposits	-	136,022,198	-	136,022,198	136,022,198
Loans from SWF "Samruk-Kazyna"	-	1,431,586	-	1,431,586	1,595,524
Loans from the Parent Company	-	352,587,073	-	352,587,073	402,549,011
Amounts payable under repurchase agreements	-	27,362,789	-	27,362,789	27,362,351
Loans and balances from banks and other financial institutions	-	708,531,929	-	708,531,929	710,511,650
Debt securities issued	376,670,963	827,012,664	-	1,203,683,627	1,278,258,121
Subordinated debt	-	62,513,419	-	62,513,419	133,777,729
Other financial liabilities	-	25,290,643	-	25,290,643	25,545,432

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 2022.

	Level 1 KZT'000	Level 2 KZT'000	Level 3 KZT'000	Total fair value KZT'000	Total carrying amount KZT'000
ASSETS					
Cash and cash equivalents	-	816,469,903	-	816,469,903	816,469,903
Placements with banks and other financial institutions	-	79,972,071	-	79,972,071	79,972,071
Loans to banks	-	94,818,918	2,057,015	96,875,933	118,726,690
Loans to customers	-	1,578,595,061	34,180,566	1,612,775,627	1,668,938,636
Finance lease receivables	-	364,138,609	7,655,887	371,794,496	495,027,848
Debt securities	-	6,110,866	945,918	7,056,784	13,441,796
Other financial assets	-	6,536,790	9,710	6,546,500	7,239,751
LIABILITIES					
Current accounts and deposits	-	91,717,372	-	91,717,372	91,717,372
Loans from SWF "Samruk-Kazyna"	-	1,575,467	-	1,575,467	1,809,214
Loans from the Parent Company	-	325,430,249	-	325,430,249	380,714,997
Loans from banks and other financial institutions	-	683,847,090	-	683,847,090	691,797,176
Debt securities issued	371,625,174	830,382,291	-	1,202,007,465	1,309,587,035
Subordinated debt	-	57,988,991	-	57,988,991	125,744,366
Other financial liabilities	-	33,546,225	-	33,546,225	34,497,684

The following tables show the valuation techniques used in measuring Level 3 fair values as at 31 December 2023:

Financial instruments not measured at fair value

Type of instrument	Valuation technique	Significant unobservable inputs
Loans to banks	Discounted cash flows	Expected cash flows
Loans to customers	Discounted cash flows	Expected cash flows
Finance lease receivables	Discounted cash flows	Expected cash flows
Debt securities	Discounted cash flows	Expected cash flows
Other financial assets	Discounted cash flows	Expected cash flows

The following tables show the valuation techniques used in measuring Level 3 fair values as at 31 December 2022:

Financial instruments not measured at fair value

Type of instrument	Valuation technique	Significant unobservable inputs
Loans to banks	Discounted cash flows	Expected cash flows
Loans to customers	Discounted cash flows	Expected cash flows
Finance lease receivables	Discounted cash flows	Expected cash flows
Debt securities	Discounted cash flows	Expected cash flows
Other financial assets	Discounted cash flows	Expected cash flows

36 Subsequent events

In February 2024, a deposit of KZT 80,000,000 thousand was repaid to the Group and stated in placements with banks and other financial institutions (Note 12).

In February 2024, the Group placed an interbank deposit of KZT 80,000,000 thousand with the Group's related party, with a maturity of 3 (three) years, bearing a floating interest rate tied to the base rate of the National Bank of the Republic of Kazakhstan.

On 26 January 2024, the Group issued debt securities with a total nominal value of KZT 190,000,000 thousand bearing interest rate of 13.15% p.a. and maturing on 26 January 2039.

37 Material accounting policy

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

In addition, the Group adopted the *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2*) from 1 January 2023. The amendments require the disclosure of "material", rather than "significant", accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in certain instances.

The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 3 *Material accounting policies* (2022: *Significant accounting policies*) in certain instances in line with the amendments.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group entities at the exchange rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(c) Interest income and expense

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 credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For 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 points 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 versus 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 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, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. 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 37(e)(iv).

Presentation

Interest income calculated using the effective interest method presented in the consolidated statement of profit or loss and other comprehensive income includes:

- interest on financial assets measured at amortised cost;
- interest on debt instruments measured at fair value through other comprehensive income.

Other interest income presented in the consolidated statement of profit or loss and other comprehensive income includes interest income on non-derivative debt financial instruments measured at FVTPL and net investment in finance lease.

Interest expense presented in the consolidated statement of profit or loss and other comprehensive income includes financial liabilities measured at amortised cost.

(d) Financial assets and financial liabilities

(i) Classification of financial instruments

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 as at FVTPL:

- 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 FVOCI 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 Group 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 and 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 the 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 FVTPL.

In addition, on initial recognition, the Group 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 Group 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 revenue, 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 Group'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;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its 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 Group'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 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 and 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 profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group 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 Group considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements);
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Non-recourse loans

In some cases, loans made by the Group that are secured by collateral of the borrower limit the Group's claim to cash flows of the underlying collateral (non-recourse loans). The Group applies judgment in assessing whether the non-recourse loans meet the SPPI criterion.

The Group typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Group's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Group will benefit from any upside from the underlying assets.

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

(ii) Derecognition

Financial assets

The Group 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 or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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.

The Group enters into transactions whereby it transfers assets recognised on its consolidated 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 Group 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 Group 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 Group 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 Group 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.

The Group 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 Group 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 deemed to have expired. In making this evaluation the Group analogises to the guidance on the derecognition of financial liabilities.

The Group concludes that the modification is substantial as a result of the following qualitative factors:

- change in the currency of the financial asset;
- change in collateral or other credit enhancement;
- change of terms of financial asset that lead to non-compliance with SPPI criterion (e.g. inclusion of conversion feature).

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 Group 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 Group 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 Group 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.

Financial liabilities

The Group 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. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

Group performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors. The Group concludes that the modification is substantial as a result of the following qualitative factors:

- change in the currency of the financial liability;
- change in collateral or other credit enhancement;
- inclusion of conversion feature;
- 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

See also Note 3.

The Group recognises allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- net investments in finance lease;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

Loss allowance for expected credit losses for lease receivables are always measured at an amount equal to lifetime ECLs.

The Group considers a debt 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, other than purchased or originated credit-impaired assets, for which a lifetime ECL is recognised are referred to as ‘Stage 2’ financial instruments (if the credit risk has increased significantly since initial recognition, but the financial instruments are not credit-impaired) and ‘Stage 3’ financial instruments (if the financial instruments are credit-impaired).

Measurement of expected credit losses

Expected credit losses 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 Group in accordance with the contract and the cash flows that the Group 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 Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- *financial guarantee contracts*: the present value of expected payments to reimburse the holder less any amounts that the Group expects to recover.

See also Note 3.

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 will 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.
- If the expected restructuring will result 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 Group assesses whether financial assets carried at amortised cost and debt financial assets carried 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:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.

- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Loss allowances for ECL are presented in the consolidated 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 and financial guarantee contracts*: generally, as a provision; and
- *debt instruments measured at FVOCI*: no loss allowance is recognised in the consolidated statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance for expected credit losses is disclosed and is recognised in the fair value reserve.

Write-offs

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group 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. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial assets' in the consolidated 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 Group's procedures for recovery of amounts due.

(e) Financial guarantees and loan commitments

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently they are measured at the higher of the loss allowance for expected credit losses determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

For other loan commitments the Group recognises loss allowance for expected credit losses.

Financial liabilities arising from financial guarantees and loan commitments are included within provisions.

(f) Non-financial assets

Other non-financial assets, other than deferred tax assets, are assessed at each reporting date for any indications of impairment. The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses in respect of non-financial assets are recognised in profit or loss and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss reversed is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Government grants

Government grants are assistance by the Government, Government agencies and state-owned entities in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the Group. Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received. If there are conditions that may require repayment, the grant is recognised as a "deferred income" in other liabilities.

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan and the proceeds received.

Government grants that compensate the Group for expenses incurred are recognised in profit or loss as expenses on a systematic basis in the same periods in which the expenses are recognised.

(h) Credit related commitments

In the normal course of business, the Group enters into credit related commitments, comprising undrawn loan commitments, letters of credit and guarantees.

Provisions for other credit related commitment are included in other liabilities.

Loan commitments are not recognised, except commitments to provide a loan at a below-market interest rate.

(i) Taxation

Income tax comprises current and deferred tax. 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 tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and 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 liabilities are not recognised in respect of temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is 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.

The measurement of deferred taxes 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.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes, penalties and late-payment interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

(j) Share capital

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(ii) Dividends

The ability of the Group to declare and pay dividends is subject to the rules and regulations of Kazakhstan legislation.

Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings in the period when they are declared.

(k) Financial assets or liabilities originated at below market interest rates in transactions with the Parent Company

Financial assets or liabilities originated at below market interest rates in transactions with the Parent Company are re-measured at origination to their fair value, being future interest payments and principal repayment(s) discounted at market interest rates for similar instruments. The difference between the fair value and consideration received is recognised as a contribution directly in equity when the Parent Company acts in its capacity as a shareholder.

(l) Operating segments

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 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.

(m) New standards and interpretations

A number of new standards and interpretations are effective for annual periods beginning from 1 January 2024 and earlier application is permitted; However, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

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

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants (Amendments to IAS 1);
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);
- Lack of Exchangeability (Amendments to IAS 21).

New amendments to the standards effective from 1 January 2023 had no effect on the Group’s consolidated financial statements.

Банк развития
Казахстана

Development Bank of Kazakhstan JSC

Consolidated Financial Statements

for the year ended
31 December 2022

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Independent Auditors' Report

To the Board of Directors of Development Bank of Kazakhstan JSC

Opinion

We have audited the consolidated financial statements of Development Bank of Kazakhstan JSC and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, 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 significant 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 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS).

Basis for Opinion

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

Key audit matters

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

Expected credit losses on loans to customers and finance lease receivables

Please refer to the Notes 3, 14, 15, 29(a) and 37(e)(iv) in the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Loans to customers measured at amortised cost and finance lease receivables account for 42% and 13% of total assets, respectively. Loans to customers and finance lease receivables are stated net of loss allowance for expected credit losses (ECL) that is estimated on a regular basis and is sensitive to the 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 _Financial Instruments_); - assessment of probability of default (PD) and loss given default (LGD); - assessment of add-on adjustment to account for different scenarios and forward-looking information; - assessment of expected cash flows forecast for loans to customers and finance lease	We analysed the key aspects of the Group's methodology and policies related to ECL estimate for compliance with the requirements of IFRS 9, with the involvement of financial risks management specialists. We tested the principle of operation of the respective models used by the Group. To analyse the adequacy of professional judgment and assumptions made by the Group in relation to the allowance for ECL estimate, we performed the following: - We tested the design and implementation of controls used over allocation of loans to customers and finance lease receivables by the credit risk stages. For a sample of loans to customers and finance lease receivables, for which potential changes in ECL estimate may have a significant impact on the consolidated financial statements, we tested whether stages are correctly assigned by the Group and tested overall adequacy of the rating assigned by the Group by analysing financial and non-financial information, as well as assumptions and professional judgments applied. - For a sample of loans to customers and finance lease receivables we critically assessed the assumptions used by the Group to assess LGD, including cash flows from collateral received, based on our understanding and available market information. - We also analysed the overall adequacy of the adjustment to account for various scenarios and

receivables which are classified as credit-impaired. Due to the significant volume of loans to customers and finance lease receivables and related estimation uncertainty, this area is a key audit matter.	forward-looking information and compared it with our estimates taking into account the current and future economic situation and operating conditions of borrowers and debtors. - For a sample of the Stage 3 loans and finance lease receivables we assessed adequacy of loss allowance for ECL by critically assessing assumptions used by the Group to value expected cash flows, including estimated proceeds from realisation of collateral and their timing. We compared assumptions used by the Group for these loans with industry, financial and economic data from available public sources. We also assessed whether the consolidated financial statements disclosures appropriately reflect the Group's exposure to credit risk.

Government grants

Please refer to the Notes 4, 7, 23, 24, 25, 27, 29 and 37(m) in the consolidated financial statements.

The key audit matter	**How the matter was addressed in our audit**
During 2022, the Group received loans from the Parent Company in the amount of KZT 370,998,898 thousand, bearing interest rates ranging from 0.08% p.a. to 0.15% p.a., loans from Zhasyl Damu JSC in the amount of KZT 160,000,000 thousand, bearing interest rates ranging from 0.01% p.a. to 0.10% p.a., and issued debt securities with the total nominal value of KZT 30,000,000 thousand, bearing an interest rate of 0.50% p.a. At initial recognition, these loans and debt securities issued were recognised at fair value measured by discounting the contractual future cash flows at relevant market interest rates. The difference between the fair value of the borrowings and the nominal value received, amounting to KZT 466,703,695 thousand was recognised as a government grant, which is subsequently recognised in profit or loss.	Our audit procedures included analysis of the judgment applied by management in assessing whether the difference between the fair value and nominal value of the loans received and debt securities issued was a government grant. We compared the management's estimates of market rates applied to calculate fair values of the loans received and debt securities issued and compared them to available market information, including with the involvement of our Valuation specialists to conduct a sample-based analysis. We assessed the appropriateness of methods used to calculate income from the utilisation of government grants. We also assessed whether the financial statement disclosures appropriately reflect the information in relation to government grants recognised in the consolidated financial statements.

Management applied judgments in assessing whether the difference between the fair value and nominal value of the borrowings was a government grant or the shareholder's contribution, as well as in determining income from the utilisation of government grants. Due to the significant volume of these transactions and considering that the above judgments are applied, this area is a key audit matter.	

Measurement of loans to banks and leasing company at initial recognition

Refer to the Notes 7 and 13 in the consolidated financial statements.

The key audit matter	**How the matter was addressed in our audit**
In 2022, the Group issued loans to commercial banks for a total of KZT 100,000,000 thousand, bearing an interest of 1.00% p. a., and loans to leasing company totalling KZT 30,000,000 thousand, bearing an interest of 0.35% p.a. At initial recognition, these loans were recognised at fair value measured by discounting the future cash flows at the relevant market interest rates. The difference between the fair value of loans issued to banks and to leasing company and the nominal value of loans, amounting to KZT 118,446,223 thousand was recognised in profit or loss. Significant judgment is required when measuring the fair value of loans issued to banks and leasing company at initial recognition. Due to the significant volume of these transactions and considering that the above judgments are applied, this area is a key audit matter.	We analysed the key aspects of the Group's methodology used in determining the fair value of financial assets at initial recognition. We evaluated the reasonableness of assumptions used by the Group's management to estimate market interest rates used in calculating the fair value of loans issued to banks and leasing company at the below-market interest rates, and compared them to available market information, including with the involvement of our Valuation specialists.

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 2022, but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report of the Group for the year 2022 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, 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 Licence 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

7 March 2023

	Note	For the year ended 31 December 2022 KZT'000	For the year ended 31 December 2021 KZT'000
Interest income calculated using the effective interest method	4	237,145,433	182,178,517
Other interest income	4	81,314,570	59,044,623
Interest expense	4	(210,019,302)	(176,535,379)
Net interest income		**108,440,701**	**64,687,761**
Fee and commission income		1,237,690	716,973
Fee and commission expense		(984,104)	(704,649)
Net fee and commission income		**253,586**	**12,324**
Net foreign exchange gain/(loss)	5	1,993,695	(1,986,825)
Net realised (loss)/gain on debt securities at fair value through other comprehensive income		(21,277,996)	49,046
Net (loss)/gain on financial instruments at fair value through profit or loss	6	(3,137,117)	1,031,039
Net gain arising from derecognition of financial assets measured at amortised cost		8,744,373	9,961,491
Income/(expense) on repurchase of debt securities issued	25	21,065,319	(615,226)
Other (expense)/income, net	7	(12,681,442)	4,958,722
Operating profit		**103,401,119**	**78,098,332**
Impairment losses on debt financial assets	8	(47,096,163)	(33,357,521)
Reversal of impairment losses/(impairment losses) on loan commitments and financial guarantee contracts	8	2,478,838	(2,810,639)
Reversal of impairment losses/(impairment losses) on other non- financial assets	8	825,942	(312,720)
General administrative expenses	9	(9,061,260)	(7,583,374)
Profit before income tax		**50,548,476**	**34,034,078**
Income tax expense	10	(16,423,589)	(2,534,407)
Profit for the year		**34,124,887**	**31,499,671**
Other comprehensive (loss)/income			
Items that are or may be reclassified subsequently to profit or loss:			
Fair value reserve (debt instruments):			
Net change in fair value		(66,174,352)	(11,888,260)
Net amount reclassified to profit or loss		21,028,242	(49,046)
Total items that are or may be reclassified subsequently to profit or loss		*(45,146,110)*	*(11,937,306)*
Items that will not be reclassified to profit or loss			
Fair value reserve (equity instruments)		(15,591,314)	7,488,797
Total items that will not be reclassified to profit or loss		*(15,591,314)*	*7,488,797*
Other comprehensive loss for the year		**(60,737,424)**	**(4,448,509)**
Total comprehensive (loss)/income for the year		**(26,612,537)**	**27,051,162**

The consolidated financial statements as set out on pages 10 to 106 were approved by the Management Board of the Bank on 7 March 2023 and were signed on its behalf by:

Nurlan Serikovich Baibazarov
Chairman of the Management Board

Saule Mamyrovna Mamekova
Chief Accountant

Қазақстанның даму банкі
Банк развития Казахстана
АКЦИОНЕРНОЕ ОБЩЕСТВО БАНК РАЗВИТИЯ КАЗАХСТАНА

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

	Note	31 December 2022 KZT'000	31 December 2021 KZT'000
ASSETS			
Cash and cash equivalents	11	816,469,903	471,287,361
Placements with banks and other financial institutions	12	79,972,071	25,492,262
Loans to banks	13	118,726,690	121,034,637
Loans to customers	14	1,774,176,600	1,892,507,997
Finance lease receivables*	15	519,631,809	452,103,716
Debt securities	16	406,673,601	544,518,922
Advances paid under finance lease agreements	17	180,825,499	166,405,066
Assets to be transferred under finance lease agreements		3,899,344	5,625,927
Equity investments	18	20,442,839	35,687,437
Investment property		94,543	217,830
Property and equipment and intangible assets		5,954,973	5,988,816
Other assets	19	9,439,113	10,981,173
Current tax asset		-	7,244,522
Deferred tax assets	20	6,603,495	2,733,734
Total assets		**3,942,910,480**	**3,741,829,400**
LIABILITIES			
Current accounts and deposits	21	91,717,372	30,412,126
Loans from SWF "Samruk-Kazyna" JSC		1,809,214	11,195,666
Loans from banks and other financial institutions	22	691,797,176	556,669,981
Loans from the Parent Company	23	380,714,997	283,338,056
Amounts payable under sale and repurchase agreements		-	43,189,663
Government grants	24	637,305,435	301,140,609
Debt securities issued	25	1,309,587,035	1,716,748,732
Subordinated debt	26	125,744,366	118,216,761
Other liabilities	27	87,383,917	111,480,361
Provisions		1,814,271	12,609,164
Current income tax liabilities		570,789	-
Total liabilities		**3,328,444,572**	**3,185,001,119**
EQUITY			
Share capital	28	615,953,511	515,953,511
Fair value reserve		(66,566,067)	(5,828,643)
Additional paid-in capital		36,750,489	36,750,489
Retained earnings		28,327,975	9,952,924
Total equity		**614,465,908**	**556,828,281**
Total liabilities and equity		**3,942,910,480**	**3,741,829,400**

* Finance lease receivables as at 31 December 2022 include amount receivable from lessees of KZT 26,269,580 thousand, which represents a value-added tax asset (31 December 2021: KZT 21,990,186 thousand).

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

	For the year ended 31 December 2022 KZT'000	For the year ended 31 December 2021 KZT'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	271,595,370	214,923,420
Interest payments	(155,167,103)	(131,026,686)
Fee and commission receipts	174,931	885,709
Fee and commission payments	(750,050)	(689,882)
Net foreign exchange payments	(1,999,716)	(687,934)
Net gain on financial instruments at fair value through profit or loss	65,575	161,155
Other receipts, net	935,009	1,035,572
General administrative expenses payments	(7,123,633)	(6,221,249)
	107,730,383	**78,380,105**
Decrease/(increase) in operating assets		
Placements with banks and other financial institutions	(54,456,662)	31,364,291
Loans to banks	(88,634,588)	15,624,129
Loans to customers	123,336,520	(47,446,145)
Finance lease receivables	69,299,551	44,694,069
Advances paid under finance lease agreements*	(140,631,776)	(194,893,325)
Derivative financial instruments	-	(70,289)
Other assets	(3,658,649)	17,898,073
Increase/(decrease) in operating liabilities		
Current accounts and deposits	66,555,521	14,867,268
Loans from SWF "Samruk-Kazyna" JSC	(10,080,664)	(18,174,480)
Loans from the Parent Company	356,073,525	106,328,205
Government grants received in the form of a discount on debt securities issued at a below-market rate (Note 24)	22,106,580	6,601,547
Loans from banks and other financial institutions	97,802,766	(101,974,514)
Amounts payable under sale and repurchase agreements	(43,030,551)	43,080,095
Other liabilities	119,405,412	57,442,724
Net cash from operating activities before income tax paid	**621,817,368**	**53,721,753**
Income tax paid	(12,478,038)	(11,873,477)
Net cash from operating activities	**609,339,330**	**41,848,276**

* Including the offset amounts of accounts payable to suppliers of leased items and advances paid under finance lease agreements totalling KZT 132,166,104 thousand (2021: KZT 161,350,844 thousand).

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

	For the year ended 31 December 2022 KZT'000	For the year ended 31 December 2021 KZT'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment, intangible assets, and investment property	(601,063)	(602,970)
Purchases of equity investments	(346,716)	(13,357,640)
Purchases of debt securities	(929,842,699)	(342,023,102)
Disposal and redemption of debt securities	1,034,069,007	13,269,328
Net cash from/(used in) investing activities	**103,278,529**	**(342,714,384)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital (Note 28)	100,000,000	12,286,000
Proceeds from issue of debt securities (Note 25)*	7,893,420	461,221,410
Repurchase/redemption of debt securities issued (Note 25)	(458,320,473)	(9,460,946)
Dividends paid (Note 28)	(15,749,836)	-
Net cash (used in)/from financing activities	**(366,176,889)**	**464,046,464**
Net increase in cash and cash equivalents	**346,440,970**	**163,180,356**
Effect of changes in exchange rates on cash and cash equivalents	(1,258,603)	1,334,199
Effect of changes in ECL on cash and cash equivalents	175	(56,346)
Cash and cash equivalents at the beginning of the year	471,287,361	306,829,152
Cash and cash equivalents at the end of the year (Note 11)	**816,469,903**	**471,287,361**

* During 2022, the Group issued Eurobonds for a total of USD 500,000 thousand (equivalent to KZT 221,305,000 thousand). Proceeds from the issue, net of expenses, have been offset against the Group's liabilities on partial early redemption of the bonds issued in 2012, for a total of USD 700,000 thousand (equivalent to KZT 309,827,000 thousand).

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

	Share capital KZT'000	Fair value reserve KZT'000	Additional paid-in capital KZT'000	Retained earnings KZT'000	Total equity KZT'000
Balance at 1 January 2022	**515,953,511**	**(5,828,643)**	**36,750,489**	**9,952,924**	**556,828,281**
Profit for the year				34,124,887	34,124,887
Other comprehensive loss					
Items that are or may be reclassified subsequently to profit or loss:					
Net change in fair value	-	(66,174,352)	-	-	(66,174,352)
Net amount reclassified to profit or loss	-	21,028,242	-	-	21,028,242
Items that will not be reclassified to profit or loss					
Net change in fair value – equity instruments	-	(15,591,314)	-	-	(15,591,314)
Total other comprehensive loss	-	(60,737,424)	-	-	(60,737,424)
Total comprehensive loss for the year	**-**	**(60,737,424)**	**-**	**34,124,887**	**(26,612,537)**
Transactions with owners recorded directly in equity					
Shares issued (Note 28)	100,000,000	-	-	-	100,000,000
Dividends declared and paid (Note 28)	-	-	-	(15,749,836)	(15,749,836)
Total transactions with owners recorded directly in equity	**100,000,000**	**-**	**-**	**(15,749,836)**	**84,250,164**
Balance at 31 December 2022	**615,953,511**	**(66,566,067)**	**36,750,489**	**28,327,975**	**614,465,908**

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

	Share capital KZT'000	Fair value reserve KZT'000	Additional paid-in capital KZT'000	Retained earnings/ (accumulated loss) KZT'000	Total equity KZT'000
Balance at 1 January 2021	**503,667,511**	**(1,380,134)**	**34,239,190**	**(24,493,517)**	**512,033,050**
Profit for the year	-	-	-	31,499,671	31,499,671
Other comprehensive loss					
Items that are or may be reclassified subsequently to profit or loss:					
Net change in fair value	-	(11,888,260)	-	-	(11,888,260)
Net amount reclassified to profit or loss	-	(49,046)	-	-	(49,046)
Items that will not be reclassified to profit or loss					
Net change in fair value – equity instruments	-	7,488,797	-	-	7,488,797
Total other comprehensive loss	-	(4,448,509)	-	-	(4,448,509)
Total comprehensive income for the year	**-**	**(4,448,509)**	**-**	**31,499,671**	**27,051,162**
Transactions with owners recorded directly in equity					
Shares issued (Note 28)	12,286,000	-	-	-	12,286,000
A discount on debt securities issued, net of taxes of KZT 627,825 thousand (Note 25)	-	-	2,511,299	-	2,511,299
Decrease in the discount on the receivables from the Parent Company's subsidiary due to early repayment, net of tax of KZT 736,692 thousand (Note 19)	-	-	-	2,946,770	2,946,770
Total transactions with owners recorded directly in equity	**12,286,000**	**-**	**2,511,299**	**2,946,770**	**17,744,069**
Balance at 31 December 2021	**515,953,511**	**(5,828,643)**	**36,750,489**	**9,952,924**	**556,828,281**

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

1 Background

(a) Principal activity

These consolidated financial statements comprise the financial statements of the Development Bank of Kazakhstan JSC (the "Bank") and the financial statements of its subsidiaries – Industrial Development Fund JSC and DBK Capital Structure Fund B.V. (the "Group").

