BAITEREK

Baiterek National Managing Holding JSC

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

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

MEDIUM TERM NOTE PROGRAMME

Under the U.S.$3,000,000,000 Medium Term Note Programme (the "**Programme**") described in this base offering memorandum (the "**Base Offering Memorandum**"), Baiterek National Managing Holding JSC (the "**Issuer**") 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 the Issuer 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, a trust deed dated 2 May 2025 (as may be further supplemented, amended or restated from time-to-time) (the "**Trust Deed**") between the Issuer and Citibank, N.A., London Branch (the "**Trustee**", which term shall include any successor trustee under the Trust Deed).

Application has been made (i) to the London Stock Exchange plc (the "**London Stock Exchange"**) for Notes issued under the Programme during the period of 12 months from the date of this Base Offering Memorandum to be admitted to trading on the London Stock Exchange's International Securities Market (the "**ISM**"). This Base Offering Memorandum comprises admission particulars for the purposes of admission to trading of the Notes on the ISM. The ISM is not a regulated market situated or operating within the United Kingdom (the "**UK**") for the purposes of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK MiFIR**"). This Base Offering Memorandum does not constitute a prospectus for the purposes of a listing or an admission to trading on any market in the UK which has been designated as a regulated market for the purposes of UK MiFIR and has not been approved by the FCA pursuant to the Official Listing of Securities, Offering Circular and Transparency (Amendment etc.) (EU Exit) Regulations 2019. **The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the Financial Conduct Authority. The London Stock Exchange has not approved or verified the contents of this Base Offering Memorandum.**

Application has also been made to Wiener Börse AG (the "**Vienna Stock Exchange**") for the admission of the Programme and/or any Notes to trading on the Vienna MTF of the Vienna Stock Exchange, a multilateral trading facility (the "**Vienna MTF**"). This Base Offering Memorandum does not constitute a prospectus for the purposes of a listing or an admission to trading on any market in the European Economic Area (the "**EEA**") which has been designated as a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU) (as amended, "**MiFID II**"), and has not been approved by the competent authority in any member state of the EEA pursuant to Regulation (EU) 2017/1129.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "Terms and Conditions of the Notes" (the "**Conditions**")) of Notes will be set out in a pricing supplement document (the "**Pricing Supplement**") which will be delivered to the London Stock Exchange and/or the Vienna Stock Exchange, as applicable, and, with respect to Notes to be admitted to trading on the ISM, will also be published on the website of the London Stock Exchange through a regulatory information service or may be published in such other manner permitted by the International Securities Market Rulebook effective as of 1 January 2021 (as may be modified and/or supplemented and/or restated from time to time, the "**ISM Rulebook**").

In addition, unless otherwise agreed with the relevant Dealer(s) (as defined below) and provided for in the Pricing Supplement, the Issuer will use its reasonable endeavours to cause all Notes issued by the Issuer 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. 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 dealer and the other Dealer(s) will not be involved in such process.

References in this Base Offering Memorandum to the Notes being "listed" (and all related references) shall mean that the Notes have been admitted to trading on the ISM and/or Vienna MTF. The relevant Pricing Supplement will state on which exchange(s) the Notes are to be admitted to trading. 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 the Issuer and the relevant Dealer(s). Any Notes issued on an unlisted basis will not be issued from this Base Offering 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*". 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**"). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "*Summary of the Provisions Relating to Notes in Global Form*".

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 the Issuer (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 Offering 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 Offering Memorandum, the long-term foreign currency debt of the Issuer has been rated BBB with Stable Outlook by Fitch Ratings Limited ("**Fitch**") and Baa1 with stable 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**"). 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 Pricing Supplement. 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**

Development Finance Structuring Agent

J.P. Morgan

The date of this Base Offering Memorandum is 2 May 2025

IMPORTANT NOTICES

This Base Offering Memorandum comprises programme admission particulars for the purposes of the ISM Rulebook. This Base Offering Memorandum does not comprise a prospectus for the purposes of either Regulation (EU) 2017/1129 or Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"), and has not been approved as such by the competent authority in any member state of the EEA or by the FCA.

The Issuer accepts responsibility for the information contained in this Base Offering Memorandum. To the best of the knowledge of the Issuer, the information contained in this Base Offering Memorandum is true and accurate and is in accordance with the facts and the Base Offering Memorandum as completed by the relevant Pricing Supplement does not omit anything likely to affect its import.

Certain information in this Base Offering Memorandum contained under the headings "*Risk Factors*" and "*Overview of Kazakhstan*" and certain other macroeconomic data which appear in this Base Offering Memorandum have been extracted from documents and other publications released by the National Statistics Office, the National Bank of Kazakhstan ("**NBK**") and the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market. The Issuer 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*".

The distribution of this Base Offering Memorandum and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Offering Memorandum comes are required by the Issuer, the Arrangers and the Dealers to inform themselves about and to observe any such restriction.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Offering Memorandum or any other document entered into in relation to the Programme or any information supplied by the Issuer 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 the Issuer, 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 Offering 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 Offering Memorandum or any supplement hereto. The delivery of this Base Offering Memorandum, the Pricing Supplement or the offering, sale or delivery of any Note shall not, in any circumstances, create any implication that the information contained in this Base Offering Memorandum is true subsequent to the date hereof or the date upon which this Base Offering 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 the Issuer since the date hereof or, if later, the date upon which this Base Offering 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.

Neither this Base Offering Memorandum nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Base Offering Memorandum or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Offering Memorandum and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Offering Memorandum nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of the investment in light of its own circumstances. In particular, each potential investor should (a) 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 Offering Memorandum or any applicable supplement; (b) 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 such investment will have on its overall investment portfolio; (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency; (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and (e) 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.

OFFER RESTRICTIONS

This Base Offering Memorandum does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Arrangers or the Dealers to subscribe for, or purchase, any Notes. The distribution of this Base Offering Memorandum, any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Offering Memorandum or any Pricing Supplement comes are required by the Issuer 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 Offering Memorandum or any Pricing Supplement and other offering material relating to the Notes, see "*Transfer Restrictions*" and "*Subscription and Sale*".

This Base Offering 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 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.

None of this Base Offering Memorandum, any Pricing Supplement or 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 the Issuer, the Dealers, the Trustee or any of their respective affiliates that any recipient of this Base Offering Memorandum or any Pricing Supplement should subscribe for or purchase any Notes. Each recipient of this Base Offering Memorandum or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer. The contents of this Base Offering 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 Pricing Supplement 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 Pricing Supplement 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 Base Offering 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 Pricing Supplement 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 Pricing Supplement. 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 Pricing Supplement to reflect any change in the registration status of the administrator.

Amounts payable on the Notes may be calculated by reference to EURIBOR or SOFR (as defined in the Conditions), as specified in the relevant Pricing Supplement. As at the date of this Base Offering Memorandum, the administrator of EURIBOR, the European Money Markets Institute, is included in FCA's register of administrators under Article 36 of the UK Benchmarks Regulation. As at the date of this Base Offering Memorandum, the Federal Reserve Bank of New York (as administrator of SOFR) is not included in the FCA's register of administrators under Article 36 of the UK Benchmarks Regulation.

As far as the Issuer is aware, SOFR does not fall within the scope of the UK Benchmarks Regulation by virtue of Article 2 of that regulation and (b) the transitional provisions in Article 51 of the UK Benchmarks Regulation apply, such that the Federal Reserve Bank of New York (as administrator of SOFR), is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).

The language of this Base Offering 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, the Issuer will furnish the KASE with a Russian translation of this Base Offering Memorandum (the "**Translation**"). The Translation has been prepared by the Issuer solely for the purpose of listing the securities described in the Base Offering 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 Offering 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 Offering 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 Offering 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 Pricing Supplement may only do so in circumstances in which no obligation arises for the Issuer 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 the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a Base Offering 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 OFFERING 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 Offering 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 Pricing Supplement. 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 or 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 sustainable development impact financing, including related sustainability criteria or goals. See "Sustainable Development Impact". No independent verification as to the accuracy or completeness or lack thereof of the "Sustainable Development Impact" section of this Base Offering Memorandum has been done by J.P. Morgan Securities plc. The information contained in the section "Sustainable Development Impact" of this Base Offering 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 "Sustainable Development Impact" section of this Base Offering Memorandum achieve any particular development finance criteria or requirement to which it may be subject. The "Sustainable Development Impact" section of this Base Offering 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.

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilising manager(s) (the "**Stabilising Manager(s)**") (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Pricing Supplement 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

Financial Statements

In this Base Offering Memorandum, the Issuer is presenting historical consolidated financial information for the Group as of and for the years ended 31 December 2022, 2023, and 2024, which is derived from the Group's audited consolidated financial statements as of and for the year ended 31 December 2022 (the "**2022 Financial Statements**"), the Group's audited consolidated financial statements as of and for the year ended 31 December 2023 (the "**2023 Financial Statements**") and the Group's audited consolidated financial statements as of and for the year ended 31 December 2024 (the "**2024 Financial Statements**" and, together with the 2022 and 2023 Financial Statements, the "**Financial Statements**"). The Financial Statements included in this Base Offering Memorandum have been prepared in accordance with IFRS Accounting Standards ("**IFRS**") issued by the International Accounting Standard Board and have been audited by KPMG Audit LLC ("**KPMG**"), independent auditors, in accordance with International Standards on Auditing.

KPMG's independent auditor's report in respect of the 2022 Financial Statements appears on page F-4 of this Base Offering Memorandum, KPMG's independent auditor's report in respect of the 2023 Financial Statements appears on page F-199 of this Base Offering Memorandum and KPMG's independent auditor's report in respect of the 2024 Financial Statements appears on page F-227 of this Base Offering Memorandum. Unless otherwise indicated, the financial information presented herein is extracted without material adjustment from the Financial Statements and the notes thereto contained in this Base Offering Memorandum beginning on page F-4, except that all financial information as of and for the year ended 31 December 2022 in this Base Offering Memorandum is derived from the restated comparative column in the 2023 Financial Statements, and, unless otherwise indicated, all financial information as of and for the year ended 31 December 2023 in this Base Offering Memorandum is derived from the restated comparative column in the 2024 Financial Statements.

The Issuer 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 the Issuer's accounts be prepared in Tenge (as defined below) and in accordance with IFRS, as promulgated by the International Accounting Standard Board (the "**IASB**"). Accordingly, the Issuer's audited annual consolidated financial statements contained in this Base Offering Memorandum, including the notes thereto, as at and for the year ended 31 December 2024, which include comparative data as at and for the year ended 31 December 2023 (the "**2024 Annual Financial Statements**"), 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 2024 Annual Financial Statements and 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 the Issuer's website (or any other website) and the content of any website accessible from hyperlinks on the Issuer's website are expressly not incorporated into, and do not form any part of, this Base Offering Memorandum.

Restatements and Reclassifications

The Issuer changed the presentation of certain captions in the primary forms of its Financial Statements. Comparative information has been reclassified to conform to changes in presentations in the current period:

- During the year ended 31 December 2023, the Issuer changed its presentation of finance lease receivables in the consolidated statement of financial position and provided an individual caption "Value-added tax receivable" included in "other assets". Certain amounts in the consolidated statement of financial position as of 31 December 2022 (finance lease receivables, other assets and other liabilities) were changed to reflect the effect of these reclassifications;
- During the year ended 31 December 2024, the Issuer changed its presentation of loans from banks and other financial institutions and other financial liabilities in the consolidated statement of financial position. Comparative information was reclassified to conform to changes in presentation in the current period. Certain amounts in the consolidated statement of financial position as of 31 December 2023 (loans from banks and other financial institutions, other financial liabilities) were changed to reflect the effect of these reclassifications**..**

See Note 2 to the 2023 Financial Statements and the 2024 Financial Statements for further details of these changes and reclassifications related to the effect on the Group's consolidated statement of financial position.

Currencies

In this Base Offering Memorandum:

- "**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;
- "**euro**" refers to the currency introduced at the start of the third stage if European Economic and Monetary Union pursuant to the Treaty establishing the European community, as amended; and
- "**RUB**" refers to Russian roubles, the lawful currency of the Russian Federation.

Solely for convenience, this Base Offering 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 either at the applicable market exchange rate on the date or at the year-end of the relevant data or at the average exchange rate for the year for the relevant data. In line with the Resolution of the Board of the NBK Ns 15 dated 25 January 2013 and the Order of the Minister of Finance of the Republic of Kazakhstan NE299 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 the Issuer uses the market exchange rate when preparing its financial statements, the Tenge to U.S. dollar translations included in this Base Offering 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 year end, average and low and high KZT/U.S.$ exchange rates quoted on the KASE, as reported by the NBK (after rounding adjustments) for the years indicated:

Period	**Year end**[(1)]	**Average**[(2)]	**High**	**Low**
		(KZT/U.S.$1.00)		
Year ended 31 December 2022................................	462.65	460.48	512.19	414.67
Year ended 31 December 2023.................................	454.56	456.31	482.77	431.08
Year ended 31 December 2024...................................	525.11	469.44	525.11	439.40

Note:

(1) Data for the year end are taken from the website of the NBK (https://nationalbank.kz/en/exchangerates/ezhednevnye-oficialnye-rynochnye-kursy-valyut) as at 1 January of the following year. The weighted average exchange rate of Tenge against U.S. dollar fixed on the KASE as of 15:30 Astana time is set as an official exchange rate of the national currency Tenge against U.S. dollar as at the next day after the trading day.

(2) The average exchange rate for the year is calculated as the arithmetic average for the business days of the year. Source: The NBK, "Official Foreign Exchange Rates on average for the period" (https://nationalbank.kz/en/news/oficialnye-kursy).

The Tenge/U.S. dollar exchange rate as reported by the NBK on 1 May 2025, was KZT 512.34 per U.S.$1.00.

The above rates may differ from the actual rates used in the preparation of the Issuer's financial statements or other financial information appearing in this Base Offering Memorandum. No representation is made that the Tenge amounts in this Base Offering 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.

Certain Definitions

In this Base Offering Memorandum, the "**Issuer**" refers to "Baiterek National Management Holding" JSC, and the "**Group**" refers to the Issuer together with its subsidiaries. The "**Government**" means the government of the Republic of Kazakhstan and "**State**" means the Republic of Kazakhstan.

Rounding

Certain amounts which appear in this Base Offering 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 Offering Memorandum on such topics as 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**").

The Issuer has accurately reproduced such information, and, so far as the Issuer 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 Offering Memorandum the source of such information has been identified. Prospective investors should note that some of the Issuer's estimates are based on such third-party information. None of the Issuer, 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. The Issuer has not independently verified such official statistics and other data, and any discussion of matters relating to Kazakhstan in this Base Offering 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 Offering Memorandum has been extracted from official Kazakhstan government (the "**Government**") sources and was not prepared in connection with the preparation of this Base Offering Memorandum. Unless otherwise stated, macroeconomic data, which appear in this Base Offering Memorandum have been derived from statistics published by the National Statistics Office. 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 Offering Memorandum.

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

Presentation of Alternative Performance Measures

In this Base Offering Memorandum, the Issuer uses the following metrics in the analysis of its business and financial position, which the Issuer 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**").

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

Debt to equity	Calculated as the ratio of total liabilities over total equity.	Capital adequacy ratio

The above APMs have been included in this Base Offering Memorandum to facilitate a better understanding of the Issuer's historic trends of operation and financial condition. The Issuer uses APMs as supplementary information to its IFRS operating results. The APMs are not defined by, or presented in accordance with, IFRS. The APMs are not measurements of the Issuer'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 the Issuer's industry, may calculate similarly titled APMs differently from the Issuer. Because companies do not calculate these APMs in the same manner, the Issuer'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 Offering Memorandum and include statements regarding the Issuer's current intentions, beliefs or expectations concerning, amongst other things, the Issuer'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 the Issuer'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 Offering Memorandum. In addition, even if the Issuer'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 Offering 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:

- overall macro-economic and national and international business conditions and commodity prices;
- economic and political conditions, as well as the stability of the banking sector, in Kazakhstan generally;
- regional and geopolitical challenges, including changes in economic, social or political conditions in Kazakhstan, Russia and the Central Asia region, including changes in government and the impact of Russia's armed conflict in Ukraine; and
- continued support of the Government and its control of the Group and changes in Government policies with respect to the application of Government funding by the Group.
- competitive factors in the sectors and economy in which Group companies' customers compete;
- changes in legislation, regulation or Government policy;
- changes in tax requirements, including tax rate changes, new tax laws and revised tax law interpretations;
- interest rate fluctuations, exchange rate fluctuations and other capital market conditions;
- the impact of sanctions on Group companies' counterparties; and
- restrictions on the ability to transfer capital across borders.

The sections of this Base Offering Memorandum titled "*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 the Issuer'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 Offering Memorandum may not occur.

The Issuer 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 the Issuer 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 Offering Memorandum.

ADDITIONAL INFORMATION

The Issuer 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 the Issuer 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, the Issuer 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.

SUPPLEMENTS TO THIS BASE OFFERING MEMORANDUM

The Issuer 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 Offering 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 Offering Memorandum, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the relevant Notes, the Issuer will prepare or procure the preparation of a supplement to this Base Offering Memorandum or, as the case may be, publish a new Base Offering Memorandum, for use in connection with that or any subsequent issue by the Issuer of listed Notes.

PRICING SUPPLEMENT

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 Offering Memorandum all of the necessary information, except for information relating to the Notes, which is not known at the date of this Base Offering 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 Offering Memorandum and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained the relevant Pricing Supplement.

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

ENFORCEMENT OF FOREIGN JUDGMENTS

The Issuer is a joint stock company organised under the laws of Kazakhstan, and the majority of its officers and directors and certain other persons referred to in this Base Offering Memorandum are residents of Kazakhstan. All or a substantial portion of the assets of the Issuer and such persons are located in Kazakhstan. As a result, it may not be possible to effect service of process upon the Issuer 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 the Issuer 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 22 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. The Issuer 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, the Issuer'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 the Issuer 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 the Issuer 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 Offering 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	Baiterek National Managing Holding JSC
Legal Entity Identifier	984500B4F78F04253804
Arrangers	Citigroup Global Markets Limited, J.P. Morgan Securities plc and JSC Halyk Finance
Dealers	Citigroup Global Markets Limited, J.P. Morgan Securities plc, JSC Halyk Finance, and any other Dealer(s) appointed in accordance with the Programme Agreement.
Development Finance Structuring Agent	J.P. Morgan Securities plc
Trustee	Citibank, N.A., London Branch
Principal Paying Agent and Transfer Agent	Citibank, N.A., London Branch
Registrar	Citibank Europe Plc
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. the Issuer 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 Pricing Supplement, which, for the purposes of that Tranche only, supplements the Terms and Conditions of the Notes and this Base Offering Memorandum and must be read in conjunction with this Base Offering 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 Pricing Supplement.
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 the Issuer, 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 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.
Issue Price	Notes may be issued at any price, as specified in the relevant Pricing Supplement.
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 Pricing Supplement. Notes may also be redeemable in two or more instalments on such dates and in such manner, as may be specified in the relevant Pricing Supplement.
Optional Redemption	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part), the Noteholders or both to the extent (if at all) specified in the relevant Pricing Supplement.
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 Pricing Supplement). 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 Pricing Supplement).
Denominations	Notes will be issued in such denominations as may be specified in the relevant Pricing Supplement (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 (or its equivalent in another currency) and higher integral multiples of any smaller amount specified in the relevant Pricing Supplement. 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.
Negative Pledge and Covenants	The Notes will have, among others, the benefit of a negative pledge and covenants relating to limitations on disposal of Core Assets and limitations on Reorganisations, each as set out in Condition 6 under "*Terms and Conditions of the Notes*".
Cross Acceleration	The Notes will have the benefit of a cross acceleration condition 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, the Issuer will (subject as provided in Condition 11 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 Pricing Supplement may provide that Notes may be redenominated in Euros in accordance with Condition 21 under "*Terms and Conditions of the Notes*".
Governing Law	English law.

Listing..	Application has been made to the London Stock Exchange for Notes to be issued under the Programme during the period of 12 months after the date hereof to be admitted to trading on the ISM. Application has also been made to the Vienna Stock Exchange for the admission of the Programme and/or any Notes to 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 the Issuer and the relevant Dealer.
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 EEA, the United Kingdom, Singapore, DIFC and Kazakhstan. 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 the Issuer'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*".

OVERVIEW OF THE ISSUER AND THE GROUP

The following is an overview of certain information contained elsewhere in this Base Offering Memorandum. It does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Base Offering Memorandum. Prospective investors should also carefully consider the information set forth in "Risk Factors" below prior to making an investment decision. Capitalised terms not otherwise defined in this overview have the same meaning as elsewhere in this Base Offering Memorandum.

Baiterek National Managing Holding JSC (the "**Issuer**", and together with its subsidiaries, the "**Group**") is a holding company established in May 2013 to grow Kazakhstan's development institutions and to develop the national economy. The Issuer's overall mission is to support the sustainable economic development of Kazakhstan in order to implement state policy and achieve the goals set by the Kazakhstan-2050 Strategy. The sole shareholder of the Issuer is the Government of Kazakhstan (the "**Government**") represented by the Ministry of National Economy of the Republic of Kazakhstan (the "**Ministry of National Economy**").

The Issuer currently has seven wholly-owned subsidiaries that work to implement Government policy and programmes. The subsidiaries are involved in the following core areas of activity:

(i) providing financial (e.g., credit and investment) and non-financial support to investment projects in priority sectors of the economy with the aim of diversifying the economy, developing manufacturing and industry, exporting products produced in Kazakhstan, increasing innovation and supporting small and medium-sized enterprises ("**SMEs**") – these activities are carried out through the Issuer's subsidiaries JSC Development Bank of Kazakhstan ("**DBK**"), Export Credit Agency of Kazakhstan JSC ("**ECA**"), Damu Entrepreneurship Development Fund JSC ("**Damu**") and Qazaqstan Investment Corporation JSC ("**QIC**");

(ii) raising capital, providing long-term financing for mortgages, reducing related borrowing costs and participating in the implementation of the Government's housing construction policy – these activities are carried out through the Issuer's subsidiaries Otbasy Bank JSC ("**Otbasy Bank**") and Kazakhstan Housing Company JSC ("**KHC**"); and

(iii) promoting the sustainable development of, and providing technical equipment to, the agro-industrial sector of Kazakhstan – these activities are carried out through the Issuer's subsidiary Agrarian Credit Corporation JSC ("**ACC**").

As of 31 December 2022, 2023 and 2024, the Issuer had consolidated total assets of KZT 12,231,231 million, KZT 13,620,420 million and KZT 14,438,237 million, respectively, with consolidated total equity of KZT 2,098,066 million, KZT 2,665,505 million and KZT 3,001,622 million, respectively. The Issuer generated KZT 380,626 million of consolidated net profit for the year ended 31 December 2022 (including KZT 271,487 million of net profit from continuing operations), KZT 407,647 million of consolidated net profit for the year ended 31 December 2023 (including KZT 406,719 million of net profit from continuing operations) and KZT 408,220 million of consolidated net profit for the year ended 31 December 2024 (including KZT 417,773 million of net profit from continuing operations).

RISK FACTORS

The following factors may affect the ability of the Issuer 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 Offering Memorandum, the following risks associated with investment in Kazakhstan entities generally and with investment in securities issued by the Issuer (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 the Issuer 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 the Issuer. These are the risks that the Issuer considers to be material. However, there may be additional risks that the Issuer currently considers immaterial or of which it is currently unaware, and any of these risks could have the effect set forth above.

A. RISKS RELATING TO THE GROUP

Risks Relating to the Ownership Structure of the Group and its Mandate and Strategy

The Issuer is Wholly Owned by the Government, which may Exercise Significant Influence Over its Operations

The Issuer was established according to a decree of the President of the Republic of Kazakhstan (the "**President**") (Decree No. 571 dated 22 May 2013) to seek to optimise the management system of development institutions and financial organisations and to support the growth of the national economy. The sole shareholder of the Issuer is the Government represented by the Ministry of National Economy of the Republic of Kazakhstan. The Government manages the Issuer exclusively through the exercise of the powers of the sole shareholder provided for by the law and/or the Articles of Association of the Issuer, as well as by having members of the Government on the Board of Directors of the Issuer. The sole shareholder of the Issuer has a list of tasks and decisions that must be taken directly by the Ministry of the National Economy as the sole shareholder, to which the rights of ownership and use of the state-owned shares were transferred by decision of the Government of the Republic of Kazakhstan, and includes, amongst others, approving the annual financial statements, approving changes and amendments to the Articles of Association of the Issuer, determining the key corporate governance principles, determining the Issuer's dividend policy, deciding on the distribution of the Issuer's net income based on the results of the reporting period, determining the quantitative composition and term of office of the Board of Directors of the Issuer, electing its members and early terminating their powers, determining the procedure, amount and terms of the remuneration of the Independent Directors and electing the Chairman of the Management Board and early terminating his powers. In accordance with the Law on State Property, the development plan of the Issuer is approved directly by the Government of the Republic of Kazakhstan.

As the sole shareholder of the Issuer, the Government is thus in a position to influence the Issuer's activities and exercise control over all matters requiring shareholder approval, including the ability to appoint and remove the members of the Boards of Directors and Chairman of the Management Board of the Issuer and approval of significant corporate transactions and related party transactions. Moreover, through the Issuer, the Government may influence the activities of the Issuer's subsidiaries. The Government may ask the Issuer to work on important strategic projects for Kazakhstan, which are expected to contribute to the overall economy of Kazakhstan, but which may not be expected to deliver suitable investment returns for the Issuer or the Group. The Issuer's reliance on government support and its involvement in State-directed projects may expose it to political and policy changes.

There can be no assurance that the Government will not exercise significant influence over the commercial affairs of the Issuer. The Government's interests may also conflict with those of the Issuer or the Noteholders. As most of the Issuer's current portfolio consists of quasi-sovereign enterprises that contribute significantly to public policy objectives, key decisions with respect to these assets may be political in nature. In addition, being controlled by the Government may slow the Issuer's decision-making process and subject the Issuer to the risks of bureaucracy and inefficiencies commonly attributed to State-controlled companies. Thus, the outcome from any such decision-making processes may not always be strictly commercial or transparent or made on a timely basis, which in turn may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Furthermore, there is a risk that any change of administration in Kazakhstan may result in changes in Issuer's policies, and such new policies may conflict with the interests of the Noteholders. (See further "*—The Government may alter its economic development strategy", "—B. Macroeconomic Risks and Risks Related to Kazakhstan's Position as an Emerging Market—The Issuer and the Group are largely dependent on the economic, social and political conditions prevailing in Kazakhstan. Most of the Issuer's operations are conducted, and most of its assets and operations are located in Kazakhstan*" *and "—B. Macroeconomic Risks and Risks Related to Kazakhstan's Position as an Emerging Market—Kazakhstan is an emerging market and is subject to greater risk than more developed markets"*.)

The Government may Alter its Economic Development Strategy

In December 2012, President Nazarbayev presented a strategy for the development of Kazakhstan through to 2050 (the "**Kazakhstan-2050 Strategy**"), which is a long-term development strategy with seven main focus areas aiming at making Kazakhstan one of the 30 most developed countries in the world by 2050. The implementation of the Kazakhstan-2050 Strategy is being carried out through a series of 10-year plans developed by the Government. By his decree dated 15 February 2018, the President approved the Strategic Development Plan up to 2025 (the "**Strategic Plan 2025**") (which constitutes part of the Kazakhstan-2050 Strategy).

The Strategic Plan 2025 is based on seven major systemic reforms that include the development of human capital, technology and business, the rule of law, development of regions, society and the public sector. The Issuer is responsible for enhancing the management system of development institutions, national companies and other legal entities in Kazakhstan to promote and diversify the country's economy. The Kazakhstan-2050 Strategy is the most important State planning document that the Issuer considers in developing its development strategy. The Issuer's development strategy is also based on other State planning documents, which include, among others, the President's "Nation Plan – 100 Concrete Steps" (20 May 2015), the Presidential Address "Third Modernisation of Kazakhstan: Global Competitiveness" (31 January 2017), new State programmes such as the Presidential Address of September 1, 2023 – "Economic Course of a Fair Kazakhstan" and development concepts, such as the Concept for the Development of Small and Medium Enterprises in the Republic of Kazakhstan until 2030, approved by Government Decree No. 250 dated 27 April 2022 and other relevant strategic initiatives listed in the Development Plan of the Issuer for 2024-2033.

In the event that the Government alters its strategy in any of these State planning documents, the Issuer's development strategy will be impacted and this could, in turn, materially adversely affect the Group's business, financial condition, results of operations and prospects.

The Group and Individual Subsidiaries of the Issuer may not be able to Implement their Strategies Successfully

The Group's strategies are described in this Base Offering Memorandum in "*Business of the Group*". The future prospects of the Group are dependent on its ability to implement its strategies successfully, which is, in turn, dependent on a variety of factors, many of which are beyond the Group's control. The success of the Group's strategies is expected to depend on a number of factors, including the Group's ability to implement sustainable development initiatives, carry out responsible investments and achieve efficient and active portfolio management.

There can be no assurance that even if the Group successfully implements its strategies, this will result in an improvement of its results of operations. Furthermore, in addition to the Group's strategies, the Issuer's subsidiaries have their own strategies, the success of which depends on numerous factors beyond the control of the respective Issuer's subsidiaries. Failure of any of the Issuer's subsidiaries to execute their strategy may lead to lower dividend flows. The Group may decide to alter or discontinue certain of its strategies and may adopt alternative or additional strategies in response to the operating environment, competitive situation or factors beyond the Group's control.

The Group's failure to execute its strategies on a timely basis or at all, as well as the failure of subsidiaries of the Issuer to implement their individual strategies could materially adversely affect the Group's business, financial condition, results of operations and prospects.

The Issuer Has Paid and Will Continue to Pay Dividends to the Government in the Future

The Issuer pays out dividends to its sole shareholder, the Government, pursuant to a dividend policy (the "**Dividend Policy**"). based on Article 23 of the Law of the Republic of Kazakhstan "On Joint-Stock Companies", which establishes the general framework for dividend payments by joint-stock companies, Government Decree No. 142 dated 27 March 2020, "On Dividends on State-Owned Shares and Income from State-Owned Participation in Organisations" (the "**Decree on Dividends on State-Owned Shares**"), which regulates dividend payments on shares owned by the Government and the Dividend Policy of the Issuer, approved by Order No. 25 of the Ministry of Industry and Infrastructure Development of the Republic of Kazakhstan dated 18 January 2019, which sets out specific rules for dividend payments by the Issuer. Under the original version of the Decree on Dividends on State-Owned Shares, state-owned enterprises, including the Issuer, were required to pay 70% of their net income to the Government.

The Group might be Required to Acquire Companies or Dispose of Subsidiaries of the Issuer and/or Certain Investments on Non-Market Terms

As the sole shareholder of the Issuer, the Government may determine that a new asset needs to be transferred into the Group or an existing subsidiary of the Issuer needs to be placed under the control of another state or municipal authority. For example, on 1 September 2022, the Issuer was instructed by the Government to purchase Subsidiary Bank Sberbank of Russia Joint Stock Company from Sberbank of Russia PJSC (Subsidiary Bank Sberbank of Russia Joint Stock

Company was later renamed Bereke Bank JSC ("**Bereke Bank**")). The acquisition was undertaken in response to broader financial sector considerations and regulatory developments existing at the time. As a result of this acquisition, the Group recognised a gain on a bargain purchase (calculated as fair value of net identifiable assets of the acquired bank minus fair value of consideration transferred in the form of discount on initial recognition) in the amount of KZT 30,277 million in 2022.

In May 2023, the Issuer's management made a decision to sell the shares of Bereke Bank. An impairment loss of KZT 70,269 million was recognised in 2023 in relation to this transaction. In March 2024, the Issuer entered into a sale and purchase contract with Qatari-based Lesha Bank to sell 100% of shares of Bereke Bank, subject to suspensive conditions. In October 2024 once all suspensive conditions had been met, including the obtaining by Lesha Bank of relevant approvals from regulatory bodies of the Republic of Kazakhstan the Issuer transferred ownership of 100% of shares of Bereke Bank for KZT 65,000 million. As a result of the sale the Issuer recognised a loss on sale of discontinued operation in the amount of KZT 69,664 million in 2024. Bereke Bank's net profit accumulated for the period under the control of the Issuer, from 1 September 2022 to 8 October 2024, amounted to KZT 100,513 million and was recognised in the consolidated retained earnings of the Issuer.

If subsidiaries of the Issuer are required to be transferred out of the Group, especially as a result of a Government's decision, there can be no assurance that the Group would receive fair, or indeed any, consideration for any such disposal. Any action by the Government that leads the Government to reclaim assets previously granted to the Issuer without the payment of any compensation for such reclaimed assets could, therefore, have a material adverse effect on the Group's business, financial condition, results of operations, and prospects.

Conversely, Government policy may in the future require the Issuer to purchase shares in, or participate in the financial rehabilitation of, other entities in Kazakhstan. Such actions may come at a cost to the Group and require the use of significant internal resources and attention from the Issuer's management. The circumstances under which such acquisitions or disposals may occur are unpredictable and may be driven by broader economic, political, or financial stability considerations rather than purely commercial factors. Moreover, the integration of such new businesses into the Group may divert the Issuer's resources from its core activities and lead to higher operational costs and exposure to non-performing assets, thus negatively impacting the Group's overall financial condition.

Any dividend payment contribution to the Government could be made out of the Issuer's revenues, retained earnings or proceeds from sales of its subsidiaries and, as such, this may have an adverse effect on the Issuer's ability to perform its financial obligations including to make payments on the Notes and its ability to capitalise on investment opportunities.

The Mandate and Lending Policies of the Group May Differ from those of Standard Commercial Institutions

The Group's lending and investment policies may differ from those of a standard commercial bank or insurance or investment company, and the business activities of the Issuer's subsidiaries are generally driven by the development goals and policy of the Government rather than purely commercial considerations. The Group does not generally compete with commercial lending and financial institutions in providing finance to customers.

The Group concentrates on providing funding for projects that are not typically eligible for financing or refinancing by commercial banks and other non-specialist market investors. Loans and investments made by Group are often extended at preferential rates, which make these activities of relatively low return. As a result, the Group may receive lower profit margins than commercial banks operating in Kazakhstan, which could, in turn, have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

Government Support Mechanisms Involving the Group may be Cancelled, Modified or Limited

The Group receives loans provided at low interest rates by the Ministry of Finance of the Republic of Kazakhstan (the "**Ministry of Finance**") to support various programmes administered by the Group. Such low interest loans are given 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 and reflected in the Financial Statements as government grants. Loans and grants from the Government amounted to KZT 1,829,182 million as of 31 December 2022, KZT 1,830,112 million as of 31 December 2023 and KZT 2,042,048 million as of 31 December 2024. The Group received loans from the Ministry of Finance in the total amount of KZT 639,428 million (including KZT 577,299 million for implementation of the State programmes) in 2022, KZT 288,378 million (including KZT 220,194 million for implementation of the State programmes) in 2023 and KZT 340,335 million (including KZT 274,480 million for implementation of the State programmes) in 2024. In addition, state-owned entities held debt securities issued by the Group in the amount of KZT 3,107,195 million as at 31 December 2024, KZT 2,829,114 million as at 31 December 2023 and KZT 2,690,911 million as at 31 December 2022. All this support from the Government is subject to Government approval and could be discontinued or modified, including if relevant conditions are not met. Similarly, funding for the underlying support programmes for, among other things, the development of the agricultural sector in Kazakhstan, provision of housing for the population, major strategic manufacturing industry and infrastructure projects, support for small and medium-sized businesses and support for exports is determined by the Government and may change depending on the condition of the State's finances and fiscal policies.

If the Government were to reduce or cease its funding of or participation in the Group in the future or change the terms or basis of such funding, including the degree of subsidisation, this could have a material adverse effect of the Group's business, financial condition, results of operations and prospects. In particular, the absence of sufficient subsidies from the Government may hinder the Group's ability to implement its growth strategy successfully and in a timely manner.

The Issuer is currently considering the privatization of a part of its shareholding in Otbasy Bank, which may potentially be offered for sale by way of an initial public offering (IPO). No firm decision has been taken regarding the method of privatization, the size of the stake to be privatized, or the timing of such transaction, and there can be no assurance that the privatization will proceed. If the privatization is implemented, it could result in a reduction of the Issuer's, and accordingly the Government's, ownership and control over Otbasy Bank, which may in turn affect the level of financial and strategic support the Bank receives. Any such change could have an adverse impact on the Group's overall operations, particularly in the housing finance sector in which Otbasy Bank plays a key role. There is also no assurance that any proceeds received from a potential privatization would reflect the fair value of Otbasy Bank. Should the proceeds fall below the carrying value of the Group's interest in Otbasy Bank, this may require the Group to recognize an impairment of the related assets. In addition, Otbasy Bank is one of the key subsidiaries of the Issuer, contributing significantly to the Group's total assets, and any reduction in its financial performance, strategic role, or Government support following privatization could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Similarly, any unplanned or unexpected reduction in State funding to support the development of the agricultural sector in Kazakhstan, provision of housing for the population, major strategic manufacturing industry and infrastructure projects, small and medium-sized businesses or exports from Kazakhstan may result in a decrease in operational volumes for the Group or failure of the Group's customers to fulfil their obligations under the existing loans and other arrangements with the Group, which could, in turn, have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Reduced support or participation from the Government may also adversely affect credit ratings of the Issuer, its subsidiaries and/or the Group's customers, hindering their ability to attract funding on the local and international capital markets at favourable terms.

There can be no assurance that the Government will continue to offer funding or support at the same levels, on the same terms or at all.

Any cancellation, limitation, modification or decrease in the level of any Government support mechanisms, including as a result of potential privatization plans, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. (See also *"—The Group is exposed to liquidity risks and financing risks"*).

The Issuer does not Benefit from any Explicit or Implicit Government Guarantee

Although the Issuer is wholly owned by the Government and the Group benefits from certain Government support mechanisms as described above, the Issuer's obligations under the Notes are not guaranteed by the Government. The Government has no direct or indirect obligations to Noteholders in relation to the Notes. There can be no assurance that the Government will provide financial support to the Issuer in the event that the Issuer is unable to meet its obligations under the Notes.

Specific Risks Relating to the Group's Banking, Lending and Leasing Activities

The Group's Credit Policies are Influenced by Government Policies and Programmes

The Group companies provide loans, finance leases and financial guarantees to customers at rates and/or with terms that are not otherwise offered in the market. The provision of such loans, finance leases and financial guarantees is aligned with the respective Government's programmes to, among other things, support the development of the agricultural sector in Kazakhstan, provision of housing for the population, major strategic manufacturing industry and infrastructure projects, small and medium-sized businesses or exports from Kazakhstan and the Group's management cannot unilaterally terminate or drastically change the terms of its activities related to such Government programmes. There can also be no assurance that the Government will not require the Group to participate in new or amended programmes, which could conflict with the Group's existing credit policies, or that the Group's credit policies are, or will be, sufficient to mitigate the risks involved in making loans and granting leases and guarantees in an emerging market such as Kazakhstan.

The Group is Subject to the Banking- and Financial Services-Specific Risks

The Issuer is a holding company and as such is dependent on the operations, revenues and cash flows generated by its subsidiaries. All of these subsidiaries operate in the banking and financial services sector, exposing the Issuer to the risks inherent in this industry. The performance of the Issuer's business is directly affected by the ability of its subsidiaries to generate sufficient revenues and profits, comply with applicable regulations and successfully manage sector-specific challenges described hereinafter. Any significant deterioration in the performance of one or more of the Issuer's subsidiaries could negatively impact the Issuer's financial condition and its ability to meet its obligations, including the repayment of principal and interest on the Notes.

The Group's Lending and Leasing Operations are Concentrated by Sector and Borrower

As a result of the nature of the Group's lending activities, the Group has had and continues to have concentrated exposure in Kazakhstan (see *"—B. Macroeconomic Risks and Risks Related to Kazakhstan's Position as an Emerging Market—The Issuer and the Group are largely dependent on the economic, social and political conditions prevailing in Kazakhstan. Most of the Issuer's operations are conducted, and most of its assets and operations are located in Kazakhstan*") and to particular industries or economic sectors and particular groups of borrowers.

As of 31 December 2024, the loans to customers provided by the Group were concentrated in four sectors: (i) 49.1% of mortgage loans to retail customers (ii) 15.8% of the agro-industrial sector, (iii) 15.3% of mining, metallurgical and mineral resources industries and (iv) 4.6% of the oil and gas industry. This sector-specific concentration amplifies the Group's exposure to risks related to economic downturns, regulatory changes or market fluctuations in these industries. For example, the agro-industrial sector is highly sensitive to weather conditions, global commodity price fluctuations and trade restrictions. A decline in agricultural output due to climate change, droughts or natural disasters could lead to higher default rates among borrowers in this sector. Similarly, the mining sector is affected by cyclical demand for raw materials, operational challenges and geopolitical factors. Any decline in global demand for key minerals, disruptions in supply chains or shifts in environmental policies could weaken the creditworthiness of borrowers in this sector.

Within this general sector concentration, mortgage loans to retail customers have been increasing significantly over recent years: as of 31 December 2022, 2023 and 2024, they represented 46.5%, 51.8% and 49.1%, respectively, of total gross loans to customers, although, in absolute terms, the amount of gross mortgage loans to retail customers decreased from KZT 3,227,159 million as of 31 December 2022 to KZT 3,154,584 million as of 31 December 2023 because mortgage loans of Bereke Bank, similar to its other assets, were classified as non-current assets held for sale as of 31 December 2023. In the mortgage sector, potential regulatory interventions, such as changes to mortgage lending standards, interest rate caps or stricter borrower eligibility criteria, could impact the Group's lending capacity, cause higher default rates and adversely affect the Group's overall profitability.

While the Group companies seek to mitigate such risks by securing exposures with collateral, including default insurance policies, there is no guarantee that these measures will be sufficient to offset the risks. Changes in collateral values, such as those in the real estate sector in Kazakhstan, or industry-specific shocks may further exacerbate credit losses.

As a result, the Group's financial condition is vulnerable to adverse trends in the sectors in which its exposures are concentrated, which could materially impact its business, financial condition, results of operations and prospects. In addition, the loss or financial difficulties of a major borrower, particularly State-owned enterprises or key industrial players, may cause material financial losses.

As of 31 December 2024, the Group had one borrower with outstanding loans exceeding 10% of the Issuer's capital. The net value of this loan at such date was KZT 552,324 million representing 8.4% of the total loan portfolio (less impairment allowance).

As of 31 December 2024, the Group had six lessees (or three related lessee groups) whose balances comprised over 27% of total finance lease receivables. The total carrying amount of receivables from these lessees was KZT 424,314 million. In particular, up to 89% of this total carrying amount relate to the group of National Company "Kazakhstan Temir Zholy" JSC ("**KTZh**") and an entity which is economically dependent of KTZh, totalling KZT 377,311 million as of 31 December 2024. Significant exposure to a single industry increases credit risk, particularly given the business model and industry-specific vulnerabilities of KTZh. Lease agreements with KTZh are categorised as Stage 1 for a total amount of KZT 199,452 million and into Stage 2 for a total amount of KZT 177,860 million for the purpose of assessing expected credit losses.

This borrower and lessee concentration may cause the Group to experience higher losses in its loan and leasing portfolio than would be the case if it had a more diversified portfolio of lending and leasing, which could, in turn, have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Long-Term Projects can Expose the Group to Certain Risks if such Projects are not Successful

The Group provides financing for long-term projects. Long-term project financing can expose the Group to certain risks if such projects are not successful and the projects may be entered into on terms that would not be acceptable to commercial banks. The macro-economic and political risks inherent in emerging economies, such as Kazakhstan, and other risks, such as commodity price fluctuations, could have a significant effect on the success or failure of these projects and it is difficult to predict at the outset of a project all of the factors that 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, or on budget, or that it may fail altogether. There is also the risk that, if an event of default occurs under a long-term project, 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 the Group's business, financial condition, results of operations and prospects.

Operational Risks are Inherent in the Group's Banking Activities

The Group is exposed to significant operational risks inherent in the banking and financial services sector. These risks can arise from a range of factors, including inadequate or failed internal processes, system failures, human error or fraud. The high volume of transactions processed by the Group increases the likelihood of errors, which may be compounded before being identified and rectified. In addition, reliance on third-party service providers, such as, for example, outsourced payment processors, exposes the Group to additional risks. Any disruption in the functioning of critical systems or third-party services or failure to maintain adequate internal controls could lead to operational breakdowns, financial losses and regulatory scrutiny. Furthermore, misconduct by employees, including violations of anti-money laundering regulations or fraud, could damage the reputation of the Group and result in significant financial penalties. Even with strong risk management procedures, the Group may be unable to eliminate all risks, and any failure to mitigate operational risks could have a material adverse impact on the Group's operations, financial condition and reputation.

The Group is Exposed to Credit Risk

The Group is exposed to credit risk, which is the risk that a customer will be unable to pay amounts in full when due. Increases in the past due loan portfolio require the Group to make additional provisions and reduce its net profit and capital levels, which, in turn, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. To manage credit risk, the Group has developed comprehensive credit policies and procedures.

As of 31 December 2024, the Group's impairment allowance with respect to loans to customers amounted to KZT 409,201 million, as compared to KZT 369,835 million as of 31 December 2023 and KZT 427,721 million as of 31 December 2022. As of 31 December 2024, the Group's loss allowance with respect to finance lease receivables amounted to KZT 93,284 million, as compared to KZT 67,754 million as of 31 December 2023 and KZT 58,823 million as of 31 December 2022. The recoverability of loans to corporate customers, mortgage loans and finance lease receivables, which are neither past due nor credit-impaired, primarily depends on the creditworthiness of the borrowers or lessees, as applicable, rather than the value of collateral. Thus, misjudgments in assessing the creditworthiness of borrowers or changes in their financial conditions could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, the Group's concentration of exposures from the largest borrowers and lessees was significant as of 31 December 2024 (see "*—The Group's lending and leasing operations are concentrated by sector and borrower*").

Assessment of Borrower Creditworthiness Presents Challenges in Kazakhstan

Assessing the creditworthiness of borrowers, particularly in emerging markets, is inherently challenging due to volatile financial conditions and limited availability of reliable financial data.

Credit risk assessment is based on various assumptions and is limited by the quality of available information about prospective and current borrowers. On certain occasions, it is difficult to make long-term forecasts with respect to a corporate borrower's financial position because the financial performance of companies in Kazakhstan is generally more volatile and their credit quality is less predictable than those of similar companies in more mature markets and economies. In addition, many potential corporate borrowers do not prepare audited accounts in accordance with IFRS and/or do not have extensive or externally verified credit histories. Furthermore, the availability of accurate and comprehensive financial and general credit information on small and medium-sized enterprises in Kazakhstan is often more limited, which makes it more difficult for the Group to accurately assess the credit risk associated with lending to small and medium-sized enterprises.

The Group's procedures, controls and IT employed in loan origination and verification may generate errors, which may lead to incorrect assessments of the level of risk of particular borrowers. The Group may be unable to accurately evaluate the current financial condition of each prospective borrower or independently assess information provided by prospective borrowers when providing loans, and thus may be unable to determine the long-term economic outlook for each such borrower. Furthermore, the availability and reliability of information of external data bases, the limited availability of recent and reliable credit information on retail and borrowers that are small and medium-sized enterprises constrains the Group's ability to detect and prevent fraudulent activities by potential borrowers, which could result in decreased loan recoveries for the Group.

In 2004, in co-operation with an international credit reference agency Experian, commercial banks in Kazakhstan 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.

Inadequate Collateralisation Levels or Problems with Enforcing Security may Lead to Lower than Expected Recovery Levels on Collateralised Loans and Leases

The Group may hold collateral against loans or finance leases provided to their customers, which could decline in value or fail to meet expected creditworthiness.

As of 31 December 2024, the fair value of collateral and other credit enhancements securing credit-impaired loans to corporate customers and loans issued to agribusiness companies amounted to 79% of the Group's total carrying amount of such loans, net of loss allowance. As of the same date, the fair value of collateral, leased assets and other credit enhancements securing the Group's credit-impaired finance lease receivables amounted to 98% of the Group's total carrying amount of such finance lease receivables (net of loss allowance and excluding embedded financial derivative instruments).

Downturns in the industries in which the Group's customers operate may result in asset illiquidity and a decline in the value of the collateral securing loans and finance leases. In addition, declining or unstable prices of collateral in Kazakhstan may make it difficult for the Group to accurately value the collateral they hold. If the fair value of the collateral that the Group holds declines significantly, the Group could experience lower than expected recovery levels on collateralised loans and finance leases. In addition, the Group may face difficulties with enforcing security, which may also lead to lower than expected recovery levels on collateralised loans and finance leases. This might, in turn, have an adverse effect on the Group's business, financial condition, results of operations and prospects.

There are Specific Risks Relating to the Group's Export Credit Activity

One of the Group's subsidiaries is ECA, a specialised insurance organisation performing the function of an export credit agency in Kazakhstan. Export sales outside of Kazakhstan are important to the Group's business and the Group expects the volume of its export transactions to increase. Political and economic instability, increased governmental regulation of export sales of commodities, the imposition of adverse trade regulations or adverse changes in existing regulation in countries targeted for export could have a material adverse effect on the Group's strategy to increase exports, which could, in turn, have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Risks Relating to the Group's Investment Activities

The Group has Invested and may Continue to Invest in Portfolio Funds over which the Group has Only Limited Control Exposing the Group to Additional Risks

QIC, a subsidiary of the Issuer, is involved in providing shared financing through private equity funds to companies principally in the priority sectors of the economy. QIC invests in and manages these private equity funds in partnership with the international institutional investors, sovereign wealth funds and international financial organisations. As of 31 December 2024, QIC had investments in four captive funds, in which it held ownership interests ranging from 2.99% to 100%, and 14 portfolio funds, where its ownership interests ranged from 5.13% to 100%. For example, QIC had a 95.24% ownership interest as of 31 December 2024 in Kazakhstan Infrastructure Fund C.V. ("**KIF**"), the main purpose of which is investing in share capital of corporates whose principal activities are development of infrastructure projects in target areas. QIC, being a limited liability partner under the Limited Partnership Agreement for operating KIF, is not involved in the decision-making process related to KIF's investment activities. The general partner of the fund, Verno Pe Eurasia GP Limited, is free to select assets for capital investment and makes key decisions on the KIF's operating activities and investees' capital, including budgets and key management remuneration, and QIC, and thus ultimately the Issuer, have no control over such decisions.