Development Bank of Kazakhstan JSC (the "Bank") was established in the Republic of Kazakhstan as a closed joint-stock company as defined in the Civil Code of the Republic of Kazakhstan, in accordance with the legislation of the Republic of Kazakhstan. The Bank was established in 2001 in accordance with the Law of the Republic of Kazakhstan "On the Development Bank of Kazakhstan" No.178-II dated 25 April 2001 (the "Law"). On 18 August 2003, the Bank underwent the state re-registration procedure due to change of its name – from Development Bank of Kazakhstan CJSC to Development Bank of Kazakhstan JSC. The Bank operates in accordance with the Law of the Republic of Kazakhstan dated 31 August 1995 "On Banks and Banking Activity in the Republic of Kazakhstan", the Law of the Republic of Kazakhstan dated 13 May 2003 "On Joint-Stock Companies", the Charter of the Development Bank of Kazakhstan JSC approved by the Resolution of the Management Board of Baiterek National Managing Holding JSC No.41/14 dated 24 December 2014, Credit Policy Memorandum of Development Bank of Kazakhstan JSC approved by the Resolution of the Management Board of Baiterek National Managing Holding JSC No. 43/16 dated 27 October 2016, other legal acts of the Republic of Kazakhstan and internal regulations of the Bank.

The Bank is a national development institution. The main purpose of the Bank is to improve state investment activity and enhance its efficiency, promote the development of industrial infrastructure and processing industry, and assist in attracting external and internal investments to the economy of the Republic of Kazakhstan.

The Bank's registered office is n-r. pr. 15, 55A Mangilik El Avenue, Yessil district, Astana, Republic of Kazakhstan.

As at 31 December 2022 and 31 December 2021 the Bank is the parent company of two wholly-owned subsidiaries (the "Subsidiaries").

DBK Leasing JSC was established on 6 September 2005, in accordance with the legislation of the Republic of Kazakhstan. Pursuant to the Decree No. 521 of the Government of the Republic of Kazakhstan of 18 August 2020 "On Establishing the Industrial Development Fund", and by the Decision No. 243-2020-14 of the Board of Directors of the Bank of 21 September 2020, the corporate name of BRK-Leasing JSC, a subsidiary of Development Bank of Kazakhstan Joint Stock Company, was changed to Industrial Development Fund JSC (the "IDF"). IDF JSC principal activities are leasing operations, realisation of industrial-innovative development strategy and stimulation of leasing in the following industries: machinery construction, metallurgy and metalworking production, chemical and pharmaceutical industry, manufacturing of construction materials, light and woodworking industry, transportation and warehousing.

DBK Capital Structure Fund B.V. (a closed private limited company) was established in the Netherlands on 19 July 2017. The principal activity of DBK Capital Structure Fund B.V. is participation as a limited partner in private equity fund or other companies by making cash contributions for further investing it into charter capital of companies, as part of financing investment projects implemented by the Bank and IDF JSC.

Eurobonds issued by the Bank are listed on London Stock Exchange, Luxembourg Stock Exchange, Vienna Stock Exchange, and Kazakhstan Stock Exchange (the "KASE").

(b) Shareholders

As at 31 December 2012, the sole shareholder of the Group was Sovereign Wealth Fund "Samruk-Kazyna" JSC ("SWF "Samruk-Kazyna"). In accordance with the Decree of the President of the Republic of Kazakhstan No.136 dated 10 August 2011 "On Measures for Further Improvement of the Public Management System of the Republic of Kazakhstan" the entire block of ordinary shares of the Bank was transferred into trust management of the Ministry of Industry and New Technologies of the Republic of Kazakhstan.

In accordance with the Decree of the President of the Republic of Kazakhstan No.571 dated 22 May 2013 "On Certain Measures for Optimisation of the System of Management of the Development Institutions, Financial Organisations and for Development of the National Economy", the entire block of ordinary shares of the Bank, together with related risks and control, were transferred as payment to charter capital of Baiterek National Managing Holding JSC. As at 31 December 2022 and 31 December 2021, the Group's sole shareholder was Baiterek National Managing Holding JSC (the "Parent Company" or "Baiterek"). The ultimate controlling party is the Government of the Republic of Kazakhstan (the "Government"). Related party transactions are detailed in Note 33.

(c) Kazakhstan business environment

The Group's operations are primarily located in Kazakhstan. Consequently, the Group 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. Volatility in the global price of oil and the COVID-19 coronavirus pandemic also increases the level of uncertainty in the business environment.

The recent geopolitical uncertainty around Russia and Ukraine has further elevated levels of economic uncertainty in Kazakhstan.

The consolidated financial statements reflect management's assessment of the impact of the Kazakhstan business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

2 Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except that financial assets measured at fair value through other comprehensive income and financial instruments measured at fair value through profit or loss are stated at fair value.

(c) Functional and presentation currency

The functional currency of the Bank and its subsidiaries 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 consolidated financial statements. Financial information presented in KZT is rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of consolidated 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 judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- setting the criteria to assess whether credit risk on the financial asset has increased significantly since initial recognition including methodology of incorporation of forward-looking information in the measurement of ECL – Note 37;

- initial recognition of loans from the Parent Company – Note 23, and other loans received – Note 27;
- initial recognition of debt securities issued – Note 25.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

- impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information – the Notes 3, 13, 14 and 15;
- initial recognition of the borrowings and investments under the state economic development programmes in 2022 – the Notes 37(q), 3, 7, 13, 14, 15, 23, 24 and 27;
- estimates of the fair value of financial assets and liabilities – Note 35.

(e) Comparative information

The Group changed presentation of certain captions in the primary forms of consolidated financial statements. Comparative information is reclassified to conform to changes in presentation in the current period.

The Group changed its presentation of cash and cash equivalents in the consolidated financial statements in accordance with the interpretations developed by the IFRS Interpretations Committee as of March 2022.

In addition, the Group changed its presentation of loss on repurchase of debt securities issued such that these losses were presented separately from other expenses.

The following table summarises the impacts on the Company's financial statements.

	As previously reported KZT'000	Effect of reclassifications KZT'000	As reclassified KZT'000
Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021			
Loss on repurchase of debt securities issued	-	(615,226)	(615,226)
Other income, net	4,343,496	615,226	4,958,722

	As previously reported KZT'000	Effect of reclassifications KZT'000	As reclassified KZT'000
Consolidated statement of cash flows for the year ended 31 December 2021			
Interest receipts	214,926,683	(3,263)	214,923,420
Placements with banks and other financial institutions	(49,791,767)	81,156,058	31,364,291
Net cash (used in)/from operating activities before income tax paid	(27,431,042)	81,152,795	53,721,753
Net cash (used in)/from operating activities	(39,304,519)	81,152,795	41,848,276
Net increase in cash and cash equivalents	82,027,561	81,152,795	163,180,356
Cash and cash equivalents at the beginning of the year	242,786,137	64,043,015	306,829,152
Cash and cash equivalents at the end of the year	326,147,355	145,140,006	471,287,361
Consolidated statement of financial position as at 31 December 2021			
Cash and cash equivalents	326,147,355	145,140,006	471,287,361
Placements with banks and other financial institutions	170,632,268	(145,140,006)	25,492,262

3 Financial risk review

This note presents information about the Group's exposure to financial risks. For information on the Group's financial risk management framework, see Note 29.

Credit risk - Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

See accounting policy in Note 37(e)(iv).

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group 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 Group's historical experience and informed 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 Group uses the following three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in probability of default (PD);
- qualitative indicators; and
- backstop of 30 days past due.

Credit risk grades

The Group 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.

Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors may vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

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.

The monitoring typically involves use of the following data:

- Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections.
- Payment record – this includes overdue status as well as a range of variables about payment ratios
- Data from credit reference agencies, press articles, changes in external credit ratings
- Requests for and granting of forbearance;
- Quoted bond (CDS) prices for the issuer where available;
- Existing and forecast changes in business, financial and economic conditions;
- Actual and expected significant changes in the political, regulatory and technological environment of the counterparties or in its business activities

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction or region, type of product and counterparty as well as by credit risk grading. Information obtained from external credit reference agencies is also used by the Group.

The Group 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 Group 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.

The criteria for determining whether credit risk has increased significantly depends on the portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

The Group considers credit risk of a particular exposure is deemed to have increased significantly since initial recognition, if the issuer's credit rating decreased by 2 points and more since initial recognition.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Group'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 qualitative factors are based on its expert judgement and relevant historical experience.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due, except for debt securities and placements with banks for which being past due may be the event of default. 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 counterparties.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance for expected credit losses on an instrument return to being measured as 12-month ECL. 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 payments over at least 12 months after the terms were revised, directed for repayment of the gross carrying amount of the financial asset against the modified contractual terms.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- there is no unwarranted volatility in loss allowance from transfers between 12-month ECL (stage 1) and lifetime ECL measurements (stage 2).

Definition of default

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Group except for debt securities and placements with banks for which being past due may be the event of default; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a counteragent is in default, the Group 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 to the Group; and
- based on data developed internally and obtained from external sources.

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 Group incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Group formulates a base scenario of future development of relevant economic variables and also considers a presented selection of other forecast scenarios. This process involves developing two or more additional economic scenarios and considering the appropriate probabilities of occurring of each scenario. External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, such international organisations as the OECD, International Monetary Fund.

A base scenario is aligned with information used by the Group for other purposes such as strategic planning and budget formation. Other are less likely to occur scenarios where some are upside and other downside scenarios.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The key driver is GDP forecasts. Taking into account lack of sufficient historical default data, the Group determined that the data provided by rating agencies would serve as a source of information for economic scenarios. Scenarios are regularly reviewed and are used to assess credit risk grades.

As at 31 December 2022, the Group updated the forward-looking information used to estimate expected credit losses (ECL) that resulted in increase in the 12-month PDs compared to the PDs used as at 31 December 2021, from 0.01% to 0.91%, for all ratings except a pre-default rating.

Modified financial assets and financial lease

The contractual terms of a loan agreement and finance lease agreements 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 borrower. 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 37(e)(iii).

If the modification is not an individual lease and the lease has not been classified as operating lease, and if the modification had been effective at the inception date, the lessor accounts for the modification of finance lease under IFRS 9.

When the terms of a financial asset are modified, and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects 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 and finance lease is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Group renegotiates loans to customers or finance leases in financial difficulties (referred to as ‘forbearance activities’) to maximise collection opportunities and minimise the risk of default. Under the Group’s forbearance policy, loan or finance lease 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 and finance lease modified as part of the Group’s forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group’s ability to collect interest and principal and the Group’s previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, a loan or finance lease forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance under loan agreements /finance lease agreements may constitute evidence that an exposure is credit-impaired. A counterparty 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 for expected credit losses reverts to being measured at an amount equal to 12-month ECL.

Measurement of expected credit losses (ECL)

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD.

The methodology of estimating PDs is discussed above under the heading “Generating the term structure of PD”.

The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

To ensure adequate evaluation of loss given default amounts, the Group also considers the following LGD categories:

- The LGD parameter is equal to 0% if the Government of the Republic of Kazakhstan acts as counterparty.
- The LGD parameter is equal to 70% if a bank or another financial institution acts as counterparty.
- For other counterparties of debt securities, the LGD parameter is estimated based on Moody’s studies of recovery rates depending on the counterparty’s external rating. LGD estimates are recalibrated, once the updated studies are published.

EAD represents the expected exposure in the event of a default.

The Group 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.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Group 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 Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of a loan or terminate a loan commitment.

For portfolios in respect of which the Group 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.

	Carrying amount at 31 December 2022 KZT'000	External benchmarks used	
		PD	**LGD**
Cash and cash equivalents	816,469,90:	S&P's default study	70%
Placements with banks and other financial institutions	79,972,071	S&P's default study	70%
Loans to banks	118,726,690	S&P's default study	70%
Finance lease receivables	519,631,809	S&P's default study	-
Loans to customers measure at amortised cost (stages 1 and 2 of credit risk)	1,578,610,848	S&P's default study	S&P recovery studies
Debt securities measured through other comprehensive income, where the Government of the Republic of Kazakhstan and governments of other countries act as counterparty	384,445,900	S&P's default study	0%
Other debt securities	21,050,375	S&P's default study	Moody's recovery studies

Credit quality analysis

The following table provides information on the credit quality of financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income as at 31 December 2022 and 2021. Unless specially indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired financial assets are included in Note 37(e)(iv).

	31 December 2022			
	Stage 1 KZT'000	**Stage 2 KZT'000**	**Stage 3 KZT'000**	**Total KZT'000**
Cash and cash equivalents				
- rated from AA- to AA+	4,458,559	-	-	4,458,559
- rated from A- to A+	52,245,200	-	-	52,245,200
- rated from BBB- to BBB+	203,020,856	-	-	203,020,856
- rated from BB- to BB+	666,955	-	-	666,955
- rated from B- to B+	1,508,588	-	-	1,508,588
- not rated*	554,631,731	-	-	554,631,731
	816,531,889	**-**	**-**	**816,531,889**
Loss allowance for expected credit losses	(61,986)	-	-	(61,986)
Total cash and cash equivalents	**816,469,903**	**-**	**-**	**816,469,903**

* Cash and cash equivalents as at 31 December 2022, that are not rated, comprise amounts receivable under reverse repurchase agreements concluded at the Kazakhstan Stock Exchange, totalling KZT 550,103,488 thousand, against the notes of the National Bank of the Republic of Kazakhstan and treasury bills of the Ministry of Finance of the Republic of Kazakhstan pledged as collateral and other securities included in the basket of government securities of the Republic of Kazakhstan (Note 11).

	31 December 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	KZT'000	**KZT'000**	**KZT'000**	**KZT'000**
Cash and cash equivalents				
- rated from AA- to AA+	56,119,283	-	-	56,119,283
- rated from A- to A+	6,392,886	-	-	6,392,886
- rated from BBB- to BBB+	186,758,544	-	-	186,758,544
- rated from BB- to BB+	45,460,039	-	-	45,460,039
- rated from B- to B+	284	-	-	284
- not rated*	176,618,486	-	-	176,618,486
	471,349,522	**-**	**-**	**471,349,522**
Loss allowance for expected credit losses	(62,161)	-	-	(62,161)
Total cash and cash equivalents	**471,287,361**	**-**	**-**	**471,287,361**

* Cash and cash equivalents as at 31 December 2021, that are not rated, comprise amounts receivable under reverse repurchase agreements concluded at the Kazakhstan Stock Exchange, totalling KZT 171,989,563 thousand, against the notes of the National Bank of the Republic of Kazakhstan and treasury bills of the Ministry of Finance of the Republic of Kazakhstan pledged as collateral (Note 11).

	31 December 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	KZT'000	**KZT'000**	**KZT'000**	**KZT'000**
Placements with banks and other financial institutions				
- rated from BBB- to BBB+	80,133,333	-	-	80,133,333
- rated from BB- to BB+	-	-	1,337	1,337
- not rated	-	-	390,470	390,470
	80,133,333	**-**	**391,807**	**80,525,140**
Loss allowance for expected credit losses	(161,262)	-	(391,807)	(553,069)
Total placements with banks and other financial institutions	**79,972,071**	**-**	**-**	**79,972,071**

	31 December 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	KZT'000	**KZT'000**	**KZT'000**	**KZT'000**
Placements with banks and other financial institutions				
- rated from BBB- to BBB+	10,799,987	-	-	10,799,987
- rated from BB- to BB+	14,750,423	-	20,328	14,770,751
- not rated	-	-	390,470	390,470
	25,550,410	**-**	**410,798**	**25,961,208**
Loss allowance for expected credit losses	(58,148)	-	(410,798)	(468,946)
Total placements with banks and other financial institutions	**25,492,262**	**-**	**-**	**25,492,262**

	31 December 2022				
	Stage 1	**Stage 2**	**Stage 3**	**Credit-impaired on initial recognition**	**Total**
	KZT'000	**KZT'000**	**KZT'000**	**KZT'000**	**KZT'000**
Loans to banks					
- rated from BBB- to BBB+	40,423,200	-	-	-	40,423,200
- rated from BB- to BB+	8,664,965	-	-	-	8,664,965
- rated from B- to B+	67,748,125	1,416,606	-	1,906,540	71,071,271
- not rated	-	-	3,682,610	-	3,682,610
	116,836,290	**1,416,606**	**3,682,610**	**1,906,540**	**123,842,046**
Loss allowance for expected credit losses	(1,009,316)	(423,430)	(3,682,610)	-	(5,115,356)
Total loans to banks	**115,826,974**	**993,176**	**-**	**1,906,540**	**118,726,690**

	31 December 2021				
	Stage 1	**Stage 2**	**Stage 3**	**Credit-impaired on initial recognition**	**Total**
	KZT'000	**KZT'000**	**KZT'000**	**KZT'000**	**KZT'000**
Loans to banks					
- rated from BBB- to BBB+	23,155,375	-	-	-	23,155,375
- rated from BB- to BB+	26,429,351	-	-	-	26,429,351
- rated from B- to B+	68,816,148	1,878,215		1,814,674	72,509,037
- not rated	-	-	3,682,610	-	3,682,610
	118,400,874	**1,878,215**	**3,682,610**	**1,814,674**	**125,776,373**
Loss allowance for expected credit losses	(705,689)	(353,437)	(3,682,610)	-	(4,741,736)
Total loans to banks	**117,695,185**	**1,524,778**	**-**	**1,814,674**	**121,034,637**

	31 December 2022				
	Stage 1	**Stage 2**	**Stage 3**	**Credit-impaired on initial recognition**	**Total**
	KZT'000	**KZT'000**	**KZT'000**	**KZT'000**	**KZT'000**
Loans to customers measured at amortised cost					
- rated from BBB- to BBB+	303,607,909	-	-	-	303,607,909
- rated from BB- to BB+	774,641,852	-	-	-	774,641,852
- rated from B- to B+	430,093,652	21,646,523	-	-	451,740,175
- rated from CCC- to CCC+	21,405,455	91,501,819	4,747,615	8,043,755	125,698,644
- rated D	-	-	202,417,936	6,854,284	209,272,220
- not rated	33,468	-	-	-	33,468
	1,529,782,336	**113,148,342**	**207,165,551**	**14,898,039**	**1,864,994,268**
Loss allowance for expected credit losses	(15,261,772)	(49,058,058)	(128,563,781)	(3,172,021)	(196,055,632)
Total loans to customers measured at amortised cost	**1,514,520,564**	**64,090,284**	**78,601,770**	**11,726,018**	**1,668,938,636**

	31 December 2021				
	Stage 1	**Stage 2**	**Stage 3**	**Credit-impaired on initial recognition**	**Total**
	KZT'000	**KZT'000**	**KZT'000**	**KZT'000**	**KZT'000**
Loans to customers measured at amortised cost					
- rated from BBB- to BBB+	336,006,754	-	-	-	336,006,754
- rated from BB- to BB+	534,109,958	-	-	-	534,109,958
- rated from B- to B+	625,009,101	53,842,136	-	-	678,851,237
- rated from CCC- to CCC+	25,322,296	120,485,456	5,278,780	9,047,479	160,134,011
- rated D	-	-	176,581,704	3,402,592	179,984,296
- not rated	191,118	-	-	-	191,118
	1,520,639,227	**174,327,592**	**181,860,484**	**12,450,071**	**1,889,277,374**
Loss allowance for expected credit losses	(16,290,690)	(36,498,042)	(84,631,372)	(3,459,706)	(140,879,810)
Total loans to customers measured at amortised cost	**1,504,348,537**	**137,829,550**	**97,229,112**	**8,990,365**	**1,748,397,564**

	31 December 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	KZT'000	**KZT'000**	**KZT'000**	**KZT'000**
Finance lease receivables				
With externally rated credit risk				
- rated from BBB- to BBB+	200,921,025	-	-	200,921,025
- rated from B- to B+	181,110	-	-	181,110
With internally rated credit risk				
- rated from BBB- to BBB+	2,653,028	-	-	2,653,028
- rated from BB- to BB+	71,067,742	-	-	71,067,742
- rated from B- to B+	169,733,236	1,990,946	389,032	172,113,214
- rated CCC+	6,353,276	16,561,520	13,356,436	36,271,232
- rated from CCC- to CCC	28,857,449	7,871,972	435,348	37,164,769
- rated D	-	-	23,013,993	23,013,993
	479,766,866	**26,424,438**	**37,194,809**	**543,386,113**
Loss allowance for expected credit losses	(4,597,003)	(1,185,859)	(17,971,442)	(23,754,304)
Total finance lease receivables	**475,169,863**	**25,238,579**	**19,223,367**	**519,631,809**

	31 December 2021				
	Stage 1	**Stage 2**	**Stage 3**	**FVTPL (embedded derivative)**	**Total**
	KZT'000	**KZT'000**	**KZT'000**	**KZT'000**	**KZT'000**
Finance lease receivables					
With externally rated credit risk					
- rated from BBB- to BBB+	172,639,494	-	-	-	172,639,494
- rated from B- to B+	251,979	-	-	-	251,979
With internally rated credit risk					
- rated from BBB- to BBB+	1,900,281	-	-	-	1,900,281
- rated from BB- to BB+	65,095,493	1,889,727	-	225,292	67,210,512
- rated from B- to B+	118,736,684	9,560,241	45,357	1,041,825	129,384,107
- rated CCC+	12,065,696	29,971,709	14,008,561	-	56,045,966
- rated from CCC- to CCC	23,575,574	14,055,104	6,718,479	-	44,349,157
- rated D	-	-	2,068,463	-	2,068,463
	394,265,201	**55,476,781**	**22,840,860**	**1,267,117**	**473,849,959**
Loss allowance for expected credit losses	(7,594,081)	(3,238,829)	(10,913,333)	-	(21,746,243)
Total finance lease receivables	**386,671,120**	**52,237,952**	**11,927,527**	**1,267,117**	**452,103,716**

	31 December 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	KZT'000	**KZT'000**	**KZT'000**	**KZT'000**
Debt securities measured at fair value through other comprehensive income (FVOCI)				
- rated from AA- to AA+	126,776,117	-	-	126,776,117
- rated from A- to A+	126,878,830	-	-	126,878,830
- rated from BBB- to BBB+	138,399,532	-	-	138,399,532
	392,054,479	**-**	**-**	**392,054,479**
Loss allowance for expected credit losses	(23,853)	-	-	(23,853)
Gross carrying amount	**451,566,126**	**-**	**-**	**451,566,126**
Total debt securities measured at fair value through other comprehensive income	**392,054,479**	**-**	**-**	**392,054,479**

	31 December 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	KZT'000	**KZT'000**	**KZT'000**	**KZT'000**
Debt securities measured at fair value through other comprehensive income (FVOCI)				
- rated from AA- to AA+	135,648,847	-	-	135,648,847
- rated from A- to A+	133,934,183	-	-	133,934,183
- rated from BBB- to BBB+	217,732,936	-	-	217,732,936
- rated from BB- to BB+	43,670,117	-	-	43,670,117
	530,986,083	**-**	**-**	**530,986,083**
Loss allowance for expected credit losses	(14,413)	-	-	(14,413)
Gross carrying amount	**544,373,240**	**-**	**-**	**544,373,240**
Total debt securities measured at fair value through other comprehensive income	**530,986,083**	**-**	**-**	**530,986,083**

	31 December 2022				
	Stage 1	Stage 2	Stage 3	Credit-impaired on initial recognition	Total
	KZT'000	KZT'000	KZT'000	KZT'000	KZT'000
Debt securities measured at amortised cost					
- rated from BBB- to BBB+	12,666,370	-	-	-	12,666,370
- rated from B- to B+	-	-	-	2,198,541	2,198,541
	12,666,370	**-**	**-**	**2,198,541**	**14,864,911**
Loss allowance for expected credit losses	(14,709)	-	-	(1,408,406)	(1,423,115)
Total debt securities measured at amortised cost	**12,651,661**	**-**	**-**	**790,135**	**13,441,796**

	31 December 2021				
	Stage 1	Stage 2	Stage 3	Credit-impaired on initial recognition	Total
	KZT'000	KZT'000	KZT'000	KZT'000	KZT'000
Debt securities measured at amortised cost					
- rated from BBB- to BBB+	11,783,097	-	-	-	11,783,097
- rated from B- to B+	-	-	-	2,078,197	2,078,197
	11,783,097	**-**	**-**	**2,078,197**	**13,861,294**
Loss allowance for expected credit losses	(7,572)	-	-	(1,408,406)	(1,415,978)
Total debt securities measured at amortised cost	**11,775,525**	**-**	**-**	**669,791**	**12,445,316**

	31 December 2022				
	Stage 1	Stage 2	Stage 3	Credit-impaired on initial recognition	Total
	KZT'000	KZT'000	KZT'000	KZT'000	KZT'000
Loan commitments					
- rated from BBB- to BBB+	34,000,000	-	-	-	34,000,000
- rated from BB- to BB+	51,205,945	-	-	-	51,205,945
- rated from B- to B+	58,646,349	-	-	-	58,646,349
	143,852,294	**-**	**-**	**-**	**143,852,294**
Loss allowance for expected credit losses	**(942,105)**	**-**	**-**	**-**	**(942,105)**

	31 December 2021				
	Stage 1	Stage 2	Stage 3	Credit-impaired on initial recognition	Total
	KZT'000	KZT'000	KZT'000	KZT'000	KZT'000
Loan commitments					
- rated from BBB- to BBB+	8,838,532	-	-	-	8,838,532
- rated from BB- to BB+	207,153,140	-	-	-	207,153,140
- rated from CCC- to CCC+	822,674	-	-	-	822,674
	216,814,346	**-**	**-**	**-**	**216,814,346**
Loss allowance for expected credit losses	**(3,366,616)**	**-**	**-**	**-**	**(3,366,616)**

	31 December 2022				
	Stage 1	**Stage 2**	**Stage 3**	**Credit-impaired on initial recognition**	**Total**
	KZT'000	**KZT'000**	**KZT'000**	**KZT'000**	**KZT'000**
Financial guarantee contracts	-				
- rated from BB- to BB+	2,625,539	-	-	-	2,625,539
	2,625,539	**-**	**-**	**-**	**2,625,539**
Loss allowance for expected credit losses	**-**	**-**	**-**	**-**	**-**

	31 December 2021				
	Stage 1	**Stage 2**	**Stage 3**	**Credit-impaired on initial recognition**	**Total**
	KZT'000	**KZT'000**	**KZT'000**	**KZT'000**	**KZT'000**
Financial guarantee contracts					
- rated from BB- to BB+	4,641,849	-	-	-	4,641,849
- rated from B- to B+	561,824	-	-	-	561,824
	5,203,673	**-**	**-**	**-**	**5,203,673**
Loss allowance for expected credit losses	**(12,960)**	**-**	**-**	**-**	**(12,960)**

The following table sets out information about overdue status of loans to customers and finance lease receivables by credit quality stages.

	31 December 2022				
	Stage 1	**Stage 2**	**Stage 3**	**Assets credit-impaired on initial recognition**	**Total**
	KZT'000	**KZT'000**	**KZT'000**	**KZT'000**	**KZT'000**
Loans to customers measured at amortised cost					
- not overdue	1,529,782,336	113,148,342	133,897,268	12,008,451	1,788,836,397
- overdue for more than 30 days and less than 90 days	-	-	22,687,531	-	22,687,531
- overdue more than 90 days and less than 180 days	-	-	205,883	-	205,883
- overdue more than 1 year	-	-	50,374,869	2,889,588	53,264,457
	1,529,782,336	**113,148,342**	**207,165,551**	**14,898,039**	**1,864,994,268**
Loss allowance for expected credit losses	(15,261,772)	(49,058,058)	(128,563,781)	(3,172,021)	(196,055,632)
Total loans to customers measured at amortised cost	**1,514,520,564**	**64,090,284**	**78,601,770**	**11,726,018**	**1,668,938,636**

	31 December 2021				
	Stage 1	Stage 2	Stage 3	Assets credit-impaired on initial recognition	Total
	KZT'000	KZT'000	KZT'000	KZT'000	KZT'000
Loans to customers measured at amortised cost					
- not overdue	1,520,639,227	174,327,592	134,076,682	9,047,479	1,838,090,980
- overdue more than 180 days and less than 1 year	-	-	45,012,553	-	45,012,553
- overdue more than 1 year	-	-	2,771,249	3,402,592	6,173,841
	1,520,639,227	**174,327,592**	**181,860,484**	**12,450,071**	**1,889,277,374**
Loss allowance for expected credit losses	(16,290,690)	(36,498,042)	(84,631,372)	(3,459,706)	(140,879,810)
Total loans to customers measured at amortised cost	**1,504,348,537**	**137,829,550**	**97,229,112**	**8,990,365**	**1,748,397,564**

	31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
	KZT'000	KZT'000	KZT'000	KZT'000
Finance lease receivables				
- not overdue	478,404,283	11,450,953	13,791,784	503,647,020
- overdue less than 30 days	1,362,583	1,030,642	-	2,393,225
- overdue 30-89 days	-	13,942,843	389,032	14,331,875
- overdue 90-360 days	-	-	20,984,946	20,984,946
- overdue more than 360 days	-	-	2,029,047	2,029,047
	479,766,866	**26,424,438**	**37,194,809**	**543,386,113**
Loss allowance for expected credit losses	(4,597,003)	(1,185,859)	(17,971,442)	(23,754,304)
Total finance lease receivables	**475,169,863**	**25,238,579**	**19,223,367**	**519,631,809**

	31 December 2021				
	Stage 1	Stage 2	Stage 3	FVTPL (embedded derivative financial instrument)	Total
	KZT'000	KZT'000	KZT'000	KZT'000	KZT'000
Finance lease receivables					
- not overdue	365,976,002	51,874,185	20,727,041	1,267,117	439,844,345
- overdue less than 30 days	1,028,003	62,049	-	-	1,090,052
- overdue 30-89 days	27,261,196	3,540,547	45,357	-	30,847,100
- overdue 90-360 days	-	-	934,780	-	934,780
- overdue more than 360 days	-	-	1,133,682	-	1,133,682
	394,265,201	**55,476,781**	**22,840,860**	**1,267,117**	**473,849,959**
Loss allowance for expected credit losses	(7,594,081)	(3,238,829)	(10,913,333)	-	(21,746,243)
Total finance lease receivables	**386,671,120**	**52,237,952**	**11,927,527**	**1,267,117**	**452,103,716**

4 Net interest income

	For the year ended 31 December 2022 KZT'000	For the year ended 31 December 2021 KZT'000
Interest income calculated using the effective interest method		
Loans to customers	156,625,892	131,480,361
Reverse REPO agreements	33,097,650	13,752,899
Cash and cash equivalents, except for reverse REPO agreements	17,993,594	11,524,870
Loans to banks	12,666,355	12,570,221
Debt securities	12,034,078	7,211,577
Placements with banks and other financial institutions	3,325,821	4,102,495
Other financial assets	1,402,043	1,536,094
	237,145,433	**182,178,517**
Other interest income		
Finance lease receivables	66,754,731	51,355,522
Loans to customers	14,405,242	7,548,603
Debt securities measured at fair value through profit or loss	154,597	140,498
	81,314,570	**59,044,623**

	For the year ended 31 December 2022 KZT'000	For the year ended 31 December 2021 KZT'000
Interest expense		
Debt securities issued	(137,866,045)	(121,865,295)
Loans from banks and other financial institutions	(32,425,249)	(22,461,510)
Loans from the Parent Company	(30,895,279)	(23,590,674)
Subordinated debt	(7,914,092)	(7,440,236)
Loans from SWF "Samruk-Kazyna" JSC	(472,960)	(976,864)
Other liabilities	(264,104)	-
Current accounts and deposits from customers	(133,463)	(162,500)
Accounts payables under REPO agreements	(48,110)	(38,300)
	(210,019,302)	**(176,535,379)**

Included within interest income on finance lease receivables is a total of KZT 21,040,493 thousand of government grant amortisation (2021: KZT 14,977,425 thousand).

5 Net foreign exchange gain/(loss)

	For the year ended 31 December 2022 KZT'000	For the year ended 31 December 2021 KZT'000
Foreign currency differences, net	3,937,835	(1,306,825)
Dealing operations, net	(1,944,140)	(680,000)
	1,993,695	**(1,986,825)**

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

	For the year ended 31 December 2022 KZT'000	For the year ended 31 December 2021 KZT'000
(Unrealised loss)/unrealised gain on remeasurement of financial instruments at fair value through profit or loss		
Loans to customers	(2,248,791)	1,711,509
Derivative financial instruments	(882,024)	(1,350,635)
Debt securities	(53,669)	39,931
Realised gain on financial instruments at fair value through profit or loss		
Debt securities	31,954	143,672
Derivative financial instruments	15,413	486,562
	(3,137,117)	**1,031,039**

7 Other (expense)/income, net

	For the year ended 31 December 2022 KZT'000	For the year ended 31 December 2021 KZT'000
Other income from utilisation of government grants	125,313,816	24,956,278
Gain/(loss) on initial recognition of liabilities	1,284,716	(698,407)
Fines and penalties receipts	503,471	936,582
Rental income from property	20,515	22,273
Expenses on estimate of loan commitments to provide a loan at a below-market interest rate	(872,166)	(6,673,010)
Loss from early repayment of loans from banks and other financial institutions	(4,543,471)	(319,936)
Losses arising on initial recognition of loans issued to other customers	(17,248,686)	(12,230,261)
Losses arising on initial recognition of loans issued to banks and leasing companies at below-market interest rates	(118,608,555)	(1,098,580)
Restructuring expense	-	(331,215)
Other income	1,468,918	394,998
	(12,681,442)	**4,958,722**

Other income from utilisation of government grants was recognised as income based on the results of compliance with the terms of the relevant government programmes in the amount of KZT 125,313,816 thousand (Note 24) (2021: KZT 24,956,278 thousand).

During 2022, the Group recognised losses of KZT 135,857,241 thousand (2021: KZT 13,328,841 thousand) on initial recognition of financial liabilities at the below-market rates. This amount includes loss of KZT 91,455,289 thousand arising from initial recognition of loans to banks (2021: KZT 1,098,580 thousand); loss of KZT 27,153,266 thousand arising from initial recognition of loans issued to a leasing company (2021: none), and loss of KZT 17,248,686 thousand arising from initial recognition of loans to customers (2021: KZT 12,230,261 thousand).

During 2022, loss on initial recognition of loans to banks arose from issuance of loans with a nominal interest rate ranging from 1% to 2% per annum, the market interest rates of which ranged from 12.28% to 18.10% per annum (during 2021: with a nominal rate ranging from 1% to 2% per annum, the market rates on which ranged from 10.68% to 12.78% per annum).

During 2022, losses on initial recognition of loans to a leasing company, presented within loans to customers, arose from issuance of loans with a nominal interest rate of 0.35% per annum, the market interest rates of which ranged from 13.85% to 14.51% per annum.

During 2022, losses on initial recognition of other loans to customers arose from issuance of loans with a nominal interest rate ranging from 6% to 15% per annum, markets rates of which ranged from 12.65% to 27.37% per annum (during 2021: with nominal rates ranging from 7.41% to 9.80% per annum, the market rates on which ranged from 11.89% to 13.41% per annum).

Included in losses arising on initial recognition of loans issued as well as on the estimate of liabilities on loan commitments to provide loans at a below-market rate is a loss of KZT 16,009,638 thousand that is not related to raising and issuing loans using government grants (2021: KZT 220,824 thousand).

8 Impairment losses

	For the year ended 31 December 2022 KZT'000	For the year ended 31 December 2021 KZT'000
Losses on impairment of debt financial assets		
Loans to customers (Note 14)	(45,173,212)	(30,389,028)
Finance lease receivables (Note 15)	(1,671,989)	(3,188,369)
Loans to banks (Note 13)	(373,620)	953,714
Placements with banks and other financial institutions	(103,114)	(2,301)
Debt securities	(16,578)	19,597
Cash and cash equivalents	175	(56,346)
Other financial assets (Note 19)	242,175	(694,788)
	(47,096,163)	**(33,357,521)**
Reversal/(charge) of impairment losses on loan commitments and financial guarantee contracts		
Loan commitments	2,465,627	(2,819,353)
Financial guarantee contracts	13,211	8,714
	2,478,838	**(2,810,639)**
Reversal/(charge) of impairment losses on other non-financial assets		
Other assets	664,747	(165,190)
Advances paid under finance lease agreements	161,195	(147,530)
	825,942	**(312,720)**

9 General administrative expenses

	For the year ended 31 December 2022 KZT'000	For the year ended 31 December 2021 KZT'000
Personnel costs, including taxes and other obligatory payments	(5,055,385)	(4,259,153)
Maintenance and repair of property, plant and equipment	(761,979)	(609,255)
Taxes other than income tax	(666,196)	(468,150)
Amortisation of intangible assets	(424,197)	(267,828)
Other professional services	(383,352)	(373,047)
Depreciation of property, plant and equipment and investment property	(333,833)	(340,311)
Information services	(285,589)	(243,677)
Administrative expense of the Board of Directors	(230,657)	(253,213)
Rating services	(197,230)	(141,689)
Communication services	(162,494)	(170,442)
Consulting expenses	(146,792)	(26,542)
Audit expenses	(131,580)	(73,500)
Travel expenses	(84,214)	(81,643)
Employee training and advanced training	(56,674)	(65,418)
Advertising and marketing services	(46,175)	(103,338)
Transportation services	(23,268)	(19,046)
Materials	(22,393)	(22,739)
Membership fees	(13,011)	(12,366)
Charity and sponsorship	(5,740)	(19,987)
Other expenses	(30,501)	(32,030)
	(9,061,260)	**(7,583,374)**

10 Income tax expense

	For the year ended 31 December 2022 KZT'000	For the year ended 31 December 2021 KZT'000
Current tax expense		
Current period	(17,369,214)	(4,364,690)
Income tax (underprovided)/overprovided in prior periods	(231,115)	170,511
Income tax withheld at the source of payment	(2,693,021)	(1,398,371)
	(20,293,350)	**(5,592,550)**
Deferred tax benefit		
Origination and reversal of temporary differences	5,492,266	3,226,241
Movement in unrecognised deferred tax asset	(1,622,505)	(168,098)
	3,869,761	**3,058,143**
Total income tax expense	**(16,423,589)**	**(2,534,407)**

The applicable tax rate for current and deferred tax of the Group is 20% (2021: 20%).

Reconciliation of effective tax rate:

	For the year ended 31 December 2022 KZT'000	%	For the year ended 31 December 2021 KZT'000	%
Profit before income tax	**50,548,476**	**100**	**34,034,078**	**100**
Income tax at the applicable tax rate	(10,109,695)	(20)	(6,806,816)	(20)
Non-deductible expenses	(243,518)	-	(391,447)	(1)
Non-taxable income on securities	473,830	1	77,733	-
(Non-deductible impairment loss)/non-taxable income from allowance reversal	(3,002,724)	(6)	2,567,794	8
(Non-deductible expenses)/non-taxable income on revaluation of loans measured at fair value through profit or loss	(449,758)	(1)	342,302	1
Tax exempt interest on finance lease receivables	5,675,950	11	3,071,985	9
Change in unrecognised deferred tax assets	(5,843,538)	(12)	(168,098)	-
Income tax (underprovided)/overprovided in prior periods	(231,115)	-	170,511	1
Income tax withheld at the source of payment	(2,693,021)	(5)	(1,398,371)	(4)
	(16,423,589)	**(32)**	**(2,534,407)**	**(7)**

During 2022, movement in unrecognised deferred assets of KZT 5,843,538 thousand arose since the Group did not recognise a deferred tax asset for tax loss carry forwards arising in 2022, as it was not probable that future taxable profit will be available against which the Group could utilise these tax benefits. During the year the Group did not recognise a tax asset of KZT 4,255,999 thousand in relation to a realised loss on debt securities measured at fair value through other comprehensive income as according to Kazakhstan legislation this loss can be offset only against realised gain on sale of other securities. The tax losses expire in 2033. In addition, the subsidiary leasing company enjoys benefits under the tax legislation, which results in zero taxable income once benefits are excluded.

11 Cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the consolidated statement of cash flows comprise the following items:

	31 December 2022 KZT'000	31 December 2021 KZT'000
Demand deposits		
National Bank of the Republic of Kazakhstan	23,211,365	13,598,774
Total demand deposits	**23,211,365**	**13,598,774**
Current bank accounts balances		
National Bank of the Republic of Kazakhstan	53,357,807	29,231,424
Other banks		
- rated from AA- to AA+	4,458,559	56,119,283
- rated from A- to A+	52,245,200	6,392,886
- rated from BBB- to BBB+	126,451,684	143,928,346
- rated from BB- to BB+	666,955	45,460,039
- rated from B- to B+	1,508,588	284
- not rated	4,528,243	4,628,920
Total cash on current bank accounts	**243,217,036**	**285,761,182**
Reverse repurchase agreements with original maturities of less than three months	550,103,488	171,989,563
Cash on hand	-	3
Gross cash and cash equivalents	**816,531,889**	**471,349,522**
Loss allowance for expected credit losses	(61,986)	(62,161)
Net cash and cash equivalents	**816,469,903**	**471,287,361**

As at 31 December 2022, the Group entered into reverse repurchase agreements at Kazakhstan Stock Exchange. The subject of these agreements was notes issued by the National Bank of the Republic of Kazakhstan, treasury bills of the Ministry of Finance of the Republic of Kazakhstan and other securities included in the portfolio of government securities (31 December 2021: notes of the National Bank of the Republic of Kazakhstan and treasury bills of the Ministry of Finance of the Republic of Kazakhstan). The carrying amount of the agreements and fair value of securities pledged amounted to KZT 550,103,488 thousand and KZT 549,527,104 thousand, respectively (31 December 2021: KZT 171,989,563 thousand and KZT 170,862,275 thousand, respectively).

The credit ratings are presented by reference to the credit ratings of Standard&Poor's credit ratings agency or analogues of similar international agencies. None of cash and cash equivalents are past due.

Concentration of cash and cash equivalents

As at 31 December 2022 the Group had one bank (31 December 2021: two banks), whose balances exceeded 10% of equity. The gross value of these balances as of 31 December 2022 and 31 December 2021 was KZT 76,569,172 thousand and KZT 182,412,790 thousand, respectively.

12 Placements with banks and other financial institutions

	31 December 2022 KZT'000	31 December 2021 KZT'000
Placements with banks and other financial institutions		
rated from BBB- to BBB+	80,133,333	10,799,987
rated from BB- to BB+	1,337	14,770,751
not rated	390,470	390,470
Gross placements with banks other financial institutions	**80,525,140**	**25,961,208**
Loss allowance for expected credit losses	(553,069)	(468,946)
Net placements with banks other financial institutions	**79,972,071**	**25,492,262**

The above table is based on the credit ratings assigned by Standard & Poor's or other agencies converted into Standard & Poor's scale.

Concentration of placements with banks

As at 31 December 2022 the Group had placements with one bank, whose balances exceeded 10% of equity. The gross value of these balances as at 31 December 2022 is KZT 79,972,071 thousand.

As at 31 December 2022 the Group had deposit with one bank that was fully impaired (31 December 2021: with one bank).

13 Loans to banks

	31 December 2022 KZT'000	31 December 2021 KZT'000
Loans to banks		
rated from BBB- to BBB+	40,423,200	23,155,375
rated from BB- to BB+	8,664,965	26,429,351
rated from B- to B+	71,071,271	72,509,037
not rated	3,682,610	3,682,610
Gross loans to banks	**123,842,046**	**125,776,373**
Loss allowance for expected credit losses	(5,115,356)	(4,741,736)
Net loans to banks	**118,726,690**	**121,034,637**

As at 31 December 2022 the Group had no outstanding balances of loan issued to the bank whose balance exceeds 10% of equity (31 December 2021: none).

(a) Analysis of movements in the loss allowance for expected credit losses on loans to banks

Movements in the loss allowance for expected credit losses on loans to banks for the years ended 31 December 2022 and 31 December 2021 are as follows:

	For the year ended 31 December 2022			
	Stage 1 12-month expected credit losses	Stage 2 Life-time expected credit losses for assets not credit-impaired	Stage 3 Life-time expected credit losses for assets credit-impaired assets	Total
	KZT'000	KZT'000	KZT'000	KZT'000
Balance at the beginning of the reporting period	**(705,689)**	**(353,437)**	**(3,682,610)**	**(4,741,736)**
Transfer to Stage 2	69,095	(69,095)	-	-
New financial assets originated or purchased	(298,025)	-	-	(298,025)
Net charge of loss allowance for expected credit losses	(74,697)	(898)	-	(75,595)
Balance at the end of the reporting period	**(1,009,316)**	**(423,430)**	**(3,682,610)**	**(5,115,356)**

	For the year ended 31 December 2021			
	Stage 1 12-month expected credit losses	Stage 2 Life-time expected credit losses for assets not credit-impaired s	Stage 3 Life-time expected credit losses for assets credit-impaired	Total
	KZT'000	KZT'000	KZT'000	KZT'000
Balance at the beginning of the reporting period	**(975,790)**	**(948,889)**	**(3,770,771)**	**(5,695,450)**
Transfer to Stage 1	(439,318)	439,318	-	-
New financial assets originated or purchased	(1,168)	-	-	(1,168)
Net recovery of loss allowance for expected credit losses	710,587	156,134	88,161	954,882
Balance at the end of the reporting period	**(705,689)**	**(353,437)**	**(3,682,610)**	**(4,741,736)**

During the year ended 31 December 2022 the Group issued loans for the total amount of KZT 100,000,000 thousand to four second-tier banks at the interest rate of 1% using the funds received from Zhasyl Damu JSC (Note 27). Initially the loans were recognised at their fair value that was determined using the market interest rates ranging from 12.34% to 16.12%; the discount on initial recognition amounted to KZT 91,174,625 thousand. As at 31 December 2022, the loans issued are not past due.

During the year ended 31 December 2022, the Group transferred loans from Stage 1 to Stage 2 with gross carrying amount of KZT 26,839,300 thousand, which resulted in increase of the loss allowance for expected credit losses by KZT 992,027 thousand. Subsequently, these loans were early repaid partially through the assignment of claims to the ultimate borrowers (the total amount o assigned claims was KZT 11,300,963 thousand), and partially through assignment of debt to other commercial banks in the amount of KZT 38,693,541 thousand (nominal value). As a result, the Group increased the government grant liabilities by KZT 2,290,196 thousand, which represents a difference between the carrying amount of the loans repaid and fair value of the consideration received.

14 Loans to customers

	31 December 2022 KZT'000	31 December 2021 KZT'000
Loans to customers measured at amortised cost		
Loans to corporate customers	1,739,844,309	1,780,160,023
Mortgage loans	33,468	57,076
Accrued interest	125,116,491	109,060,275
Gross loans to customers measured at amortised cost	**1,864,994,268**	**1,889,277,374**
Loss allowance for expected credit losses	(196,055,632)	(140,879,810)
Total net loans to customers measured at amortised cost	**1,668,938,636**	**1,748,397,564**
Loans to customers measured at fair value through profit or loss	**105,237,964**	**144,110,433**
Total loans to customers	**1,774,176,600**	**1,892,507,997**

In determining the fair value of loans to customers measured at fair value through profit or loss, management made an assumption that the following market rates are appropriate for the Group: from 14.84% to 17.82% in KZT and 5.75% in USD (2021: from 12.97% to 14.88% in KZT and 2.04% in USD). None of the loans to customers measured at fair value through profit or loss are past due.

(a) Analysis of movements in the loss allowance for expected credit losses on loans to customers

Movements in the loss allowance for expected credit losses on loans to customers for the years ended 31 December 2022 and 31 December 2021 are as follows:

	For the year ended 31 December 2022				
	Stage 1 12-month expected credit losses KZT'000	**Stage 2 Life-time expected credit losses for assets not credit-impaired s KZT'000**	**Stage 3 Life-time expected credit losses for assets credit-impaired KZT'000**	**Assets credit-impaired on initial recognition KZT'000**	**Total KZT'000**
Balance at the beginning of the reporting period	**(16,290,690)**	**(36,498,042)**	**(84,631,372)**	**(3,459,706)**	**(140,879,810)**
Transfer to Stage 1	(4,138,504)	4,138,504	-	-	-
Transfer to Stage 2	70,309	(70,309)	-	-	-
Transfer to Stage 3	-	2,324,176	(2,324,176)	-	-
New financial assets originated or purchased	(2,295,209)	-	-	-	(2,295,209)
Net recovery/(charge) of loss allowance for expected credit losses	7,701,886	(18,897,357)	(34,756,802)	3,074,270	(42,878,003)
Write-off/(recovery)	-	-	1,407,449	(2,787,507)	(1,380,058)
Unwinding of discount on present value of ECLs	-	-	(6,547,437)	-	(6,547,437)
Effect of changes in foreign exchange rates	(309,564)	(55,030)	(1,711,443)	922	(2,075,115)
Balance at the end of the reporting period	**(15,261,772)**	**(49,058,058)**	**(128,563,781)**	**(3,172,021)**	**(196,055,632)**

	For the year ended 31 December 2021				
	Stage 1 12-month expected credit losses	**Stage 2 Life-time expected credit losses for assets not credit-impaired s**	**Stage 3 Life-time expected credit losses for assets credit-impaired**	**Assets credit-impaired on initial recognition**	**Total**
	KZT'000	**KZT'000**	**KZT'000**	**KZT'000**	**KZT'000**
Balance at the beginning of the reporting period	**(15,699,426)**	**(19,951,453)**	**(72,201,227)**	**(3,440,260)**	**(111,292,366)**
Transfer to Stage 1	(40,926)	40,926	-	-	-
Transfer to Stage 2	297	(1,698,864)	1,698,567	-	-
Transfer to Stage 3	-	6,940,383	(6,940,383)	-	-
New financial assets originated or purchased	(4,799,855)	-	-	-	(4,799,855)
Net recovery/(charge) of loss allowance for expected credit losses	4,479,884	(21,793,811)	(14,296,704)	6,021,458	(25,589,173)
Write-off/(recovery)	-	-	12,199,434	(6,040,904)	6,158,530
Unwinding of discount on present value of ECLs	-	-	(4,617,567)	-	(4,617,567)
Effect of changes in foreign exchange rates	(230,664)	(35,223)	(473,492)	-	(739,379)
Balance at the end of the reporting period	**(16,290,690)**	**(36,498,042)**	**(84,631,372)**	**(3,459,706)**	**(140,879,810)**

During 2022 the Group adopted a new methodology developed by S&P Global Market Intelligence to determine the loss given default (hereinafter - "LGD model") for loans classified as Stages 1 and 2. The previous methodology was based on loss given default rates depending on the type of collateral. The new methodology is based on historical statistics and determines individual loss given default rates depending on the type, industry and seniority of the instruments. When calculating the loss given default in LGD models, the costs to recover any collateral that is an integral part of the financial asset and the stress test results of the economic value of assets for occurrence of negative economic scenarios are also taken into account. In general, the adoption of the new LGD model led to a decrease in impairment losses of KZT 9,560,861 thousand.

(b) Analysis of movements in the gross carrying amounts

The note further explains how significant movements in the gross carrying amounts of loans to customers have contributed to changes in allowances for expected credit losses.

The large volume of loans to customers originated during 2022 resulted in the increase of the gross carrying amount of loans to customers by KZT 345,562,392 thousand (2021: KZT 434,828,137 thousand), with a corresponding increase in loss allowance for expected credit losses measured on a 12-month basis by KZT 2,295,209 thousand (2021: KZT 4,799,855 thousand).