Similarly, QIC cannot control the operations of the other portfolio funds, nor can it unilaterally make major decisions with respect to such funds. This lack of control constrains QIC's ability to cause such portfolio funds to take action that would or might be in the best interests of QIC and the Group. The Group is also exposed to the credit risk of its portfolio funds partners.

Although relations between QIC and its portfolio funds partners are generally positive, the Group's management cannot be sure that relations will remain so in the future. Any deterioration in the relationship with QIC's portfolio funds partners or a deterioration in the Government's relationship with the governments of such portfolio funds partners could have a material adverse impact on the affected private equity funds and, potentially, on the Group's business. If any of the risks described above materialise, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group May Pursue Investment Opportunities in Sectors in Which it has No Previous Investment Experience

Most of QIC's current investments into private equity funds referred to above are in entities that are based in Kazakhstan. The Group may expand the range of its investments and, in the future, make investments into new sectors. It may consider making investments in sectors in which it has little or no previous investment experience. As a result, the Group may not be able to assess the risks of investing in such sectors adequately. The Group cannot guarantee that its future investments into such new sectors will be successful and it could lose some or all such investments.

Financial Risks Relating to the Issuer and the Group

The Group is Exposed to Liquidity Risks and Financing Risks

Liquidity risk comprises uncertainties in relation to the Group's ability, under adverse conditions, to access funding necessary to cover obligations to the Group's customers, meet payment obligations on time and satisfy regulatory capital requirements at the level of those subsidiaries that are required to comply with them (namely Otbasy Bank, KHC and ACC). It includes, among others, the risk of lack of access to funding, the risk of unexpected increases in the cost of financing and the risk of not being able to structure the maturity dates of the Group's liabilities reasonably in line with its assets, creating an asset-liability maturity gap. These may be caused by factors that are not specific to the Group's operations, such as general market conditions, disruptions of the financial markets or sovereign credit rating downgrades. The Group may face liquidity risks related to its ability to meet financial obligations, particularly in periods of economic stress or market disruptions. The Issuer's liquidity could be impaired by operating losses of its subsidiaries, low free cash flow and capital requirements, any of which could lead to reduced or zero dividend payments. The Group may also be unable to monetise assets and a fail to obtain financing on a timely basis or at a reasonable cost. Thus, there can be no assurance that the Group will not experience liquidity issues. Should the Group fail to meet its net funding requirements due to inadequate liquidity, this could materially adversely affect its business, financial condition, results of operations and prospects.

One of the Group's strategic goals is to reduce reliance on Government funding by increasing the share of non-State financing. To achieve this, it is actively developing partnerships with foreign and local investors, international financial institutions, development banks and global corporations. In 2024, total funds raised amounted to KZT 3,882.7 billion, with non-State financing representing 78.2% and State loans making up 21.8%. In 2023, the Issuer raised KZT 1,946.4 billion, of which 84.1% came from non-State sources—an increase from 70.8% in 2022—while State loans accounted for 15.9%.

Reliance on market-based funding, such as securities placements, exposes the Group to market fluctuations, increasing the risk of liquidity gaps. The Group's ability to realise this strategic goal by obtaining further external financing and the cost of such financing are dependent on numerous factors including general economic and market conditions in Kazakhstan and globally, international interest rates, credit availability from banks or other lenders, investor confidence in the Group and the success of the Group's businesses. There can be no assurance that external financing, whether on a short-term or long-term basis and whether to fund new projects or investments or to repay existing financing, will be available or, if available, that such financing will be obtainable on terms that are not onerous to the Group. In addition, the terms on which banks and other financial institutions provide funding or any other commercial funding sources will likely be less favourable to the Group than the terms of the concessional-rate loans it currently receives from the Government. Additional costs associated with the Group increasing its exposure to such funding may result in the Group experiencing lower profit margins, which could, in turn, have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In the event that appropriate sources of financing are not available or are only available on onerous terms and the Group does not have sufficient operating cash flows or does not receive additional capital from the Government, this could adversely affect the Group's business through increased borrowing costs and reductions in capital and investment expenditure.

Exchange Rate Fluctuations Could Have an Adverse Impact on the Group's Business

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 2024, the Tenge depreciated 15.2% against the U.S. dollar and 8.8% against the euro. As of 31 December 2024, the official KZT/U.S.$ market exchange rate reported by the NBK was KZT 525.11 per U.S.$1.00, as compared to KZT 454.56 per U.S.$1.00 as of 31 December 2023, KZT 462.65 per U.S.$1.00 as of 31 December 2022 and KZT 431.80 per U.S.$1.00 as of 31 December 2021. 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 the Group's financial position and results of operations.

Many of the Group'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 the Group. A devaluation of the Tenge against the U.S. dollar or other foreign currencies could also result in an outflow of Tenge deposits at the subsidiary level.

The Group is also subject to foreign currency risk as a portion of its loans from banks and other financial institutions and debt securities is denominated in U.S. dollars. Any devaluation of the Tenge would increase the Tenge-value of these borrowings and the actual interest expense payable on them.

In addition, in the event of any shortage of availability of U.S. dollars in Kazakhstan in the future, this could have a material adverse impact on the Group's ability to service payments under its U.S. dollar-denominated borrowings (including the Notes) particularly as the Group continues to obtain foreign currency funding by accessing the international capital markets and syndicated and bilateral lending markets.

Accordingly, any future changes in exchange rates could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

The Group is Exposed to Interest Rate and Inflation Risk

The Group is exposed to risk resulting from mismatches between the interest rates on its interest-bearing liabilities and interest earning assets. Generally, the maturities of Group's assets and liabilities are not balanced and, accordingly, an increase or decrease in interest rates could have an adverse effect on the Group's net interest margin and, therefore, profitability. To the extent that the Group's assets reprice more frequently than its liabilities, if interest rates fall, the Group's interest expenses will decrease more slowly than its interest income, which could negatively affect interest margins and result in liquidity problems. According to the Group's credit policies, the subsidiaries of the Issuer intend to pass on such risks to borrowers by lending on similar conditions as they borrow. However, they may not always be able to do so. The Group's interest rate management policies include a system of limits and reporting requirements to monitor and control interest rate risks on a regular basis, and, in order to manage the risk of mismatch in interest rates inherent to the Group's operations, the Government grants low-interest loans to the Group. There can be no assurance, however, that the Group 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 the Group's business, financial condition, results of operations and prospects. Annual inflation in Kazakhstan was 20.3% in 2022, 9.8% in 2023 and 8.6% in 2024, and inflation levels remain higher than the NBK's target of 5.0%. As a consequence of the high inflation rates, the economic growth in Kazakhstan 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 the Group 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 the Group needing to further increase its provisioning levels or experiencing increasing levels of non-performing loans, as well as in a general deterioration of the Group's financial stability.

As illustrated by the above factors, Group'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 Group's business, financial condition, cash flows, results of operations and prospects.

Operational Risks Relating to the Group

The Group is Dependent on Senior Management and Key Personnel

There is a considerable shortage of adequately qualified personnel in Kazakhstan, particularly in such areas as risk management. If the shortage of adequately qualified personnel persists, the Group's ability to offer the desired range and volume of services and maintain the quality of its assets may be affected, which may in turn, have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In addition, a continued shortage of adequately qualified personnel may require the Group to offer additional financial and other incentives to retain its existing personnel and recruit additional personnel, which would increase the Group's expenses. The Group's ability to successfully manage its assets and liabilities, whilst keeping within appropriate risk limits places greater dependency on the Group's ability to recruit, develop and rely upon a core group of highly trained and experienced personnel. There is a shortage of qualified personnel with such experience in the Kazakhstan market and considerable competition for such personnel from the private commercial sector in which traditionally wages and benefit packages are higher. Furthermore, as the Group's business continues to grow and develop, it may, in the future, have to recruit additional personnel. Labour costs in Kazakhstan have historically been lower than labour costs in more developed countries. However, if wages and related costs were to increase in Kazakhstan, the Group's profitability could be reduced. The Group may need to increase the level of employees' compensation at a higher rate than it has done in the past in order to remain competitive and this, in turn, would increase the Group's expenses. A failure to successfully manage its personnel needs may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The current senior management team includes a number of individuals who contribute to the Group's significant experience and expertise in the banking and financial services industry (see "*Management*"). The Group's ability to continue to retain, motivate and attract qualified and experienced banking and management personnel is vital to its business. There can be no assurance that the Group will be able to successfully recruit and retain the necessary qualified personnel. The loss or diminution in the services of members of its senior management team or an inability to recruit, train or retain necessary personnel could have a material adverse effect on the Group's business, financial condition, results of operations and prospects as well as impair its ability to achieve its strategic objectives. Senior management and key personnel may voluntarily terminate their employment with the Issuer or the subsidiaries of the Issuer or leave their positions due to reasons beyond the Group's control. If the Group experiences a large number of retirements or departures of its senior management and key personnel in a relatively short period, attracting and retaining a sufficient number of replacement personnel may be challenging. Moreover, future significant changes in the Group's senior management, either in connection with future changes in the Government or otherwise, could result in a loss of business continuity.

If the Group is unable to hire and retain senior management and key personnel with requisite skills and expertise, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's Operations are Dependent on the Reliability and Security of its IT Systems and the Performance, Reliability and Security of the Telecommunications and Internet Infrastructure in Kazakhstan

The Group's operations depend heavily on information technology ("**IT**") systems to manage financial records, customer data, proprietary information and operational processes. These IT systems are critical to the Group's business and are exposed to rapidly evolving cyber threats, such as data breaches, hacking, denial-of-service attacks, insider threats and other forms of cyber intrusion.

Despite the implementation of security measures, there can be no assurance that these systems will be sufficiently robust to prevent all unauthorised access, disruptions or failures. A significant breach or failure of the Group's IT systems could result in operational disruptions, loss or corruption of data, reputational damage, regulatory penalties, financial loss and litigation.

In January 2025, a phishing attack targeted KazAgroFinance JSC, where fraudsters sent deceptive emails attempting to obtain sensitive information. While the incident was localized and successfully mitigated, any such attacks in the future pose a risk of financial fraud, data breaches, and reputational harm to the Group and its stakeholders.

In addition, the Group's reliance on third-party technology providers and customers' use of personal devices outside the Group's security perimeter increases the risk of cyber incidents. Furthermore, rapid advances in financial technology may render the Group's existing IT systems obsolete, requiring significant investment to maintain competitiveness and security.

Any failure to manage IT, cybersecurity and data protection risks effectively could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's business depends on the performance, reliability and security of the telecommunications and internet infrastructure in Kazakhstan, where the Group's computer hardware is currently located. Any disruptions in, or failures of, the telecommunications and internet infrastructure in Kazakhstan may adversely affect the quality or availability of the Group's platforms. The failure of telecommunications network operators to provide the Group with the requisite bandwidth could affect the speed and availability of the Group's platforms. Moreover, if the security of the Group's domain names is compromised for any reason, the Group will be unable to use such domain names in its business operations, which, in turn, could adversely affect the Group's business and brand image. While the Group has systems and processes designed to implement adequate measures of encryption of data transmitted through the networks, there is no assurance that the Group's data could be misappropriated by a third party due to vulnerabilities in Kazakhstan's telecommunications and internet infrastructure, which could adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's Insurance Policies may not be Sufficient to Cover All Risks that it Faces

The Group maintains a range of insurance policies, which indemnify either the relevant policyholder or third parties for loss or damage to assets and any associated liabilities. The Group believes that its insurance programmes provide coverage in amounts and on terms that are generally consistent with relevant industry practice. However, the insurance industry in 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 related operations. In the absence of adequate insurance cover, the Group or a third party could be subject to a material loss to the extent that a claim is made against the Group that is not covered in whole or in part by insurance and for which third-party indemnification is not available, which could have a material adverse effect on operations and financial condition of the Group.

In addition, there is no assurance that the Group's insurance coverage will continue to be available in the market from either capacity or commercial standpoints.

Financial Reporting and Internal Controls-Related Risks

The Group companies may face challenges related to maintaining an effective system of financial reporting and internal controls. The preparation of the Group's consolidated financial statements involves significant management judgement (see *"Management's Discussion and Analysis of Results of Operations and Financial Condition— Critical Accounting Estimates and Judgements"*). These judgements can materially affect the Group's financial results, which may differ if alternative assumptions were used. There is no assurance that management's assumptions will accurately predict future events.

In addition, some subsidiaries within the Group lack fully automated financial reporting systems for IFRS data and consolidation, relying instead on manual adjustments. While the Group's management believes these systems are adequate, the process is complex, time-consuming and requires significant oversight from senior accounting personnel. Insufficiently developed reporting processes may affect the Group's financial data and the reporting of the results of operations.

Climate Change may Negatively Affect the Group's Business and Operations

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

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

Climate change is an ESG theme that poses potentially significant long-term risks to the Group and its customers, not only from the physical impacts of climate change, driven by both specific short-term climate-related events such as acute or chronic weather events and longer-term impacts, but also from transition risks associated with the shift to a low-carbon economy. Kazakhstan is increasingly vulnerable to extreme weather events such as droughts, floods, heatwaves and shifting precipitation patterns (see Risk Factor *"The Occurrence of Pandemics and Natural Disasters and the Impact of Climate Change may Adversely Impact the Economy of Kazakhstan"*). These conditions can directly impact sectors central to the Group's operations, including agriculture, infrastructure and energy. For example, prolonged droughts may reduce agricultural productivity, affecting clients' ability to meet loan obligations, particularly those financed through the Group's subsidiaries. Similarly, extreme weather may damage infrastructure and industrial assets supported by the Development Bank of Kazakhstan. Such risks may reduce the value of collateral, increase credit losses, and impact the broader economic environment in which the Group operates. In rural or underserved regions with limited climate resilience, the financial exposure is particularly acute.

Climate change, sustainability and the reduction of emissions is an important issue for the Group. Among other things, transitional and physical risks could impact the performance and financial position of the Group's customers and their ability to service their loan and lease obligations.

Regulatory, Legal and Tax Risks Relating to the Group

The Issuer is Subject to Regulatory Restrictions on its Activities

The Group operates in a regulated environment, subject to oversight and restrictions imposed by relevant authorities, including the NBK and the Agency for Regulation and Development of the Financial Market ("**ARDFM**"). Some Group subsidiaries, such as Otbasy Bank, KHC and ACC, hold banking licences and are regulated by the NBK and ARDFM, which impose various requirements affecting their operations.

The procurement processes of the Group are regulated the Law of the Republic of Kazakhstan "On Procurement of Quasi-Public Sector Entities" # 47-VII ZRK dated 8 June 2021, and the Procurement Rules for Quasi-Public Sector Entities excluding the National Fund and organisations belonging to the National Fund, approved by the order of the Minister of Finance of the Republic of Kazakhstan # 1253 dated 30 November 2021. The Issuer has adopted its own procurement rules in accordance with these rules, and its subsidiaries have implemented similar procurement guidelines.

There can be no assurance that the current regulatory regime will not change or that the Government will not implement new regulations or policies, modify existing regulations, or adopt new legal interpretations affecting taxation, interest rates, inflation, exchange controls or other areas relevant to the Group's business. Such changes could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The operations of certain subsidiaries of the Issuer are also regulated by various laws and regulations, which may be restrictive with respect to their operations including laws and regulations governing the banking and financial services sector in Kazakhstan. The Group companies operating in the banking sector are required to obtain and maintain various statutory and regulatory licences, permits and approvals in Kazakhstan to carry out their business activities. These include licences some of which may expire in the ordinary course of business and require renewal or re-approval from relevant authorities. Certain of the Issuer's subsidiaries are regulated by specific laws relating to that institution. For example, DBK is subject to the Law on the Development Bank of Kazakhstan dated 25 April 2001, as amended.

A breach of regulatory requirements could expose the Group to potential liability, including the suspension or revocation of the banking licences of the banking subsidiaries of the Issuer.

Failure to comply with applicable regulations or changes in regulatory requirements may lead to increased compliance costs, penalties or the cancellation, revocation or suspension of licences, permits or approvals. This could result in operational disruptions and could materially adversely affect the Group's business, financial condition, results of operations and prospects.

In addition, changes in the interpretation of existing laws or the enactment of new laws could require the subsidiaries of the Issuer to obtain additional licences or approvals, which may further increase compliance costs or delay their operations.

Furthermore, there can be no assurance that the current regulatory regime will remain unchanged or that Government authorities will not implement new regulations, policies or legal interpretations that could affect the operations of the Group. This may include changes relating to taxation, interest rates, inflation, exchange controls or other regulatory matters. Such changes could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

Corporate Governance and Disclosure Requirements

The corporate governance laws and rules applicable to the Issuer, as a national holding company in Kazakhstan, are primarily governed by the Kazakhstan Joint Stock Company Law, the regulations applicable to national management holdings and other relevant laws of Kazakhstan. The Issuer has an approved Corporate Governance Code which sets forth a set of rules and recommendations designed to ensure efficiency, transparency, accountability and a high level of business ethics in relations within the Group and with the other stakeholders.

Notwithstanding the above, the corporate governance framework in Kazakhstan is generally less developed than that in jurisdictions such as the United States or the United Kingdom. As a result, the responsibilities of the members of the Board of Directors and the Management Board of the Issuer differ from those typically applicable to companies incorporated in the United States, the United Kingdom or other more developed jurisdictions. The Group may face challenges in aligning its governance practices with international standards, which could affect investor confidence. Additionally, as a national holding company, the Issuer is subject to specific governance obligations and oversight by state authorities, which may result in decision-making processes being influenced by governmental priorities rather than purely commercial considerations. This could lead to delays in strategic decision-making or the implementation of corporate governance improvements.

A key objective of securities laws in countries such as the United States and the United Kingdom is to promote full and fair disclosure of all material corporate information to the public. Although the Issuer is subject to certain disclosure requirements under Kazakhstan law, these requirements are less rigorous compared to those in the United States, the United Kingdom or other more developed markets. Consequently, there may be less publicly available information about the Issuer and the Group than would be required if it were organised in the United States, the United Kingdom or similar jurisdictions. This could adversely impact an investor's ability to assess the suitability of Notes issued by the Issuer for their investment purposes.

While the Government has expressed intentions to continue reforming corporate governance regulations applicable to national management holdings and joint stock companies with the aim of enhancing disclosure and transparency to promote growth and stability, there is no guarantee that this policy will be sustained or that such reforms will be effectively implemented. The impact of future legislative developments in this regard is uncertain. The pace and effectiveness of regulatory changes remain uncertain, and the actual enforcement of governance and disclosure requirements may vary. Any delays or inconsistencies in implementing these reforms could result in continued gaps between the Group's corporate governance and disclosure practices and those of issuers in more developed markets.

Furthermore, any regulatory changes that impose additional disclosure or compliance requirements on the Group could increase administrative burdens and costs, while the lack of clarity in evolving regulations may create uncertainty in compliance efforts. The Group's ability to attract international investors or enter into cross-border financing arrangements may be adversely affected by these governance and disclosure limitations.

Accordingly, investment in the Notes is suitable only for sophisticated investors who fully understand the risks involved. Investors should be aware that they may not have access to the same level of public information about the Issuer and the Group as would be available for issuers based in more developed markets.

The Issuer and its Subsidiaries may Become Subject to Legal Proceedings, which could Materially and Adversely Affect the Group

The Group is exposed to legal disputes and litigation with customers and counterparties, among others. These actions may seek, among other things, compensation for alleged losses, civil penalties or injunctive or declaratory relief. In addition, the Group is subject to regulatory investigations and examinations relating to, amongst other things, administrative, environmental, labour and tax claims. These claims could involve a wide range of issues and, in certain instances, substantial amounts could be claimed.

In the event that any such action or proceeding is ultimately resolved unfavourably at amounts exceeding the Group's accrued liability, or at material amounts, the outcome could materially and adversely affect the Group's results of operations. The conduct and settlement of any legal dispute or litigation can be time-consuming and expensive, creating significant uncertainty in relation to the outcome for a sustained period.

No assurance can be given that such proceedings will not otherwise adversely affect the Group's business, financial condition, results of operations and prospects.

U.S. and EU Sanctions may have an Effect on the Group

The U.S. government imposes economic sanctions and trade embargoes with respect to certain countries in support of its foreign policy and national security goals. These laws and regulations are administered by the U.S. Treasury Department's Office of Foreign Assets Control ("**OFAC**") and, in certain instances, by the U.S. State Department. U.S. economic sanctions impose restrictions on U.S. persons and, in certain circumstances, non-U.S. persons with respect to activities or transactions with certain countries, governments, entities or individuals that are the target of the relevant U.S. economic sanctions. Under applicable U.S. economic sanctions, U.S. persons also are prohibited from facilitating such activities or transactions and non-U.S. persons are prohibited from causing other persons to violate applicable prohibitions. The UK, the EU and various other countries (such as Australia, Canada, Japan and Switzerland), as well as the United Nations, have also implemented measures aimed at prohibiting or restricting engagements in financial and other dealings with sanctioned countries, entities and individuals.

Whilst neither the Issuer nor any of its subsidiaries are currently subject to sanctions by any U.S., EU and UK authorities (Bereke Bank (formerly called Subsidiary Bank Sberbank of Russia Joint Stock Company) was previously on the Specially Designated Nationals and Block Persons List maintained by OFAC, but was removed from such list when acquired by the Issuer), there can be no assurance that the Issuer, any of its subsidiaries, their customers or business associates will not be sanctioned in the future. If the Issuer or its subsidiaries were to be sanctioned in the future, some of its investors, in the U.S., EU, UK and in other jurisdictions in which sanctions similar to the U.S. economic sanctions apply, may be required (by operation of law or regulations or under internal investment policies, or both) to divest their interests in the Notes, and some potential investors may forgo the purchase of Notes. Moreover, under such circumstances, other counterparties to the Group, both U.S. and non-U.S. and including various sources of funding for the Group, may be required, or may decide for reputational reasons or otherwise, to cease their business relationships with, or divest their investments in, the Group. Any of these risks, if they materialise, could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and prospects.

The Group's operations expose the Group to the risk of violating, or being accused of violating, economic and trade sanctions or engaging in conduct that may create a risk of the imposition of secondary sanctions. The Issuer and the Group companies have had certain relationships with Kazakhstan-established subsidiaries of Russian state-owned banks. Such activities include allocation of funding by the Issuer's subsidiary KHC in connection with state-administered subsidized mortgage lending programmes through second-tier commercial banks, one of which is "Subsidiary Organization VTB Kazakhstan JSC", which is currently subject to EU, UK and U.S. sanctions. All funding under the programme is denominated in Tenge and the programme involves Kazakh entities only. Companies of the Group have terminated all new activities with Kazakhstan-based subsidiaries of Russian state-owned banks following the expansion of sanctions since February 2022, and KHC's legacy payments to "Subsidiary Organization VTB

Kazakhstan JSC" are *de minimis*, amounting to less than the Tenge equivalent of USD 50,000 per month. Except for the foregoing, the Issuer and the Group companies do not currently have contracts or transactions with persons or entities that are targets of U.S. blocking or other applicable sanctions, such as parties included in the Specially Designated Nationals and Blocked Persons List maintained by OFAC, or similar sanctions-related lists of designated persons maintained by EU, UK and other relevant sanctions authorities. However, any failure to timely and accurately screen contracts and transactions may expose the Group to secondary sanctions, reputational harm and significant penalties, including civil and criminal fines, and even investigations of alleged violations can be expensive and disruptive. In addition, despite the Group's adoption of sanctions screening procedures and compliance policies, there can be no assurance that through these procedures and policies the Group will timely and effectively detect all sanctioned business partners or contractual counterparties, including as a result of new sanctions designations, nor achieve full compliance by all of the Group's employees or representatives for which the Group may be held responsible, and any such failure or violation could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, the sanctions regulatory framework is multi-faceted and complex and there is no guarantee that the Group's past transactions with sanctioned counterparties or the Group's present or future transactions with counterparties would not be determined as falling within the scope of the sanctions regime. Any such determination may expose the Group to the risk of imposition of secondary or other similar sanctions which, in turn, would have a material adverse effect on the Group 's business, financial condition, results of operations and prospects.

Other Risks Relating to the Group

The Issuer's and Group Companies' Credit Ratings are Subject to Change and Downgrades that may Adversely Affect their Business

The international credit rating agencies have indicated that the ratings and outlook assigned by them to the Issuer remain constrained principally by the sovereign risk of Kazakhstan. This has, on occasion, had a positive effect on the Issuer's credit ratings, for example, in September 2024, the Issuer's long-term rating was upgraded by Moody's from Baa2 to Baa1 after the sovereign ratings were upgraded.

However, the sovereign risk has in the past also led to negative ratings actions. For example, in 2016, Moody's lowered the Issuer's long-term rating from BBB+ to BBB following a similar decrease in the sovereign rating.

As of the date of this Base Offering Memorandum, the Issuer's long-term issuer default rating assigned by Fitch is at BBB (with a stable outlook) and the long-term rating assigned by Moody's is Baa1.These ratings are currently identical to those assigned to the sovereign.