During 2022, transfer of the loans issued to customers from Stage 1 to Stage 2, with gross carrying amount of KZT 22,536,033 thousand (2021: KZT 82,184,820 thousand) contributed to increase in loss allowance for expected credit losses of KZT 2,008,419 thousand (during 2021: KZT 25,946,108 thousand).

During 2022 loans to customers with the gross carrying amount of KZT 23,410,748 thousand (during 2021: KZT 138,529,392 thousand) were transferred from Stage 2 to Stage 3. During 2022 the Group increased the loss allowance for expected credit losses on these loans for the total amount of KZT 19,426,396 thousand (during 2021: KZT 11,629,834 thousand).

Analysis of collateral

The following tables provides information on collateral and other credit enhancements securing loans to corporate customers (net of loss allowance for expected credit losses) by types of collateral.

31 December 2022	Carrying amount of loans to customers KZT'000	Fair value of collateral - for collateral assessed during reporting date KZT'000	Fair value of collateral - for collateral assessed before reporting date KZT'000
Stage 1 (12-month expected credit losses)			
Cash and deposits	3,670,885	3,670,885	-
Bank guarantees and guarantees received from legal entities (rated from B- to BBB+)	299,715,378	-	-
Bank guarantees and guarantees received from legal entities (not rated)	299,017,175	-	-
Government guarantees	3,020,051	3,020,051	
Vehicles	7,132,188	533,023	6,599,165
Real estate	219,802,932	34,272,630	185,530,302
Equipment	36,622,727	26,528,110	10,094,617
Shares, equity shares	218,488,574	-	218,488,574
Insurance contracts	149,902,952	-	-
Future assets	271,030,756	43,411,174	227,619,582
No collateral or other credit enhancement	6,116,946	-	-
Total Stage 1 (12-month expected credit losses)	**1,514,520,564**	**111,435,873**	**648,332,240**
Stage 2 (Lifetime expected credit losses on assets not credit-impaired)			
Bank guarantees and guarantees received from legal entities (not rated)	9,072,131	-	-
Vehicles	59,272	-	59,272
Real estate	47,757,036	6,645,460	41,111,576
Equipment	7,201,845	58,134	7,143,711
Total Stage 2 (Lifetime expected credit losses on assets not credit-impaired)	**64,090,284**	**6,703,594**	**48,314,559**
Total Stage 3 (Lifetime ECL on credit-impaired assets)			
Bank guarantees and guarantees received from legal entities (rated from B- to BBB+)	39,258,441	-	-
Bank guarantees and guarantees received from legal entities (not rated)	1,881,690	-	-
Vehicles	242,331	-	242,331
Real estate	36,128,522	3,084,862	33,043,660
Insurance contracts	1,090,786	-	-
Total Stage 3 (Lifetime ECL on credit-impaired assets)	**78,601,770**	**3,084,862**	**33,285,991**
POCI-assets			
Vehicles	255,088	-	255,088
Real estate	11,470,730	-	11,470,730
Shares, equity shares	200	200	-
Total POCI-assets	**11,726,018**	**200**	**11,725,818**

31 December 2021	Carrying amount of loans to customers KZT'000	Fair value of collateral - for collateral assessed during reporting date KZT'000	Fair value of collateral - for collateral assessed before reporting date KZT'000
Stage 1 (12-month expected credit losses)			
Cash and deposits	3,687,731	3,687,731	-
Bank guarantees and guarantees received from legal entities (rated from B- to BBB+)	416,643,573	-	-
Bank guarantees and guarantees received from legal entities (not rated)	331,240,766	-	-
Government guarantees	3,011,515	3,011,515	
Vehicles	21,293,250	177,677	21,115,573
Real estate	203,105,220	21,663,241	181,441,979
Equipment	13,104,343	-	13,104,343
Shares, equity shares	159,746,530	9,445,774	150,300,756
Insurance contracts	88,653,342	-	-
Future assets	263,639,577	19,230,380	244,409,197
No collateral or other credit enhancement	222,690	-	-
Total Stage 1 (12-month expected credit losses)	**1,504,348,537**	**57,216,318**	**610,371,848**
Stage 2 (Lifetime expected credit losses on assets not credit-impaired)			
Bank guarantees and guarantees received from legal entities (rated from B- to BBB+)	18,888,549	-	-
Bank guarantees and guarantees received from legal entities (not rated)	24,200,000	-	-
Vehicles	175,084	61,340	113,744
Real estate	61,285,077	5,265,655	56,019,422
Equipment	28,265,895	-	28,265,895
Shares, equity shares	5,014,945	-	5,014,945
Total Stage 2 (Lifetime expected credit losses on assets not credit-impaired)	**137,829,550**	**5,326,995**	**89,414,006**
Total Stage 3 (Lifetime ECL on credit-impaired assets)			
Bank guarantees and guarantees received from legal entities (rated from B- to BBB+)	45,311,948	-	-
Vehicles	215,624	-	215,624
Real estate	51,701,540	-	51,701,540
Total Stage 3 (Lifetime ECL on credit-impaired assets)	**97,229,112**	**-**	**51,917,164**
POCI-assets			
Bank guarantees and guarantees received from legal entities (rated from B- to BBB+)	1,477,609	-	-
Vehicles	290,387	-	290,387
Real estate	7,222,369	-	7,222,369
Total POCI-assets	**8,990,365**	**-**	**7,512,756**

The tables above exclude overcollateralisation. For loans secured by multiple types of collateral, collateral that is most relevant for assessment of loss allowance for expected credit losses is disclosed. Certain guarantees and sureties received from individuals, such as shareholders of borrowers, are not considered for impairment assessment purposes.

The recoverability of loans to corporate customers, which are not credit-impaired, is primarily dependent on the creditworthiness of the borrowers rather than the value of collateral, and the Group does not necessarily update the valuation of collateral as at each reporting date.

(c) Industry analysis of the loan portfolio

Loans were issued to customers located within the Republic of Kazakhstan, which operate in the following economic sectors:

	31 December 2022 KZT'000	31 December 2021 KZT'000
Metal industry	497,162,841	405,514,563
Petrochemicals manufacturing	446,147,175	498,421,402
Mining	294,123,677	309,447,234
Electric power supply, gas and steam supply, and air conditioning	174,664,077	265,928,570
Foodstuff manufacturing	124,710,628	104,059,298
Machinery manufacturing	120,793,273	112,435,567
Transportation and warehousing	96,961,689	104,910,279
Arts, entertainment and leisure industry	55,459,706	51,658,939
Catering and accommodation services	43,296,955	47,117,815
Chemical industry	42,341,540	49,000,868
Information and telecommunications	39,746,723	53,068,994
Construction materials manufacturing	31,846,264	31,633,160
Financial services	2,977,684	191,118
	1,970,232,232	**2,033,387,807**
Loss allowance for expected credit losses	(196,055,632)	(140,879,810)
Total loans to customers	**1,774,176,600**	**1,892,507,997**

(d) Significant credit exposures

As at 31 December 2022, the Group had five borrowers (31 December 2021: seven borrowers) whose balances exceeded 10% of equity. The net carrying value of these loans as at 31 December 2022 was KZT 816,613,602 thousand (31 December 2021: KZT 1,001,487,649 thousand).

(e) Loan maturities

The maturity of the Group's loan portfolio is presented in Note 29(e), which shows the remaining period from the reporting date to the contractual maturity of the loans.

15 Finance lease receivables

The components of net investments in finance lease as at 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022 KZT'000	31 December 2021 KZT'000
Less than 1 year	117,975,582	120,767,858
From 1 to 2 years	115,243,645	91,073,781
From 2 to 3 years	116,509,334	91,615,190
From 3 to 4 years	98,870,760	78,097,926
From 4 to 5 years	63,155,404	70,332,627
More than 5 years	286,080,167	245,732,704
Minimum lease payments	**797,834,892**	**697,620,086**
Less unearned finance income		
Less than 1 year	(30,050,588)	(41,033,899)
From 1 year to 5 years	(139,124,375)	(107,320,546)
More than 5 years	(85,273,816)	(76,682,799)
Less unearned finance income, total	**(254,448,779)**	**(225,037,244)**
Loss allowance for expected credit losses	(23,754,304)	(21,746,243)
Net investments in finance lease	**519,631,809**	**450,836,599**
Embedded derivative financial instrument measured at fair value through profit or loss	-	1,267,117
Finance lease receivables	**519,631,809**	**452,103,716**

	31 December 2022 KZT'000	31 December 2021 KZT'000
Finance leases to large corporates	282,529,032	239,065,085
Finance leases to small- and medium-sized companies	260,857,081	233,517,757
Loss allowance for expected credit losses	(23,754,304)	(21,746,243)
Net investments in finance lease	**519,631,809**	**450,836,599**
Embedded derivative financial instrument measured at fair value through profit or loss	-	1,267,117
Finance lease receivables	**519,631,809**	**452,103,716**

Finance lease origination fees, lease servicing fees and other fees, differences between the actual cost of the lease items and cost of the lease items at the time of their transfer under the finance lease agreement are recognised as deferred income and amortised to interest income over the estimated life of the financial instrument in the amount of KZT 1,620,126 thousand (31 December 2021: KZT 1,564,125 thousand) that is considered to be integral part of the finance lease.

As at 31 December 2022 the Group has 7 lessees or 3 groups of related lessees, whose balances make 43% of total carrying amount of finance lease receivables. As at 31 December 2022 the total carrying amount of receivables from these lessees is KZT 223,751,928 thousand (31 December 2021: the Group has 8 lessees or 3 groups of related lessees, whose total carrying amount of the lease receivables is KZT 199,034,371 thousand). Up to 93% of the total carrying amount relate to the group of National Company "Kazakhstan Temir Zholy" JSC ("KTZ") and the company, which is economically dependent on KTZ, for the total amount of KZT 209,016,607 thousand (31 December 2021: 92% for the total amount of KZT 183,104,397 thousand) that gives rise to risk of credit concentration due to the nature of their business activity and industry specifics. Lease agreements issued to KTZh are classified into Stage 1 for the purpose of measurement of expected credit losses. As at 31 December 2022, KTZh has no past due balances.

Movements in loss allowance for expected credit losses under finance lease agreements for the years ended 31 December 2022 and 31 December 2021 are as follows:

	For the year ended 31 December 2022			
	Stage 1 12-month expected credit losses	**Stage 2 Life-time expected credit losses for assets not credit-impaired**	**Stage 3 Life-time expected credit losses for assets credit-impaired**	**Total**
	KZT'000	**KZT'000**	**KZT'000**	**KZT'000**
Finance lease receivables				
Balance at beginning of the year	**(7,594,081)**	**(3,238,829)**	**(10,913,333)**	**(21,746,243)**
Transfer to Stage 1	(1,371,107)	1,371,107	-	-
Transfer to Stage 2	1,380,753	(1,380,753)	-	-
Transfer to Stage 3	-	959,417	(959,417)	-
Net remeasurement of loss allowance for expected credit losses	2,987,432	1,103,199	(5,762,620)	(1,671,989)
Recovery of previously written-off amounts	-	-	(1,083)	(1,083)
Unwinding of discount for the year	-	-	(334,989)	(334,989)
Balance at the end of the year	**(4,597,003)**	**(1,185,859)**	**(17,971,442)**	**(23,754,304)**

	For the year ended 31 December 2021			
	Stage 1 12-month expected credit losses	Stage 2 Life-time expected credit losses for assets not credit-impaired	Stage 3 Life-time expected credit losses for assets credit-impaired	Total
	KZT'000	KZT'000	KZT'000	KZT'000
Finance lease receivables				
Balance at beginning of the year	**(5,005,407)**	**(4,922,573)**	**(10,599,780)**	**(20,527,760)**
Transfer to Stage 1	(449,378)	449,378	-	-
Transfer to Stage 2	278,086	(278,086)	-	-
Transfer to Stage 3	-	521,720	(521,720)	-
Net remeasurement of loss allowance for expected credit losses	(2,417,382)	990,732	(1,761,719)	(3,188,369)
Write-off	-	-	1,328,490	1,328,490
Transfer to other assets	-	-	302,820	302,820
Unwinding of discount write off	-	-	357,329	357,329
Unwinding of discount for the year	-	-	(18,753)	(18,753)
Balance at the end of the year	**(7,594,081)**	**(3,238,829)**	**(10,913,333)**	**(21,746,243)**

Analysis of movements in the gross carrying amounts

Increase in financing of lease transactions for 2022 caused increase in gross carrying amount of lease portfolio for the total amount of KZT 172,729,274 thousand and respective increase in loss allowance for the portfolio by KZT 14,593,098 thousand, including by stages:

- Stage 1: increase in gross carrying amount of lease portfolio for KZT 142,526,716 thousand and increase in loss allowance for expected credit losses by KZT 4,036,149 thousand;
- Stage 2: increase in gross carrying amount of lease portfolio by KZT 9,544,727 thousand resulted in increase in loss allowance for expected credit losses by KZT 638,752 thousand;
- Stage 3: increase in gross carrying amount of lease portfolio by KZT 20,657,831 thousand and increase in loss allowance for expected credit losses by KZT 9,918,197 thousand.

Decrease in the receivables of gross carrying amount of KZT 103,193,120 thousand resulted in decrease in loss allowance for expected credit losses for the portfolio by KZT 12,921,109 thousand, including by stages:

- Stage 1: decrease in gross carrying amount of lease portfolio by KZT 58,292,168 thousand and decrease in loss allowance for expected credit losses by KZT 1,165,843 thousand;
- Stage 2: decrease in gross carrying amount of lease portfolio by KZT 38,597,070 thousand and decrease in loss allowance for expected credit losses by KZT 1,741,951 thousand;
- Stage 3: decrease in gross carrying amount of lease portfolio by KZT 6,303,882 thousand and decrease in loss allowance for expected credit losses by KZT 4,155,577 thousand.

Increase in financing of lease transactions for 2021 caused increase in gross carrying amount of lease portfolio for the total amount of KZT 214,501,267 thousand and respective increase in loss allowance for the portfolio by KZT 9,057,210 thousand, including by stages:

- Stage 1: increase in gross carrying amount of lease portfolio for KZT 161,526,162 thousand and increase in loss allowance for expected credit losses for the portfolio by KZT 3,563,551 thousand;
- Stage 2: increase in gross carrying amount of lease portfolio by KZT 42,874,113 thousand resulted in increase in loss allowance for expected credit losses by KZT 1,977,970 thousand;
- Stage 3: increase in gross carrying amount of lease portfolio by KZT 10,100,992 thousand and increase in loss allowance for expected credit losses by KZT 3,515,689 thousand.

Decrease in the receivables of gross carrying amount of KZT 87,718,929 thousand resulted in decrease in loss allowance for expected credit losses for the portfolio by KZT 5,868,841 thousand, including by stages:

- Stage 1: decrease in gross carrying amount of lease portfolio by KZT 35,111,468 thousand and decrease in loss allowance for expected credit losses by KZT 1,146,169 thousand;
- Stage 2: decrease in gross carrying amount of lease portfolio by KZT 44,788,553 thousand and decrease in loss allowance for expected credit losses by KZT 2,968,702 thousand;
- Stage 3: decrease in gross carrying amount of lease portfolio by KZT 7,818,908 thousand and decrease in loss allowance for expected credit losses by KZT 1,753,970 thousand.

Embedded derivative financial instrument

In March 2022 the Group made decision to cancel indexing under 5 lease agreements that resulted in early termination of the embedded financial instrument. As at 31 December 2021 the repayment of investment in finance leases of KZT 13,913,560 thousand is linked to appreciation of the rate of the Russian rouble (RUB) against KZT. If the rate of RUB rises, the amount receivable is increased by the respective index. If the rate of RUB rises, the amount receivable is increased by the respective index. If the rate of RUB goes down, the amount receivable is not adjusted below the original amount in KZT.

These embedded derivatives were recorded at fair value in the financial statements in finance lease receivables. The estimated amount of the embedded derivatives, which are included in finance lease receivables as at 31 December 2021 is KZT 1,267,117 thousand. Fair value is calculated using a Nelson-Siegel parametric model.

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

- risk-free rates are estimated using yield curves for respective currencies (31 December 2021: from 8.548% to 9.661% for RUB, and from 9.265% to 10.309% for KZT);
- volatility in the model is defined based on the historical 12-month observations of fluctuations in actual foreign exchange rates;
- no transaction cost is included in the model.

Credit quality of finance lease portfolio

The following table sets out information about the credit quality of the finance lease portfolio as at 31 December 2022:

	Stage 1	Stage 2	Stage 3	Total
	KZT'000	KZT'000	KZT'000	KZT'000
Finance leases to large corporates				
- not overdue	271,458,977	-	10,631,722	282,090,699
- overdue 90-360 days	-	-	438,333	438,333
Total gross leases to large corporates	**271,458,977**	-	**11,070,055**	**282,529,032**
Loss allowance for expected credit losses	**(682,162)**	-	**(7,703,093)**	**(8,385,255)**
Total leases to large corporates	**270,776,815**	-	**3,366,962**	**274,143,777**
Finance leases to small- and medium-sized companies				
- not overdue	206,945,306	11,450,953	3,160,062	221,556,321
- overdue up to 30 days	1,362,583	1,030,642	-	2,393,225
- overdue 30-89 days	-	13,942,843	389,032	14,331,875
- overdue 90-360 days	-	-	20,546,613	20,546,613
- overdue more than 360 days	-	-	2,029,047	2,029,047
Total gross leases to small- and medium-sized companies	**208,307,889**	**26,424,438**	**26,124,754**	**260,857,081**
Loss allowance for expected credit losses	**(3,914,841)**	**(1,185,859)**	**(10,268,349)**	**(15,369,049)**
Total leases to small and medium-sized companies	**204,393,048**	**25,238,579**	**15,856,405**	**245,488,032**
Total finance leases	**475,169,863**	**25,238,579**	**19,223,367**	**519,631,809**

The following table sets out information about the credit quality of the finance lease portfolio as at 31 December 2021:

	Stage 1	Stage 2	Stage 3	FVTPL (embedded derivative financial instrument)	Total
	KZT'000	KZT'000	KZT'000	KZT'000	KZT'000
Finance leases to large corporates					
- not overdue	194,341,279	8,187,215	11,234,279	889,695	214,652,468
- overdue 30-89 days	25,302,312	-	-	-	25,302,312
Total gross leases to large corporates	**219,643,591**	**8,187,215**	**11,234,279**	**889,695**	**239,954,780**
Loss allowance for expected credit losses	**(989,686)**	**(142,848)**	**(6,912,888)**	**-**	**(8,045,422)**
Total leases to large corporates	**218,653,905**	**8,044,367**	**4,321,391**	**889,695**	**231,909,358**
Finance leases to small- and medium-sized companies					
- not overdue	171,634,723	43,686,970	9,492,762	377,422	225,191,877
- overdue up to 30 days	1,028,003	62,049	-	-	1,090,052
- overdue 30-89 days	1,958,884	3,540,547	45,357	-	5,544,788
- overdue 90-360 days	-	-	934,780	-	934,780
- overdue more than 360 days	-	-	1,133,682	-	1,133,682
Total gross leases to small- and medium-sized companies	**174,621,610**	**47,289,566**	**11,606,581**	**377,422**	**233,895,179**
Loss allowance for expected credit losses	**(6,604,395)**	**(3,095,981)**	**(4,000,445)**	**-**	**(13,700,821)**
Total leases to small and medium-sized companies	**168,017,215**	**44,193,585**	**7,606,136**	**377,422**	**220,194,358**
Total finance leases	**386,671,120**	**52,237,952**	**11,927,527**	**1,267,117**	**452,103,716**

As at 31 December 2022 the Group classified all projects overdue more than 30-90 days to Stage 2, and those overdue more than 90 days - to Stage 3.

As at 31 December 2021, all projects overdue more than 90 days were classified to Stage 3.

Analysis of collateral

The following table provides information on collateral, leased assets and other credit enhancements securing finance lease receivables (net of loss allowance for expected credit losses and excluding embedded financial derivative) as at 31 December 2022, by types of collateral:

	Finance lease receivables, carrying amount	Fair value of collateral: for collateral assessed as of reporting date
31 December 2022	KZT'000	KZT'000
Leases for which ECL are measured at the amount up to 12-month ECL:		
Real estate	9,050,451	9,050,451
Vehicles	323,144,589	323,144,589
Equipment	80,424,289	80,424,289
Guarantees from legal entities (rated from B to BBB-)	58,233,342	-
No collateral or other credit enhancement	4,317,192	-
Total leases for which ECL are measured at the amount up to 12-month ECL	**475,169,863**	**412,619,329**

31 December 2022	Finance lease receivables, carrying amount KZT'000	Fair value of collateral: for collateral assessed as of reporting date KZT'000
Leases for which ECL are measured at an amount equal to lifetime ECL for assets that are not credit-impaired:		
Real estate	1,025,702	1,025,702
Vehicles	23,160,096	23,160,096
No collateral or other credit enhancement	1,052,781	-
Total leases for which ECL are measured at an amount equal to lifetime ECL for assets that are not credit-impaired	**25,238,579**	**24,185,798**
Leases for which ECL are measured at an amount equal to lifetime ECL for assets that are credit-impaired:		
Real estate	2,380,426	2,380,426
Vehicles	11,535,921	11,535,921
Equipment	5,307,020	5,307,020
Total leases for which ECL are measured at an amount equal to lifetime ECL for assets that are credit-impaired	**19,223,367**	**19,223,367**
Total finance lease receivables	**519,631,809**	**456,028,494**

The following table provides information on collateral, leased assets and other credit enhancements securing finance lease receivables (net of loss allowance and excluding embedded financial derivative) as at 31 December 2021, by types of collateral:

31 December 2021	Finance lease receivables, carrying amount KZT'000	Fair value of collateral: for collateral assessed as of reporting date KZT'000
Leases for which ECL are measured at the amount up to 12-month ECL:		
Real estate	3,696,204	3,696,204
Vehicles	284,538,036	284,538,036
Equipment	46,795,831	46,795,831
Guarantees from legal entities (rated from BB- to BBB-)	48,011,473	-
No collateral or other credit enhancement	3,629,576	-
Total leases for which ECL are measured at the amount up to 12-month ECL	**386,671,120**	**335,030,071**
Leases for which ECL are measured at an amount equal to lifetime ECL for assets that are not credit-impaired:		
Real estate	2,961,114	2,961,114
Vehicles	35,884,441	35,884,441
Equipment	13,392,362	13,392,362
No collateral or other credit enhancement	35	-
Total leases for which ECL are measured at an amount equal to lifetime ECL for assets that are not credit-impaired	**52,237,952**	**52,237,917**
Leases for which ECL are measured at an amount equal to lifetime ECL for assets that are credit-impaired:		
Real estate	3,078,737	3,078,737
Vehicles	1,883,676	1,883,676
Equipment	6,965,114	6,965,114
Total leases for which ECL are measured at an amount equal to lifetime ECL for assets that are credit-impaired	**11,927,527**	**11,927,527**
Total finance lease receivables	**450,836,599**	**399,195,515**

The tables above exclude overcollateralisation.

For finance lease receivables secured by multiple types of collateral, collateral that is most relevant for impairment assessment is disclosed. Sureties received from individuals, such as shareholders of small- and medium-sized leaseholders, are not considered for impairment assessment purposes. Therefore, such finance lease receivables and unsecured portions of partially secured exposures are presented as leases without collateral or other credit enhancement.

The recoverability of finance lease receivables, which are neither past due nor credit-impaired, primarily depends on the creditworthiness of lessees rather than the value of collateral.

As at 31 December 2022, the gross carrying amount of credit-impaired finance lease receivables was KZT 37,194,809 thousand, while value of collateral (mostly equipment) securing these finance lease receivables was KZT 19,223,367 thousand. Fair value of collateral is limited by maximum nominal value of finance lease receivables.

As at 31 December 2021, the gross carrying amount of credit-impaired finance lease receivables was KZT 22,840,860 thousand, while value of collateral (mostly equipment) securing these finance lease receivables was KZT 11,927,527 thousand. Fair value of collateral is limited by maximum nominal value of finance lease receivables.

Foreclosed leased assets

During the year ended 31 December 2022, the Group did not foreclose the leased items (for the year ended 31 December 2021: the Group foreclosed the leased items in the amount of KZT 3,840,221 thousand).

16 Debt securities

	31 December 2022 KZT'000	31 December 2021 KZT'000
Debt securities measured at fair value through other comprehensive income	392,054,479	530,986,083
Debt securities measured at amortised cost	13,441,796	12,445,316
Debt securities measured at fair value through profit or loss	1,177,326	1,087,523
	406,673,601	**544,518,922**

Debt securities measured at fair value through other comprehensive income

	31 December 2022 KZT'000	31 December 2021 KZT'000
Debt securities of the government bodies of other countries	374,813,255	509,406,147
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	9,632,645	11,549,556
Corporate bonds of Kazakhstan issuers	7,608,579	8,343,390
Bonds of foreign banks and financial institutions	-	1,686,990
Total debt securities measured at fair value through other comprehensive income	**392,054,479**	**530,986,083**

During 2022 the Group partially sold the debt securities measured at fair value through other comprehensive income in the amount of USD 232,819 thousand. During 2022, as a result of the sales of debt securities the Group recognised net expense of KZT 21,277,996 thousand, the effect of which was offset by a partial early buyout of issued bonds placed in 2021 for the total amount of USD 245,477 thousand using the funds from sale of debt securities (Note 25).

Debt securities measured at amortised cost

	31 December 2022 KZT'000	31 December 2021 KZT'000
Bonds of SWF "Samruk-Kazyna" JSC	8,050,779	7,502,150
Corporate bonds of Kazakhstan issuers	4,615,591	4,280,947
Bonds of Kazakhstan banks (POCI-asset)	2,198,541	2,078,197
	14,864,911	**13,861,294**
Loss allowance for expected credit losses	(1,423,115)	(1,415,978)
Total debt securities at amortised cost	**13,441,796**	**12,445,316**

Debt securities measured at fair value through profit or loss

	31 December 2022 KZT'000	31 December 2021 KZT'000
Corporate bonds (not rated)	1,177,326	1,087,523
Total debt securities measured at fair value through profit or loss	**1,177,326**	**1,087,523**

17 Advances paid under finance lease agreements

	31 December 2022 KZT'000	31 December 2021 KZT'000
Advances paid to the suppliers of equipment under the finance lease agreements	99,244,627	103,022,524
Cash placed under irrevocable letters of credit	81,580,872	63,543,737
	180,825,499	**166,566,261**
Loss allowance for expected credit losses	-	(161,195)
Total advances paid under finance lease agreements	**180,825,499**	**166,405,066**

As at 31 December 2022, no loss allowance for expected credit losses was recognised for advances paid under finance lease agreement, related to cash placed under irrevocable letters of credits (2021: allowance of KZT 161,195 thousand was recognised for advances paid under finance lease agreement).

18 Equity investments

	31 December 2022 KZT'000	31 December 2021 KZT'000
DBK Equity Fund C.V.	20,442,839	35,687,437
	20,442,839	**35,687,437**

In accordance with the terms and conditions of the Agreement on establishment of the limited liability partnership dated 3 November 2017, concluded by BV Management LLP, DBK Capital Structure B.V. and Kazyna Capital Management JSC (the "Agreement"), which jointly established DBK Equity Fund C.V. (the "Fund"), the gross investments contribution to the Fund amounted to KZT 33,515,000 thousand. The share of the contributions held by the parties are as follows:

- The Group (via DBK Capital Structure B.V.) (Limited Partner A) – 97% ownership interest;
- Kazyna Capital Management JSC (Limited Partner B) – 2.99% ownership interest;
- BV Management LLP (General Partner) - 0.01% ownership interest.

The main purpose to have established the Fund is investing in share capital of corporates whose principal activities are development of infrastructure projects in target areas. The Fund's operations are primarily located in Kazakhstan, while the country of incorporation is the Netherlands.

Nature and extent of the Group's involvement

The Group holds a 97% interest in the Fund via DBK Capital Structure B.V., and being a limited liability partner under the Agreement is not involved in the decision-making process related to the Fund's investing activities. The Fund's management company is the General Partner (BV Management LLP) that is responsible for making investing decisions and governed by the Investment Policy in accordance with the Agreement. The General Partner is free to select assets for capital investment and makes key decisions on the Fund's operating activities and investees' capital, including budgets and key management remuneration.

The Investment Policy is amended by the General Partner subject to approval by the Supervisory Board. The Group has the right to appoint one of the four members of the Supervisory Board. Significant decisions on investment activity are made by the General Partner upon approval by the Investment Committee. The Group has the right to appoint one of the five members of the Investment Committee.

Under the Agreement, the Group has no right to individually make decisions on re-appointment of the General Partner who manages the Fund. Decisions on re-appointment of the General Partner under the Agreement are made upon joint consent by limited partners. Under the terms of the Agreement, there are certain conditions which are attached to the reappointment of the General Partner, including:

- notification of the General Partner 6 month prior to re-appointment;
- searching for a new general partner who is prepared for buy-out of the predecessor General Partner's rights and obligations;
- a new General Partner is appointed by common consent of the limited liability partners.

These conditions make the General Partner‘s reappointment process more difficult.

In accordance with the above, under the IFRS 10 *Consolidated Financial Statements,* the Group has no control over the Fund as at 31 December 2022 and 31 December 2021, does not exercise control over the Fund and does not consolidate the Fund.

As the Fund's Investment Policy has been approved in the Agreement, and the Fund is managed by the General Partner in compliance with such Policy without involvement of the limited partners, the Group believes that it does not have a significant impact on the Fund's activity. Thus, the Group accounts for the Fund in compliance with IFRS 9.

Under IFRS 9, there are exceptions to general requirements to the classification of financial instruments related to investments in equity instruments. On initial recognition of an equity investment that is not held for trading, an entity can make an irrevocable decision to present changes in fair value of such investments in OCI. The Group decided to use such exception. As at 31 December 2022 and 31 December 2021 equity investments are recognised by the Group at fair value through other comprehensive income.

During 2022 the Group invested in DBK Equity Fund C.V. (the "Fund") KZT 346,716 thousand (2021: reduced investment by KZT 13,357,640 thousand).

As at 31 December 2022 fair value of equity investments of KZT 20,442,839 thousand (31 December 2021: KZT 35,687,437 thousand) was calculated using the adjustment present value of the Fund's net assets. Fair value of the Fund's assets was determined by estimating present value of projected cash flows using market discount rates ranging from 17.39% to 37.74% (as at 31 December 2021: 13.7%-22.0%).

19 Other assets

	31 December 2022 KZT'000	31 December 2021 KZT'000
Other financial assets measured at amortised cost		
Accounts receivable from IFK JSC	9,263,815	10,938,576
Interest unpaid and VAT on foreclosed leased assets	562,524	562,524
Trade and other receivables	308,569	27,611
Fee and commission income accrued	292,913	284,508
Recoverable expenses due from lessees	114,005	14,517
Debtors under legal claims	-	32,749
Other	5,917	3,369
Total other financial assets measured at amortised cost, gross	**10,547,743**	**11,863,854**
Loss allowance for expected credit losses	(3,307,992)	(3,564,532)
Total other financial assets measured at amortised cost, net	**7,239,751**	**8,299,322**
Other assets measured at fair value through profit or loss	4,241	4,115
Total financial assets	**7,243,992**	**8,303,437**
Foreclosed lease equipment	1,370,987	2,610,001
Prepayments	1,159,154	573,353
Equipment not to be leased	323,174	323,174
Assets received as additional collateral	212,817	212,817
Deferred expenses	162,737	225,483
Taxes and duties other than income tax	45,091	71,527
Raw materials and supplies	22,825	26,481
Non-current assets held for sale	-	96,964
Other	39,384	53,973
Total other non-financial assets, gross	**3,336,169**	**4,193,773**
Impairment allowance	(1,141,048)	(1,516,037)
Total non-financial assets	**2,195,121**	**2,677,736**
Total other assets	**9,439,113**	**10,981,173**

As at 31 December 2022, net carrying amount of the past due receivables was KZT 139,355 thousand (31 December 2021: KZT 234,615 thousand).

As at 31 December 2022, the Group recognised loss allowance for expected credit losses on the accounts receivable from IFK JSC in the amount equal to lifetime expected credit losses (Stage 2) (31 December 2021: Stage 2).

Analysis of movements in the loss allowance for expected credit losses

Movements in the loss allowance for expected credit losses for other financial assets for the years ended 31 December 2022 and 31 December 2021 are as follows:

	2022 KZT'000	2021 KZT'000
Balance at the beginning of the year	**(3,564,532)**	**(2,619,601)**
Net recovery/(charge) of loss allowance for expected credit losses	242,175	(694,788)
Transfer from finance lease receivables	-	(299,243)
Other changes	(1)	(993)
Effect of changes in foreign exchange rates	(2,995)	(737)
Write-off for the year	17,361	50,830
Balance at the end of the year	**(3,307,992)**	**(3,564,532)**

Movements in impairment allowance for other financial assets for the years ended 31 December 2022 and 31 December 2021 are as follows:

	2022 KZT'000	2021 KZT'000
Balance at the beginning of the year	**(1,516,037)**	**(1,528,398)**
Net charge of impairment allowance	664,747	(165,190)
Transfer from finance lease receivables	-	(3,577)
Write-off of foreclosed equipment	(445,432)	
Write-off for the year	155,674	181,128
Balance at the end of the year	**(1,141,048)**	**(1,516,037)**

20 Deferred tax assets

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 as at 31 December 2022 and 31 December 2021.

Recognised deferred tax assets and liabilities

Movements in temporary differences for the year ended 31 December 2022 are presented as follows:

	Balance at 1 January 2022	Recognised in profit or loss	Other changes*	Balance at 31 December 2022
	KZT'000	KZT'000	KZT'000	KZT'000
Loans to banks	18,714,060	17,290,733	(729,729)	35,275,064
Loans to customers	21,037,710	9,646,348	(2,433,359)	28,250,699
Finance lease receivables	2,676,799	(508,734)	-	2,168,065
Property, plant and equipment and intangible assets	(320,438)	(20,924)	-	(341,362)
Other assets	1,565,971	(557,120)	-	1,008,851
Loans from banks and other financial institutions	(4,330,978)	999,068	-	(3,331,910)
Loans from SWF "Samruk-Kazyna"	(244,591)	139,547	-	(105,044)
Loans from the Parent Company	(60,190,408)	5,995,353	(57,757,438)	(111,952,493)
Debt securities issued	(10,480,845)	343,158	(4,421,316)	(14,559,003)
Government grants	60,228,122	(29,270,862)	96,503,827	127,461,087
Subordinated debt	(27,875,186)	1,395,795	-	(26,479,391)
Other liabilities	107,601	88,883	(31,161,985)	(30,965,501)
Provisions	1,845,917	(1,671,484)	-	174,433
Net deferred tax assets	**2,733,734**	**3,869,761**	**-**	**6,603,495**

*Other changes in deferred tax assets and liabilities reflect the recognition of liabilities in respect of government grants when receiving loans from the Government through the Parent Company, when issuing bonds at a below-market rate, when receiving loans from Zhasyl Damu JSC, and in case of early repayment of loans issued when the Group is obliged to reinvest these funds under government programmes.

Recognised deferred tax assets and liabilities

Movements in temporary differences for the year ended 31 December 2021 are presented as follows:

	Balance 1 January 2021	Recognised in profit or loss	Recognised in equity	Other changes*	Balance 31 December 2021
	KZT'000	KZT'000	KZT'000	KZT'000	KZT'000
Loans to banks	20,754,790	(755,768)	-	(1,284,962)	18,714,060
Loans to customers	18,395,875	2,641,835	-	-	21,037,710
Finance lease receivables	2,396,466	280,333	-	-	2,676,799
Property, plant and equipment and intangible assets	(278,801)	(41,637)	-	-	(320,438)
Other assets	2,606,062	(303,399)	(736,692)	-	1,565,971
Loans from banks and other financial institutions	(5,045,173)	714,195	-	-	(4,330,978)
Loans from SWF "Samruk-Kazyna"	(525,804)	281,213	-	-	(244,591)
Loans from the Parent Company	(50,088,082)	3,380,970	-	(13,483,296)	(60,190,408)
Debt securities issued	(8,731,275)	198,564	(627,825)	(1,320,309)	(10,480,845)
Government grants	52,367,799	(8,228,244)	-	16,088,567	60,228,122
Subordinated debt	(29,183,896)	1,308,710		-	(27,875,186)
Derivative financial instruments	(2,199,427)	2,199,427	-	-	-
Other liabilities	116,506	(8,905)	-	-	107,601
Provisions	455,068	1,390,849	-	-	1,845,917
Net deferred tax assets	**1,040,108**	**3,058,143**	**(1,364,517)**	**-**	**2,733,734**

*Other changes in deferred tax assets and liabilities reflect the recognition of liabilities in respect of government grants when receiving loans from the Government through the Parent Company, when issuing bonds at a below-market rate, and in case of early repayment of loans issued when the Group is obliged to reinvest these funds under government programmes.

As at 31 December 2022, the Company did not recognise the deferred tax asset of KZT 17,980,015 thousand (31 December 2021: KZT 3,105,767 thousand) due to uncertainty related to its utilisation. The principal amount of unrecognised deferred tax asset of KZT 15,904,953 thousand (31 December 2022: KZT 2,618,244 thousand) relates to unrealised revaluation and losses related to sales of debt securities measured at fair value through other comprehensive income. In accordance with the requirements of the tax legislation of the Republic of Kazakhstan, losses arising from sales of securities may be expensed only in the amount of gain from increment in value received from sales of other securities.

21 Current accounts and deposits

	31 December 2022 KZT'000	31 December 2021 KZT'000
Savings deposits	74,296,218	-
Current accounts and demand deposits	15,540,692	25,607,904
Deposits pledged as collateral	1,734,937	4,641,850
Deposits used as collateral for loans to customers	145,525	162,372
	91,717,372	**30,412,126**

During the year ended 31 December 2022, the Group attracted two savings deposits from Eurasian Resources Group S.a.r.l for a term of 5 years (with the right of early withdrawal) at the rate of 0.24% for a total amount of USD 160,326 thousand.

As at 31 December 2022, current accounts and deposits serve as collateral for loans to customers in the amount of KZT 145,525 thousand (as at 31 December 2021: KZT 162,372 thousand).

22 Loans from banks and other financial institutions

	31 December 2022 KZT'000	31 December 2021 KZT'000
Loans with fixed interest rate		
Loans from non-OECD banks	79,736,721	108,745,914
Total loans with fixed interest rate	**79,736,721**	**108,745,914**
Loans with floating interest rate		
Loans from OECD banks	53,743,972	-
Loans from non-OECD banks	584,485,635	474,494,316
Total loans with floating interest rate	**638,229,607**	**474,494,316**
Unamortised portion of borrowing costs	(26,169,152)	(26,570,249)
	691,797,176	**556,669,981**

During the year ended 31 December 2022, the Group partially repaid, ahead of schedule, a loan from China Development Bank in the total amount of USD 50,000 thousand (2021: the Group early repaid in full two loans from foreign banks in the total amount of USD 262,690 thousand.

During 2022, the Group recognised expenses on partial repayment, ahead of schedule, of loans from banks and other financial institutions in the amount of KZT 4,543,471 thousand (2021: KZT 319,936 thousand) (Note 7) and commission expenses of KZT 46,698 thousand (2021: KZT 417,590 thousand) repaid by the borrowers under the terms of the loan agreements.

During the year ended 31 December 2022 the Group raised six loans from China Development Bank in the total amount of USD 103,800 thousand (2021: three loans from China Development Bank in the total amount of USD 155,467 thousand).

On initial recognition of these loans the Group recognised gain of KZT 1,284,716 thousand (2021: expense of KZT 698,407 thousand) (Note 7). The fair value on initial recognition of the loans was calculated using the market interest rate from 4.22% to 8.19% (2021: from 2.02% per annum).

During the year ended 31 December 2022, the Group raised a loan of USD 120,000 thousand from a foreign bank – JP Morgan Chase Bank N.A. - maturing in January 2032. The loan is insured by the AAA-rated EKF Denmark´s Export Credit Agency.

During the year ended 31 December 2022 the Group raised a loan of USD 100,000 from China Construction Bank Corporation Astanan Branch maturing in October 2025.

During the year ended 31 December 2022, the Group raised a loan of RUB 4,318,543 thousand from the Eurasian Development Bank maturing in December 2027.

During the year ended at 31 December 2022, the Group repaid all loans received from Roseximbank JSC.

As at 31 December 2022, included in loans and deposits from banks and other financial institutes is accrued interest expense of KZT 8,040,780 thousand (31 December 2021: KZT 3,005,396 thousand).

23 Loans from the Parent Company

	31 December 2022 KZT'000	31 December 2021 KZT'000
Loans from the Parent Company	380,714,997	283,338,056
	380,714,997	**283,338,056**

As at 31 December 2022 the loans from the Parent Company comprised thirty-nine long-term loans provided by NMH Baiterek JSC (as at 31 December 2021: thirty-one long-term loans). The terms of the loans subsequently extended under these agreements are defined by the terms and conditions of the government programme.

	Loan amount	Nominal interest rate	Effective interest rate	Borrowing date	Maturity date	Carrying amount 31 December 2022 KZT'000	Carrying amount 31 December 2021 KZT'000
1	75,000,000	0.15	9.75	28.10.2016	27.10.2036	40,719,607	39,604,446
2	10,000,000	0.15	10.30	28.10.2016	27.10.2026	4,395,756	5,255,474
3	12,861,805	0.08	9.75	28.10.2016	27.10.2036	6,554,368	6,775,914
4	17,500,000	0.15	9.42	14.04.2017	29.03.2027	8,671,709	10,175,680
5	18,600,000	0.08	8.78	25.04.2017	13.04.2037	10,833,077	9,972,981
6	80,000,000	0.15	8.78	25.04.2017	20.04.2037	46,596,392	42,949,064
7	10,000,000	0.15	8.91	25.12.2017	10.12.2037	5,350,474	4,926,915
8	10,000,000	0.15	8.48	30.05.2018	06.04.2027	5,811,743	6,844,762
9	13,000,000	0.15	8.48	03.08.2018	25.07.2033	8,603,054	7,949,433
10	12,000,000	0.15	8.50	29.08.2018	08.08.2038	6,405,966	5,921,522
11	12,537,182	0.08	8.46	19.12.2018	07.11.2038	6,548,296	6,046,924
12	10,000,000	0.15	8.72	29.04.2019	12.04.2037	5,319,158	4,906,851
13	14,000,000	0.15	8.80	28.06.2019	14.04.2027	8,632,685	10,151,517
14	23,546,000	0.15	10.80	01.07.2019	03.06.2029	14,905,480	16,305,033
15	11,258,978	0.08	10.89	29.07.2019	21.07.2039	4,674,627	4,224,060
16	11,000,000	0.15	10.37	24.09.2019	18.08.2038	4,899,960	4,455,470
17	18,741,022	0.08	10.57	09.12.2019	29.11.2039	7,674,166	6,954,229
18	6,000,000	0.15	10.59	20.12.2019	27.11.2027	3,865,674	4,435,292
19	20,000,000	0.08	13.46	30.04.2020	15.04.2040	6,391,700	5,648,868
20	10,000,000	0.15	13.44	12.06.2020	01.06.2035	4,281,342	3,787,899
21	30,000,000	0.15	13.08	09.10.2020	17.09.2040	9,473,506	8,420,248
22	20,000,000	0.08	11.83	11.12.2020	03.12.2040	6,696,053	6,002,138
23	13,700,000	0.15	11.82	20.12.2020	02.12.2035	6,083,159	5,459,211
24	22,500,000	0.15	11.36	20.12.2020	03.12.2027	17,438,998	15,691,994
25	10,000,000	0.15	11.44	08.02.2021	23.01.2041	4,334,580	3,904,117
26	10,000,000	0.15	10.73	11.08.2021	20.07.2027	7,813,157	7,064,584
27	22,000,000	0.15	10.82	11.08.2021	20.07.2036	9,771,591	8,836,317
28	16,000,000	0.15	10.66	12.08.2021	20.07.2041	5,614,062	5,086,923
29	14,700,000	0.08	10.40	01.09.2021	05.08.2041	5,180,732	4,700,176
30	20,000,000	0.15	12.19	10.09.2021	05.08.2041	6,130,645	5,482,649
31	20,000,000	0.15	12.36	17.09.2021	05.08.2041	6,044,126	5,397,365
32	46,422,400	0.15	13.80	29.03.2022	10.03.2042	11,577,766	-
33	46,776,498	0.15	14.31	17.08.2022	05.05.2042	10,944,317	-
34	10,000,000	0.15	14.21	31.10.2022	10.10.2037	1,004,304	-
35	3,500,000	0.15	14.21	31.10.2022	10.10.2037	2,869,420	-
36	55,000,000	0.15	14.95	01.11.2022	10.10.2042	12,282,597	-
37	200,000,000	0.15	14.95	01.11.2022	10.10.2042	43,919,555	-
38	5,300,000	0.08	12.23	09.12.2022	01.12.2042	1,372,653	-
39	4,000,000	0.15	12.40	22.12.2022	05.12.2042	1,028,542	-
Total:						**380,714,997**	**283,338,056**

A loan of KZT 46,422,400 thousand, bearing an interest rate of 0.15% per annum and maturing on 10 March 2042, was received in March 2022. The loan was provided for lease financing the Tire Manufacturing in the city of Saran of Karaganda Oblast project. The loan was initially recognised at fair value calculated by discounting the loan contractual cash flows using a market interest rate of 13.80%. A discount of KZT 35,889,887 thousand between the fair value and consideration received was recognised as 'government grant' (Note 24).

A loan of KZT 46,776,498 thousand, bearing an interest rate of 0.15% per annum and maturing on 5 May 2042, was received in August 2022. The loan was provided for financing the manufacturing of leading axle rear drives for heavy-load vehicles project. The loan was initially recognised at fair value calculated by discounting the loan contractual cash flows using a market interest rate of 14.31%. A discount of KZT 36,345,811 thousand between the fair value and consideration received was recognised as 'government grant' (Note 24).

A loan of KZT 10,000,000 thousand, bearing an interest rate of 0.15% per annum and maturing on 10 October 2037, was received in October 2022. The loan was provided for the purpose of leasing tractors and combine harvesters. The loan was initially recognised at fair value calculated by discounting the loan contractual cash flows using a market interest rate of 14.21%. A discount of KZT 7,194,316 thousand between the fair value and consideration received was recognised as 'government grant' (Note 24).

A loan of KZT 3,500,000 thousand, bearing an interest rate of 0.15% per annum and maturing on 10 October 2037, was received in October 2022. The loan was provided for financing the manufacturing of leading axle rear drives for heavy-load vehicles project. The loan was initially recognised at fair value calculated by discounting the loan contractual cash flows using a market interest rate of 14.21%. A discount of KZT 2,518,003 thousand between the fair value and consideration received was recognised as 'government grant' (Note 24).

A loan of KZT 55,000,000 thousand, bearing an interest rate of 0.15% per annum and maturing on 10 October 2042, was received in November 2022. The loan was provided for financing the improvement of the level of localisation of driving axle casing for heavy-load vehicles project. The loan was initially recognised at fair value calculated by discounting the loan contractual cash flows using a market interest rate of 14.95%. A discount of KZT 42,971,812 thousand between the fair value and consideration received was recognised as 'government grant' (Note 24).

A loan of KZT 200,000,000 thousand, bearing an interest rate of 0.15% per annum and maturing on 10 October 2042, was received in November 2022. The loan was provided for financing the improvement of the level of localisation of driving axle casing for heavy-load vehicles project. The loan was initially recognised at fair value calculated by discounting the loan contractual cash flows using a market interest rate of 14.95%. A discount of KZT 156,956,219 thousand between the fair value and consideration received was recognised as 'government grant' (Note 24).

A loan of KZT 5,300,000 thousand, bearing an interest rate of 0.08% per annum and maturing on 1 December 2042, was received in December 2022. The loan was provided for financing renewal of passenger car fleet. The loan was initially recognised at fair value calculated by discounting the loan contractual cash flows using a market interest rate of 12.23%. A discount of KZT 3,936,790 thousand between the fair value and consideration received was recognised as 'government grant' (Note 24).

A loan of KZT 4,000,000 thousand, bearing an interest rate of 0.15% per annum and maturing on 05 December 2042, was received in December 2022. The loan was granted to finance projects as part of the State Programme of Industrial and Innovative Development of the Republic of Kazakhstan for 2020-2025. The loan was initially recognised at fair value calculated by discounting the loan contractual cash flows using a market interest rate of 12.40%. A discount of KZT 2,974,352 thousand between the fair value and consideration received was recognised as 'government grant' (Note 24).

24 Government grants

The Group recorded as government grants the benefits obtained by means of low-interest rates borne by loans from the Parent Company, Kazakhstan Housing Company JSC and SWF "Samruk-Kazyna".

	2022 KZT'000	2021 KZT'000
Balance at beginning of the year	**301,140,609**	**261,838,993**
A government grant on loans received from the Government through the Parent Company (Note 23)	288,787,190	67,416,479
A government grant received through issue of bonds (Note 25)	22,106,580	6,601,547
Government grants on loans received from Zhasyl Damu JSC during the period (Note 27)	155,809,925	-
Recovery of the previously recognised amount of the government grants	15,815,440	6,424,809
Adjustment to the government grant liability upon receipt of the loan from the Parent Company	-	(118,028)
Early repayment of loans received	-	(1,089,488)
Utilisation of the government grants upon issuance of low interest-rate loans to commercial banks (Note 7)	(91,455,289)	(134,492)
Utilisation of the government grants upon issuance of loans to other borrowers (Note 7)	(29,264,480)	(20,422,677)
Utilisation of the government grants under the concluded finance lease agreements (Note 4)	(21,040,493)	(14,977,425)
Amortisation charge for the year (Note 7)	(4,594,047)	(4,399,109)
Balance at the end of the year	**637,305,435**	**301,140,609**

The Group has an obligation to allocate benefits to the end - borrowers through setting low interest rate on loans. On initial recognition the Group allocated to profit or loss an amount corresponding to the debt relief provided to the borrowers.

During the year ended 31 December 2022, the amount of government grants transferred to profit or loss was KZT 125,313,816 thousand (31 December 2021: KZT 24,956,278 thousand) and was included in other expenses (Note 7).

During the year ended 31 December 2022, the reversed amount of the government grant includes the amount of recovery of KZT 15,815,440 thousand recognised as a result of the early repayment of loans issued by the Group in previous periods. The Group has decided to recover the government grant liability in respect of these amounts as the Group is required to reinvest these funds under government programmes.

During the year ended 31 December 2022 the Group recognised as government grants the benefits of KZT 444,597,115 thousand obtained as a result of provision of loans at low interest rate by Zhasyl Damu JSC and Baiterek NMH JSC. The benefits are to be allocated further to the lessees by providing finance leases and to borrowers under loan agreements at favourable rates.