There can be no assurance that the Issuer or Kazakhstan will be able to maintain their current credit ratings, and any deterioration in the geopolitical situation, the general economic or political environment or the Group's financial condition could lead to downgrades. Any such downgrade in the ratings of the Issuer could undermine confidence in the Issuer, limit its ability to effectively negotiate new loan facilities and make it more difficult and/or expensive for it to raise capital going forward. Such downgrade may also affect or effectively limit the Issuer's access to capital markets as investing in the Issuer will in such case be considered less attractive and/or no longer be allowed for certain investors. Any of the above could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

B. MACROECONOMIC RISKS AND RISKS RELATED TO KAZAKHSTAN'S POSITION AS AN EMERGING MARKET

The Issuer and the Group are Largely Dependent on the Economic, Social and Political Conditions Prevailing in Kazakhstan. Most of the Group's Operations are Conducted, and most of its Assets and Operations are Located in Kazakhstan

The Group's assets and operations are located principally in Kazakhstan, and a majority of the Group's costs are incurred in Kazakhstan. Since the majority of the Group's expenses are denominated in Tenge, inflationary pressures in Kazakhstan are a significant factor affecting the Group's expenses. Any adverse change on a national basis in economic or political conditions in Kazakhstan could negatively affect Group's counterparties and their ability to repay loans due to the Group, thereby negatively affecting the Group's income and profitability. Such adverse changes could also negatively impact the Group'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 the Group, thereby reducing its ability to offer funding to its customers and to operate its business as currently operated.

Kazakhstan is an Emerging Market and is Subject to Greater Risk than more Developed Markets

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.

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

In addition, the availability of credit to emerging markets is significantly influenced by levels of investor confidence in such markets as a whole. Accordingly, any factors that impact market confidence, such as a decrease in credit ratings or state or central bank intervention in a particular market, could affect the price or availability of funding for these markets, which could, in turn, have an impact on the wider economies of such markets. Fluctuations in the global economy or an increase in the perceived risks associated with investing in countries located in emerging markets could reduce foreign investment in Kazakhstan and, as a result, have an adverse effect on the economy of Kazakhstan.

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

The Economy of Kazakhstan is Vulnerable to Political Instability

The Group is heavily dependent on Kazakhstan’s economic, social and political conditions, as most of its operations are conducted, and most of its assets are located, in Kazakhstan. Since gaining independence in 1991, Kazakhstan has transitioned from a centrally controlled command economy to a market-oriented economy. However, this transition has been accompanied by periods of economic and political uncertainty, high inflation, local currency instability and frequent changes in the legal environment. Despite government efforts to implement economic reforms, including privatisation and deregulation, challenges remain, particularly due to the large shadow economy, which can hinder effective tax collection and economic management. While the Government has pledged to improve business infrastructure, tax administration and privatisation, the timeline and effectiveness of these measures remain uncertain.

Kazakhstan has also experienced periods of political unrest that have had, and could continue to have, a negative impact on its economy. For example, in January 2022, protests triggered by rising fuel prices escalated into widespread unrest, particularly in Almaty and the southern regions. The Government declared a state of emergency, imposed restrictions on communication and transportation, and financial institutions limited their operations. The state of emergency was lifted on 19 January 2022, but internet access remained limited, disrupting online transactions and financial services.

Kazakhstan’s political landscape continues to evolve following the events of January 2022 and subsequent reforms. A referendum held on 5 June 2022 resulted in constitutional amendments limiting presidential powers, reforming the Constitutional Council and strengthening local representative authorities. In September 2022, President Tokayev called an early presidential election, which he won in November 2022 with 81.3% of the vote. His re-election extends his term until 2029. However, ongoing political developments, potential reforms or renewed political uncertainty could materially affect Kazakhstan's financial and economic stability, which in turn could have a negative impact on the Group’s business, financial condition, results of operations and prospects.

The Economy of Kazakhstan is Vulnerable to External Shocks and Fluctuations in the Global Economy

The economy of Kazakhstan is vulnerable to external shocks and fluctuations in the global economy. The economy of Kazakhstan and finances have been affected adversely by global financial developments and political changes in certain emerging markets. Real GDP growth decreased from 4.5% in 2019 to 2.6% in 2020 principally due to the impact of the COVID-19 pandemic and decline in oil prices, before increasing to 4.3% in 2021, 3.2% in 2022 and to 5.1% in 2023. In 2024 real GDP growth was 4.8%. While in recent years Kazakhstan has sought to diversify its economy and, in particular, to increase export of manufacturing products, Kazakhstan continues to remain heavily reliant on the oil and gas industry and on hydrocarbon exports. For more information on the risks associated with the relatively undiversified nature of Kazakhstan's economy and a significant degree of reliance of the country's public finances on the performance of the oil and gas industry, see *“— The economy of Kazakhstan is heavily dependent on the price of commodities*”.

Changes in both the global and domestic environment have resulted in, amongst other things, lower liquidity levels across the banking sector, tighter credit conditions for companies of Kazakhstan generally and fluctuating global demand for, and instability in, the price of crude oil and other commodities and downward pressure on the Tenge. For example, the Tenge experienced a significant depreciation against the U.S. dollar in the first quarter of 2022 mainly due to significant deterioration of external factors, such as depreciation of the Russian rouble and the decrease in crude oil prices (starting from October 2018) due to increased oil reserves and oil production by principal exporters. The Tenge depreciated relative to the U.S. dollar by 10.4% in 2020 primarily due to a sharp fall in oil prices caused by the COVID-19 pandemic. In 2022, the Tenge faced new pressures and volatility due to the conflict between Ukraine and Russia, the sanctions imposed by numerous countries on Russia, a major trade partner of Kazakhstan, and resultant disruptions in supply chains and historical trading relationships. The Tenge experienced sharp depreciation in the first quarter of 2022, with the exchange rate reaching KZT 512.19 to U.S.$1.00 as of 31 March 2022. By the end of 2022, the exchange rate stabilised at KZT 462.65 to U.S.$1.00. In 2023, the average exchange rate was KZT 456.21 per U.S.$1.00 and, in 2024, the average exchange rate increased to KZT 469.44 per U.S.$1.00.

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

There can be no assurance that weaknesses in the global economy, or a future external economic crisis, will not have a negative effect on the economy of Kazakhstan or on investors' confidence in markets of Kazakhstan.

The Russia-Ukraine Conflict and the Sanctions Imposed on Russia by Numerous National and International Authorities in Response, as well as Countermeasures Taken by Russia, have had, and will continue to have, an Adverse Impact on the Group's Business, Financial Condition, Results of Operations and Prospects

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

Kazakhstan maintains strong independent diplomatic relationships with both Russia and Ukraine and has confirmed its neutral position with respect to the tensions between Russia and Ukraine. Nevertheless, Russia is one of the main trade partners of Kazakhstan. Since February 2022, Kazakhstan has experienced significant inward migration, particularly from Russia, as well as increased financial flows, with several Russian businesses and individuals relocating their operations to, or expanding their activities in, Kazakhstan in response to geopolitical uncertainties. In addition, there are great similarities in the structures of the economies of the two countries, in particular in their dependence on raw materials exports, and there exist historical long-term relationships (political, economic, commercial and cultural). Accordingly, when making decisions in the field of monetary policy, the NBK pays special attention to the Central Bank of the Russian Federation's actions in the area of interest and currency policy. Accordingly, the economic situation and policy measures in Russia, including monetary policy of the Central Bank of the Russian Federation, have a significant influence on the economic situation in Kazakhstan. Furthermore, Russia and Kazakhstan, together with Belarus, are members of the Customs Union and Common Economic Space and established the Eurasian Economic Union on 1 January 2015 (with subsequent accession by Armenia and Kyrgyzstan). In 2024, the trade turnover between the Republic of Kazakhstan and EAEU countries amounted to U.S.$30,448 million, which in nominal terms is 2.2% more than in 2023. Of this volume, 91.3% accounted for trade with the Russian Federation. In addition, a significant amount of the natural gas transported through Kazakhstan's natural gas pipeline system is transported to Russia or from one part of Russia to another through Kazakhstan's territory. Since Russia is the main trade partner of Kazakhstan and is a member of the Eurasian Economic Union, the ongoing geopolitical developments involving Russia may adversely impact the Kazakhstan economy, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

The sanctions imposed to date have had an adverse effect on the Russian economy, causing volatility in Russian markets, which, in turn, has had an adverse effect on Kazakhstan and its economy. These sanctions prompted downward revisions to the credit ratings of the Russian Federation and a number of major Russian companies that are ultimately controlled by the Russian Federation, causing extensive capital outflow from Russia and impairing the ability of Russian issuers to access the international capital markets. Given the further sanctions imposed by the U.S., EU and UK in 2023 and 2024, it is unlikely that these adverse conditions will improve in the near future. While Kazakhstan has maintained a neutral stance in the Russia-Ukraine conflict and continues to comply with international sanctions regimes, recent public statements by senior officials suggest growing concern over the unintended economic consequences of these measures. In some cases, authorities of Kazakhstan have emphasized the need to preserve domestic economic interests, potentially leading to nuanced interpretations or selective application of trade restrictions. These dynamics may contribute to regulatory uncertainty and complicate cross-border operations, which could, in turn, adversely affect the Group's business and operations in the region.

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

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

The Economy of Kazakhstan is Heavily Dependent on the Price of Commodities

Kazakhstan is a major exporter of commodities, including oil and natural gas. In 2024, mineral products (including oil, gas and coal as well as metals and precious stones) accounted for 63.5% of Kazakhstan's exports on a customs basis (Source: *Bureau of National Statistics. "The Structure of Exports and Imports by Main Commodities Groups. January-December 2024"*). The economy of Kazakhstan and the State budget, therefore, particularly rely on fiscal revenues from the export of minerals, in particular crude oil and oil products. Taxes on oil and petroleum product companies are a major source of revenue for the National Fund, which has an important stabilising function in the economy of Kazakhstan and is responsible for accumulating financial resources for the benefit of future generations in Kazakhstan.

The National Fund is currently the source for official transfers to the State budget, which amounted to KZT 4.6 trillion in 2022, KZT 4.0 trillion in 2023 and KZT 5.6 trillion in 2024. According to the NBK, as of 31 January 2025, the National Fund held foreign currency assets in the amount of U.S.$58,509 million (Source: *The NBK. "International Reserves and Foreign Currency Assets of the National Fund of Republic of Kazakhstan". Published on 28 February 2025*). These assets allow the National Fund to act as a fiscal buffer against external shocks to the economy and to offset any shortfalls in tax revenues from extraction sector enterprises in a given year. It also provides protection to Kazakhstan against a devaluation of the Tenge. In the event of a sustained decline in oil prices, the resources of the National Fund may be insufficient to maintain the appropriate level of liquidity in order to fund guaranteed transfers from the National Fund to the State budget. In addition, significant withdrawals from the National Fund could adversely impact the country's macroeconomic stability and fiscal resilience, leading to heightened exposure to external shocks. A reduced National Fund balance may also limit the Government's capacity to respond to future crises, exacerbating risks related to the Tenge devaluation, inflation and public debt levels. Such developments could have a material adverse effect on the economy of Kazakhstan and on investors' confidence in Kazakhstani markets.

The Economy of Kazakhstan is Significantly Affected by Volatility in International Oil Prices

Crude oil and oil product prices are subject to international supply and demand, and margins can be volatile. Political developments, increased use of renewable energy sources that alter fuel or power availability, technological change and global economic conditions have an indirect impact on oil demand and prices. In 2022, the yearly average OPEC Reference Basket price reached U.S.$100.08, principally driven by supply uncertainties caused by the Russian invasion of Ukraine in February 2022 and the sanctions imposed by major countries around the world on Russia as a result. In 2023, the yearly average OPEC Reference Basket price decreased to U.S.$82.95, following developments in the sanctions regime imposed on Russia as well as a series of announcements by OPEC and non-OPEC members at the end of 2022 and in early 2023 aimed at the stabilisation of oil prices. In 2024, the yearly average OPEC Reference Basket price was U.S.$79.89 per barrel. Prolonged declines or further drops in international oil prices could adversely affect Kazakhstan's economic stability, leading to reduced Government revenues and constrained public spending. These developments, in turn, may adversely impact the Group's business, financial condition, results of operations and prospects.

The Economy of Kazakhstan may be Adversely Affected by Production and Transportation Problems in the Oil Industry

Any production problems in the oil industry, such as the suspension of production at the Kashagan oil field in October 2024 due to planned maintenance work, which led to a decrease in the daily production at the field, could lead to reduced revenue for the National Fund. No assurance can be given that similar production stoppages will not occur in the future. In addition, any disruption of oil transportation, in particular due to Kazakhstan's heavy reliance on the Caspian Pipeline Consortium (the "**CPC**"), for any reason, including as a result of infrastructure failure, terrorism, natural disaster, industrial accident, public health threats and global pandemics or change in national Government policy, could have a material adverse effect on the economy of Kazakhstan.

The ongoing Russia-Ukraine conflict has heightened the risk of a potential shutdown of the CPC, which is essential for transporting Kazakhstan's crude oil to global markets through Russia's Black Sea port of Novorossiysk. (see "*—The economy of Kazakhstan is significantly affected by volatility in international oil prices" and "—The Russia-Ukraine conflict and the sanctions imposed on Russia by numerous national and international authorities in response, as well as countermeasures taken by Russia, have had, and will continue to have, an adverse impact on Kazakhstan's economic situation".*) For example, on the night of 17 February 2025, a civilian industrial facility of the CPC - the largest oil pump station Kropotkinskaya - was attacked by unmanned aircraft-type drones. As a result of the attack, the facility was severely damaged (Source: *Statement of PJSC Transneft in connection with the UAV attack on Kropotkinskaya PS of Caspian Pipeline Consortium, 17 February 2025*). On 18 February 2025, the CPC issued a press release stating that crude transportation via the Tengiz-Novorossiysk Pipeline System was being maintained bypassing the shutdown pump station and that oil lifting for export at the marine terminal was ongoing in normal mode (Source: *CPC Oil Pipeline Continues Operations, 18 February 2025*). If other attacks on the Tengiz-Novorossiysk Pipeline System occur and this pipeline is damaged, resulting in its partial or complete shutdown, this could result in continued reduced revenue for the National Fund, which, in turn, could have a material adverse effect on the economy of Kazakhstan and financial condition.

The Occurrence of Pandemics and Natural Disasters and the Impact of Climate Change may Adversely Impact the Economy of Kazakhstan

The occurrence of pandemics (including but not limited to COVID-19) may adversely impact the economy of Kazakhstan by causing, amongst other things, supply chain disruptions and market volatility.

Natural disasters, including earthquakes and floods, are a threat to the economy of Kazakhstan. Kazakhstan is also increasingly threatened by climate change. A global increase in the mean temperature is likely to lead to changed precipitation patterns, sea level rises and more frequent extreme weather events, such as prolonged droughts and flooding. For example, in April 2024, approximately 100,000 people were reportedly displaced by floods occurring in western and northern parts of the country. The economy of Kazakhstan is dependent on climate-sensitive sectors, such as agriculture, and Kazakhstan has suffered from severe droughts and flooding in the past, which may become more frequent as a result of climate change. A change in climate may have several other consequences, including lower agricultural productivity, damage to coastal infrastructure, fragile ecosystems, impact on health and biodiversity, financial market disruption, lower GDP and altered migration patterns.

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

Kazakhstan’s Banking Sector Remains Weak and Vulnerable to External Shocks

Following the onset of the global financial crisis in 2008, credit growth in Kazakhstan stopped due to the lack of availability of wholesale debt financing, deposits became volatile and property prices decreased significantly. Oil prices declined significantly as well, which had an adverse effect on Kazakhstan's banking sector and the broader economy, as well as the exchange rate of the Tenge. These factors caused significant losses for Kazakhstan’s banks and a general destabilisation of Kazakhstan’s banking sector. As a result, there was a material deterioration in the loan portfolio of banks, which, in some cases, continued through 2018. In some banks, the losses were so significant that it led to their insolvency and required the adoption of measures to resolve such insolvencies, including the revocation of their licence and liquidation, the recognition of losses by shareholders and some qualified creditors and Government support measures.

During periods of instability in the financial markets, the Government and the NBK have historically implemented measures to support the liquidity and solvency of banks of Kazakhstan and to increase the availability of credit to businesses, which have been seen as critical for restoring investor confidence and for supporting the economy. For example, in 2017, the Government contributed KZT 2,093 billion to JSC “Fund of Problem Loans” (the “**FPL**”), which was established in 2012. The FPL focuses on improving the quality of loan portfolios of Kazakhstan's second-tier banks. It plays a crucial role in the banking system of Kazakhstan as it helps manage and mitigate non-performing loans (loans overdue by more than 90 days) (“**NPLs**”), ensuring financial stability by acquiring and managing the impaired loans. In November 2020, the FPL purchased a distressed loan portfolio from JSC ATF Bank for KZT 174 billion through the issue and placement of 10-year 9.0% bonds. In August 2021, the FPL carried out a similar transaction by purchasing a distressed loan portfolio from WORLDBUSINESS CAPITAL, INC for KZT 6.5 billion financed through the issue and placement of 5-year 10.0% bonds. However, there can be no assurance that the Government and the NBK will continue to implement such measures or, even if taken, that such measures will succeed in materially improving the liquidity position and financial condition of the affected financial institutions in the future or that such measures will not be implemented selectively.

The low asset quality of banks of Kazakhstan was caused not only by problems among borrowers but also by poor credit practices, including lending and collateral policies and practices. In light of debt restructurings, actual loan quality may be worse than indicated by reported levels of arrears on loans from banking sector, which, according to the NBK, were 2.8%, 2.3% and 2.5% of total loans for the banking sector as of 31 December 2022, 2023 and 2024, respectively (Source: *The NBK, Statistical Bulletin No. 01 (362), January 2025*). As a result, the banking sector might need additional financial assistance from the Government, which may be unwilling or unable to provide it. At the same time, loans with low returns and low coverage of provisions remain on the balance sheet of banks, which put pressure on the banks' capital. Deficiencies in the banking sector of Kazakhstan, combined with a possible deterioration in NPL portfolios held by banks in Kazakhstan, may result in the banking sector being more susceptible to future worldwide credit market downturns and/or economic slowdowns, which could have a material adverse effect on the trading price of the Notes.

The High Level of Concentration in the Banking Sector Elevates the Level of Systemic Risk in the Sector

There is a high level of concentration in the Kazakhstan banking sector, with the three largest banking groups collectively holding 65.1% of total sector assets and accounting for 74.0% of the aggregate loan portfolio of all as of 1 October 2024. The high level of concentration in the banking sector can significantly elevate the systemic risk, making the financial system more vulnerable to shocks and increasing the likelihood of widespread financial instability. Ongoing banking reform and related measures that may facilitate the establishment of foreign bank branches and subsidiaries may mitigate systemic risk to a degree, but the implementation of such measures is ongoing and their impact is not certain.

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

Local Inflationary Pressures have Increased the Prices of Goods and Services, which could Raise the Costs Associated with the Group's Operations

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

Risks relating to 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 residents of Kazakhstan; (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 could 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 could 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 the Group. For instance, any imposition of significant restrictions on the Group's foreign currency dealings could have a material adverse effect on the Group's business, financial condition, results of operations, prospects and ability to make payments on the Notes.

There are Risks of Corruption and Other Business Environment Weaknesses in Kazakhstan

As in many other emerging market jurisdictions, the incidence and perception of elevated levels of corruption remains a significant issue in Kazakhstan, although the climate has improved in this respect in recent years. Kazakhstan was ranked 88 out of 180 countries in Transparency International's 2024 Corruption Perceptions Index. Kazakhstan's score in the 2024 index was 40 (with 1 being the most corrupt score and 100 being the least corrupt). 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-Corruption*".

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 the economy of Kazakhstan and, in turn, a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In January 2017, the National Anti-Corruption Bureau of Kazakhstan arrested a management representative in one of the subsidiaries of the Issuer on corruption charges in connection with alleged bribes and kickbacks from construction companies and other parties in a number of projects of the Issuer's subsidiaries DBK and Baiterek Development JSC. He was subsequently released on parole. There can be no assurance, that any further investigation into these or similar allegations would not result in investigations into the Issuer or any of its subsidiaries or any of their officers or employees.

In light of these risks, the Group continues to monitor developments in governance and regulatory reforms while actively engaging with relevant stakeholders to mitigate the impact of corruption on its operations and on the investment climate in Kazakhstan.

Legislative, Regulatory, Tax and Judicial Risks

Although a large volume of legislation and regulation has been enacted since early 1995 (including 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), 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.

In addition, the legal and tax authorities may make arbitrary judgements and assessments of tax liabilities and challenge previous judgements 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 judgements 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 Government 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 introduction of a new Tax Code, originally planned for 1 January 2025, was delayed to 1 January 2026 following Kazakhstan President's state-of-the-nation address on 2 September 2024. The latest draft version of the new Tax Code, published prior to the address, is currently under discussion and revision by the State authorities. This creates uncertainty about the eventual impact on taxpayers, including the Group.

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, including opinions with respect to IFRS treatment of revenues, expenses and other items in the consolidated financial statements. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. A tax year remains open for review by the tax authorities during the five subsequent calendar years. However, under certain circumstances a tax year may remain open longer. These circumstances may create tax risks in Kazakhstan that are more significant than in other countries.

There is no guarantee that future tax legislation will not materially adversely affect the Group's business, financial condition, results of operations and prospects. Investors in the Notes should be aware that changes to the tax regime, including the withholding tax regime, may lead to the Issuer having the right to redeem the 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 the Group's business, financial condition, results of operations and prospects and/or the Noteholders' rights and remedies under the Notes.

Challenges in the Implementation of Economic and Financial Reforms may Mean such Reforms are Delayed or do not happen, which may have a Negative Effect on the Performance of the Economy of Kazakhstan

In order to ensure the sustainable growth of the economy of Kazakhstan, the Government has been implementing a wide range of economic, financial and banking system reforms and reforms of the legal, tax and regulatory environment. The Government has approved policy measures and actions to promote private sector investments, diversify the economy, broaden the tax base and facilitate access to credit to further foster private investment in Kazakhstan by both local and foreign investors. The continued pursuit of Kazakhstan's long-term objectives in these areas, including those contemplated by the Kazakhstan-2050 Strategy, National Development Plan 2029 and National Plan 2025, will depend on a number of factors, including continued political support in Kazakhstan and across multiple Government ministries, adequate funding, the outcome of policy reviews, improved security, power sector reform, availability of human capital and enhanced coordination between the relevant stakeholders. The economic and other assumptions underlying the objectives set forth in the Kazakhstan-2050 Strategy, National Development Plan 2029 and National Plan 2025, including with respect to oil prices and production, GDP growth, inflation, external debt and the fiscal deficit, may not be met, which would undermine Kazakhstan's ability to achieve its stated objectives. Failure to achieve one or more of the objectives or complete certain reforms or projects set forth in the Kazakhstan-2050 Strategy and National Plan 2025 may render it difficult to achieve other stated objectives, and Kazakhstan's ability to achieve its strategic objectives may be affected by many factors beyond its control. Moreover, some planned reforms may disadvantage certain existing stakeholders, who may seek to curtail such reforms. In addition, the Government has a number of privatisation plans, which may be difficult to achieve without implementing further legislation or active participation from international investors. If the Government is not able to fund or implement the large number of reforms and proposals (including privatisations) currently being proposed, or if there is a delay in such funding or implementation, then the Government may not be able to meet the long-term strategic objectives, which could result in an adverse effect on the economy of Kazakhstan.

Kazakhstan's taxation system is subject to frequent change

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

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

The introduction of a new Tax Code, originally planned for 1 January 2025, was delayed to 1 January 2026 following Kazakhstan President's state-of-the-nation address on 2 September 2024. The latest draft version of the new Tax Code was published on 20 February 2025 upon its submission to Mazhilis, the lower chamber of the Parliament of Kazakhstan. Notably, the draft of the new Tax Code includes updates to the VAT exemption provisions for certain financial services. If implemented, these changes would remove certain exemptions, potentially increasing Issuer's VAT-related costs. The VAT rate may also be increased from 12.0 per cent. to 16.0 per cent., with a reduced 10.0 per cent. rate applicable to specific industries. However, a final decision has yet to be made.

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

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

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

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

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

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

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: 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 the Issuer 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 the Issuer'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.

The Notes will be structurally subordinated to the claims of creditors of the Issuer's portfolio companies and joint ventures

The Issuer's subsidiaries and joint ventures have incurred indebtedness, and in the future will continue to incur indebtedness, in order to finance their operations. A significant proportion of the Group's indebtedness has been incurred by the Issuer's subsidiaries and joint ventures. In the event of the insolvency of any of the subsidiaries or joint ventures of the Issuer, claims of secured and unsecured creditors of such entity, including trade creditors, banks and other lenders, will have priority with respect to the assets of such entity over any claims that the Issuer or the creditors of the Issuer, as applicable, may have with respect to such assets. Accordingly, if the Issuer became insolvent at the same time, claims of the Noteholders against the Issuer in respect of any Notes issued under the Programme would be structurally subordinated to the claims of all such creditors of the Issuer's subsidiaries and joint ventures. The Terms and Conditions of the Notes do not restrict the amount of indebtedness that the Group may incur, including indebtedness of subsidiaries and joint ventures.

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 for the admission of the Programme and/or the listing of any Series of Notes for trading on the ISM and/or the Vienna MTF. In addition, unless otherwise agreed with the relevant Dealer and provided for the in the Pricing Supplement, the Issuer will cause all Notes issued by the Issuer 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 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 the Issuer 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 the Issuer 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) conform with any investor's definition of development finance, (ii) meet any investor's criteria and expectations with regard to developmental impact, or (iii) conform 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. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Offering 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 in the section "Sustainable Development Impact" in this Base Offering Memorandum, it will not be an event of default under the Conditions of the Notes if the Issuer 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 the Issuer. Any such event or failure by the Issuer 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 the Issuer

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

The Issuer 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 will generally 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 Terms and Conditions of the Notes) 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.

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.

Noteholder Meetings Provisions

The Terms and Conditions of the Notes contain 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.

Trading in the Clearing Systems

The Terms and Conditions of the Notes 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 Pricing Supplement (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 Pricing Supplement 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 its 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

The Issuer 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.

The holders of Notes may not be able to enjoy tax exemptions for agency bonds in case the Issuer loses its status of a financial agency

Holders of the Notes may lose eligibility for tax benefits applicable to agency bonds if the Issuer loses its status as a financial agency.

The Issuer, as a national management holding, qualifies as a financial agency in accordance with Budget Code No. 95-IV of the Republic of Kazakhstan, dated 4 December 2008 (with all amendments in force on or before 4 December 2024). Under Kazakhstan legislation, securities issued by financial agencies are classified as agency bonds and are subject to specific tax treatment.

According to Kazakhstan tax legislation, interest income earned on agency bonds and any gains arising from their sale should not be subject to taxation for both resident and non-resident noteholders.

However, these tax exemptions are contingent upon the Issuer's continued classification as a national management holding and, consequently, as a financial agency. If the Issuer ceases to qualify as a national management holding, the Notes may no longer benefit from these tax exemptions, which could result in additional tax liabilities for noteholders if the alternative benefits for the listed Notes cannot be applied.

CAPITALISATION

The following table sets forth the consolidated capitalisation and long-term indebtedness of the Issuer as of 31 December 2024. This table should be read in conjunction with "Selected Consolidated Financial Information and Other Data" and "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the Financial Statements including the notes thereto, included elsewhere in this Base Offering Memorandum.

	As of 31 December 2024	
Long-term debt(1)(3)	*(KZT millions)*(2)	*(U.S.$ millions)*(2)
Customer accounts……….	2,423,957	4,616
Debt securities issued……….	4,391,817	8,364
Subordinated debt……….	9,277	18
Loans from banks and other financial institutions……….	875,558	1,667
Loans from the Government………..	698,851	1,331
Other financial liabilities……….	56,770	108
Total long-term debt……….	8,456,230	16,104
Equity		
Share capital………...	1,521,239	2,897
Fair value reserve (investment securities)………..	(40,881)	(78)
Business combination reserve and additional paid-in-capital……….	329,763	628
Hedging reserve………..	6,948	13
Other reserves……….	38,739	74
Retained earnings	1,145,814	2,182
Total equity………...	3,001,622	5,716
Total capitalisation and long-term debt……….....	**11,457,851**	**21,820**

Notes:

(1) Carrying amount of long-term debt.

(2) 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 of 31 December 2024, which was KZT 525.11 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

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

Since 31 December 2024 there has been no material adverse change in the capitalisation or long-term debt of the Group.

SELECTED FINANCIAL INFORMATION AND OTHER DATA

The audited selected consolidated financial information for the Group presented below as of and for the years ended 31 December 2022, 2023 and 2024 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 Offering Memorandum.

Prospective investors should read the selected consolidated 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", and "Business of the Group", as well as the Financial Statements, including the notes thereto, included elsewhere in this Base Offering Memorandum.

Profit or Loss and Other Comprehensive Income Data

	For the year ended 31 December			
	2022	2023	2024	
	(KZT millions)	*(KZT millions)*	*(KZT millions)*	*(U.S.$ millions)*(1)
Interest income calculated using the effective interest method……………………………………………..	796,821	970,388	1,064,655	2,268
Other interest income ……………………………………………..	142,243	170,424	220,979	471
Interest expense ………………………………………….…...	(525,436)	(588,405)	(668,893)	(1,425)
Net interest income ……………………………………...…	**413,628**	**552,407**	**616,741**	**1,314**
Impairment allowance for loan portfolio and finance lease receivables ………………………………….	(89,301)	42,163	(58,098)	(124)
Net interest income less impairment allowance for loan portfolio …………………………………………………..	**324,326**	**594,569**	**558,643**	**1,190**
Fee and commission income …………………………………	29,217	35,447	42,819	91
Fee and commission expense ………………………………..	(8,811)	(8,134)	(9,384)	(20)
Net fee and commission income…………..…….	**20,405**	**27,313**	**33,436**	**71**
Net (loss)/gain on assets at fair value through profit or loss…	(849)	6,167	1,090	2
Net foreign exchange gain……………………………	2,756	7,015	26,899	57
Net gain/(loss) on financial assets at fair value through other comprehensive income …………………………………...	(18,533)	5,028	4,147	9
Net gain on derecognition of financial assets measured at amortised costs ……………………………………..	41,531	3,051	494	1
Net insurance premiums earned ……………………………..	6,410	8,453	8,159	17
Net expenses on insurance indemnity payments and changes in insurance contract provisions ……………………………..	(19,593)	(14,724)	(9,930)	(21)
Other operating income/(expense), net ………………………	4,005	(71,047)	(20,073)	(43)
Operating income ……………………………………….…..	**360,460**	**565,826**	**602,864**	**1,284**
Impairment allowance for other financial assets and credit related commitments …………………………………………	(70)	(4,569)	(5,633)	(12)
Gain on a bargain purchase …………………………………	30,277	-	-	-
Administrative expenses ……………………………………..	(71,022)	(81,148)	(97,513)	(208)
Profit before income tax …………………………………....	**319,643**	**480,109**	**499,718**	**1,064**

Income tax expense …………………………………………….	(48,156)	(73,390)	(81,945)	(175)
Profit from continuing operations	**271,487**	**406,719**	**417,773**	**890**
Discontinued operation Profit /(loss)from a disposed group classified as held-for-sale (net of income tax)	109,138	928	(9,553)	(20)
PROFIT FOR THE YEAR ………………………………...	**380,626**	**407,647**	**408,220**	**870**
Other comprehensive (loss)/income				
Items that are or may be reclassified subsequently to profit or loss:				
Change in hedging reserve:				
Cash flow hedges – effective portion of changes in the fair value ……………………………………………………..	-	(993)	7,942	17
Fair value reserve (investment securities):				
- Net change in fair value ……………………………………	(69,553)	15,149	8,915	19
- Net change in fair value transferred to profit or loss …………………………………………………….	21,035	127	-	-
Other comprehensive income/(loss) for the year …………………………………………………….	**(48,518)**	**14,283**	**16,856**	**36**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR…………………………………………………	**332,108**	**421,930**	**425,077**	**905**

Note:

(1) For convenience, these figures have been translated into U.S. dollars at the average of the KZT/U.S.$ exchange rate for the year calculated as an arithmetic average for the working days of the year. Source: the NBK "official Exchange rates on average for the period" (https://nationalbank.kz/en/news/oficialnye-kursy). There can be no assurance that these Tenge amounts could have been converted into U.S. dollars at this rate or any other rate.

Financial Position Data

	As of 31 December			
	2022	**2023**	**2024**	
	(KZT millions)	*(KZT millions)*	*(KZT millions)*	*(U.S.$ millions)*(1)
Assets				
Cash and cash equivalents………………………………………	2,293,973	2,214,953	2,633,384	5,015
Other assets at fair value through profit or loss institutions……	162,343	169,750	172,935	329
Loans to banks and financial institutions……………………….	298,999	338,447	434,372	827
Deposits with banks and financials institutions………………...	23,155	23,861	303,606	578
Loans to customers……………………………………………..	6,511,971	5,721,512	6,575,247	12,522
Investment securities………………………………………………	1,456,559	1,492,263	1,862,476	3,547
Finance lease receivables…………………………………………..	1,036,255	1,212,130	1,578,563	3,006
Equity-accounted investees……………………………………...	795	434	-	-
Investment property………………………………………………..	9,653	9,187	6,149	12

Current income tax prepaid..……………………………………...	18,295	41,302	45,802	87
Deferred income tax assets……………………………………..	27,398	36,871	42,067	80
Property, plant and equipment…………………………………..	65,771	20,747	23,747	45
Intangible assets…………………………………………………….	30,121	9,886	11,102	21
Government grants receivables…………………	-	-	37,619	72
Receivables from the Government for reimbursement of premium on customer accounts……………………………………………	-	-	55,026	105
Non-current assets held for sale………………………………	5,029	1,874,914	2,828	5
Other financial assets………………………………………………	41,690	25,679	41,942	80
Other assets	249,223	428,484	611,371	1,164
Total assets……………………………………………...……….	**12,231,231**	**13,620,420**	**14,438,237**	**27,496**
Liabilities				
Due to banks………………………………………………………..	8,056	16,289	6,585	13
Customer accounts………………………………………………	3,049,901	2,551,442	2,691,970	5,126
Debt securities issued……………………………………………	3,739,552	3,801,898	5,197,698	9,898
Subordinated debt………………………………………………..	8,051	8,641	9,277	18
Loans from banks and other financial institutions.……….….….	950,976	856,365	989,856	1,885
Loans from the Government………………………………………..	776,646	795,421	820,139	1,562
Liabilities to the mortgage organisation…………………………	201,303	-	-	-
Current income tax liabilities……………………………………	2,343	306	2,857	5
Deferred income tax liability…………………………………….	45,288	51,538	57,624	110
Insurance contracts liabilities……………………………………	58,684	57,874	73,676	140
Liabilities directly associated with the disposal groups classified as held for sale……………………………………………….…...	-	1,480,415	-	-
Other financial liabilities…………………………………………...	112,797	156,764	189,635	361
Government grants………………………………………………	1,052,537	1,034,690	1,221,909	2,327
Other liabilities…………………………………………………….	127,032	143,271	175,389	334

Total liabilities………………………………………………………..	**10,133,165**	**10,954,915**	**11,436,615**	**21,779**
Equity				
Share capital………………………………………………………..	1,366,239	1,521,239	1,521,239	2,897
Fair value reserve (investment securities)……………………….	(65,072)	(49,796)	(40,881)	(78)
Business combination reserve and additional paid-in capital…..	241,088	292,556	329,763	628
Hedging reserve……………………………………………………	-	(993)	6,948	13
Other reserves………………………………………………………	31,126	26,951	38,739	74
Retained earnings………………………………………………..	524,685	875,549	1,145,814	2,182
Total ………………………………………………………..……	**2,098,066**	**2,665,505**	3,001,622	5,716
Total liabilities and equity…………………………………….	**12,231,231**	**13,620,420**	**14,438,237**	**27,496**

Note:

(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 of 31 December 2024, which was KZT 525.11 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.

Selected Financial Ratios

The table below sets forth the Issuer's selected financial ratios as of, and for the years ended, 31 December 2022, 2023 and 2024:

	As of and for the year ended 31 December		
	2022	2023	2024(4)
Profitability Ratios	*(% unless otherwise indicated)*		
Return on average equity(1)……………….	20.2	17.1	14.4
Return on average assets(2)……………….	3.4	3.2	2.9
Balance Sheet Ratio			
Debt/equity(3)……………………………..	4.1	3.0	3.2

Notes:

(1) Return on average equity is profit for the period divided by average total equity. Average total equity was calculated using opening and closing balances for each year.

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

(3) Debt/equity is the Issuer's debt divided by total equity. The Issuer's debt includes due to banks, customer accounts, debt securities issued, subordinated debt, loans from banks and other financial institutions and loans from the Government of the Republic of Kazakhstan.

Key Performance Indicators

Key performance indicators ("**KPIs**") of the Group are a set of indicators that determine the level of achievement of the strategic goals and objectives of the Group.

The following table sets forth planned and actual KPIs of the Group as of or for the year ended 31 December 2022, 2023 and 2024:

Indicator	**Planned KPI for 2022**	**Actual (achieved) KPI for 2022**	**Planned KPI for 2023**	**Actual (achieved) KPI for 2023**	**Planned KPI for 2024**	**Actual (achieved) KPI for 2024**[(2)]
Portion of loan and investment portfolios of the total assets of the Group, in %	70.7	75.1	71.8	73.1[(1)]	73.0	74.2
Portion of non-state borrowing facilities in the overall borrowing structure for the reporting year, in %	67.18	70.8	70.0	84.1	-	-
ROA (consolidated), in %	0.8	3.4	1.0	3.2	-	2.9
Portion of the private sector in the loan portfolio, in %	86.6	89.0	80.0	90.6	-	-
Customer satisfaction, in p.p.	-	-	87.0	89.8	-	89.8
Corporate governance rating, in %	-	-	85-100	98.8	-	-
Sustainable development rating, rating	-	-	C	C+	-	-
Amount of revenues of enterprises supported by the Issuer (for the year), in billion Tenge	8,594.8	13,705.06	9,413.2	15,602.06	14,687.02	16,793.90
Amount of export revenues of enterprises supported by the Issuer (for the year) in billion Tenge	1,138.6	1,709.15	1,464.3	2,160.95	1,903.15	2,306.47
Ratio of attracted investments in the Republic of Kazakhstan to the unit of fonds of the Issuer	⩾1.8	2.1	⩾2	2.1	⩾2	2.1
Ratio of MSME businesses provided with financial support to the total number of MSME businesses operating in the market, in %	-	-	-	-	1	1.1
Total Value to Paid-in-Capital, TVPI, ratio	-	-	-	-	1.2	1.0
Amount of investments in capital assets in the AIC industry (for the year), in billion Tenge:	251.7	353.14	325.46	361.82	337.20	386.85
-agriculture	220.43	334.5	288.46	325.74	332.8	386.85
-food industry	31.3	18.64	37.0	36.10	4.4	-
Agricultural machinery and equipment leasing amount (for the year), in billion Tenge	105.0	182.0	173.0	188.73	-	-
Contribution of the Issuer (to the construction of affordable housing in the Republic of Kazakhstan (for the year), in %	17.9	34.5	17.5	26.8	-	-
To expand the coverage of multi-family house market with cofounded construction mechanisms, in %	-	-	-	-	36.0	44
To increase the portion of loans for the primary housing and houses under construction, in %	-	-	-	-	26.4	41.56
Portion of persons on the waiting list, who have been provided with housing (as accumulated since 2024), in %	-	-	-	-	1.1	2.3

Note:

(1) In 2023, the "Portion of loan and investment portfolios in the total assets of the Issuer" item was not complied with because of a failure to achieve the target loan and investment portfolios (the deviation was 5.8%). The loan portfolio was missed by 7.6% (the loan portfolio was KZT 8,836 billion versus the target of KZT 9,561 billion) as the loans had not been fully issued due to major off-schedule loan repayments and a change in the fair market value for the investment projects. The investment portfolio plan implementation rate was 110.7% (the investment portfolio was KZT 1,118 billion).

(2) KPIs for 2024 are forecasts, based on the information as of 14 April 2025. The final KPIs are expected to be available in August 2025.

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 the Group'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, included elsewhere in this Base Offering 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 the Issuer and its subsidiaries. The Group 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". The Group'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 Offering 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".

Overview

The Issuer is a holding company established in May 2013 to grow Kazakhstan's development institutions and to develop the national economy. The Issuer's overall mission is to support the sustainable economic development of Kazakhstan in order to implement state policy and achieve the goals set by the Kazakhstan-2050 Strategy. The sole shareholder of the Issuer is the Government represented by the Ministry of National Economy.
The Issuer currently has seven wholly-owned subsidiaries that work to implement Government policy and programmes. The subsidiaries are involved in the following core areas of activity:

(i) providing financial (e.g., credit and investment) and non-financial support to investment projects in priority sectors of the economy with the aim of diversifying the economy, developing the secondary sector, exporting products produced in Kazakhstan, increasing innovation and supporting SMEs – these activities are carried out through the Issuer's subsidiaries DBK, ECA, Damu and QIC;

(ii) raising capital, providing long-term financing for mortgages, reducing related borrowing costs and participating in the implementation of a state housing construction policy – these activities are carried out through the Issuer's subsidiaries Otbasy Bank and KHC; and

(iii) promoting the sustainable development of, and providing technical equipment to, the agro-industrial sector of Kazakhstan – these activities are carried out through the Issuer's subsidiary ACC.

As of 31 December 2022, 2023 and 2024, the Issuer had consolidated total assets of KZT 12,231,231 million, KZT 13,620,420 million and KZT 14,438,237 million, respectively, with consolidated total equity of KZT 2,098,066 million, KZT 2,665,505 million and KZT 3,001,622 million, respectively. The Issuer generated KZT 380,626 million of consolidated net profit for the year ended 31 December 2022 (including KZT 271,487 million of net profit from continuing operations), KZT 407,647 million of consolidated net profit for the year ended 31 December 2023 (including KZT 406,719 million of net profit from continuing operations) and KZT 408,220 million of consolidated net profit for the year ended 31 December 2024 (including KZT 417,773 million of net profit from continuing operations).

Key Factors Affecting the Group's Results of Operations

The Group's results of operations are primarily dependent on the results and contributions of its seven subsidiaries. Significant factors that affect results of operations of the Group's subsidiaries are most likely to have impact on the Group's results of operations. The Group's management believes that the following factors significantly affected, and will have a significant impact on, its results of operations.

The Group's Role as an Integrated Development Institution

The Group is an integrated development institution that was created to promote the high-quality development of the economy of Kazakhstan by providing support to the non-extractive sectors of the economy and that is wholly-owned by the Government. the Issuer has seven direct subsidiaries, the activities of which are aimed at developing the agro-industrial complex, supporting businesses, including small and medium sized enterprises and ensuring the affordability of housing for the population. Accordingly, the Group's lending and investment policies are different from those of standard commercial banks, insurance companies or investment companies in that the Group's business activities are generally driven by economic and social policies in Kazakhstan as a whole rather than purely commercial considerations. As a development institution, the Group 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, the Group's banking subsidiaries, other than Otbasy Bank, which accepts housing-related deposits, do not generally accept customer deposits. Therefore, Group's most significant funding source is the issuance of debt securities. Loans from international banks and international and multilateral institutions and concessional loans made by the Government also constitute significant funding sources for the Group. The Group concentrates on providing funding, among other things, to Kazakhstan's agro-industrial complex and 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 the subsidiaries of the Issuer 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, the subsidiaries of the Issuer set interest rates by reference to their respective cost of funding a particular loan plus a margin reflecting their respective administrative costs and risk premiums.

The Economic Environment in Kazakhstan

The economy of Kazakhstan 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 companies in Kazakhstan, as well as weakened global demand for, and a decline in prices of, crude oil and other commodities. In 2020 and 2021, the economy of Kazakhstan 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 liquified natural gas 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, the Group 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 2022 led to requests from customers to reschedule debt owed to the Group (including the delay of certain payments of principal and interest to the Group). The economy of Kazakhstan is also subject to regional risks and spill-over effects resulting from the armed conflict between Russia and Ukraine, which is ongoing, resulting in further elevated levels of economic uncertainty in Kazakhstan.

The economy of Kazakhstan 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, the Group's loan portfolio is indirectly exposed to the fluctuation in oil prices, especially if borrowers have loans denominated in U.S. dollars. Such borrowers 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. 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. In 2024, the Tenge depreciated 15.2% against the U.S. dollar and 8.8% against the euro. As of 31 December 2024, the official KZT/U.S.$ market exchange rate reported by the NBK on 1 January 2025 was KZT 525.11 per U.S.$1.00, as compared to KZT 454.56 per U.S.$1.00 as of 31 December 2023, KZT 462.65 per U.S.$1.00 as of 31 December 2022 and KZT 431.67 per U.S.$1.00 as of 31 December 2021. 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 the Group's financial position and results of operations.

Since the majority of the Group's expenses are denominated in Tenge and incurred in Kazakhstan, inflationary pressures in Kazakhstan are a significant factor affecting the trajectory of the Group's expenses. While the higher inflationary environment since 2022, with inflation in Kazakhstan of 8.6% in 2024 9.8% in 2023 and 20.3% in 2022, has not, to date, had a considerable impact on the Group's key financial stability indices, it has increased certain costs and expenses.

In addition, higher interest rates have had an adverse impact on the Group's cost of funding but a positive impact on its interest income since 2022. 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%. But, in November 2024, the NBK increased the base rate again to 15.25% and, in March 2025, it further increased the base rate to 16.5%. The increased base rate since 2022 has increased the Group'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, have also exposed the Group to increased foreign exchange risk and an increased cost of funds.

Shifts in Composition of Borrowers and Funding Sources

The Group'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 corporate loan portfolio, the breakdown of loans granted to customers in different economic sectors can fluctuate significantly as a result of a single loan being made or a single loan being repaid in a given year. Such fluctuations in loans to customers by economic sector, for the most part, occur in the ordinary course of the Group'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 of 31 December 2024, as compared to 31 December 2023, mortgage loans to retail customers decreased from 51.8% to 49.1%, although the amount of mortgage loans increased by 8.6%, or KZT 271,237 million, from KZT 3,154,584 million as of 31 December 2023 to KZT 3,425,822 million as of 31 December 2024. This is because mortgage loans increased by 8.6% between 31 December 2023 and 31 December 2024 while the total net loans to customers increased by 14.7% between the same two dates.

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 of 31 December 2024, as compared to 31 December 2023, loans to customers in mining, metallurgical and mineral resources industries increased from 13.4% as of 31 December 2023 to 15.3% as of 31 December 2024 and loans to customers in construction industry increased from 0.7% as of 31 December 2023 to 3.2% as of 31 December 2024, while loans to customers in the oil and gas industry decreased from 6.2% as of 31 December 2023 to 4.6% as of 31 December 2024.

As a percentage of total gross loans to customers, as of 31 December 2023, as compared to 31 December 2022, gross loans to customers in the agro-industrial complex increased from 12.9% to 15.4% and gross loans to customers in the mining, metallurgical and mineral resources industries increased from 11.7% to 13.4%, while gross loans to customers in the food processing industry decreased from 2.9% to 1.9%. Even larger changes occurred with respect to loans to retail customers. As a percentage of total gross loans to customers, as of 31 December 2023, as compared to 31 December 2022, mortgage loans to retail customers increased from 46.5% to 51.8%, while the outstanding balances of consumer loans and auto loans to retail customers went to zero as of 31 December 2023 from 3.1% and 1.8%, respectively, as of 31 December 2022. Changes in the outstanding balances of consumer loans and auto loans to retail customers were entirely due to the effect of the Issuer's management's decision, in May 2023, to sell shares of its subsidiary, Bereke Bank. Accordingly, the assets and liabilities of Bereke Bank, including all consumer loans and auto loans to retail customers, were presented as a disposal group held for sale as of 31 December 2023.

When Bereke Bank's loans to customers as of 31 December 2022 are excluded from the Group's loans to customers as of the same date, the changes in the breakdown of loans granted to customers in different economic sectors become less significant. Mortgage loans to retail customers increased from 49.9% of total gross loans to customers as of 31 December 2022 to 51.8% of total gross loans to customers as of 31 December 2023, while loans to oil and gas industry decreased from 7.6% of total gross loans to customers as of 31 December 2022 to 6.2% of total gross loans to customers as of 31 December 2023. But none of the other changes in gross loans to customer by economic sector between 31 December 2022 and 31 December 2023 was particularly significant in terms of the overall gross loans portfolio composition.

Changes in policy in respect of the Group's lending and funding strategies, can result in changes to the composition of its borrowers and funding sources. 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 the Group to further grow its business. Such changes can also, however, result in an increased cost of risk of impairment, thereby adversely affecting profitability.

As part of its funding strategy, the Group 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 the Group'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 the Group.

Fluctuations in Interest Rates

Interest rates are sensitive to many factors beyond the Group's control, including the policies of central banks, such as the NBK (the central bank of Kazakhstan), adverse domestic and international economic conditions and political factors.

The Group is exposed to risks resulting from mismatches between the interest rates on its interest-bearing liabilities and interest-earning assets. To the extent that part of the Group's assets may reprice more frequently than its liabilities, if interest rates fall, the Group's interest expense will decrease more slowly 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 operations of the Issuer's subsidiaries, the Government grants loans to certain subsidiaries of the Issuer with low interest rates to ensure that such subsidiaries are able to sustain margins in a falling interest rate environment through the interest income generated by such loans. In addition, subsidiaries of the Issuer seek to structure their respective assets with floating interest rates and their respective overall balance sheets in such a way that a fixed portion of their respective 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, banking subsidiaries of the Issuer seek to pass on interest rate risks to borrowers by on-lending under similar conditions. Interest rate management policies of the banking subsidiaries of the Issuer are strengthened by a system of limits and reporting requirements to control and monitor interest rate risk.

Although nearly all of the Group's assets are match-funded, an increase in interest rates may generally raise the Group's funding costs and may also increase interest income in the future, but overall demand for new loans may be reduced and the risk of customer defaults may increase. Increased interest rates may also generally decrease the market value of fixed-rate debt securities held by the Group.

Fluctuations in Exchange Rates

Fluctuations in exchange rates impact the Group's financial condition and results of operations. the Issuer's subsidiaries maintain open foreign currency positions, which give rise to foreign exchange rate risk. The Group's exposure to exchange rate risk may increase, particularly as it continues to access international capital markets. A significant portion of Group's exposure to foreign exchange rate risk also depends on numerous factors beyond its control, such as overall market trading activity, fluctuations in interest rate levels and exchange rates, Government actions and general market volatility.

The Group 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 of 31 December 2024, 17.7% of the Group's debt securities issued were denominated in U.S. dollars. Accordingly, while the Group 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 the Group 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 the Group.