25 Debt securities issued

	31 December 2022 KZT'000	31 December 2021 KZT'000
Debt securities with fixed interest rate		
Eurobonds denominated in USD	394,149,578	794,520,636
Eurobonds denominated in KZT	262,500,000	262,500,000
Bonds denominated in KZT	707,442,000	697,442,000
	1,364,091,578	**1,754,462,636**
Unamortised discount, net	(76,456,139)	(59,682,323)
	1,287,635,439	**1,694,780,313**
Accrued interest	21,951,596	21,968,419
	1,309,587,035	**1,716,748,732**

As at 31 December 2022 and 2021, debt securities issued by the Group comprised the following instruments:

Type of instrument	**Coupon rate**	**Effective rate**	**Date of issue**	**Maturity date**	**Carrying amount 31 December 2022 KZT'000**	**Carrying amount 31 December 2021 KZT'000**
Eurobonds XS0248160102	6.00%	6.37%	23.03.2006	23.03.2026	45,451,760	42,332,609
Eurobonds XS0860582435, US25159XAB91	4.125%	5.05%	10.12.2012	10.12.2022	-	533,624,595
Bonds KZ2C00003002	8.13%	8.30%	29.12.2014	29.12.2024	20,004,459	20,004,660
Bonds KZ2C00003580	14.00%	14.48%	25.05.2016	25.05.2026	65,891,778	65,894,944
Bonds KZ2C00003713	15.00%	15.56%	28.07.2016	28.07.2031	15,947,680	15,948,714
Bonds KZ2C00003648	14.00%	14.49%	01.08.2016	01.08.2026	18,507,342	18,507,801
Bonds KZ2C00003903	10.50%	10.80%	31.05.2017	31.05.2022	-	20,175,703
Bonds KZ2C00003911	10.50%	10.79%	06.06.2017	06.06.2024	30,203,303	30,201,340
Bonds KZ2C00004000	11.25%	11.57%	22.08.2017	22.08.2032	9,181,221	9,181,506
Bonds KZ2C00004018	11.25%	11.57%	23.08.2017	23.08.2030	9,182,620	9,182,963
Bonds KZ2C00004026	11.00%	11.30%	24.08.2017	24.08.2028	9,171,341	9,171,530
Eurobonds XS1814831563	8.95%	9.54%	04.05.2018	04.05.2023	101,289,906	100,949,295
Bonds KZ2C00005908	10.00%	10.26%	18.06.2019	18.06.2026	27,571,997	27,571,517
Bonds KZ2C00005916	10.27%	10.53%	16.07.2019	16.07.2024	42,922,563	42,922,907
Bonds KZ2C00006286	0.15%	10.64%	07.10.2019	07.10.2039	3,908,257	3,560,815
Bonds KZ2C00004190	11.00%	11.31%	03.12.2019	03.12.2029	30,227,423	30,228,126
Bonds XS2106835262	10.75%	11.38%	12.02.2020	12.02.2025	64,667,864	64,523,229
Bonds KZ2C00006765	0.15%	14.50%	14.05.2020	14.05.2040	2,097,482	1,859,422
Bonds KZ2C00004273	11.00%	13.73%	18.06.2020	18.06.2030	9,465,960	12,434,206
Bonds KZ2C00006864	11.80%	12.15%	28.07.2020	28.07.2025	52,487,462	52,486,090
Bonds KZ2C00006898	11.80%	12.15%	09.12.2020	09.12.2030	50,320,261	50,322,501
Bonds KZ2C00007102	11.80%	12.16%	09.12.2020	09.12.2027	50,321,854	50,321,850
Bonds KZ2C00007011	11.80%	15.14%	11.11.2020	11.11.2030	44,310,359	43,880,806
Eurobonds XS2337670421	10.95%	11.35%	06.05.2021	06.05.2026	101,372,851	101,313,225
Eurobonds XS2337670694	2.95%	3.05%	06.05.2021	06.05.2031	117,636,116	215,561,691
Bonds KZ2C00007904	7.10%	10.47%	27.10.2021	27.10.2031	26,450,153	26,039,369

Type of instrument	Coupon rate	Effective rate	Date of issue	Maturity date	Carrying amount 31 December 2022 KZT'000	Carrying amount 31 December 2021 KZT'000
Bonds KZ2C00007391	11.50%	13.01%	19.03.2021	19.03.2031	48,775,951	48,577,426
Bonds KZ2C00008217	12.40%	12.40%	12.11.2021	12.11.2028	50,763,574	50,763,355
Bonds KZ2C00004273	11.00%	11.32%	06.12.2021	18.06.2030	22,258,791	19,206,537
Eurobonds XS2472852610	5.75%	6.20%	12.05.2022	12.05.2025	231,316,054	-
Bonds KZ2C00009132	0.50%	13.48	30.12.2022	15.06.2034	7,880,653	-
Total					**1,309,587,035**	**1,716,748,732**

On 12 May 2022, the Group issued Eurobonds in the amount of USD 500,000 thousand (equivalent to KZT 221,305,000 thousand as of the issue date) at an interest rate of 5.75% per annum, maturing on 12 May 2025. Part of these Eurobonds issued was used for partial early redemption of bonds placed in 2012, the maturity of which was to expire on 10 December 2022.

On 12 May 2022 the Group made a partial early redemption of bonds for the total amount of USD 700,000 thousand, part of which was bought back through the issue of Eurobonds in the amount of USD 500,000 thousand. In July 2022 the Group made a partial early redemption of bonds for the total amount of USD 42,074 thousand. In December 2022 the Group redeemed in full the bonds in the amount of USD 500,530 thousand. In October 2022 the Group made a partial early redemption of bonds placed in 2021 for the total amount of USD 245,477 thousand. As a result of transactions on early redemption of bonds, the Group, during 2022, recognised income of KZT 21,065,319 thousand, which levelled out the effect of USD 232,819 thousand from partial sale of debt securities measured at fair value through other comprehensive income (Note 16).

On 31 May 2022 the Group redeemed in full the bonds of 2017 issue in the amount of KZT 20,000,000 thousand.

On 30 December 2022, the Group issued bonds for the amount of KZT 30,000,000 thousand, bearing an annual interest rate of 0.5% and maturing on 15 June 2034. On initial recognition, the bonds were recognised at fair value calculated by discounting the contractual cash flows on securities using the market interest rate of 13.48%. A discount of KZT 22,106,580 thousand was recognised as 'government grant' (Note 24).

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

	2022 KZT'000	2021 KZT'000
Balance at 1 January	**1,716,748,732**	**1,241,012,715**
Changes from financing cash flows		
Proceeds from debt securities issued	7,893,420	461,221,410
Repurchase/repayment of debt securities issued	(458,320,473)	(9,460,946)
Total changes from financing cash flows	**(450,427,053)**	**451,760,464**
Changes from operating cash flows		
Interest paid	(132,191,648)	(110,639,729)
Government grants received in the form of discount on debt securities issued at the below-market interest rate	22,106,580	6,601,547
Total changes from operating cash flows	**(110,085,068)**	**(104,038,182)**
Other changes		
Interest expense	137,866,045	121,865,295
Discount on initial recognition	(22,106,580)	(11,537,594)
Effect of movements in exchange rates	59,645,393	17,165,500
Income from repurchase of debt securities issued	(21,065,319)	615,226
Other	(989,115)	(94,692)
Balance at 31 December	**1,309,587,035**	**1,716,748,732**

26 Subordinated debt

	31 December 2022 KZT'000	31 December 2021 KZT'000
Subordinated debt with fixed interest rate		
Nominal in KZT	364,859,334	364,859,334
Unamortised discount, net	(239,209,242)	(246,736,848)
	125,650,092	**118,122,486**
Accrued interest	94,274	94,275
	125,744,366	**118,216,761**

In case of bankruptcy, the subordinated debt will be repaid once all other Group's liabilities have been repaid in full.

27 Other liabilities

	31 December 2022 KZT'000	31 December 2021 KZT'000
Financial liabilities		
Funds placed by customers as security for letters of credit	28,772,909	80,850,481
Other loans received	4,423,859	-
Other accrued expenses and accounts payable	665,882	518,003
Proceeds from sale of leased items	254,989	237,986
Guarantee fees payable	219,870	36,838
Accounts payable on insurance payments	76,280	30,993
Accrued commission expenses	67,159	31,703
Payables to employees	16,736	39,756
Provision for payments to be made	-	302,159
Total financial liabilities	**34,497,684**	**82,047,919**
Non-financial liabilities		
Advances received under finance lease agreements	39,826,280	24,078,082
Payables to suppliers of equipment to be transferred under finance lease agreements	7,630,061	320,903
Tax liabilities other than on income tax	2,195,335	1,355,895
Short-term payables under grant funds	1,752,176	1,728,992
Accrued provisions	1,088,439	349,064
Prepayments	317,662	1,479,580
Discount on credit lines	71,453	50,705
Other liabilities	4,827	69,221
Total non-financial liabilities	**52,886,233**	**29,432,442**
Total other liabilities	**87,383,917**	**111,480,361**

During the year ended 31 December 2022 the Group received a loan totalling KZT 160,000,000 thousand from Zhasyl Damu JSC. On initial recognition, the loans were recognised at fair value determined by applying market interest rate of 15.00% and 14.39%, respectively. The difference of KZT 155,809,925 thousand between fair values and amounts received was recognised as a government grant due to the obligation of the Group to allocate benefits to ultimate borrowers through financing second-tier banks and leasing companies for financing individuals – buyers of domestically produced cars and financing projects in the manufacturing sector (Note 24).

28 Share capital

(a) Issued share capital

As at 31 December 2022, the issued and authorised share capital comprised 2,112,090 ordinary shares (31 December 2021: 2,109,590 ordinary shares).

During the year ended 31 December 2022, the Group issued 2,500 ordinary shares with a nominal value of KZT 40,000,000 each (31 December 2021: 320 ordinary shares with a nominal value of KZT 38,393,750 each). All ordinary shares were issued at their nominal value.

Nominal values and number of ordinary shares as at 31 December 2021 and 2022 were as follows:

	Number of ordinary shares	Nominal value per share KZT	Paid-up capital KZT'000
Ordinary shares	1,819,519	50,000	90,975,950
Ordinary shares	250,000	668,000	167,000,000
Ordinary shares	30,000	1,000,000	30,000,000
Ordinary shares	5,000	5,000,000	25,000,000
Ordinary shares	1,250	40,000,000	50,000,000
Ordinary shares	1,250	40,000,000	50,000,000
Ordinary shares	1,250	40,000,000	50,000,000
Ordinary shares	1,000	40,000,000	40,000,000
Ordinary shares	625	40,000,000	25,000,000
Ordinary shares	500	40,000,000	20,000,000
Ordinary shares	375	40,000,000	15,000,000
Ordinary shares	320	38,393,750	12,286,000
Ordinary shares	300	40,000,000	12,000,000
Ordinary shares	250	40,000,000	10,000,000
Ordinary shares	250	40,000,000	10,000,000
Ordinary shares	200	40,000,000	8,000,000
Ordinary shares	1	691,560,619	691,561
At 31 December 2022	**2,112,090**		**615,953,511**

	Number of ordinary shares	Nominal value per share KZT	Paid-up capital KZT'000
Ordinary shares	1,819,519	50,000	90,975,950
Ordinary shares	250,000	668,000	167,000,000
Ordinary shares	30,000	1,000,000	30,000,000
Ordinary shares	5,000	5,000,000	25,000,000
Ordinary shares	1,250	40,000,000	50,000,000
Ordinary shares	1,000	40,000,000	40,000,000
Ordinary shares	625	40,000,000	25,000,000
Ordinary shares	500	40,000,000	20,000,000
Ordinary shares	375	40,000,000	15,000,000
Ordinary shares	320	38,393,750	12,286,000
Ordinary shares	300	40,000,000	12,000,000
Ordinary shares	250	40,000,000	10,000,000
Ordinary shares	250	40,000,000	10,000,000
Ordinary shares	200	40,000,000	8,000,000
Ordinary shares	1	691,560,619	691,561
At 31 December 2021	**2,109,590**		**515,953,511**

(b) Net assets per ordinary share

According to the Listing Rules of Kazakhstan Stock Exchange (the "Rules") the Group discloses the carrying amount of ordinary shares as required by the Rules:

	2022 KZT'000	2021 KZT'000
Net assets per ordinary share	290.45	263.45

The carrying amount of an ordinary share as at 31 December 2022 is estimated as the amount of consolidated capital decreased by the amount of intangible assets that the Group would be unable to sell to third parties in the amount of KZT 613,459,816 thousand (31 December 2021: KZT 555,774,211 thousand) and divided by a number of outstanding ordinary shares, i.e. 2,112,090 ordinary shares (31 December 2021: 2,109,590 ordinary shares).

(c) Dividends

In accordance with Kazakhstan legislation the Group's distributable dividends are limited to the maximum balance of the Group's retained earnings. During the year ended 31 December 2022, the Group declared and paid dividends in the amount of KZT 15,749,836 thousand (2021: no dividends were declared for 2020). Dividends per ordinary share amounted to KZT 7,461.41 (2021: KZT 0).

29 Risk management

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

(a) Risk management policies and procedures

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, bank products and services offered and emerging best practice.

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.

The Management Board is responsible for monitoring and implementation of risk mitigation measures and making sure that the Group operates within established risk parameters. The Director of the Risk Management Department 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.

Credit, market and liquidity risks are managed and controlled through a system of Credit Committee and Investment Committee.

Both external and internal risk factors are identified and managed throughout the Group's organisational structure. Apart from the standard credit and market risk analysis, the designated organisation departments monitor financial and non-financial risks by holding regular meetings with operational units in order to obtain judgements in their areas of expertise.

The Bank's Risk Department and internal audit function regularly prepare reports, which cover the Group's significant risks management issues. The reports include observations as to assessment of the effectiveness of the Group's procedures and methodologies, and recommendations for improvement.

(b) Market risk

Market risk is the risk that movements in market prices, including foreign exchange rates, interest rates, credit spreads and equity prices will affect the Group's income or the value of its portfolios. Market risks comprise currency risk, interest rate risk and equity risk. Market risk arises from open positions in interest rate, currency and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices.

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 optimisation of profitability obtained for risk accepted.

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.

The management of interest rates risk, component of market risk, by monitoring interest rate gap is supplemented by monitoring the sensitivity of the net interest margin to various standard and non-standard interest rate scenarios.

(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 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. A summary of the interest gap position for major financial instruments is as follows:

31 December 2022	**Non-interest bearing KZT'000**	**Less than 3 months KZT'000**	**From 3 to 6 months KZT'000**	**From 6 to 12 months KZT'000**	**From 1 to 5 years KZT'000**	**More than 5 years KZT'000**	**Overdue KZT'000**	**Carrying amount KZT'000**
ASSETS								
Cash and cash equivalents	164,117,221	652,352,682	-	-	-	-	-	816,469,903
Placements with banks and other financial institutions	-	-	-	-	79,972,071	-	-	79,972,071
Loans to banks	-	-	576,507	-	1,062,435	117,087,748	-	118,726,690
Loans to customers	-	243,122,090	421,530,761	124,770,655	367,991,281	610,863,794	5,898,019	1,774,176,600
Finance lease receivables	-	14,291,941	15,075,425	48,293,389	243,520,804	193,945,848	4,504,402	519,631,809
Debt securities	-	-	-	1,972,500	117,182,128	287,518,973	-	406,673,601
Equity investments	20,442,839	-	-	-	-	-	-	20,442,839
Other financial assets	6,796,218	13,333	-	106,190	132,240	56,656	139,355	7,243,992
	191,356,278	**909,780,046**	**437,182,693**	**175,142,734**	**809,860,959**	**1,209,473,019**	**10,541,776**	**3,743,337,505**
LIABILITIES								
Current accounts and deposits	17,421,154	74,296,218	-	-	-	-	-	91,717,372
Loans from SWF "Samruk-Kazyna"	-	-	-	-	-	1,809,214	-	1,809,214
Loans from the Parent Company	-	10,719	10,181	-	57,410,376	323,283,721	-	380,714,997
Loans from banks and other financial institutions	-	263,262,874	352,142,772	974,732	75,416,798	-	-	691,797,176
Debt securities issued	-	1,613,194	102,919,629	-	750,719,287	454,334,925	-	1,309,587,035
Subordinated debt	-	-		-	-	125,744,366	-	125,744,366
Other financial liabilities	29,126,355	172,766	1,720	10	774,704	4,422,129	-	34,497,684
	46,547,509	**339,355,771**	**455,074,302**	**974,742**	**884,321,165**	**909,594,355**	**-**	**2,635,867,844**
	144,808,769	**570,424,275**	**(17,891,609)**	**174,167,992**	**(74,460,206)**	**299,878,664**	**10,541,776**	**1,107,469,661**

A summary of the interest gap position for major interest-bearing financial instruments is as follows:

31 December 2021	Non-interest bearing KZT'000	Less than 3 months KZT'000	From 3 to 6 months KZT'000	From 6 to 12 months KZT'000	From 1 to 5 years KZT'000	More than 5 years KZT'000	Overdue KZT'000	Carrying amount KZT'000
ASSETS								
Cash and cash equivalents	55,128,019	416,159,342	-	-	-	-	-	471,287,361
Placements with banks and other financial institutions	11,858	-	19,883,439	5,596,965	-	-	-	25,492,262
Loans to banks	-	-	-	-	1,554,401	119,480,236	-	121,034,637
Loans to customers	-	262,463,912	341,686,866	58,064,522	527,359,014	697,390,582	5,543,101	1,892,507,997
Finance lease receivables	-	16,278,669	13,140,416	44,140,586	214,236,385	163,267,280	1,040,380	452,103,716
Debt securities		3,497,335	-	44,178	100,508,311	440,469,098	-	544,518,922
Equity investments	35,687,437	-	-	-	-	-	-	35,687,437
Other financial assets	188,430	-	-	-	7,880,618	-	234,389	8,303,437
	91,015,744	**698,399,258**	**374,710,721**	**107,846,251**	**851,538,729**	**1,420,607,196**	**6,817,870**	**3,550,935,769**
LIABILITIES								
Current accounts and deposits	30,412,126	-	-	-	-	-	-	30,412,126
Loans from SWF "Samruk-Kazyna"	-	-	-	6,286,402	2,898,579	2,010,685	-	11,195,666
Loans from the Parent Company	-	7,826	-	-	5,255,474	278,074,756	-	283,338,056
Amounts payable under repurchase agreements	-	43,189,663	-	-	-	-	-	43,189,663
Loans from banks and other financial institutions	-	232,571,864	221,016,655	1,990,057	97,886,680	3,204,725	-	556,669,981
Debt securities issued	-	1,613,194	21,805,425	533,624,595	566,707,617	592,997,901	-	1,716,748,732
Subordinated debt	-	-	-	-	-	118,216,761	-	118,216,761
Other financial liabilities	82,047,919	-	-	-	-	-	-	82,047,919
	112,460,045	**277,382,547**	**242,822,080**	**541,901,054**	**672,748,350**	**994,504,828**	**-**	**2,841,818,904**
	(21,444,301)	**421,016,711**	**131,888,641**	**(434,054,803)**	**178,790,379**	**426,102,368**	**6,817,870**	**709,116,865**

Average interest rate

The table below displays average effective interest rates for interest bearing assets and liabilities as at 31 December 2022 and 2021.

	31 December 2022 Average effective interest rate %			31 December 2021 Average effective interest rate %		
	KZT	**USD**	**Other currencies**	**KZT**	**USD**	**Other currencies**
Interest-bearing assets						
Cash and cash equivalents, except for reverse repurchase agreements	15.22%	0.06%	-	8.95%	0.01%	2.00%
Reverse repurchase agreements	16.65%	-	-	9.29%	-	-
Placements with banks and other financial institutions	10.00%	-	-	8.31%	-	-
Loans to banks	11.65%	-	-	10.64%	-	-
Loans to customers	12.10%	5.66%	9.57%	9.71%	6.00%	-
Debt securities measured at fair value through other comprehensive income	11.28%	1.64%	-	7.88%	1.77%	-
Debt securities measured at amortised cost	8.66%	3.97%	-	8.58%	3.97%	-
Other financial assets	15.20%	-	-	14.33%	-	-
Interest-bearing liabilities						
Current accounts and deposits	-	0.24%	-	-	-	-
Loans from SWF "Samruk-Kazyna"	7.00%	-	-	5.87%	-	-
Loans from the Parent Company	10.07%	-	-	10.43%	-	-
Amounts payable under repurchase agreements	-	-	-	0.75%	-	-
Loans from banks and other financial institutions	9.35%	4.67%	9.23%	8.77%	4.43%	10.26%
Debt securities issued	11.78%	5.28%	-	11.74%	4.57%	-
Subordinated debt	6.72%	-	-	6.72%	-	-

Interest rate risk arises when the actual or forecasted assets of a given maturity period are either greater or less than the actual or forecasted liabilities in that maturity period/

Cash flow interest rate sensitivity analysis

An analysis of the sensitivity of net 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 2022 and 31 December 2021, is as follows:

	2022		2021	
	Profit or loss KZT'000	**Equity KZT'000**	**Profit or loss KZT'000**	**Equity KZT'000**
100 bp parallel rise	4,251,848	4,251,848	2,738,533	2,738,533
100 bp parallel fall	(4,251,848)	(4,251,848)	(2,738,533)	(2,738,533)

Fair value interest rate sensitivity analysis

An analysis of the sensitivity of net profit or loss and equity as a result of changes in the fair value of debt securities at FVOCI due to changes in the interest rates, based on positions existing as at 31 December 2022 and 31 December at 2021 and a simplified scenario of a 100 bp symmetrical fall or rise in all yield curves, is as follows:

	2022		2021	
	Profit or loss KZT'000	**Equity KZT'000**	**Profit or loss KZT'000**	**Equity KZT'000**
100 bp parallel rise	-	(18,248,797)	-	(29,335,258)
100 bp parallel fall	-	19,368,216	-	31,502,363

(ii) Currency risk

The Group has assets and liabilities denominated in several foreign currencies. Foreign currency risk arises when the actual or forecast assets in a foreign currency are either greater or less than the liabilities in that currency.

The following table shows the currency structure of assets and liabilities at 31 December 2022:

	KZT KZT'000	**USD KZT'000**	**EUR KZT'000**	**Other currencies KZT'000**	**Total KZT'000**
Assets					
Cash and cash equivalents	732,067,255	4,256,215	52,203,963	27,942,470	816,469,903
Placements with banks and other financial institutions	79,972,071	-	-	-	79,972,071
Loans to banks	118,726,690	-	-	-	118,726,690
Loans to customers	1,002,218,698	764,319,165	-	7,638,737	1,774,176,600
Finance lease receivables	519,631,809	-	-	-	519,631,809
Debt securities	13,805,615	392,867,986	-	-	406,673,601
Equity investments	20,442,839	-	-	-	20,442,839
Advances paid under finance lease agreements	180,825,499	-	-	-	180,825,499
Assets to be transferred under finance lease agreements	3,899,344	-	-	-	3,899,344
Investment property	94,543	-	-	-	94,543
Property, plant and equipment and intangible assets	5,954,973	-	-	-	5,954,973
Other assets	9,350,965	88,148	-	-	9,439,113
Deferred tax asset	6,603,495	-	-	-	6,603,495
Total assets	**2,693,593,796**	**1,161,531,514**	**52,203,963**	**35,581,207**	**3,942,910,480**
Liabilities					
Current accounts and deposits	15,647,822	76,069,538	12	-	91,717,372
Loans from SWF "Samruk-Kazyna"	1,809,214	-	-	-	1,809,214
Loans from the Parent Company	380,714,997	-	-	-	380,714,997
Loans from banks and other financial institutions.	24,046,113	639,843,251	-	27,907,812	691,797,176
Government grants	637,305,435	-	-	-	637,305,435
Debt securities issued	915,183,105	394,403,930	-	-	1,309,587,035
Subordinated debt	125,744,366	-	-	-	125,744,366
Reserves	1,386,866	427,405	-	-	1,814,271
Other liabilities	57,952,863	26,903,989	2,527,065	-	87,383,917
Current tax liability	570,789	-	-	-	570,789
Total liabilities	**2,160,361,570**	**1,137,648,113**	**2,527,077**	**27,907,812**	**3,328,444,572**
Net on balance sheet positions as at 31 December 2022	**533,232,226**	**23,883,401**	**49,676,886**	**7,673,395**	**614,465,908**

The following table shows the currency structure of assets and liabilities at 31 December 2021:

	KZT KZT'000	USD KZT'000	EUR KZT'000	Other currencies KZT'000	Total KZT'000
Assets					
Cash and cash equivalents	407,988,578	56,339,517	6,454,865	504,401	471,287,361
Placements with banks and other financial institutions	25,492,262	-	-	-	25,492,262
Loans to banks	121,034,637	-	-	-	121,034,637
Loans to customers	1,096,505,507	796,002,490	-	-	1,892,507,997
Finance lease receivables*	452,103,716	-	-	-	452,103,716
Debt securities	16,565,631	527,953,291	-	-	544,518,922
Equity investments	35,687,437	-	-	-	35,687,437
Advances paid under finance lease agreements	166,405,066	-	-	-	166,405,066
Assets to be transferred under finance lease agreements	5,625,927	-	-	-	5,625,927
Investment property	217,830	-	-	-	217,830
Property, plant and equipment and intangible assets	5,988,816	-	-	-	5,988,816
Other assets	10,717,831	262,127	-	1,215	10,981,173
Current tax asset	7,244,522	-	-	-	7,244,522
Deferred tax asset	2,733,734	-	-	-	2,733,734
Total assets	**2,354,311,494**	**1,380,557,425**	**6,454,865**	**505,616**	**3,741,829,400**
Liabilities					
Current accounts and deposits	25,767,427	4,644,687	12	-	30,412,126
Loans from SWF "Samruk-Kazyna"	11,195,666	-	-	-	11,195,666
Loans from the Parent Company	283,338,056	-	-	-	283,338,056
Loans from banks and other financial institutions.	25,060,191	519,186,000	-	12,423,790	556,669,981
Amounts payable under repurchase agreements	-	43,189,663	-	-	43,189,663
Government grants	301,140,609	-	-	-	301,140,609
Debt securities issued	925,229,837	791,518,895	-	-	1,716,748,732
Subordinated debt	118,216,761	-	-	-	118,216,761
Reserves	11,080,950	1,528,214	-	-	12,609,164
Other liabilities	28,958,215	76,124,491	6,397,655	-	111,480,361
Total liabilities	**1,729,987,712**	**1,436,191,950**	**6,397,667**	**12,423,790**	**3,185,001,119**
Net on balance sheet positions as at 31 December 2021	**624,323,782**	**(55,634,525)**	**57,198**	**(11,918,174)**	**556,828,281**

* Finance lease receivables for the year ended 31 December 2021 comprise the amount of embedded derivative of KZT 1,267,117 thousand.