The following table sets forth the year 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 years indicated:

Period	Year end(1)	Average(1)	High	Low
Year ended 31 December 2022	462.65	460.48	512.19	414.67
Year ended 31 December 2023	454.56	456.31	482.77	431.08
Year ended 31 December 2024	525.11	469.44	525.11	439.40

Notes:

(1) Data for the year end is taken from the website of the NBK (https://nationalbank.kz/en/exchangerates/ezhednevnye-oficialnye-rynochnye-kursy-valyut) for the 1 January of the next year. This is because the weighted average exchange rate of Tenge against U.S. dollar fixed on

the KASE as of 15:30 Astana time is set as an official exchange rate of the national currency Tenge against U.S. dollar for the next day after the trading day.

(2) *The average exchange rate for the year is calculated as the arithmetic average for the working days of the year. Source: The NBK, "Official Foreign Exchange Rates on average for the period" (https://nationalbank.kz/en/news/oficialnye-kursy).*

Recent Developments

In January 2025, the Group:

- redeemed other Tenge-denominated bonds (KZ2C00002988) in the amount of KZT 30,000 million; and
- made an early repayment of loans received from the China Development Bank in the amount of U.S.$136 million.

In February 2025, the Group received the receivables from the Government for reimbursement of premium on customer accounts in the amount of KZT 27,513 million.

In March 2025:

- the Group received a loan in the amount of CNY 430 million from the Industrial and Commercial Bank of China with an interest rate of 1.29% plus three-month Shibor and with maturity of five years; and
- the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market registered four additional issues of the Group's unsecured debt securities in the amount of KZT 50,000 million each for a total of KZT 200,000 million.

In the first half of April 2025, the Group:

- issued Eurobonds in the amount of U.S.$500 million with an interest rate of 5.50% per annum and with maturity of five years;
- issued debt securities in the amount of KZT 100,000 million with an interest rate of 17.00% per annum maturing in 2026;
- redeemed Eurobonds in the amount of U.S.$14 million; and
- issued debt securities in the amount of KZT 44,300 million with an interest rate of 16.70% per annum maturing in 2026.

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

The following table presents the Group's consolidated statement of profit or loss data for the years ended 31 December 2022, 2023 and 2024:

	Financial year ended 31 December			**Increase / (Decrease)**	
	2022	**2023**	**2024**	**2022 vs 2023**	**2023 vs 2024**
		(KZT millions)		*(%)*	
CONTINUING OPERATIONS					
Interest income calculated using the effective interest method.…	796,821	970,388	1,064,655	*21.8*	*9.7*
Other interest income..................	142,243	170,424	220,979	*19.8*	*29.7*
Interest expense...........................	(525,436)	(588,405)	(668,893)	*12.0*	*13.7*
Net interest income	**413,628**	**552,407**	**616,741**	***33.6***	***11.6***
Impairment allowance for loan portfolio and finance lease receivables................................	(89,301)	42,163	(58,098)	*n/a*	*n/a*
Net interest income less impairment allowance for loan portfolio	**324,326**	**594,569**	**558,643**	***83.3***	***(6.0)***
Fee and commission income........	29,217	35,447	42,819	*21.3*	*20.8*

	Financial year ended 31 December			Increase / (Decrease)	
	2022	2023	2024	2022 vs 2023	2023 vs 2024
Fee and commission expense	(8,811)	(8,134)	(9,384)	*(7.7)*	*15.4*
Net fee and commission income......................................	**20,405**	**27,313**	**33,436**	***33.9***	***22.4***
Net gain/(loss) on assets at fair value through profit or loss……	(849)	6,167	1,090	*n/a*	*(82.3)*
Net foreign exchange gain...........	2,756	7,015	26,899	*154.5*	*283.5*
Net gain/(loss) on financial assets at fair value through other comprehensive income………..	(18,533)	5,028	4,147	*n/a*	*(17.5)*
Net gain on derecognition of financial assets measured at amortised cost	41,531	3,051	494	*(92.7)*	*(83.8)*
Net insurance premiums earned……................................	6,410	8,453	8,159	*31.9*	*(3.5)*
Net expenses on insurance indemnity payments and changes in insurance contract provisions…….........................	(19,593)	(14,724)	(9,930)	*(24.8)*	*(32.6)*
Other operating (expense)/income, net	4,005	(71,047)	(20,073)	*n/a*	*(71.7)*
Operating income......................................	**360,460**	**565,826**	**602,864**	***57.0***	***6.5***
Impairment allowance for other financial assets and credit related commitments	(70)	(4,569)	(5,633)	*6,382.6*	*23.3*
Gain on a bargain purchase..........	30,277	-	-	*(100.0)*	-
Administrative expenses..............	(71,022)	(81,148)	(97,513)	*14.3*	*20.2*
Profit before income tax	**319,643**	**480,109**	**499,718**	***50.2***	***4.1***
Income tax expense...........................	(48,156)	(73,390)	(81,945)	*52.4*	*11.7*
Profit from continuing operations................................	**271,487**	**406,719**	**417,773**	***49.8***	***2.7***
DISCONTINUED OPERATION					
(Loss)/profit from a disposal group classified as held-for-sale (net of income tax)	109,138	928	(9,553)	*(99.1)*	*n/a*
Profit for the year............................	**380,626**	**407,647**	**408,220**	***7.1***	***0.1***

The following discussion of the Group's results of operations for the years ended 31 December 2022, 2023 and 2024 focuses on the most significant changes between the years, which include (i) net interest income, (ii) interest income calculated using the effective interest method, (iii) other interest income, (iv) interest expense, (v) impairment allowance for loan portfolio and finance lease receivables, (vi) net non-interest income/(expense), (vii) administrative expenses, (viii) income tax expense and (ix) profit from a disposal group classified as held-for-sale (net of income tax).

Net Interest Income

The following table sets forth the principal components of the Group's net interest income for the years ended 31 December 2022, 2023 and 2024:

	Financial year ended 31 December			Increase / (Decrease)	
	2022	**2023**	**2024**	**2022 vs 2023**	**2023 vs 2024**
		(KZT millions)		*(%)*	
Interest income calculated using the effective interest method................................	796,821	970,388	1,064,655	*21.8*	*9.7*
Other interest income.................................	142,243	170,424	220,979	*19.8*	*29.7*
Interest expense......................	(525,436)	(588,405)	(668,893)	*12.0*	*13.7*
Net interest income..............	**413,628**	**552,407**	**616,741**	***33.6***	***11.6***

The Group's net interest income increased by 11.6%, or KZT 64,334 million, from KZT 552,407 million in 2023 to KZT 616,741 million in 2024. The increase in net interest income in 2024 as compared to 2023 was due to increases in both interest income calculated using the effective interest method and other interest income (as discussed below), which were only partially offset by the increase in interest expense. In absolute terms, the increase in interest income calculated using the effective interest method in 2024 as compared to 2023 (by KZT 94,267 million) was significantly larger than the increase in other interest income in 2024 as compared to 2023 (by KZT 50,555 million), but the rate of increase in other interest income in 2024 as compared to 2023 (29.7%) was more than triple of the rate of increase in interest income calculated using the effective interest method between the same two years (9.7%). The much larger rate of increase in other interest income (as compared to the rate of increase in interest income calculated using the effective interest method) in 2024 as compared to 2023 was principally due to the 33.2% increase in the Group's other interest income from finance lease receivables from KZT 151,002 million in 2023 to KZT 201,188 million in 2024.

The Group's net interest income increased by 33.6%, or KZT 138,779 million, from KZT 413,628 million in 2022 to KZT 552,407 million in 2023. The increase in net interest income in 2023 as compared to 2022 was due to increases in both interest income calculated using the effective interest method and other interest income (as discussed below), which were only partially offset by the increase in interest expense. Since the rate of growth in interest income calculated using the effective interest method (21.8%) and the rate of growth in other interest income (19.8%) in 2023 as compared to the previous year were both significantly higher than the rate of growth in interest expense (12.0%), this had a large positive effect on the rate of growth in net interest income of the Group in 2023 as compared to 2022, which, at 33.6%, was much higher than both the rate of growth in interest income calculated using the effective interest method and the rate of growth in other interest income.

Interest Income Calculated Using the Effective Interest Method

The following table sets forth the principal components of the Group's interest income for the years ended 31 December 2022, 2023 and 2024:

	Financial year ended 31 December			Increase / (Decrease)	
	2022	**2023**	**2024**	**2022 vs 2023**	**2023 vs 2024**
		(KZT millions)		*(%)*	
Loans to customers.................	455,884	525,447	599,760	*15.3*	*14.1*
Cash and cash equivalents......	148,084	234,728	260,502	*58.5*	*11.0*
Investment securities measured at amortised cost..	138,460	158,932	133,573	*14.8*	*(16.0)*
Loans to banks and financial institutions	27,278	35,963	43,820	*31.8*	*21.8*
Investment securities measurec at fair value through other comprehensive income........	19,604	13,572	15,592	*(30.8)*	*14.9*
Deposits with banks and financial institutions...........	4,479	442	10,105	*(90.1)*	*2,187.8*
Other......................................	3,031	1,305	1,304	*(56.9)*	*(0.1)*
Total interest income calculated using the effective interest method…	**796,821**	**970,388**	**1,064,655**	***21.8***	***9.7***

Interest income calculated using the effective interest method increased by 9.7%, or KZT 94,267 million, from KZT 970,388 million in 2023 to KZT 1,064,655 million in 2024. The year-on-year increase in 2024 was primarily due to the increase in interest received on loans to customers of KZT 74,313 million, or 14.1%, from KZT 525,447 million in 2023 to KZT 599,760 million in 2024, primarily reflecting the increase in total gross loans to customers measured at amortised cost from KZT 5,903,020 million as of 31 December 2023 to KZT 6,758,340 million as of 31 December 2024 and, to a lesser extent, the increase in average interest rates with respect to gross loans to customers measured at amortised cost (see "—*Selected Statistical Information for the Years Ended 31 December 2022, 2023 and 2024*").

Interest income calculated using the effective interest method increased by 21.8%, or KZT 173,567 million, from KZT 796,821 million in 2022 to KZT 970,388 million in 2023. The year-on-year increase in 2023 was primarily due to: (i) the increase in interest received on loans to customers of KZT 69,563 million, or 15.3%, from KZT 455,884 million in 2022 to KZT 525,447 million in 2023, reflecting both the increase in total gross loans to customers measured at amortised cost from KZT 5,689,219 million as of 31 December 2022 (excluding Bereke Bank's total gross loans to customers measured at amortised cost as of that date) to KZT 5,903,020 million as of 31 December 2023 and the increase in average interest rates with respect to gross loans to customers measured at amortised cost (see "—*Selected Statistical Information for the Years Ended 31 December 2022, 2023 and 2024*").

Other Interest Income

The Group generates other interest income from finance lease receivables, loans to customers and financial instruments at fair value through profit or loss.

The following table sets out the principal components of the Group's other interest income for the years ended 31 December 2022, 2023 and 2024:

	Financial year ended 31 December			**Increase / (Decrease)**	
	2022	**2023**	**2024**	**2022 vs 2023**	**2023 vs 2024**
		(KZT millions)		*(%)*	
Finance lease receivables	122,399	151,002	201,188	*23.4*	*33.2*
Loans to customers..................	19,367	18,966	19,635	*(2.1)*	*3.5*
Financial instruments at fair value through profit or loss ..	477	456	156	*(4.5)*	*(65.8)*
Total other interest income..	**142,243**	**170,424**	**220,979**	***19.8***	***29.7***

Other interest income of the Group increased by 29.7%, or KZT 50,555 million, from KZT 170,424 million in 2023 to KZT 220,979 million in 2024. The year-on-year increase in 2024 was almost entirely due to a KZT 50,186 million, or 33.2%, increase in interest income in respect of finance lease receivables, which was, in turn, primarily due to the increase in gross finance lease receivables from KZT 1,279,885 million as of 31 December 2023 to KZT 1,671,847 million as of 31 December 2024 and, to a lesser extent, the increase in average interest rates applicable to finance lease receivables in 2024 as compared to 2023 (see "—*Selected Statistical Information for the Years Ended 31 December 2022, 2023 and 2024*").

Total other interest income increased by KZT 28,180 million, or 19.8%, from KZT 142,243 million in 2022 to KZT 170,424 million in 2023. This increase was principally due to a KZT 28,602 million, or 23.4%, increase in interest income in respect of finance lease receivables, which was, in turn, due to both the increase in gross finance lease receivables from KZT 1,095,078 million as of 31 December 2022 to KZT 1,279,885 million as of 31 December 2023 and the increase in average interest rates applicable to finance lease receivables in 2023 as compared to 2022 (see "—*Selected Statistical Information for the Years Ended 31 December 2022, 2023 and 2024*").

Interest Expense

The following table sets forth the principal components of the Group's interest expense for the years ended 31 December 2022, 2023 and 2024:

	Financial year ended 31 December			**Increase / (Decrease)**	
	2022	**2023**	**2024**	**2022 vs 2023**	**2023 vs 2024**
		(KZT millions)		*(%)*	
Debt securities issued............	(367,325)	(374,993)	(437,700)	*2.1*	*16.7*
Loans from the Government..	(69,050)	(96,064)	(96,648)	*39.1*	*0.6*
Loans from banks and other financial institutions	(51,522)	(71,553)	(79,565)	*38.9*	*11.2*
Customer accounts.................	(36,891)	(44,803)	(46,668)	*21.4*	*4.2*

	Financial year ended 31 December			Increase / (Decrease)	
	2022	2023	2024	2022 vs 2023	2023 vs 2024
Amounts payable under repurchase agreements……	(48)	(366)	(7,530)	*660.0*	*1,959.3*
Subordinated debt..................	(560)	(601)	(741)	*7.4*	*23.1*
Other.....................................	(40)	(24)	(42)	*(40.3)*	*76.1*
Total interest expense..............................	**(525,436)**	**(588,405)**	**(668,893)**	***12.0***	***13.7***

For the year ended 31 December 2024, the Group's interest expense increased by 13.7%, or KZT 80,488 million, from KZT 588,405 million in 2023 to KZT 668,893 million in 2024. The year-on-year increase in interest expense in 2024 was primarily due to the increase in interest expense on debt securities issued of KZT 62,707 million, or 16.7%, from KZT 374,993 million in 2023 to KZT 437,700 million in 2024 primarily, principally reflecting the increase in the Group's total debt securities issued from KZT 3,801,898 million as of 31 December 2023 to KZT 5,197,698 million as of 31 December 2024.

For the year ended 31 December 2023, the Group's interest expense increased by 12.0%, or KZT 62,969 million, from KZT 525,436 million in 2022 to KZT 588,405 million in 2023. The year-on-year increase in interest expense in 2023 was primarily due to (i) the increase in interest expense on loans from the Government of KZT 27,015 million, or 39.1%, from KZT 69,050 million in 2022 to KZT 96,064 million in 2023, reflecting both the increase in average interest rates on loans from the Government (see "*—Selected Statistical Information for the Years Ended 31 December 2022, 2023 and 2024*") and the increase in the amount of loans from the Government from KZT 776,646 million as of 31 December 2022 to KZT 795,421 million as of 31 December 2023 and (ii) the increase in interest expense on loans from banks and other financial institutions of KZT 20,031 million, or 38.9%, from KZT 51,522 million in 2022 to KZT 71,553 million in 2023, principally reflecting the increase in average interest rates on loans from banks and other financial institutions (see "*—Selected Statistical Information for the Years Ended 31 December 2022, 2023 and 2024*").

Impairment Allowance for Loan Portfolio and Finance Lease Receivables

The following table sets forth the components of the Group's impairment allowance for loan portfolio and finance lease receivables for the years ended 31 December 2022, 2023 and 2024:

	Financial year ended 31 December			Increase / (Decrease)	
	2022	2023	2024	2022 vs 2023	2023 vs 2024
		(KZT millions)		*(%)*	
Impairment allowance for loans to customers...............	(93,612)	52,388	(32,577)	*n/a*	*n/a*
Impairment allowance for finance lease receivables….	4,311	(10,225)	(25,521)	*n/a*	*149.6*
Impairment allowance for loan portfolio and finance lease receivables………….	**(89,301)**	**42,163**	**(58,098)**	***n/a***	***n/a***

The Group incurred impairment losses in respect of loan portfolio and finance lease receivables in the amount of KZT 58,098 million in 2024. This consisted of impairment allowance for loans to customers in the amount of KZT 32,577 million (primarily due to impairment losses on Stage 3 loans) and impairment allowance for finance lease receivables in the amount of KZT 25,521 million.. With respect to impairment allowance for finance lease receivables, impairment allowance on Stage 3 finance lease receivables accounted for KZT 18,772 million.

The net reversal of impairment allowance in 2023 was primarily due to the decrease in the impairment 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 Group incurred impairment losses in respect of loan portfolio and finance lease receivables in the amount of KZT 89,301 million in 2022, which was primarily due to impairment losses on Stage 3 loans.

Net Non-Interest Income/(Expense)

The following table sets forth the principal components of the Group's net non-interest income/(expense) for the years ended 31 December 2022, 2023 and 2024:

	Financial year ended 31 December			Increase / (Decrease)	
	2022	2023	2024	2022 vs 2023	2023 vs 2024
		(KZT millions)		*(%)*	
Fee and commission income................................	29,217	35,447	42,819	*21.3*	*20.8*
Fee and commission expense.	(8,811)	(8,134)	(9,384)	*(7.7)*	*15.4*
Net gain/(loss) on assets at fair value through profit or loss	(849)	6,167	1,090	*n/a*	*(82.3)*
Net foreign exchange gain….	2,756	7,015	26,899	*154.5*	*283.5*
Net gain/(loss) on financial assets at fair value through other comprehensive income...............................	(18,533)	5,028	4,147	*n/a*	*(17.5)*
Net gain on derecognition of financial assets measured at amortised cost....................	41,531	3,051	494	*(92.7)*	*(83.8)*
Net insurance premiums earned.................................	6,410	8,453	8,159	*31.9*	*(3.5)*
Net expenses on insurance indemnity payments and changes in insurance contract provisions……......	(19,593)	(14,724)	(9,930)	*(24.8)*	*(32.6)*
Other operating (expenses)/income, net……	4,005	(71,047)	(20,073)	*n/a*	*(71.7)*
Net non-interest income/(expense)………..	**36,133**	**(28,744)**	**44,222**	***n/a***	***n/a***

The Group generated net non-interest income of KZT 44,222 million in 2024, as compared to net non-interest expense of KZT 28,744 million in 2023. The difference in the Group's net non-interest income between the two years was principally due to (i) smaller other operating expenses, net, in 2024 as compared to 2023 (by KZT 50,975 million) and (ii) larger net foreign exchange gain in 2024 as compared to 2023 (by KZT 19,884 million).

The decrease in the Group's other operating expenses, net, was principally due to the fact that, in 2024, the sum of (i) expenses in the form of negative adjustment of value of the loans issued, (ii) loss on initial recognition of the bonds of local executive authorities purchased at below-market rate and (iii) expenses on valuation of liabilities to provide loans at below-market rates exceeded other income from utilisation of Government grants by KZT 20,224 million. In 2023, the sum of (i) expenses in the form of negative adjustment of value of the loans issued, (ii) loss on initial recognition of the bonds of local executive authorities purchased at below-market rate and (iii) expenses on valuation of liabilities to provide loans at below-market rates exceeded other income from utilisation of Government grants by a much larger amount of KZT 66,809 million.

With respect to expenses in the form of negative adjustment of value of the loans issued referred to in the paragraph above, in 2024, the Group recognised expenses of KZT 226,381 million in the form of negative adjustment of value of the loans issued at below-market rates. This amount included expenses of KZT 56,105 million arising on the initial recognition of loans to banks and expenses of KZT 170,276 million arising on the initial recognition of loans to customers. During 2024, loss on initial recognition of loans to banks arose from the issuance of loans at a nominal interest rate ranging from 1.00% to 2.00% per annum, the market interest rates of which ranged from 14.36% to 15.82% per annum. During the same year, loss on initial recognition of loans to customers arose from the issuance of loans with a nominal interest rate ranging from 1.00% to 15.00% per annum, markets interest rates of which ranged from 7.00% to 21.26% per annum.

In 2023, the Group recognised expenses of KZT 109,936 million in the form of negative adjustment of value of the loans issued at below-market rates. This amount included expenses of KZT 12,079 million arising on initial recognition of loans to banks and expenses of KZT 97,857 million arising on initial recognition of loans to customers. During 2023, loss on initial recognition of loans banks arose from the issuance of loans at a nominal interest rate of 2.00% per annum, the market interest rates of which ranged from 14.61% to 17.22% per annum. During the same year, loss on initial recognition of loans to customers arose from the issuance of loans with a nominal interest rate ranging from 2.00% to 14.40% per annum, markets interest rates of which ranged from 7.25% to 23.20% per annum.

With respect to loss on initial recognition of the bonds of local executive authorities purchased at below-market rate referred to in the paragraph above, during 2024, the Group purchased 462,125,576 bonds issued by the local executive authorities at the value of KZT 1,000 per one bond, which are scheduled to mature in 2026 and 2034. Bond coupon rate is 0.02%, 0.35% and 4.25% per annum. Bonds were recognised at fair value of KZT 246,219 million calculated using the market interest rates ranging from 11.43% to 13.40% per annum. Loss from discount on initial recognition of KZT 215,907 million was recognised in other operating expenses in the consolidated statement of profit or loss and other comprehensive income and was partially compensated by the decrease in Government grant liabilities (which grants were received to purchase the bonds) in the amount of KZT 208,732 million.

During 2023, the Group purchased 139,568,819 bonds issued by the local executive authorities at the value of KZT 1,000 per one bond, which were scheduled to mature in 2024 and 2025. Bond coupon rate was 0.35% and 4.25% per annum. Bonds were recognised at fair value of KZT 115,692 million calculated using the market interest rates ranging from 13.28% to 16.27% per annum. Loss from discount on initial recognition of KZT 23,876 million was recognised in other operating expenses in the consolidated statement of profit or loss and other comprehensive income (see note 27 to the 2024 Financial Statements) and was partially offset by the decrease in Government grant liabilities (which grants were received to purchase the bonds) in the amount of KZT 1,568 million (see note 20 to the 2024 Financial Statements).

The Group incurred a net non-interest expense of KZT 28,744 million in 2023, as compared to net non-interest income of KZT 36,133 million in 2022. The difference in the Group's net non-interest income or expense between the two years was principally due to the Group's incurrence of other operating expenses, net, in the amount of KZT 71,047 million in 2023 as compared to generating other operating income, net, in the amount of KZT 4,005 million in 2022. The impact of this factor was partially offset by the fact that the Group generated net gain on financial assets at fair value through other comprehensive income in the amount of KZT 5,028 million in 2023, while it incurred net loss on financial assets at fair value through other comprehensive income in the amount of KZT 18,533 million in 2022.

The difference in the Group's other operating income or expense, net, in 2023 as compared to 2022 was principally due to the fact that, in 2023, the sum of (i) expenses in the form of negative adjustment of value of the loans issued, (ii) loss on initial recognition of the bonds of local executive authorities purchased at below-market rate and (iii) expenses on valuation of liabilities to provide loans at below-market rates exceeded other income from utilisation of Government grants by KZT 66,809 million. In 2022, the sum of (i) expenses in the form of negative adjustment of value of the loans issued, (ii) loss on initial recognition of the bonds of local executive authorities purchased at below-market rate and (iii) expenses on valuation of liabilities to provide loans at below-market rates exceeded other income from utilisation of Government grants by a much smaller amount of KZT 17,041 million.

In 2022, the Group recognised expenses of KZT 195,370 million in the form of negative adjustment of value of the loans issued at below-market rates. This amount included expenses of KZT 92,902 million arising on initial recognition of loans to banks and expenses of KZT 102,468 million arising on initial recognition of loans to customers. During 2022, loss on initial recognition of loans banks arose from the issuance of loans at a nominal interest rate ranging from 1.00% to 2.00% per annum, the market interest rates of which ranged from 12.78% to 18.10% per annum. During the same year, loss on initial recognition of loans to customers arose from the issuance of loans with a nominal interest rate ranging from 2.00% to 15.00% per annum, markets interest rates of which ranged from 7.25% to 27.37% per annum.

During 2022, the Group purchased 176,415,442 bonds issued by the local executive authorities at the value of KZT 1,000 per one bond, which were scheduled to mature in 2024. Bond coupon rate was 0.35% and 4.25% per annum. Bonds were recognised at fair value of KZT 147,678 million calculated using the market interest rates ranging from 10.83% to 14.78% per annum. Loss from discount on initial recognition of KZT 28,737 million was recognised in other operating expenses in the consolidated statement of profit or loss and other comprehensive income and was partially compensated by the decrease in Government grant liabilities (which grants were received to purchase the bonds) in the amount of KZT 24,409 million.

Operating Income

As a result of the foregoing, operating income increased by KZT 37,038 million, or 6.5%, to KZT 602,864 million in 2024 from KZT 565,826 million in 2023, having increased by KZT 205,366 million, or 57.0%, from KZT 360,460 million in 2022.

Administrative Expenses

The following table sets forth the components of the Group's administrative expenses for the years ended 31 December 2022, 2023 and 2024:

	Financial year ended 31 December			Increase / (Decrease)	
	2022	**2023**	**2024**	**2022 vs 2023**	**2023 vs 2024**
		(KZT millions)		*(%)*	
Personnel costs......................	40,720	46,820	56,111	*15.0*	*19.8*
Professional services.............	5,077	6,147	7,536	*21.1*	*22.6*
Repair and technical equipment	5,138	5,478	7,063	*6.6*	*28.9*
Depreciation of property, plant and equipment……….	3,187	3,483	3,880	*9.3*	*11.4*
Amortisation of software and other intangibles…………..	2,596	2,911	3,002	*12.1*	*3.1*
Taxes other than income tax..	2,211	2,127	2,801	*(3.8)*	*31.7*
Communication services........	1,967	2,125	2,413	*8.0*	*13.5*
Expenses on realisation of Damu EDF JSC programmes……………….	1,219	1,779	2,213	*45.9*	*24.4*
Operating lease expenses.......	1,617	1,777	1,941	*9.9*	*9.2*
Advertising and marketing services...............................	924	1,049	1,495	*13.6*	*42.5*
Business trips………………..	821	1,041	1,134	*26.8*	*9.0*
Information services………..	787	884	1,029	*12.3*	*16.4*
Transportation services..........	436	555	898	*27.2*	*61.9*
Administrative expenses of the Board of Directors…….	969	760	817	*(21.6)*	*7.5*
Rating assignment, monitoring and maintenance services…	533	649	643	*21.8*	*(1.0)*
Employee training……….....	428	640	598	*49.5*	*(6.5)*
Security services...................	433	417	565	*(3.8)*	*35.6*
Materials...............................	244	249	213	*2.1*	*(14.4)*
Office supplies and printing expenses……………………	267	301	200	*12.8*	*(33.7)*
Insurance……………………	113	103	114	*(9.0)*	*11.3*
Utilities……………………...	78	68	76	*(12.5)*	*10.9*
Banking services……………	65	60	52	*(8.9)*	*(12.1)*
Charity and sponsorship.........	163	148	32	*(8.9)*	*(78.7)*
Other.....................................	1,029	1,579	2,687	*53.4*	*70.2*
Total administrative expenses……………….....	**71,022**	**81,148**	**97,513**	***14.3***	***20.2***

Administrative expenses of the Group increased by 20.2%, or KZT 16,365 million, from KZT 81,148 million in 2023 to KZT 97,513 million in 2024. The year-on-year increase in 2024 was primarily due to the increase in personnel costs. Personnel costs increased by KZT 9,291 million, or 19.8%, to KZT 56,111 million in 2024 from KZT 46,820 million in 2023. The increase in personnel costs in 2024 as compared to 2023 was primarily due to the significant increase in salaries of the Group’s employees and, to a lesser extent, due to the 5.1% increase in the average number of employees from 3,927 in 2023 (excluding employees of Bereke Bank) to 4,126 in 2024.

Administrative expenses of the Group increased by 14.3%, or KZT 10,126 million, from KZT 71,022 million in 2022 to KZT 81,148 million in 2023. The year-on-year increase in 2023 was primarily due to the increase in personnel costs and, to a lesser extent, the increase in expenses on professional services. Personnel costs increased by KZT 6,100 million, or 15.0%, to KZT 46,820 million in 2023 from KZT 40,720 million in 2022. The increase in personnel costs in 2023 as compared to 2022 was primarily due to the significant increase in salaries of the Group’s employees and, to a lesser extent, due to the 5.7% increase in the average number of employees from 3,716 in 2022 (excluding employees of Bereke Bank) to 3,927 in 2023 (also excluding employees of Bereke Bank). The only other change in administrative expenses in 2023 as compared to 2022 that exceeded KZT 1 billion was the increase in expenses on professional services, which increased by KZT 1,070 million, or 21.1%, to KZT 6,147 million in 2023 from KZT 5,077 million in 2022. Expenses on professional services include expenses on consulting services, expenses on audit services and outsourcing expenses. The increase in expenses on professional services in 2023 as compared to 2022 principally occurred due an increase in outsourcing expenses.

Profit Before Income Tax

As a result of the foregoing, profit before income tax increased by KZT 19,609 million, or 4.1%, to KZT 499,718 million in 2024 from KZT 480,109 million in 2023, having increased by KZT 160,466 million, or 50.2%, from KZT 319,643 million in 2022.

Income Tax Expense

Income tax expense increased by 11.7%, or KZT 8,555 million, from KZT 73,390 million in 2023 to KZT 81,945 million in 2024. The year-on-year increase in 2024 was primarily due to the increase in taxable income.

Income tax expense increased by 52.4%, or KZT 25,234 million, from KZT 48,156 million in 2022 to KZT 73,390 million in 2023. The year-on-year increase in 2023 was primarily due to the increase in taxable income.

The Group's applicable tax rate for current and deferred tax was 20% for each of 2022, 2023 and 2024.

The reconciliation between the estimated and actual tax charges is provided in the table below:

	Financial year ended 31 December		
	2022	**2023**	**2024**
		(KZT millions)	
Profit before income tax………………………..	**319,643**	**480,109**	**499,718**
The estimated tax charges at statutory rate of 20%…………………….......................................	63,929	96,022	99,944
- Non-taxable income on securities………………	(17,633)	(23,406)	(26,906)
- Tax exempt interest on finance lease receivables.	(7,762)	(11,161)	(22,779)
- Taxable income from increase in value………...	6,504	-	-
- Non-deductible impairment losses on loans……	902	3,011	9,563
- Other non-deductible expenses…………………	436	8,803	3,854
- Change in unrecognised deferred tax assets……	5,631	(6,964)	9,417
- Non-taxable income from business combination………………………………….......	(6,055)	-	-
- Non-deductible expenses from revaluation of financial assets at fair value………………..……	1,301	1,611	344
- Adjustment of current income tax expense for prior years……………………..…………………	2,024	(2,154)	(79)
- Income tax withheld at the source of payment…	2,693	3,547	5,293
- Other.…………………………………………...	(3,812)	4,083	3,293
Income tax expense for the year…………….....	**48,156**	**73,390**	**81,945**

Profit for the Year from Continuing Operations

As a result of all the foregoing, the Group's profit for the year from continuing operations increased by KZT 11,054 million, or 2.7%, to KZT 417,773 million in 2024, from KZT 406,719 million in 2023, having increased by KZT 135,232 million, or 49.8%, from KZT 271,487 million in 2022.

Profit from a Disposal Group Classified as Held-for-Sale (Net of Income Tax)

In May 2023, the Issuer's management made a decision to sell shares of Bereke Bank, which represented a separate major line of the Group's business – provision of second-tier commercial bank services. Accordingly, the assets and liabilities of Bereke Bank are presented as a disposal group held for sale. The sale of Bereke Bank by the Issuer was completed on 8 October 2024.

The following table presents Bereke Bank's performance for the years ended 31 December 2022, 2023 and 2024:

	Financial year ended 31 December			**Increase / (Decrease)**	
	2022	**2023**	**2024**	**2022 vs 2023**	**2023 vs 2024**
		(KZT millions)		*(%)*	
Interest income calculated using the effective interest method.…	74,741	289,594	275,180	*287.5*	*(5.0)*
Interest expense...........................	(25,117)	(160,442)	(150,213)	*538.8*	*(6.4)*

	Financial year ended 31 December			Increase / (Decrease)	
	2022	**2023**	**2024**	**2022 vs 2023**	**2023 vs 2024**
Net interest income.....................	**49,624**	**129,152**	**124,967**	***160.3***	***(3.2)***
Impairment allowance for loan portfolio and finance lease receivables................................	(15,572)	306	(34,885)	*n/a*	*n/a*
Net interest income after deduction of impairment allowance for loan portfolio…	**34,052**	**129,458**	**90,083**	***280.2***	***(30.4)***
Fee and commission income........	6,687	9,811	14,915	*46.7*	*52.0*
Fee and commission expense.......	(635)	(6,404)	(11,336)	*908.3*	*77.0*
Net fee and commission income.	**6,051**	**3,407**	**3,579**	***(43.7)***	***5.1***
Net gain on assets at fair value through profit or loss………….	37,732	1,555	788	*(95.9)*	*(49.3)*
Net foreign exchange gain...........	52,588	17,608	13,688	*(66.5)*	*(22.3)*
Other operating income, net.........	215	2,847	6,324	*1,225.5*	*122.1*
Operating income......................	**130,638**	**154,875**	**114,462**	***18.6***	***(26.1)***
Impairment (charge)/reversal for other financial assets and credit related commitments.................	2,745	(40)	273	*n/a*	*n/a*
Administrative expenses..............	(24,751)	(79,754)	(70,702)	*222.2*	*(11.4)*
Profit before income tax.............	**108,631**	**75,081**	**44,033**	***(30.9)***	***(41.4)***
Loss on sale of discontinued operation………………………	-	-	(69,664)	-	*100.0*
Impairment loss on disposal group accounted for as held for sale..	**-**	(70,269)	**-**	*n/a*	*(100.0)*
Income tax benefit/(expense)........	507	(3,884)	16,078	*n/a*	*n/a*
(Loss)/profit for the year...........	**109,138**	**928**	**(9,553)**	***(99.1)***	***n/a***

As the sale of Bereke Bank by the Issuer was completed on 8 October 2024, the results of operations of Bereke Bank in 2024 only cover the period up to 8 October 2024. Due primarily to this difference in the relevant time periods, net interest income after deduction of impairment allowance for loan portfolio of Bereke Bank decreased by 30.4%, or KZT 39,375 million, from KZT 129,458 million in 2023 to KZT 90,083 million in 2024, while its administrative expenses also decreased by 11.4%, or KZT 9,053 million, from KZT 79,754 million in 2023 to KZT 70,702 million in 2024. The impact of this factor was partially offset by the fact that Bereke Bank had income tax expense of KZT 3,884 million in 2023 as compared to income tax benefit of KZT 16,078 million in 2024.

One of the two key differences in performance of Bereke Bank in 2023 as compared to 2022, is related to the fact that the Issuer purchased the Subsidiary Bank Sberbank JSC from Sberbank of Russia PJSC on 1 September 2022 pursuant to the instruction of the Government. Thereafter, SB Sberbank of Russia JSC was re-registered and renamed to Bereke Bank.

Accordingly, the results of operations of Bereke Bank in 2022 only cover the period from 1 September 2022. Due primarily to this difference in the relevant time periods, net interest income after deduction of impairment allowance for loan portfolio of Bereke Bank increased by 280.2%, or KZT 95,406 million, from KZT 34,052 million in 2022 to KZT 129,458 million in 2023, while its administrative expenses increased by 222.2%, or KZT 55,003 million, from KZT 24,751 million in 2022 to KZT 79,754 million in 2023.

The second key difference in performance of Bereke Bank in 2023 as compared to 2022, is related to an impairment loss of KZT 70,269 million on the re-measurement of the disposal group to the lower of its carrying amount and its fair value less costs to sell. The impairment losses have been allocated to reduce the carrying amount of property, plant and equipment, intangible assets and other assets within the disposal group and have been recognised as the "impairment loss on disposal group accounted for as held for sale" in the consolidated statement of profit or loss for the year ended 31 December 2023.

Profit for the Year

As a result of all the foregoing, the Group's profit for the year increased by KZT 573 million, or 0.1%, to KZT 408,220 million in 2024, from KZT 407,647 million in 2023, having increased by KZT 27,021 million, or 7.1%, from KZT 380,626 million in 2022.

Selected Statistical Information for the Years Ended 31 December 2022, 2023 and 2024

The following table sets forth the consolidated average balances of interest-earning assets and interest-bearing liabilities of the Group for the years ended 31 December 2022, 2023 and 2024 excluding interest-earning assets and interest-bearing liabilities of Bereke Bank as of 31 December 2022. The table also sets forth the amount of interest income earned and interest expense incurred by the Group in the same years, as well as the average interest rates at which interest income was earned on such assets and interest expense was incurred on such liabilities. For the purposes of this table, the average balances on assets and liabilities for the Group in all years have been based upon annual opening and closing balances. The results of this analysis would likely be different if alternative averaging methods were used. The average rates below are calculated by dividing aggregate interest income or expense for the relevant line item below by the average balance for the same line item. Average interest rates are distinct from the effective interest rates presented in the Financial Statements and referred to elsewhere in this Base Offering Memorandum.

The reason why interest-earning assets and interest bearing liabilities of Bereke Bank as of 31 December 2022 are excluded from the calculation of consolidated average balances of interest-earning assets and interest-bearing liabilities of the Group for the years ended 31 December 2022 and 2023 is that all interest income earned and interest expense incurred by Bereke Bank in 2022 and 2023 is reported with the line item “profit from a disposal group classified as held-for-sale (net of income tax)” of the Group’s consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023 and not in line items “interest income using the effective interest method”, “other interest income” and “interest expense”.

	For the year ended 31 December								
	2022			2023			2024		
	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									
Gross loans to customers measured at amortised cost……………...……..	5,224,601	8.7	455,884	5,787,670	9.1	525,447	6,330,680	9.5	599,760
Loans to customers measured at fair value through profit or loss…..	221,853	8.7	19,367	198,651	9.5	18,966	207,218	9.5	19,635
Cash and cash equivalents before impairment allowance[(3)]…………….	1,169,813	12.7	148,084	1,461,256	16.1	234,728	1,697,405	15.3	260,502
Investment securities measured at amortised cost……………………..	997,263	13.9	138,460	1,009,569	15.7	158,932	1,115,832	12.0	133,573
Gross finance lease receivables……………..	1,027,525	11.9	122,399	1,187,481	12.7	151,002	1,475,866	13.6	201,188
Gross loans to banks and financial institutions……	377,843	7.2	27,278	360,680	10.0	35,963	427,123	10.3	43,820
Investment securities measured at fair value through other comprehensive income...	576,475	3.4	19,604	456,766	3.0	13,572	565,595	2.8	15,592
Financial instruments at fair value through profit or loss…………………..	20,338	2.3	477	11,055	4.1	456	688	22.7	156
Gross deposits with banks and financial institutions……………...	116,273	3.9	4,479	39,282	1.1	442	181,097	5.6	10,105
Other[(4)] …………………	4,020	75.4	3,031	5,578	23.4	1,305	4,361	29.9	1,304
Total interest-earning assets…………………...	**9,736,004**	**9.6**	**939,063**	**10,517,988**	**10.8**	**1,140,813**	**12,005,865**	**10.7**	**1,285,635**
Interest-bearing liabilities									
Debt securities issued…….....................	3,902,492	(9.4)	(367,325)	3,770,725	(9.9)	(374,993)	4,499,798	(9.7)	(437,700)
Loans from the Government………….....	677,037	(10.2)	(69,050)	786,034	(12.2)	(96,064)	807,780	(12.0)	(96,648)
Loans from banks and other financial institutions…….............	801,719	(6.4)	(51,522)	908,181	(7.9)	(71,553)	927,621	(8.6)	(79,565)
Customer accounts………………..	2,029,720	(1.8)	(36,891)	2,412,177	(1.9)	(44,803)	2,621,706	(1.8)	(46,668)
Amounts payable under repurchase agreements...	21,595	(0.2)	(48)	13,681	(2.7)	(366)	50,775	(14.8)	(7,530)
Subordinated debt……...	7,776	(7.2)	(560)	8,346	(7.2)	(601)	8,959	(8.3)	(741)

	For the year ended 31 December								
	2022			2023			2024		
	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**
Other[(5)] ………………….	166	(24.1)	(40)	71	(33.8)	(24)	191	(22.0)	(42)
Total interest-bearing liabilities…………….....	**7,440,505**	**(7.1)**	**(525,436)**	**7,899,215**	**(7.4)**	**(588,404)**	**8,916,830**	**(7.5)**	**(668,894)**
Net interest income….....	**-**	**-**	**413,627**	**-**	**-**	**552,409**	**-**	**-**	**616,741**

Notes:

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

(2) Average interest rates are calculated as the ratio of interest income/expense to the average balance for the relevant year.

(3) Excludes (i) cash balances with the NBK, (ii) mandatory reserves with the NBK and (iii) cash on hand.

(4) "Other" interest-earning assets consist of (i) other financial assets measured at amortised cost and (ii) accounts receivable under assignment agreements.

(5) "Other" interest-bearing liabilities consist of other liabilities and long-term lease obligations for 2022 and of long-term lease obligations for 2023 and 2024.

Financial Condition of the Group

Assets

The following table sets forth the breakdown of total assets of the Group as of 31 December 2022, 2023 and 2024 extracted from the Financial Statements:

	As of 31 December					
	2022	**% of total**	**2023**	**% of total**	**2024**	**% of total**
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Cash and cash equivalents………..	2,293,973	18.8	2,214,953	16.3	2,633,384	18.2
Other assets at fair value through profit or loss……….....................	162,343	1.3	169,750	1.2	172,935	1.2
Loans to banks and financial institutions…………………….........	298,999	2.4	338,447	2.5	434,372	3.0
Deposits with banks and financial institutions………………………..	23,155	0.2	23,861	0.2	303,606	2.1
Loans to customers………………..	6,511,971	53.2	5,721,512	42.0	6,575,247	45.5
Investment securities……………..	1,456,559	11.9	1,492,263	11.0	1,862,476	12.9
Finance lease receivables…………	1,036,255	8.5	1,212,130	8.9	1,578,563	10.9
Equity-accounted investees………	795	0.0	434	0.0	-	-
Investment property………………	9,653	0.1	9,187	0.1	6,149	0.0
Current income tax prepaid………	18,295	0.1	41,302	0.3	45,802	0.3
Deferred income tax asset………..	27,398	0.2	36,871	0.3	42,067	0.3
Property, plant and equipment……	65,771	0.5	20,747	0.2	23,747	0.2
Intangible assets………………….	30,121	0.2	9,886	0.1	11,102	0.1
Government grants receivables…...	-	-	-	-	37,619	0.3
Receivables from the Government for reimbursement of premium on customer accounts…………………	-	-	-	-	55,026	0.4
Non-current assets held for sale….	5,029	0.0	1,874,914	13.8	2,828	0.0
Other financial assets……………..	41,690	0.3	25,679	0.2	41,942	0.3
Other assets………………….........	249,223	2.0	428,484	3.1	611,371	4.2
Total assets…………………….......	**12,231,231**	**100.0**	**13,620,420**	**100.0**	**14,438,237**	**100.0**

The following table sets forth the breakdown of total assets of the Group as of 31 December 2022, 2023 and 2024 excluding (i) the assets of Bereke Bank as of 31 December 2022 and (ii) excluding disposal group held for sale (Bereke Bank) as of 31 December 2023, which enhances the comparability of the Group's assets as of 31 December 2022 and 2023:

	As of 31 December					
	2022	% of total	2023	% of total	2024	% of total
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Cash and cash equivalents………..	1,872,154	17.5	2,214,953	18.8	2,633,384	18.2
Other assets at fair value through profit or loss……….......................	162,343	1.5	169,750	1.4	172,935	1.2
Loans to banks and financial institutions…………………..........	298,999	2.8	338,447	2.9	434,372	3.0
Deposits with banks and financial institutions………………………..	23,155	0.2	23,861	0.2	303,606	2.1
Loans to customers………………..	5,485,374	51.3	5,721,512	48.7	6,575,247	45.5
Investment securities……………..	1,453,409	13.6	1,492,263	12.7	1,862,476	12.9
Finance lease receivables…………	1,036,255	9.7	1,212,130	10.3	1,578,563	10.9
Equity-accounted investees………	795	0.0	434	0.0	-	-
Investment property………………	9,653	0.1	9,187	0.1	6,149	0.0
Current income tax prepaid………	18,295	0.2	41,302	0.4	45,802	0.3
Deferred income tax asset………..	27,398	0.3	36,871	0.3	42,067	0.3
Property, plant and equipment……	19,252	0.2	20,747	0.2	23,747	0.2
Intangible assets………………….	10,369	0.1	9,886	0.1	11,102	0.1
Government grants receivables…...	-	-	-	-	37,619	0.3
Receivables from the Government for reimbursement of premium on customer accounts…………………	-	-	-	-	55,026	0.4
Non-current assets held for sale….	5,029	0.0	5,739	0.0	2,828	0.0
Other financial assets……………..	33,704	0.3	25,679	0.2	41,942	0.3
Other assets…………………….........	239,033	2.2	428,484	3.6	611,371	4.2
Total assets……………………........	**10,695,217**	**100.0**	**11,751,245**	**100.0**	**14,438,237**	**100.0**

Loans to Customers

Total loans to customers of the Group increased by 14.9%, or KZT 835,735 million, from KZT 5,721,512 million as of 31 December 2023 to KZT 6,575,247 million as of 31 December 2024. This increase in loans to customers between 31 December 2023 and 31 December 2024 was primarily due to the KZT 448,418 million increase in loans to corporate customers and, to a lesser extent, the KZT 271,237 million increase in mortgage loans.

Total loans to customers of the Group decreased by 12.1%, or KZT 790,459 million, from KZT 6,511,971 million as of 31 December 2022 to KZT 5,721,512 million as of 31 December 2023. This decrease in loans to customers between 31 December 2022 and 31 December 2023 was due to loans to customers of Bereke Bank being included into total loans to customers of the Group as of 31 December 2022 but being excluded from such total loans to customers of the Group as of 31 December 2023 (as of 31 December 2023, loans to customers of Bereke Bank, similar to all other assets of Bereke Bank, were included in non-current assets held for sale). When loans to customers of Bereke Bank as of 31 December 2022 are excluded from total loans to customers of the Group, total loans to customers of the Group actually increased from KZT 5,485,374 million as of 31 December 2022 to KZT 5,721,512 million as of 31 December 2023.

Composition of Loan Portfolio by Types of Loans. The following table presents (i) the breakdown of the Group's gross loans to customers measured at amortised cost, (ii) impairment allowances for such loans, (iii) total net loans to customers measured at amortised cost, (iv) loans to customers measured at fair value through profit of loss and (v) total loans to customers for the years ended 31 December 2022, 2023 and 2024 extracted from the Financial Statements:

	As of 31 December		
	2022	2023	2024
		(KZT millions)	
Loans to customers measured at amortised cost			
Mortgage loans………………….	3,227,159	3,154,584	3,425,822
Loans to corporate customers......	2,292,633	1,831,111	2,279,530
Loans issued to agribusiness companies………………….....	870,263	909,802	1,040,126
Loans issued to small and medium entities…………….....	7,464	7,522	12,862
Consumer and other loans to individuals………………….....	207,670	-	-

	As of 31 December		
	2022	2023	2024
Car loans to individuals................	125,526	-	-
Gross loans to customers measured at amortised cost…	**6,730,717**	**5,903,020**	**6,758,340**
Less impairment allowance for loans..	(427,721)	(369,835)	(409,201)
Total net loans to customers measured at amortised cost…	**6,302,996**	**5,533,185**	**6,349,139**
Loans to customers measured at fair value though profit or loss...	**208,975**	**188,327**	**226,108**
Total loans to customers............	**6,511,971**	**5,721,512**	**6,575,247**

The following table presents (i) the breakdown of the Group's gross loans to customers measured at amortised cost, (ii) impairment allowances for such loans, (iii) total net loans to customers measured at amortised cost, (iv) loans to customers measured at fair value through profit of loss and (v) total loans to customers for the years ended 31 December 2022, 2023 and 2024 excluding Bereke Bank's loans to customers as of 31 December 2022, which enhances the comparability of the Group's loans to customers as of 31 December 2022 and 2023:

	As of 31 December		
	2022	2023	2024
		(KZT millions)	
Loans to customers measured at amortised cost			
Loans to corporate customers......	1,868,092	1,831,111	2,279,530
Mortgage loans………………….	2,943,398	3,154,584	3,425,822
Loans issued to agribusiness companies…………………......	870,263	909,802	1,040,126
Loans issued to small and medium entities…………….....	7,464	7,522	12,862
Gross loans to customers measured at amortised cost…	**5,689,218**	**5,903,020**	**6,758,340**
Less impairment allowance for loans..	(412,820)	(369,835)	(409,201)
Total net loans to customers measured at amortised cost…	**5,276,399**	**5,533,185**	**6,349,139**
Loans to customers measured at fair value though profit or loss...	**208,975**	**188,327**	**226,108**
Total loans to customers............	**5,485,374**	**5,721,512**	**6,575,247**

The difference between loans to customers measured at amortised cost and loans to customers measured at fair value through profit and loss is as follows. Loans measured at amortised cost are initially recognised at fair value, including transaction costs, and subsequently measured at amortised cost, which is the amount at initial recognition minus the principal repayments, plus or minus the cumulative amortisation of any difference between the initial carrying amount and the maturity amount, using the effective interest method, and adjusted for any expected credit loss allowance in accordance with IFRS 9. Loans measured at fair value through profit or loss (FVTPL) are remeasured to fair value at each reporting date, with all changes in fair value recognised immediately in profit or loss.