An analysis of sensitivity of profit or loss for the year and equity to changes in the foreign currency exchange rates based on positions, and embedded derivatives, existing as at 31 December 2022 and 2021 and a simplified scenario of change in US Dollar, Euro and other currencies to Kazakhstan Tenge exchange rates is as follows:

	2022		**2021**	
	Profit or loss	**Equity**	**Profit or loss**	**Equity**
20% appreciation of USD against KZT	3,821,344	3,821,344	(8,901,524)	(8,901,524)
5% depreciation of USD against KZT	(955,336)	(955,336)	2,225,381	2,225,381
20% appreciation of EUR against KZT	7,948,302	7,948,302	9,152	9,152
5% depreciation of EUR against KZT	(1,987,075)	(1,987,075)	(2,288)	(2,288)
20% appreciation of other currencies against KZT	1,227,743	1,227,743	(1,906,908)	(1,906,908)
5% depreciation of other currencies against KZT	(306,936)	(306,936)	476,727	476,727

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.

(c) Credit risk

Credit risk is the risk of financial loss occurring as a result of default by a borrower or counterparty on their obligation to the Group. The Group has developed policies and procedures for the management of credit exposures (both for on balance position and off-balance position exposures), including guidelines to limit portfolio concentration and the establishment of a Credit Committee, which actively monitors credit risk. Loans to customers, finance lease receivables, placements with banks and other financial institutions, amounts receivable under reverse repurchase agreements, debt securities at FVOCI, debt securities at amortised cost and accounts receivable are subject to credit risk. The Group's exposure is monitored on an ongoing basis.

The credit policy establishes:

- procedures for review and approval of loan credit applications;
- methodology for the credit assessment of borrowers (corporate and retail)
- methodology for the credit assessment of counterparties, issuers and insurance companies;
- methodology for the evaluation of collateral;
- credit documentation requirements;
- procedures for the ongoing monitoring of loans and other credit exposures.

Corporate loan credit applications are originated by the relevant client managers and are then passed on to the departments, which are responsible for the corporate loan portfolio. Analysis reports are based on a structured analysis, focusing on the customer's business and financial performance. The loan credit application and the report are then independently reviewed by the Credit Risk Department and a second opinion is given accompanied by a verification that credit policy requirements are met. The Credit Committee reviews the loan credit application on the basis of submissions by the Loan Department and the Credit Risk Department. Individual transactions are also reviewed by the Legal Department, Accounting and Tax Business Unit, depending on the specific risks and pending final approval of the Credit Committee.

The Group continuously monitors the performance of individual credit exposures and regularly reassesses the creditworthiness of its customers. Revaluation procedures are based on analysis of the financial statements of the borrower as at the latest reporting date, or other information provided by the borrower itself or otherwise obtained by the Group.

Apart from individual customer analysis, the credit portfolio is assessed by the departments responsible for risk management with regard to credit concentration and market risks.

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets in the consolidated 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 at the reporting date is as follows:

	31 December 2022 KZT'000	31 December 2021 KZT'000
ASSETS		
Cash and cash equivalents	816,469,903	471,287,361
Placements with banks and other financial institutions	79,972,071	25,492,262
Loans to banks	118,726,690	121,034,637
Loans to customers	1,774,176,600	1,892,507,997
Finance lease receivables	519,631,809	452,103,716
Debt securities	406,673,601	544,518,922
Advances paid under finance lease agreements	180,825,499	166,405,066
Other financial assets	7,243,992	8,303,437
Total maximum exposure	**3,903,720,165**	**3,681,653,398**

The maximum exposure to credit risk from unrecognised contractual commitments at the reporting date is presented in Note 31.

Offsetting financial assets and liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- 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 statement of financial position.

Similar agreements include derivative clearing agreements, global master repurchase agreements, and global master securities lending agreements. Similar financial instruments include derivatives, 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 statement of financial position.

The Group's derivative transactions that are not transacted on the exchange are entered into under International Derivative Swaps and Dealers Association (ISDA) Master Netting Agreements. In general, under such agreements the amounts owed by each counterparty that are due on a single day in respect of transactions outstanding in the same currency under the agreement are aggregated into a single net amount payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed, and only a single net amount is due or payable in settlement transactions.

The Group's sale and repurchase, reverse sale and repurchase transactions, and securities borrowings and lendings are covered by master agreements with netting terms similar to those of ISDA Master Netting Agreements.

The above ISDA and similar master netting arrangements do not meet the criteria for offsetting in the consolidated statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The following table provides information on financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2022:

Types of financial assets/liabilities	Gross amounts of recognised financial assets/liabilities KZT'000	Gross amount of recognised financial assets/liabilities offset in the consolidated statement of financial position KZT'000	Net amount of financial assets/liabilities presented in the consolidated statement of financial position KZT'000	Related amounts not offset in the consolidated statement of financial position: Financial instruments (including non-cash collateral) KZT'000	Related amounts not offset in the consolidated statement of financial position: Cash collateral (received)/pledged KZT'000	Net amount KZT'000
Financial assets						
Reverse repurchase agreements with original maturities of less than three months	550,103,488	-	550,103,488	(549,527,104)	-	576,384
Loans to customers	17,723,710	-	17,723,710	-	(145,525)	17,578,185
Total financial assets	**567,827,198**		**567,827,198**	**(549,527,104)**	**(145,525)**	**18,154,569**
Financial liabilities						
Current accounts and deposits	(145,525)	-	(145,525)	145,525	-	-
Total financial liabilities	**(145,525)**	**-**	**(145,525)**	**145,525**	**-**	**-**

The following table provides information on financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2021:

Types of financial assets/liabilities	Gross amounts of recognised financial assets/liabilities KZT'000	Gross amount of recognised financial assets/liabilities offset in the consolidated statement of financial position KZT'000	Net amount of financial assets/liabilities presented in the consolidated statement of financial position KZT'000	Related amounts not offset in the consolidated statement of financial position: Financial instruments (including non-cash collateral) KZT'000	Related amounts not offset in the consolidated statement of financial position: Cash collateral (received)/pledged KZT'000	Net amount KZT'000
Financial assets						
Reverse repurchase agreements with original maturities of less than three months	171,989,563	-	171,989,563	(170,862,275)	-	1,127,288
Loans to customers	17,807,397	-	17,807,397	-	(162,372)	17,645,025
Total financial assets	**189,796,960**	**-**	**189,796,960**	**(170,862,275)**	**(162,372)**	**18,772,313**
Financial liabilities						
Current accounts and deposits	(162,372)	-	(162,372)	162,372	-	-
Amounts payable under repurchase agreements	(43,189,663)	-	(43,189,663)	43,151,639	-	(38,024)
Total financial liabilities	**(43,352,035)**	**-**	**(43,352,035)**	**43,314,011**	**-**	**(38,024)**

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the consolidated statement of financial position that are disclosed in the above tables are measured in the consolidated statement of financial position on the following basis:

- assets and liabilities resulting from sale and repurchase agreements, reverse sale and repurchase agreements and securities lending and borrowing – amortised cost. The amounts in the above tables that are offset in the consolidated statement of financial position are measured on the same basis.

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash. 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 management. It is unusual for financial 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 Management Board of the Group has approved Liquidity Management Rules to determine methods and procedures to manage liquidity.

The liquidity management rules require:

- projecting cash flows by major currencies and taking into account 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 flows;
- maintaining liquidity and funding contingency plans.

The 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 and is performed by the Treasury Department. Under the normal market conditions, liquidity reports covering the liquidity position are presented to senior management on a monthly basis. Decisions on liquidity management are made by the Investment Committee.

The following table shows liabilities on a consolidated basis by remaining contractual maturity dates as at 31 December 2022. Unrecognised commitments are discussed in Note 31.

	Demand and less than 1 month KZT'000	From 1 to 3 months KZT'000	From 3 to 6 months KZT'000	From 6 to 12 months KZT'000	More than 1 year KZT'000	Total KZT'000	Carrying amount KZT'000
Non-derivative financial liabilities							
Current accounts and deposits	17,275,893	74,296,218	-	-	145,261	91,717,372	91,717,372
Loans from SWF "Samruk-Kazyna"	-	-	335,667	2,000	2,012,000	2,349,667	1,809,214
Loans from the Parent Company	53,250	1,279,109	15,309,254	15,385,945	921,300,588	953,328,146	380,714,997
Loans from banks and other financial institutions.	23,365,078	1,343,746	32,582,327	57,090,233	812,154,894	926,536,278	691,797,176
Debt securities issued	6,180,350	10,291,490	141,530,917	56,513,971	1,693,632,120	1,908,148,848	1,309,587,035
Subordinated debt	-	118,243	75,000	193,243	369,532,828	369,919,314	125,744,366
Other financial liabilities	29,305,499	156,562	102,569	12,542	160,599,563	190,176,735	34,497,684
Total liabilities	**76,180,070**	**87,485,368**	**189,935,734**	**129,197,934**	**3,959,377,254**	**4,442,176,360**	**2,635,867,844**
Credit related commitments	**153,233,388**	**3,260,718**	**5,628,502**	**10,763,506**	**183,456,878**	**356,342,992**	**-**

The Group assumes that will be able to obtain sufficient funding from a variety of sources, mainly being drawings on unutilised credit facilities opened by foreign banks and loans from the Parent Company in case of claims under any commitments. Moreover, the Group on a constant basis makes assessments of liquidity risk to avoid any payment shortfalls.

The following table shows liabilities on a consolidated basis by remaining contractual maturity dates as at 31 December 2021. Unrecognised commitments are discussed in Note 31.

	Demand and less than 1 month KZT'000	From 1 to 3 months KZT'000	From 3 to 6 months KZT'000	From 6 to 12 months KZT'000	More than 1 year KZT'000	Total KZT'000	Carrying amount KZT'000
Non-derivative financial liabilities							
Current accounts and deposits	25,607,904	-	-	4,642,114	162,108	30,412,126	30,412,126
Loans from SWF "Samruk-Kazyna"	-	-	352,042	6,618,375	5,515,881	12,486,298	11,195,666
Loans from the Parent Company	-	1,248,625	6,306,051	8,101,943	575,331,221	590,987,840	283,338,056
Amounts payable under repurchase agreements	43,189,663	-	-	-	-	43,189,663	43,189,663
Loans from banks and other financial institutions.	15,322,548	918,776	9,777,143	34,216,199	600,893,595	661,128,261	556,669,981
Debt securities issued	6,180,350	10,200,952	69,180,689	612,430,797	1,777,510,544	2,475,503,332	1,716,748,732
Subordinated debt	-	118,243	75,000	193,243	369,919,313	370,305,799	118,216,761
Other financial liabilities	81,415,880	44,595	10,150	460,515	116,779	82,047,919	82,047,919
Total liabilities	**171,716,345**	**12,531,191**	**85,701,075**	**666,663,186**	**3,329,449,441**	**4,266,061,238**	**2,841,818,904**
Credit related commitments	**222,368,358**	**22,921,561**	**14,097,723**	**22,477,325**	**90,969,789**	**372,834,756**	**-**

(e) Maturity

The following table shows assets and liabilities by remaining contractual maturity dates as at 31 December 2022.

	On demand KZT'000	Less than 1 month KZT'000	From 1 to 3 months KZT'000	From 3 months to 1 year KZT'000	From 1 to 5 years KZT'000	More than 5 years KZT'000	No maturity KZT'000	Overdue KZT'000	Total KZT'000
Assets									
Cash and cash equivalents	266,365,889	550,103,489	525	-	-	-	-	-	816,469,903
Placements with banks and other financial institutions	-	-	-	-	79,972,071	-	-	-	79,972,071
Loans to banks	-	-	-	576,507	1,062,435	117,087,748	-	-	118,726,690
Loans to customers	-	846,815	19,258,512	178,883,348	421,041,843	1,148,248,063	-	5,898,019	1,774,176,600
Finance lease receivables	-	5,585,750	8,706,191	63,368,814	243,520,804	193,945,848	-	4,504,402	519,631,809
Debt securities	-	-	-	1,972,500	117,182,128	287,518,973	-	-	406,673,601
Equity investments	-	-	-	-	-	-	20,442,839	-	20,442,839
Investment property	-	-	-	-	-	-	94,543	-	94,543
Property, plant and equipment and intangible assets	-	-	-	-	-	-	5,954,973		5,954,973
Advances paid under finance lease agreements	-	14,609,328	17,071,083	56,953,702	90,918,641	1,272,745	-	-	180,825,499
Assets to be transferred under finance lease agreements	-	-	750,847	204,062	2,944,435	-	-	-	3,899,344
Other assets	867,680	43,452	51,553	555,909	6,918,145	56,656	806,362	139,356	9,439,113
Deferred tax asset	-	-	-	-	-	6,603,495	-	-	6,603,495
Total assets	**267,233,569**	**571,188,834**	**45,838,711**	**302,514,842**	**963,560,502**	**1,754,733,528**	**27,298,717**	**10,541,777**	**3,942,910,480**

	On demand KZT'000	Less than 1 month KZT'000	From 1 to 3 months KZT'000	From 3 months to 1 year KZT'000	From 1 to 5 years KZT'000	More than 5 years KZT'000	No maturity KZT'000	Overdue KZT'000	Total KZT'000
Liabilities									
Current accounts and deposits	15,540,692	1,735,201	74,296,218	-	2,315	142,946	-	-	91,717,372
Loans from SWF "Samruk-Kazyna"	-	-	-	-	-	1,809,214	-	-	1,809,214
Loans from the Parent Company	-	-	10,719	10,181	57,410,376	323,283,721	-	-	380,714,997
Loans from banks and other financial institutions.	-	-	1,170,564	974,732	149,883,057	539,768,823	-	-	691,797,176
Government grants	-	2,467,185	4,789,684	20,815,717	154,053,552	455,179,297	-	-	637,305,435
Debt securities issued	-	-	1,613,194	102,919,629	750,719,287	454,334,925	-	-	1,309,587,035
Subordinated debt	-	-	-	-	-	125,744,366	-	-	125,744,366
Other liabilities	28,782,295	840,793	9,752,313	9,704,695	32,172,322	6,131,499	-	-	87,383,917
Reserves	-	-	121,268	1,027,879	528,545	136,579	-	-	1,814,271
Current tax liability	-	-	-	570,789	-	-	-	-	570,789
Total liabilities	**44,322,987**	**5,043,179**	**91,753,960**	**136,023,622**	**1,144,769,454**	**1,906,531,370**	**-**	**-**	**3,328,444,572**
Net position as at 31 December 2022	**222,910,582**	**566,145,655**	**(45,915,249)**	**166,491,220**	**(181,208,952)**	**(151,797,842)**	**27,298,717**	**10,541,777**	**614,465,908**

The following table shows assets and liabilities by remaining contractual maturity dates as at 31 December 2021.

	On demand KZT'000	Less than 1 month KZT'000	From 1 to 3 months KZT'000	From 3 months to 1 year KZT'000	From 1 to 5 years KZT'000	More than 5 years KZT'000	No maturity KZT'000	Overdue KZT'000	Total KZT'000
Assets									
Cash and cash equivalents	299,298,360	171,989,001	-	-	-	-	-	-	471,287,361
Placements with banks and other financial institutions	-	-	10,063	25,482,199	-	-	-	-	25,492,262
Loans to banks	-				1,554,401	119,480,236	-	-	121,034,637
Loans to customers	-	909,315	21,162,729	96,889,187	594,897,210	1,173,106,455	-	5,543,101	1,892,507,997
Finance lease receivables	-	7,610,235	8,668,434	57,281,002	214,236,385	163,267,280	-	1,040,380	452,103,716
Debt securities	-	-	3,497,335	44,178	100,508,311	440,469,098	-	-	544,518,922
Equity investments	-	-	-	-	-	-	35,687,437	-	35,687,437
Investment property	-	-	-	-	-	-	217,830	-	217,830
Property, plant and equipment and intangible assets	-	-	-	-	-	-	5,988,816	-	5,988,816
Advances paid under finance lease agreements	-	-	417,810	40,385,807	118,291,662	7,309,787	-	-	166,405,066
Assets to be transferred under finance lease agreements	-	-	-	3,709,493	1,916,434	-	-	-	5,625,927
Other assets	389,500	58,624	153,006	336,183	8,139,450	-	1,669,795	234,615	10,981,173
Current tax asset	-	-	136	7,244,386	-	-	-	-	7,244,522
Deferred tax asset	-	-	-	-	-	2,733,734	-	-	2,733,734
Total assets	**299,687,860**	**180,567,175**	**33,909,513**	**231,372,435**	**1,039,543,853**	**1,906,366,590**	**43,563,878**	**6,818,096**	**3,741,829,400**

	On demand KZT'000	Less than 1 month KZT'000	From 1 to 3 months KZT'000	From 3 months to 1 year KZT'000	From 1 to 5 years KZT'000	More than 5 years KZT'000	No maturity KZT'000	Overdue KZT'000	Total KZT'000
Liabilities									
Current accounts and deposits	25,607,904	-	-	4,642,114	1,561	160,547	-	-	30,412,126
Loans from SWF "Samruk-Kazyna"	-	-	-	6,286,402	2,898,579	2,010,685	-	-	11,195,666
Loans from the Parent Company	-	-	7,826	-	5,255,474	278,074,756	-	-	283,338,056
Amounts payable under repurchase agreements	-	43,189,663	-	-	-	-	-	-	43,189,663
Loans from banks and other financial institutions.	-	73,524	133,514	2,745,865	97,886,680	455,830,398	-	-	556,669,981
Government grants	-	1,498,787	2,899,201	12,307,418	73,008,559	211,426,644	-	-	301,140,609
Debt securities issued	-	-	1,613,194	555,430,020	566,707,617	592,997,901	-	-	1,716,748,732
Subordinated debt	-	-	-	-	-	118,216,761	-	-	118,216,761
Other liabilities	82,332,258	1,067,427	7,028,202	6,714,109	13,039,481	1,290,612	-	8,272	111,480,361
Reserves	-	-	10,759	10,035,325	2,563,080	-	-	-	12,609,164
Total liabilities	**107,940,162**	**45,829,401**	**11,692,696**	**598,161,253**	**761,361,031**	**1,660,008,304**	**-**	**8,272**	**3,185,001,119**
Net position as at 31 December 2021	**191,747,698**	**134,737,774**	**22,216,817**	**(366,788,818)**	**278,182,822**	**246,358,286**	**43,563,878**	**6,809,824**	**556,828,281**

30 Capital management

The Group defines capital as its total equity measured in accordance with IFRS.

In accordance with legislation, as at 31 December 2022 and 2021 the Group was not subject to capital requirements set by the National Bank of the Republic of Kazakhstan.

The Group is subject to minimum capital and maximum debt-to-equity ratio requirements established by covenants under certain liabilities incurred by the Group. As at 31 December 2022 and 31 December 2021, the Group complied with all externally imposed capital adequacy requirements.

31 Credit related commitments

At any time, the Group has outstanding credit related commitments to extend credit. These credit related commitments take the form of approved loans and overdrafts, and are cancellable on certain conditions. The Group plans to fund these commitments with the issue of debt securities, loans from the Parent Company and a number of foreign counterparties.

The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to five years.

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

The amounts reflected in the table for letters of credit represent the maximum accounting loss that would be recognised at the consolidated statement of financial position date if counterparties failed completely to perform as contracted.

	31 December 2022 KZT'000	31 December 2021 KZT'000
Contracted amount		
Loan and finance lease commitments	353,717,453	367,631,083
Letters of credit, guarantees and other commitments related to settlement operations	2,625,539	5,203,673

The Group uses the same credit control and management policies in undertaking unrecognised commitments as it does for recognised operations.

As at 31 December 2022, included in loan, credit line and finance lease commitments related to settlement operations is the amount of KZT 72,126,376 thousand, related to eight borrowers (2021: KZT 166,244,374 thousand, related to twelve borrowers), which, if aggregated with current amount of loans in the amount of KZT 240,512,190 thousand (2021: KZT 551,030,492 thousand), carrying value will comprise a significant credit exposure.

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

32 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 Group does not have full coverage for its premises and equipment, business interruption, or third party liability in respect of property or environmental damage arising from accidents on its property or relating to operations. Until the Group 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) Litigations

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 or the results of future operations.

(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 consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

33 Related party transactions

(a) Control relationships

As at 31 December 2022 and 31 December 2021 the Group's controlling party is National Management Holding "Baiterek" JSC. The party with ultimate control over the Group is the Government of the Republic of Kazakhstan.

Publicly available financial statements will be produced by the Group's Parent Company; however, no publicly available financial statements are produced by the Group's ultimate controlling party.

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

Total remuneration included in payroll and related taxes (refer to Note 9) is as follows:

	2022 KZT'000	**2021 KZT'000**
Members of the Board of Directors	179,711	193,061
Members of the Management Board and Managing Directors	444,039	393,630

(c) Transactions with other related parties

Other related parties comprise the State, national companies and organisations, including the National Bank of the Republic of Kazakhstan, the Ministry of Finance of the Republic of Kazakhstan, SWF "Samruk-Kazyna" and its subsidiaries.

The outstanding balances and the related average contractual interest rates as at 31 December 2022 and 2021 and related profit or loss amounts of transactions for the years ended 31 December 2022 and 2021 with other related parties are as follows.

	Parent Company		Other subsidiaries of the Parent Company		Other companies and state organisations		Total
31 December 2022	**KZT'000**	**Average nominal interest rate**	**KZT'000**	**Average nominal interest rate**	**KZT'000**	**Average nominal interest rate**	**KZT'000**
Statement of financial position							
ASSETS							
Cash and cash equivalents	-	-	93,986,576	15.25	585,541,324	16.78	679,527,900
Placements with banks and other financial institutions	-	-	79,972,071	10.00	-	-	79,972,071
Loans to customers	-	-	2,934,500	0.35	523,600,595	8.54	526,535,095
Finance lease receivables	-	-	110,391	-	323,281,530	6.85	323,391,921
Debt securities	-	-	-	-	29,892,885	2.99	29,892,885
Equity investments	-	-	20,442,839	-	-	-	20,442,839
Advances paid under finance lease agreements	-	-	-	-	15,242,579	-	15,242,579
Other assets	52,112	-	8,284	-	1,077,066	-	1,137,462
Deferred tax assets	-	-	-	-	6,603,495	-	6,603,495
LIABILITIES							
Current accounts and deposits	-	-	210,700	-	253,773	-	464,473
Loans from SWF "Samruk-Kazyna"		-	-	-	1,809,214	0.20	1,809,214
Loans from the Parent Company	380,714,997	0.14	-	-	-	-	380,714,997
Loans from banks and other financial institutions.	-	-	18,001,887	1.00	-	-	18,001,887
Government grants	-	-	-	-	637,305,435	-	637,305,435
Debt securities issued	220,178,578	11.74	34,014,362	8.40	267,818,284	11.53	522,011,224
Subordinated debt	117,693,588	0.15	-	-	8,050,778	0.01	125,744,366
Other liabilities	-	-	54,753	-	14,422,170	0.02	14,476,923
Current tax liability	-	-	-	-	570,789	-	570,789

	Parent Company	Other subsidiaries of the Parent Company	Other companies and state organisations	Total
2022	**KZT'000**	**KZT'000**	**KZT'000**	**KZT'000**
Profit				
Interest income calculated using the effective interest method	-	17,106,975	83,828,044	100,935,019
Other interest income	-	7,193	24,438,654	24,445,847
Interest expense	(61,038,639)	(4,127,285)	(32,495,185)	(97,661,109)
Fee and commission income	-	-	1,031,755	1,031,755
Fee and commission expense	(43,691)	-	(238,793)	(282,484)
Net foreign exchange gain	-	-	3,442,573	3,442,573
Net receipts from financial instruments at fair value through profit or loss	-	-	92,776	92,776
Impairment losses on debt financial assets	-	(176,806)	(14,724,112)	(14,900,918)
Other income/(expenses)	-	(26,956,035)	113,195,933	86,239,898
General administrative expenses	-	(3,394)	(1,072,373)	(1,075,767)
Income tax expense	-	-	(16,423,589)	(16,423,589)

During the year ended 31 December 2022, income on government grants of KZT 125,313,816 thousand was recognised in profit or loss to compensate the Group's losses incurred as a result of issuance of loans at lower than market rates in accordance with the conditions of the government programmes (Note 7).

As at 31 December 2022, the Group obtained as collateral from other subsidiaries of the Parent Company the insurance contracts for the total amount of KZT 158,790,214 thousand as well as guarantees from other companies and state organisations for the total amount of KZT 468,528,968 thousand to secure loans to customers and finance lease receivables (2021: the guarantees from other subsidiaries of the Parent Company for the total amount of KZT 117,432,795 thousand and guarantees from other companies and state organisations for the total amount of KZT 495,804,683 thousand).

	Parent Company		Other subsidiaries of the Parent Company		Other companies and state organisations		Total
31 December 2021	**KZT'000**	**Average nominal interest rate**	**KZT'000**	**Average nominal interest rate**	**KZT'000**	**Average nominal interest rate**	**KZT'000**
Statement of financial position							
ASSETS							
Cash and cash equivalents	-	-	126,445,531	8.25	183,055,699	-	309,501,230
Loans to customers	-	-	134,042	-	341,031,660	9.57	341,165,702
Finance lease receivables	-	-	147,447	-	273,051,962	8.32	273,199,409
Debt securities	-	-	-	-	31,670,671	0.77	31,670,671
Equity investments	-	-	35,687,437	-	-	-	35,687,437
Advances paid under finance lease agreements	-	-	-	-	19,838,093	-	19,838,093
Current tax asset	-	-	-	-	7,244,522	-	7,244,522
Other assets	48,510	-	1,047	-	615,044	-	664,601
Deferred tax assets	-	-	-	-	2,733,734	-	2,733,734
LIABILITIES							
Current accounts and deposits	-	-	301,282	-	143,847	-	445,129
Loans from SWF "Samruk-Kazyna"	-	-	-	-	11,195,666	0.30	11,195,666
Loans from the Parent Company	283,338,056	0.13	-	-	-	-	283,338,056
Loans from banks and other financial institutions.	-	-	17,001,554	1.00	-	-	17,001,554
Amounts payable under repurchase agreements	-	-	-	-	43,189,663	0.75	43,189,663
Government grants	-	-	884,878	-	300,255,731	-	301,140,609
Debt securities issued	219,141,952	10.66	26,783,399	10.79	275,340,317	10.21	521,265,668
Subordinated debt	110,714,610	0.15	-	-	7,502,151	0.01	118,216,761
Other liabilities	-	-	11,012	-	7,455,509	-	7,466,521

	Parent Company	Other subsidiaries of the Parent Company	Other companies and state organisations	Total
2021	**KZT'000**	**KZT'000**	**KZT'000**	**KZT'000**
Profit				
Interest income calculated using the effective interest method	-	6,374,309	54,328,170	60,702,479
Other interest income	-	-	21,810,222	21,810,222
Interest expense	(53,629,429)	(2,287,038)	(32,421,273)	(88,337,740)
Fee and commission income	-	-	541,634	541,634
Fee and commission expense	(42,293)	-	(161,507)	(203,800)
Net foreign exchange gain	-	6,255	187,386	193,641
Net receipts from financial instruments at fair value through profit or loss	-	331,539	110,730	442,269
Impairment losses on debt financial assets	-	(292,297)	(34,339,446)	(34,631,743)
Impairment losses on loan commitments and financial guarantee contracts	-	-	(144,739)	(144,739)
Other income/(expenses)	-	(414,779)	23,412,480	22,997,701
General administrative expenses	-	(1,373)	(901,573)	(902,946)
Income tax expense	-	-	(2,534,407)	(2,534,407)

During the year ended 31 December 2021 the amount of KZT 24,956,278 thousand was transferred to profit or loss to compensate the Group's losses incurred as a result of issuance of loans at lower than market rates in accordance with the conditions of the government programmes (Note 23).

34 Analysis by segments

The Group has two reportable segments, as described below, which are the Group's main components. The components offer different types of services, and are managed separately. For each of the segment, management of the Group reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Bank lending. Includes financing of investment projects and export operations, interbank lending and other operations of the Bank, which is a national development institution.

Leasing activities. Includes leases, which mainly represent leasing of machinery, equipment and vehicles that act as collateral.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies, of these consolidated financial statements. Management of the Group reviews discrete financial information for each of its segments, including measures of operating income, which do not include the effects of intercompany eliminations.

Information on operating segments is presented below.

	Bank lending KZT'000	**Leasing activities KZT'000**	**Total For the year ended 31 December 2022 KZT'000**
Interest income calculated using the effective interest method	251,634,880	24,415,892	276,050,772
Other interest income	14,559,839	45,714,238	60,274,077
Interest expense	(187,097,043)	(41,405,392)	(228,502,435)
Impairment losses on debt financial assets	(45,877,424)	(1,919,382)	(47,796,806)
Net non-interest income/(expense)	(5,147,125)	137,396	(5,009,729)
General administrative expenses	(7,371,301)	(1,856,807)	(9,228,108)
Income tax expense	(13,730,568)	(2,693,021)	(16,423,589)
Financial results of segments	**6,971,258**	**22,392,924**	**29,364,182**

	Bank lending KZT'000	**Leasing activities KZT'000**	**Total 31 December 2022 KZT'000**
Segments assets	3,627,642,783	1,356,517,045	4,984,159,828
Segments liabilities	3,024,517,898	1,151,371,306	4,175,889,204

	Bank lending KZT'000	**Leasing activities KZT'000**	**Total For the year ended 31 December 2021 KZT'000**
Interest income calculated using the effective interest method	202,445,441	11,131,391	213,576,832
Other interest income	7,689,101	36,378,097	44,067,198
Interest expense	(162,348,480)	(31,230,271)	(193,578,751)
Impairment losses on debt financial assets	(30,289,758)	(3,283,590)	(33,573,348)
Net non-interest income/(expense)	12,274,937	(2,517,605)	9,757,332
General administrative expenses	(6,232,444)	(1,507,264)	(7,739,708)
Income tax expense	(1,763,861)	(770,546)	(2,534,407)
Financial results of segments	**21,774,936**	**8,200,212**	**29,975,148**

	Bank lending KZT'000	**Leasing activities KZT'000**	**Total 31 December 2021 KZT'000**
Segments assets	3,401,617,659	889,527,699	4,291,145,358
Segments liabilities	2,844,485,852	752,757,012	3,597,242,864

Reconciliations of reportable segment net interest income and profit or loss may be presented as follows:

	2022 KZT'000	2021 KZT'000
Reportable segment revenue	107,822,414	64,065,279
Consolidation effect	618,287	622,482
Total revenue	**108,440,701**	**64,687,761**

	2022 KZT'000	2021 KZT'000
Reportable segment profit	29,364,182	29,975,148
Consolidation effect	4,760,705	1,524,523
Total profit	**34,124,887**	**31,499,671**

Consolidation effect occurs due to the fact that management of the Group reviews internal reports on a stand-alone basis.

Reconciliation of total assets and liabilities of the reportable segments is as follows:

	31 December 2022 KZT'000	31 December 2021 KZT'000
Total assets for reportable segments	4,984,159,828	4,291,145,358
The effect of consolidation	(1,041,249,348)	(549,315,958)
Total assets	**3,942,910,480**	**3,741,829,400**

	31 December 2022 KZT'000	31 December 2021 KZT'000
Total liabilities for reportable segments	4,175,889,204	3,597,242,864
The effect of consolidation	(847,444,632)	(412,241,745)
Total liabilities	**3,328,444,572**	**3,185,001,119**

Information about major customers and geographical areas

For the year ended 31 December 2022, has no large corporate customers revenues from which individually exceed 10% of total revenue (31 December 2021: none).

The Group's assets are concentrated in the Republic of Kazakhstan and the Group derives income from operations mainly performed in the Republic of Kazakhstan.

35 Fair value of financial instruments

(a) Determining fair values

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

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

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models 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 Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgement and estimation 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.

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

- Discount rates of 5.82% to 10.16% p.a. for foreign currency and of 13.02% to 28.35% p.a. for KZT are used for discounting future cash flows on loans to customers (31 December 2021: 2.13% to 9.11% p.a. for USD and 10.53% to 24.79% p.a. for KZT).
- Discount rates of 6.14% p.a. for USD and 12.07% to 16.82% p.a. for KZT are used for discounting future cash flows on debt securities measured at amortised cost (31 December 2021: 1.70% p.a. for USD and 10.42% to 13.90% p.a. for KZT).
- Discount rate of 12.29% to 19.43% p.a. is used for discounting future cash flows on loans to banks (31 December 2021: 11.00% to 15.03% p.a.).
- Discount rate of 12.73% to 28.35% p.a. is used for discounting future cash flows on finance lease receivables (31 December 2021: 11.00% to 27.17% p.a.).
- Discount rate of 19.52% p.a. is used for discounting future cash flows on other financial assets (31 December 2021: 13.89% p.a.).
- Discount rates of 12.90% to 16.82% p.a. for KZT are used for discounting future cash flows on debt securities issued (31 December 2021: 10.62% to 13.49% p.a. for KZT).
- Discount rates of 12.07% to 13.49% p.a. are used for discounting future cash flows on subordinated debt (31 December 2021: 10.42% to 10.80% p.a.).
- Discount rates of 12.61% to 15.70% p.a. are used for discounting future cash flows on loans from the Parent Company (31 December 2021: 10.64% to 13.93% p.a.).
- Discount rates of 6.08% to 9.50% p.a. for foreign currency loans and 16.05% to 17.52% p.a. for KZT loans are used for discounting future cash flows on loans from banks and other financial institutions (31 December 2021: 1.70% to 11.03% p.a. for foreign currency loans and 10.62% to 12.94% p.a. for KZT loans).
- Discount rate of 14.28% p.a. is used for discounting future cash flows on loans from SWF "Samruk-Kazyna" (31 December 2021: 10.62% to 10.68% p.a.).
- Discount rates of 14.57% to 15.17% p.a. are used for discounting future cash flows on other financial liabilities.

(b) 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 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 differences between the instruments.

The control framework implemented by the Group includes preparation of fair value measurements by the responsible front-office specialists and subsequent review by the relevant unit responsible for control over the determination of the fair value of financial instruments. Specific controls implemented by the Group include:

- verification of observable pricing;
- review and approval process for new models and changes to models;
- overview of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared to previous reporting period.

(i) Financial instruments measured at fair value

The table below analyses financial instruments measured at fair value at 31 December 2022, 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:

	Note	Level 1 KZT'000	Level 2 KZT'000	Level 3 KZT'000	Total KZT'000
Assets					
Debt securities	16	388,252,395	3,802,084	1,177,326	393,231,805
Loans to customers	14	-	-	105,237,964	105,237,964
Equity investments	18	-	-	20,442,839	20,442,839
Other assets	19	4,241	-	-	4,241
		388,256,636	**3,802,084**	**126,858,129**	**518,916,849**

The table below analyses financial instruments measured at fair value at 31 December 2021, 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:

	Note	Level 1 KZT'000	Level 2 KZT'000	Level 3 KZT'000	Total KZT'000
Assets					
Debt securities	16	523,672,345	7,313,738	1,087,523	532,073,606
Loans to customers	14	-	-	144,110,433	144,110,433
Equity investments	18	-	-	35,687,437	35,687,437
Other assets	19	4,115	-	-	4,115
Embedded derivatives	15	-	-	1,267,117	1,267,117
		523,676,460	**7,313,738**	**182,152,510**	**713,142,708**

The table below sets out information about significant unobservable inputs used at year end in the measuring financial instruments categorised as Level 3 in the fair value hierarchy as at 31 December 2022:

Type of instrument	Fair value KZT'000	Valuation technique	Significant unobservable inputs	Range of estimates (weighted average) for unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Equity investments	20,442,839	Adjusted net asset method	Value of net assets	17.39%-37.74%	Increase in discount rate would result in lower fair value
Loans to customers measured at fair value through profit or loss	105,237,964	Discounted cash flow	Discount rate	USD: 5.75%, KZT: 14.84%-17.82%	Increase in discount rate would result in lower fair value
Debt securities measured at fair value through profit or loss	1,177,326	Discounted cash flow	Discount rate	17.91%	Increase in discount rate would result in lower fair value

The table below sets out information about significant unobservable inputs used at year end in the measuring financial instruments categorised as Level 3 in the fair value hierarchy as at 31 December 2021:

Type of instrument	Fair value KZT'000	Valuation technique	Significant unobservable inputs	Range of estimates (weighted average) for unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Equity investments	35,687,437	Adjusted net asset method	Value of net assets	13.70%-21.96%	Increase in discount rate would result in lower fair value
Loans to customers measured at fair value through profit or loss	144,110,433	Discounted cash flow	Discount rate	USD: 2.04%, KZT: 12.97%-14.88%	Increase in discount rate would result in lower fair value
Embedded derivative	1,267,117	Option model	Volatility of foreign exchange rate	RUB: 6.41%	Increase in volatility would result in higher fair value
Debt securities measured at fair value through profit or loss	1,087,523	Discounted cash flow	Discount rate	12.96%	Increase in discount rate would result in lower fair value

The financial assets at FVOCI with fair values determined using valuation techniques that use observable inputs were classified into Level 2. Observable inputs included transaction prices in markets that are active for similar, but not identical, instruments and transaction prices in markets that are not active for identical instruments. Although all the instruments are listed on KASE, management believes that the market for these identical instruments is not active.

The Group applies discounted cash flow methodology in respect of valuation of impaired financial assets, for which fair values cannot be determined based on observable market inputs.

For impaired debt securities cash flow projections were based on publicly available information on expected post-restructuring payoff schedule for each respective type of security. Assumptions on discount rates were made based on issuers' credit risk premiums implied by market quotes of the issues on which the trades were not suspended.

Certain assets measured at FVOCI that do not have observable market prices and cannot be valued based on observable market inputs were also valued applying discounted cash flow methodology. Forecasts for such securities were based on the contractual repayment schedule. Assumptions regarding discount rates were made based on quoted prices in active markets of similar instruments of an issuer with adjacent credit rating adjusted to the difference in credit ratings.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy for the period ended 31 December 2022:

	Loans to customers measured at fair value through profit or loss KZT'000	**Debt securities measured at fair value through profit or loss KZT'000**	**Equity investments KZT'000**	**Embedded derivative KZT'000**
Balance at 1 January	**144,110,433**	**1,087,523**	**35,687,437**	**1,267,117**
Total gain or loss:				
- net gain recognised in profit or loss	12,112,956	132,882	-	(866,611)
Other comprehensive income	-	-	(15,591,314)	-
Repayments	(61,428,412)	(43,079)	-	(15,413)
Acquisition	10,442,987	-	346,716	-
Settlements of receivables	-	-	-	(385,093)
Balance at 31 December	**105,237,964**	**1,177,326**	**20,442,839**	**-**

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy for the period ended 31 December 2021:

	Loans to customers measured at fair value through profit or loss KZT'000	**Debt seities measured at fair value through profit or loss KZT'000**	**Equity investments KZT'000**	**Embedded derivative KZT'000**
Balance at 1 January	**79,061,993**	**947,067**	**14,841,000**	**2,617,752**
Total gain or loss:				
- net gain recognised in profit or loss	10,691,553	317,969	-	(1,195,613)
Other comprehensive income	-	-	7,488,797	-
Repayments	(30,344,799)	(177,513)	-	(155,022)
Acquisition	84,701,686	-	13,357,640	-
Balance at 31 December	**144,110,433**	**1,087,523**	**35,687,437**	**1,267,117**

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects as at 31 December 2022:

	Effect on profit or loss		Effect on other comprehensive income	
	Favourable KZT'000	**Unfavourable KZT'000**	**Favourable KZT'000**	**Unfavourable KZT'000**
Debt securities	9,959	(9,793)	-	-
Equity investments	-	-	2,044,284	(2,044,284)
Loans to customers	3,619,340	(3,386,630)	-	-
Total	**3,629,299**	**(3,396,423)**	**2,044,284**	**(2,044,284)**

For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects as at 31 December 2021:

	Effect on profit or loss		Effect on other comprehensive income	
	Favourable KZT'000	**Unfavourable KZT'000**	**Favourable KZT'000**	**Unfavourable KZT'000**
Debt securities	19,385	(18,879)	-	-
Equity investments	-	-	3,568,744	(3,568,744)
Loans to customers	5,088,095	(4,759,588)	-	-
Finance lease receivables				
- Embedded derivative	403,775	(331,228)	-	-
Total	**5,511,255**	**(5,109,695)**	**3,568,744**	**(3,568,744)**

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

- for embedded derivatives: using unobservable inputs based on averages of the upper and lower quartiles respectively of the Group's ranges of possible estimates. Key inputs and assumptions used in the models as at 31 December 2022 and 31 December 2021:
  - Changing the volatility of USD/RUB exchange rates by 50%;
  - Changing in spread between risk-free rates in KZT and USD/RUB by 0.5%;
  - Changing the estimated discount rate by 100 basis points.
- for loans to customers measured at FVTPL: decrease and increase of the discount rate by 1%.
- for equity investments: change in fair value of net assets of the Fund by 10%;
- for debt securities: changes of the discount rate by 100 bp.

(ii) *Financial instruments not measured at fair value*

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 2022.

	Level 1 KZT'000	Level 2 KZT'000	Level 3 KZT'000	Total fair value KZT'000	Total carrying amount KZT'000
ASSETS					
Cash and cash equivalents	-	816,469,903	-	816,469,903	816,469,903
Placements with banks and other financial institutions	-	79,972,071	-	79,972,071	79,972,071
Loans to banks	-	94,818,918	2,057,015	96,875,933	118,726,690
Loans to customers	-	1,578,595,061	34,180,566	1,612,775,627	1,668,938,636
Finance lease receivables	-	374,871,706	7,656,189	382,527,895	519,631,809
Debt securities	-	6,110,866	945,918	7,056,784	13,441,796
Other financial assets	-	6,536,790	9,710	6,546,500	7,239,751
LIABILITIES					
Current accounts and deposits	-	91,717,372	-	91,717,372	91,717,372
Loans from SWF "Samruk-Kazyna"	-	1,575,467	-	1,575,467	1,809,214
Loans from the Parent Company	-	325,430,249	-	325,430,249	380,714,997
Loans from banks and other financial institutions	-	683,847,090	-	683,847,090	691,797,176
Debt securities issued	371,625,174	830,382,291	-	1,202,007,465	1,309,587,035
Subordinated debt	-	57,988,991	-	57,988,991	125,744,366
Other financial liabilities	-	33,546,225	-	33,546,225	34,497,684

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 2021.

	Level 1 KZT'000	Level 2 KZT'000	Level 3 KZT'000	Total fair value KZT'000	Total carrying amount KZT'000
ASSETS					
Cash and cash equivalents	-	471,287,361	-	471,287,361	471,287,361
Placements with banks and other financial institutions	-	25,492,262	-	25,492,262	25,492,262
Loans to banks	-	103,867,559	2,549,348	106,416,907	121,034,637
Loans to customers	-	1,638,700,842	42,027,569	1,680,728,411	1,748,397,564
Finance lease receivables (except for embedded derivative)	-	364,140,941	6,175,093	370,316,034	450,836,599
Debt securities	-	7,146,364	1,098,279	8,244,643	12,445,316
Other financial assets	-	8,426,891	11,259	8,438,150	8,299,322
LIABILITIES					
Current accounts and deposits	-	30,412,126	-	30,412,126	30,412,126
Loans from SWF "Samruk-Kazyna"	-	10,568,752	-	10,568,752	11,195,666
Loans from the Parent Company	-	272,634,564	-	272,634,564	283,338,056
Loans from banks and other financial institutions	-	555,845,324	-	555,845,324	556,669,981
Amounts payable under repurchase agreements	-	43,151,639	-	43,151,639	43,189,663
Debt securities issued	1,089,196,564	676,584,883	-	1,765,781,447	1,716,748,732
Subordinated debt	-	70,517,362	-	70,517,362	118,216,761
Other financial liabilities	-	82,047,919	-	82,047,919	82,047,919

The following tables show the valuation techniques used in measuring Level 3 fair values as at 31 December 2022:

Financial instruments not measured at fair value

Type of instrument	Valuation technique	Significant unobservable inputs
Loans to banks	Discounted cash flows	Expected cash flows
Loans to customers	Discounted cash flows	Expected cash flows
Finance lease receivables (except for embedded derivative)	Discounted cash flows	Expected cash flows
Debt securities	Discounted cash flows	Expected cash flows
Other financial assets	Discounted cash flows	Expected cash flows

The following tables show the valuation techniques used in measuring Level 3 fair values as at 31 December 2021:

Financial instruments not measured at fair value

Type of instrument	Valuation technique	Significant unobservable inputs
Loans to banks	Discounted cash flows	Expected cash flows
Loans to customers	Discounted cash flows	Expected cash flows
Finance lease receivables (except for embedded derivative)	Discounted cash flows	Expected cash flows
Debt securities	Discounted cash flows	Expected cash flows
Other financial assets	Discounted cash flows	Expected cash flows

36 Subsequent events

On 15 February 2023, the Group issued bonds totalling KZT 15,000,000 thousand, at an interest rate of 0.5% per annum and with maturity on 15 February 2035.

37 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group entities at the exchange rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(c) Interest income and expense

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 credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For 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 points 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 versus 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 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, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. 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 37(e)(iv).

Presentation

Interest income calculated using the effective interest method presented in the consolidated statement of profit or loss and other comprehensive income includes:

- interest on financial assets measured at amortised cost;
- interest on debt instruments measured at fair value through other comprehensive income.

Other interest income presented in the consolidated statement of profit or loss and other comprehensive income includes interest income on non-derivative debt financial instruments measured at FVTPL and net investment in finance lease.

Interest expense presented in the consolidated statement of profit or loss and other comprehensive income includes financial liabilities measured at amortised cost.

(d) Fee and commission income and expense

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate (see Note 37(c)).

Other fee and commission income – including account servicing fees, letters of credit, servicing of tied borrowings – is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

The contract with a customer, which resulted in a financial instrument recognised in the consolidated financial statements of the Group may be partially within the scope of IFRS 9 and partially within the scope of IFRS 15. In this case, the Group first applies IFRS 9 to separate and measure the part of the contract, which is within the scope of IFRS 9 and then applies IFRS 15 to the remaining part of this contract.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

(e) Financial assets and financial liabilities

(i) Classification of financial instruments

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 as at FVTPL:

- 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 FVOCI 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 Group 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 and 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 the 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 FVTPL.

In addition, on initial recognition, the Group 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 Group 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 revenue, 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 Group'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.
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its 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 Group'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 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 and 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 profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group 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 Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;

- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements);
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Non-recourse loans

In some cases, loans made by the Group that are secured by collateral of the borrower limit the Group's claim to cash flows of the underlying collateral (non-recourse loans). The Group applies judgment in assessing whether the non-recourse loans meet the SPPI criterion.

The Group typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Bank's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Group will benefit from any upside from the underlying assets.

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

(ii) Derecognition

Financial assets

The Group 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 or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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.

The Group enters into transactions whereby it transfers assets recognised on its consolidated 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 Group 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 Group 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 Group 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 Group 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.

The Group 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 Group 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 deemed to have expired. In making this evaluation the Group analogises to the guidance on the derecognition of financial liabilities.

The Group concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial asset;
- change in collateral or other credit enhancement;
- change of terms of financial asset that lead to non-compliance with SPPI criterion (e.g. inclusion of conversion feature).

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 Group 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 Group 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 Group 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.

Financial liabilities

The Group 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. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

The Group 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 Group concludes that the modification is substantial as a result of the following qualitative factors:

- change in the currency of the financial liability;
- change in collateral or other credit enhancement;
- inclusion of conversion feature;
- 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

See also Note 3.

The Group 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;
- net investments in finance lease;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

Loss allowance for expected credit losses for lease receivables are always measured at an amount equal to lifetime ECLs.

The Group considers a debt 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, other than purchased or originated credit-impaired assets, for which a lifetime ECL is recognised are referred to as ‘Stage 2’ financial instruments (if the credit risk has increased significantly since 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 Group in accordance with the contract and the cash flows that the Group 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 Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- *financial guarantee contracts*: the present value of expected payments to reimburse the holder less any amounts that the Group expects to recover.

See also Note 3.

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 will 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.
- If the expected restructuring will result 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 Group assesses whether financial assets carried at amortised cost and debt financial assets carried 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:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indications of impairment.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.

- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Loss allowances for ECL are presented in the consolidated 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 and financial guarantee contracts*: generally, as a provision; and
- *debt instruments measured at FVOCI*: no loss allowance is recognised in the consolidated statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance for expected credit losses is disclosed and is recognised in the fair value reserve.

Write-offs

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group 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. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial assets' in the consolidated 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 Group's procedures for recovery of amounts due.

(f) Loans to customers

'Loans to customers' caption in the consolidated statement of financial position includes:

- loans to customers measured at amortised cost (see Note 36(e)(i)); they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.
- loans to customers mandatorily measured at FVTPL due to non-compliance with the SPPI-criterion (see Note 36(e)(i)); these are measured at fair value with changes recognised immediately in profit or loss.

(g) Debt securities

The 'debt securities' caption in the consolidated statement of financial position includes:

- debt investment securities measured at amortised cost (see Note 36(e)(i)); these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt and equity investment securities mandatorily measured at FVTPL (see Note 36(e)(i));
- debt securities measured at FVOCI (see Note 36(e)(i)).

(h) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with NBRK, and highly liquid financial assets with original maturities of less than three months, which are not subject to significant risk of changes in their fair value, and are used by the Group in the management of short-term commitments. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

(i) Placements with banks and other financial institutions

In the normal course of business, the Group maintains advances and deposits for various periods of time with other banks. Due from banks with a fixed maturity term are subsequently measured at amortised cost using the effective interest method. Those that do not have fixed maturities are carried at amortised cost based on expected maturities. Amounts due from credit institutions are carried net of loss allowance for expected credit losses, if any.

(j) Financial guarantees and loan commitments

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently they are measured at the higher of the loss allowance for expected credit losses determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

For other loan commitments the Group recognises loss allowance for expected credit losses.

Financial liabilities arising from financial guarantees and loan commitments are included within provisions.

(k) Non-financial assets

Other non-financial assets, other than deferred tax assets, are assessed at each reporting date for any indications of impairment. The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses in respect of non-financial assets are recognised in profit or loss and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss reversed is only reversed to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Deposits, debt securities issued and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group designates liabilities at FVTPL.

(m) Government grants

Government grants are assistance by the Government, Government agencies and state-owned entities in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the Group. Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received. If there are conditions that may require repayment, the grant is recognised as a “deferred income” in other liabilities.

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan and the proceeds received.

Government grants that compensate the Group for expenses incurred are recognised in profit or loss as expenses on a systematic basis in the same periods in which the expenses are recognised.

(n) Credit related commitments

In the normal course of business, the Group enters into credit related commitments, comprising undrawn loan commitments, letters of credit and guarantees.

Provisions for other credit related commitment are included in other liabilities.

Loan commitments are not recognised, except commitments to provide a loan at a below-market interest rate.

(o) Income tax

Income tax comprises current and deferred tax. 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 tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and 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 liabilities are not recognised in respect of temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is 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.

The measurement of deferred taxes 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.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes, penalties and late-payment interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

(p) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured subsequently at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for a major part of the economic life of the asset.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

(q) Share capital

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(ii) Dividends

The ability of the Group to declare and pay dividends is subject to the rules and regulations of Kazakhstan legislation.

Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings in the period when they are declared.

(r) Financial assets or liabilities originated at below market interest rates in transactions with the Parent Company

Financial assets or liabilities originated at below market interest rates in transactions with the Parent Company are re-measured at origination to their fair value, being future interest payments and principal repayment(s) discounted at market interest rates for similar instruments. The difference between the fair value and consideration received is recognised as a contribution directly in equity when the Parent Company acts in its capacity as a shareholder.

(s) Operating segments

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 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.

(t) New standards and interpretations

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; However, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

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

- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12).
- IFRS 17 Insurance Contracts.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).

New interpretations effective from 1 January 2022

A number of new interpretations are effective for annual periods beginning after 1 January 2022; The interpretation did not have a material impact on the consolidated financial statements of the Group.

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