Composition of Loan Portfolio by Economic Sector. The following table sets forth an analysis of the Group's (i) gross loans by economic sector before impairment allowance, (ii) impairment allowance and (iii) net loans to customers as of 31 December 2022, 2023 and 2024 extracted from the Financial Statements:

	As of 31 December					
	2022	% of total gross loans to customers	2023	% of total gross loans to customers	2024	% of total gross loans to customers
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Loans to corporate customers						
Agro-industrial complex.………...	897,834	12.9	939,277	15.4	1,101,028	15.8
Mining, metallurgical industry and mineral resources..........................	813,417	11.7	818,684	13.4	1,069,196	15.3
Oil and gas industry………..........	451,313	6.5	375,090	6.2	319,503	4.6
Construction………….………..	88,676	1.3	43,600	0.7	223,745	3.2
Food processing…………………..	200,841	2.9	115,676	1.9	164,725	2.4
Machinery manufacturing………..	127,810	1.8	114,012	1.9	163,440	2.3
Power energy and electricity distribution………………………..	178,964	2.6	157,838	2.6	149,300	2.1
Chemical industry...………………	44,562	0.6	67,423	1.1	88,772	1.3
Transport and warehousing………	135,377	2.0	85,596	1.4	75,450	1.1
The arts, entertainment and leisure industry………………...………	65,347	0.9	55,161	0.9	60,493	0.9
Financial and insurance activities…	9,446	0.1	8,285	0.1	46,203	0.7
Real estate…………………………	155,858	2.2	105,945	1.7	43,118	0.6
Telecommunications……………...	42,888	0.6	30,996	0.5	22,860	0.3
Other sectors of processing industry…………………………...	23,717	0.3	5,677	0.1	5,085	0.1
Wholesale and retail trade………..	100,624	1.4	2,542	0.0	2,915	0.0
Education…………………………	10,094	0.1	187	0.0	123	0.0
Other……………………………...	25,204	0.4	10,773	0.2	22,669	0.3
Loans to retail customers						
Mortgage loans…….……………..	3,227,159	46.5	3,154,584	51.8	3,425,822	49.1
Consumer loans…………………..	215,036	3.1	-	-	-	-
Auto loans..………………..........	125,526	1.8	-	-	-	-
Gross loans to customers……….	**6,939,691**	**100.0**	**6,091,347**	**100.0**	**6,984,448**	**100.0**
Less: impairment allowance……...	(427,721)	-	(369,835)	-	(409,201)	-
Total loans to customers…………	**6,511,971**	-	**5,721,512**	-	**6,575,247**	-

The following table sets forth an analysis of the Group's (i) gross loans by economic sector before impairment allowance, (ii) impairment allowance and (iii) net loans to customers as of 31 December 2022, 2023 and 2024 excluding Bereke Bank's loans to customers as of 31 December 2022, which enhances the comparability of the Group's loans to customers as of 31 December 2022 and 2023:

	As of 31 December					
	2022	% of total gross loans to customers	2023	% of total gross loans to customers	2024	% of total gross loans to customers
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Loans to corporate customers						
Agro-industrial complex.………...	879,366	14.9	939,277	15.4	1,101,028	15.8
Mining, metallurgical industry and mineral resources..........................	792,731	13.4	818,684	13.4	1,069,196	15.3
Oil and gas industry………..........	448,083	7.6	375,090	6.2	319,503	4.6
Construction………….………..	40,558	0.7	43,600	0.7	223,745	3.2
Food processing…………………..	125,680	2.1	115,676	1.9	164,725	2.4
Machinery manufacturing………..	121,077	2.1	114,012	1.9	163,440	2.3
Power energy and electricity distribution………………………..	176,404	3.0	157,838	2.6	149,300	2.1
Chemical industry...………………	42,356	0.7	67,423	1.1	88,772	1.3
Transport and warehousing………	98,029	1.7	85,596	1.4	75,450	1.1
The arts, entertainment and leisure industry………………...………	62,886	1.1	55,161	0.9	60,493	0.9

Financial and insurance activities	93	0.0	8,285	0.1	46,203	0.7
Real estate…………………………	115,027	2.0	105,945	1.7	43,118	0.6
Telecommunications……………....	39,787	0.7	30,996	0.5	22,860	0.3
Other sectors of processing industry…………………………...	3,778	0.1	5,677	0.1	5,085	0.1
Wholesale and retail trade………..	3,900	0.1	2,542	0.0	2,915	0.0
Education…………………………	149	0.0	187	0.0	123	0.0
Other……………………………...	4,890	0.1	10,773	0.2	22,669	0.3
Loans to retail customers						
Mortgage loans…….……………..	2,943,398	49.9	3,154,584	51.8	3,425,822	49.1
Gross loans to customers……….	**5,898,194**	**100.0**	**6,091,347**	**100.0**	**6,984,448**	**100.0**
Less: impairment allowance……...	(412,820)	-	(369,835)	-	(409,201)	-
Total loans to customers…………	**5,485,374**	-	**5,721,512**	-	**6,575,247**	-

Since 31 December 2022, the Group's loans to customers have been concentrated predominantly in mortgage loans to retail customers and, for corporate customers, in loans to agro-industrial complex; mining, metallurgical and mineral resources industries and oil and gas industry.

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 of 31 December 2024, as compared to 31 December 2023, mortgage loans to retail customers decreased from 51.8% to 49.1%, although the amount of mortgage loans increased by 8.6%, or KZT 271,237 million, from KZT 3,154,584 million as of 31 December 2023 to KZT 3,425,822 million as of 31 December 2024. This is because mortgage loans increased by 8.6% between 31 December 2023 and 31 December 2024 while the total net loans to customers increased by 14.7% between the same two dates.

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 of 31 December 2024, as compared to 31 December 2023, loans to customers in mining, metallurgical and mineral resources industries increased from 13.4% as of 31 December 2023 to 15.3% as of 31 December 2024 and loans to customers in construction industry increased from 0.7% as of 31 December 2023 to 3.2% as of 31 December 2024, while loans to customers in the oil and gas industry decreased from 6.2% as of 31 December 2023 to 4.6% as of 31 December 2024.

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 of 31 December 2023, as compared to 31 December 2022, mortgage loans to retail customers increased from 46.5% to 51.8% reflecting a very important role of mortgage loans in the Group's business. Otbasy Bank, a subsidiary of the Issuer, is a leader in the mortgage market of Kazakhstan, which accounted for approximately 55.9% of all the mortgage loans in the country as of 31 December 2024 (Source for total mortgage loans in Kazakhstan: the NBU, Loans from banking sector to economy, https://nationalbank.kz/en/news/kredity-bankovskogo-sektora-ekonomike). KHC, another the Issuer subsidiary, also provides mortgage loans to retail customers. In terms of the overall size of the mortgage portfolio, mortgage loans to retail customers decreased by KZT 72,575 million, or 2.2%, from KZT 3,227,159 million as of 31 December 2022 to KZT 3,154,584 million as of 31 December 2023. But this principally reflected the transfer of mortgage loans (and all other assets) of Bereke Bank from loans to customers as of 31 December 2023 to non-current assets held for sale due to a decision by the Issuer's management to sell all shares of Bereke Bank in May 2024. If Bereke Bank's mortgage loans to retail customers as of 31 December 2022 are excluded from the Group's total mortgage loans to retail customers as of the same date, the Group's mortgage loans to retail customers increased from KZT 2,943,398 million as of 31 December 2022 (or 49.9% of the Group's total gross loans to customers) to KZT 3,154,584 million as of 31 December 2023 (or 51.8% of the Group's total gross loans to customers).

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 of 31 December 2023, as compared to 31 December 2022, loans to customers in the agro-industrial sector increased from 12.9% to 15.4%, loans to customers in mining, metallurgical and mineral resources industries increased from 11.7% to 13.4%, while loans to customers in the oil and gas industry decreased from 6.5% to 6.2%. However, if Bereke Bank's loans to corporate customers in (i) agro-industrial sector, (ii) mining, metallurgical and mineral resources industries and (ii) oil and gas industry of 31 December 2022 are excluded from the Group's total gross loans to corporate customers in such industries as of the same date, then the increases in gross loans to corporate customers in the agro-industrial sector and in mining, metallurgical and mineral resources industries become much less significant (from 14.9% of the Group's gross loan portfolio as of 31 December 2022 to 15.4% of the Group's gross loan portfolio as of 31 December 2023 and from 13.4% of the Group's gross loan portfolio as of 31 December 2022 to 13.4% of the Group's gross loan portfolio as of 31 December 2023, respectively). The decrease in the share of loans to corporate customers in the oil and gas industry in the total gross loans to customers portfolio, on the other hand, became much more significant (from 7.6% of the Group's gross loan portfolio as of 31 December 2022 to 6.2% of the Group's gross loan portfolio as of 31 December 2023).

It should also be noted that fluctuations in loans to customers by economic sector, for the most part, occur in the ordinary course of the Group's business. In general, as a result of the borrower concentration and relatively large size of individual loans to corporate customers 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 made or a single loan disbursement repaid in a given year.

Loans to Banks and Financial Institutions

The Group provides loans to second-tier banks for on-lending, particularly to the private sector, primarily through the implementation of Government programmes.

Loans to banks and financial institutions increased by KZT 95,925 million, or 28.3%, to KZT 434,372 million as of 31 December 2024 from KZT 338,447 million as of 31 December 2023, having increased by KZT 39,447 million, or 13.2%, from KZT 298,999 million as of 31 December 2022.

As of each of 31 December 2022, 2023 and 2024, 100% of the Group's loans to banks and financial institutions were denominated in Tenge.

Finance Lease Receivables

As of 31 December 2024, the Group's finance lease receivables increased by KZT 366,432 million, or 30.2%, to KZT 1,578,563 million from KZT 1,212,130 million as of 31 December 2023, having increased by KZT 175,875 million, or 17.0%, from KZT 1,036,255 million as of 31 December 2022.

Finance Lease Receivables by Type of Lessee

The following table sets forth (i) the components of the Group's gross finance lease receivables by type of lessee, (ii) loss allowance and (iii) net finance lease receivables as of 31 December 2022, 2023 and 2024:

	As of 31 December					
	2022	**% of total gross finance lease receivables**	**2023**	**% of total gross finance lease receivables**	**2024**	**% of total gross finance lease receivables**
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Leases to agro-industrial entities…	426,946	39.0	501,583	39.2	626,277	37.5
Finance leases to large corporates..	260,930	23.8	372,109	29.1	580,862	34.7
Leases to small- and medium-sized companies………………………...	257,742	23.5	266,997	20.9	336,846	20.1
Leases to individuals..…………...	149,461	13.6	139,195	10.9	127,861	7.6
Gross finance lease receivables…	**1,095,078**	**100.0**	**1,279,885**	**100.0**	**1,671,847**	**100.0**
Loss allowance…….....................	(58,823)	-	(67,754)	-	(93,284)	-
Total finance lease receivables…	**1,036,255**	**-**	**1,212,130**	**-**	**1,578,563**	**-**

The significant increase in finance leases to large corporates (from 23.8% of total gross finance receivables as of 31 December 2022 to 29.1% of total gross finance receivables as of 31 December 2023 and to 34.7% of total gross finance receivables as of 31 December 2024) was primarily due to the increase in transfer of leased items to new lessees among large corporates.

Investment Securities

The following table sets forth the components of the Group's investment securities as of 31 December 2022, 2023 and 2024 extracted from the Financial Statements:

	As of 31 December					
	2022	**% of total**	**2023**	**% of total**	**2024**	**% of total**
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Investment securities measured at amortised cost………………….....	966,886	66.4	1,043,144	69.9	1,179,028	63.3
Investment securities measured at fair value through other comprehensive income...…………	468,810	32.2	447,872	30.0	683,318	36.7
Investment securities measured at fair value through profit or loss…..	20,863	1.4	1,246	0.1	130	0.0
Total investment securities……..	**1,456,559**	**100.0**	**1,492,263**	**100.0**	**1,862,476**	**100.0**

The following table sets forth the components of the Group's investment securities as of 31 December 2022, 2023 and 2024 excluding Bereke Bank's investment securities as of 31 December 2022, which enhances the comparability of the Group's investment securities as of 31 December 2022 and 2023:

	As of 31 December					
	2022	**% of total**	**2023**	**% of total**	**2024**	**% of total**
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Investment securities measured at amortised cost………………….....	966,886	66.5	1,043,144	69.9	1,179,028	63.3
Investment securities measured at fair value through other comprehensive income...…………	465,660	32.0	447,872	30.0	683,318	36.7
Investment securities measured at fair value through profit or loss…..	20,863	1.4	1,246	0.1	130	0.0
Total investment securities……..	**1,453,409**	**100.0**	**1,492,263**	**100.0**	**1,862,476**	**100.0**

Investment Securities Measured at Amortised Cost. The following table sets forth (i) the breakdown of the Group's investment securities measured at amortised cost before impairment allowance, (ii) impairment allowance and (iii) investment securities measured at amortised cost after impairment allowance as of 31 December 2022, 2023 and 2024:

	As of 31 December					
	2022	**% of total investment securities measured at amortised cost before impairment allowance**	**2023**	**% of total investment securities measured at amortised cost before impairment allowance**	**2024**	**% of total investment securities measured at amortised cost before impairment allowance**
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Bonds of local executive authorities………………………...	811,206	83.5	808,980	77.2	899,800	76.0
Corporate bonds……………….…...	30,738	3.2	63,012	6.0	88,603	7.5
Bonds of the Ministry of Finance...	65,012	6.7	55,087	5.3	87,228	7.4
Bonds of foreign banks and financial institutions……………...	4,169	0.4	51,253	4.9	54,200	4.6
Bonds of Kazakhstani banks (purchased or originated credit impaired assets)…………………..	41,302	4.3	47,607	4.5	30,773	2.6
Bonds of Kazakhstani banks……..	10,969	1.1	13,111	1.3	14,092	1.2
Bonds of Samruk-Kazyna and its subsidiaries………..……………...	8,051	0.8	8,641	0.8	9,277	0.8
Investment securities measured at amortised cost before impairment allowance…………………………	**971,447**	**100.0**	**1,047,690**	**100.0**	**1,183,974**	**100.0**

Less: impairment allowance……..	(4,561)	-	(4,546)	-	(4,946)	-
Total investment securities measured at amortised cost………	**966,886**	-	**1,043,144**	-	**1,179,028**	-

Bonds of local executive authorities constituted by far the largest portion of the Group's investment securities measured at amortised cost. Such bonds accounted for 83.5%, 77.2% and 76.0% of the Group's investment securities measured at amortised cost before impairment allowance as of 31 December 2022, 31 December 2023 and 31 December 2024.

The reason why the Group has such a large portfolio of bonds of local executive authorities is that, in addition to being a development finance institution, the Group is also performing a fiscal agent function for the Government by buying bonds of local executive authorities below market price with some netting of the pricing gap against the Group's obligations to the Government. These bonds are issued by local executive bodies principally to fund the construction of housing in Kazakhstan.

During 2024 the Group purchased 462,125,576 bonds issued by the local executive authorities at the value of KZT 1,000 per one bond, which are scheduled to mature in 2026 and 2034. Bond coupon rate is 0.02%, 0.35% and 4.25% per annum. Bonds were recognised at fair value of KZT 246,219 million calculated using the market interest rates ranging from 11.43% to 13.40% per annum. Loss from discount on initial recognition of KZT 215,907 million was recognised in other operating expenses in the consolidated statement of profit or loss and other comprehensive income and was partially compensated by decrease in Government grant liabilities (which grants were received to purchase the bonds) in the amount of KZT 208,732 million. During 2024, local executive authorities repaid bonds in the amount of KZT 201,903 million. The discount recalculated due to the partial/full early redemption of bonds of the local executive authorities amounted to KZT 732 million, of which KZT 663 million was recognised in other operating expenses in the statement of profit or loss and other comprehensive income, and KZT 69 million was recognised as Government grants.

During 2023, the Group purchased 139,568,819 bonds issued by the local authorities at the value of KZT 1,000 per one bond, which were scheduled to mature in 2024 and 2025. Bond coupon rates were 0.35% and 4.25% per annum. Bonds were recognised at fair value of KZT 115,692 million calculated using the market interest rates ranging from 13.28% to 16.27% per annum. Loss from discount on initial recognition of KZT 23,876 million was recognised in other operating expenses in the consolidated statement of profit or loss and other comprehensive income and was partially compensated by the decrease in Government grant liabilities (which grants were received to purchase the bonds) in the amount of KZT 1,568 million. During 2023, local executive authorities repaid bonds in the amount of KZT 161,233 million. The discount recalculated due to the partial or full early redemption of bonds of the local executive authorities for the amount of KZT 69,723 million amounted to KZT 1,020 million and was recognised as Government grants.

During 2022, the Group purchased 176,415,442 bonds issued by the local authorities at the value of KZT 1,000 per one bond, which were scheduled to mature in 2024. Bond coupon rates were 0.35% and 4.25% per annum. Bonds were recognised at fair value of KZT 147,678 million calculated using the market interest rates ranging from 10.83% to 14.78% per annum. Loss from discount on initial recognition was KZT 28,737 million and was recognised in other operating expenses in the consolidated statement of profit or loss and other comprehensive income and was partially compensated through the decrease in Government grants liabilities (which grants were received to purchase the bonds) in the amount of KZT 24,409 million. During 2022, local executive authorities repaid bonds in the amount of KZT 231,793 million. The discount recalculated due to the partial or full early redemption of bonds of the local executive authorities for the amount of KZT 33,231 million amounted to KZT 1,520 million and was recognised as Government grants.

Investment Securities Measured at Fair Value through Other Comprehensive Income

The following table sets forth (i) the breakdown of the Group's debt investment securities measured at fair value through other comprehensive value, (ii) corporate shares and (iii) total investment securities measured at fair value through other comprehensive value as of 31 December 2022, 2023 and 2024 extracted from the Financial Statements:

	As of 31 December					
	2022	**% of total debt investment securities measured at fair value through other comprehensive income**	**2023**	**% of total debt investment securities measured at fair value through other comprehensive income**	**2024**	**% of total debt investment securities measured at fair value through other comprehensive income**
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Bonds of other states[1]…………..	375,084	80.0	373,805	83.5	578,542	84.7
Bonds of the Ministry of Finance...	62,371	13.3	47,677	10.6	56,781	8.3
Bonds of Samruk-Kazyna ………..	10,846	2.3	9,185	2.1	26,441	3.9
Bonds banks from OECD countries	12,524	2.7	11,826	2.6	9,440	1.4
Corporate bonds……………….….	4,753	1.0	2,688	0.6	8,818	1.3
Bonds of local executive authorities………………………...	2,647	0.6	2,689	0.6	2,832	0.4
Bonds of Kazakhstani banks……..	534	0.1	-	-	462	0.1
NBK notes………………………..	50	0.0	-	-	-	-
Total debt investment securities measured at fair value through other comprehensive income…..	**468,808**	**100.0**	**447,870**	**100.0**	**683,315**	**100.0**
Corporate shares…………..……...	2	-	2	-	4	-
Total investment securities measured at fair value through other comprehensive income…..	**468,810**	**-**	**447,872**	**-**	**683,318**	**-**

Note:

(1) As of 31 December 2023, debt securities of the Ministry of Finance of the Kingdom of Saudi Arabia measured at fair value through other comprehensive income with carrying amount of KZT 31,368 million were pledged as collateral under repurchase agreements. As of 31 December 2024, debt securities of the Ministry of Finance of the Kingdom of Saudi Arabia, the Ministry of Finance of the State of Qatar, the Ministry of Finance of Mexico and the Ministry of Finance of Indonesia measured at fair value through other comprehensive income with carrying amount of KZT 91,362 million were pledged as collateral under repurchase agreements.

The following table sets forth (i) the breakdown of the Group's debt investment securities measured at fair value through other comprehensive value, (ii) corporate shares and (iii) total investment securities measured at fair value through other comprehensive value as of 31 December 2022, 2023 and 2024 excluding Bereke Bank's investment securities measured at fair value through other comprehensive income as of 31 December 2022, which enhances the comparability of the Group's investment securities measured at fair value through other comprehensive income as of 31 December 2022 and 2023:

	As of 31 December					
	2022	**% of total debt investment securities measured at fair value through other comprehensive income**	**2023**	**% of total debt investment securities measured at fair value through other comprehensive income**	**2024**	**% of total debt investment securities measured at fair value through other comprehensive income**
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Bonds of other states[1]…………..	375,084	80.5	373,805	83.5	578,542	84.7
Bonds of the Ministry of Finance...	59,221	12.7	47,677	10.6	56,781	8.3
Bonds of Samruk-Kazyna ………..	10,846	2.3	9,185	2.1	26,441	3.9
Bonds banks from OECD countries	12,524	2.7	11,826	2.6	9,440	1.4
Corporate bonds……………….….	4,753	1.0	2,688	0.6	8,818	1.3
Bonds of local executive authorities………………………...	2,647	0.6	2,689	0.6	2,832	0.4
Bonds of Kazakhstani banks……..	534	0.1	-	-	462	0.1
NBK notes………………………..	50	0.0	-	-	-	-
Total debt investment securities measured at fair value through other comprehensive income…..	**465,658**	**100.0**	**447,870**	**100.0**	**683,315**	**100.0**

Corporate shares………….……...	2	-	2	-	4	-
Total investment securities measured at fair value through other comprehensive income…...	**465,660**	-	**447,872**	-	**683,318**	-

Note:

(1) As of 31 December 2023, debt securities of the Ministry of Finance of the Kingdom of Saudi Arabia measured at fair value through other comprehensive income with carrying amount of KZT 31,368 million were pledged as collateral for repurchase agreement. As of 31 December 2024, debt securities of the Ministry of Finance of the Kingdom of Saudi Arabia, the Ministry of Finance of the State of Qatar, the Ministry of Finance of Mexico and the Ministry of Finance of Indonesia measured at fair value through other comprehensive income with carrying amount of KZT 91,362 million were pledged as collateral under repurchase agreements.

During 2022, the Group partially sold the debt securities measured at fair value through other comprehensive income in the amount of U.S.$233 million. During 2022, as a result of the sale of debt securities the Group recognised net expense of KZT 21,278 million, the effect of which was offset by a partial early buyout of issued bonds placed in 2021 for the total amount of U.S.$245 million using the funds from sale of debt securities.

Liabilities

The following table sets forth the breakdown of total liabilities of the Group as of 31 December 2022, 2023 and 2024 extracted from the Financial Statements:

	As of 31 December					
	2022	**% of total**	**2023**	**% of total**	**2024**	**% of total**
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Due to banks……………………...	8,056	0.1	16,289	0.1	6,585	0.1
Customer accounts........................	3,049,901	30.1	2,551,442	23.3	2,691,970	23.5
Debt securities issued…………….	3,739,552	36.9	3,801,898	34.7	5,197,698	45.4
Subordinated debt…………………	8,051	0.1	8,641	0.1	9,277	0.1
Loans from banks and other financial institutions……………...	950,976	9.4	865,387	7.9	989,856	8.7
Loans from the Government……...	776,646	7.7	795,421	7.3	820,139	7.2
Liabilities to the mortgage organisation………….…………	201,303	2.0	-	-	-	-
Current income tax liability………	2,343	0.0	306	0.0	2,857	0.0
Deferred income tax liability……..	45,288	0.4	51,538	0.5	57,624	0.5
Insurance contracts liabilities…….	58,684	0.6	57,874	0.5	73,676	0.6
Liabilities directly associated with the disposal groups classified as held for sale………………………	-	-	1,480,415	13.5	-	-
Other financial liabilities…………	112,797	1.1	147,742	1.3	189,635	1.7
Government grants……………….	1,052,537	10.4	1,034,690	9.4	1,221,909	10.7
Other liabilities…………..........	127,032	1.3	143,271	1.3	175,389	1.5
Total liabilities…………………......	**10,133,165**	**100.0**	**10,954,915**	**100.0**	**11,436,615**	**100.0**

The following table sets forth the breakdown of total liabilities of the Group as of 31 December 2022, 2023 and 2024 excluding (i) the liabilities of Bereke Bank as of 31 December 2022 and (ii) excluding liabilities directly associated with the disposal group (Bereke Bank) classified as held for sale as of 31 December 2023, which enhances the comparability of the Group's liabilities as of 31 December 2022 and 2023:

	As of 31 December					
	2022	**% of total**	**2023**	**% of total**	**2024**	**% of total**
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Due to banks……………………...	6,564	0.1	16,289	0.2	6,585	0.1
Customer accounts........................	2,272,911	24.9	2,551,442	26.9	2,691,970	23.5
Debt securities issued…………….	3,739,552	41.0	3,801,898	40.1	5,197,698	45.4
Subordinated debt…………………	8,051	0.1	8,641	0.1	9,277	0.1
Loans from banks and other financial institutions……………...	950,976	10.4	865,387	9.1	989,856	8.7
Loans from the Government……...	776,646	8.5	795,421	8.4	820,139	7.2
Current income tax liability………	2,343	0.0	306	0.0	2,857	0.0

Deferred income tax liability……..	41,089	0.5	51,538	0.5	57,624	0.5
Insurance contracts liabilities…….	58,684	0.6	57,874	0.6	73,676	0.6
Other financial liabilities…………	93,541	1.0	147,742	1.6	189,635	1.7
Government grants………………	1,052,537	11.5	1,034,690	10.9	1,221,909	10.7
Other liabilities……………..........	113,302	1.2	143,271	1.5	175,389	1.5
Total liabilities………………........	**9,116,196**	**100.0**	**9,474,500**	**100.0**	**11,436,615**	**100.0**

Principal Sources of Funding

The Group's activities are principally funded through the issuance and placement of bonds in both the domestic and international capital markets, customer accounts, Government grants, loans from banks and other financial institutions and loans from the Government.

Debt Securities Issued

The following table sets forth the breakdown of debt securities issued of the Group as of 31 December 2022, 2023 and 2024:

	As of 31 December					
	2022	**% of total**	**2023**	**% of total**	**2024**	**% of total**
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Other Tenge-denominated bonds...	3,016,498	80.7	3,178,934	83.6	3,905,186	75.1
U.S. dollar-denominated Eurobonds...………………………	394,404	10.5	388,386	10.2	867,115	16.7
Tenge-denominated Eurobonds…..	267,331	7.1	166,268	4.4	312,885	6.0
Mortgage bonds…………………..	61,320	1.6	61,494	1.6	61,447	1.2
Other U.S. dollar-denominated bonds[(1)]……………………...	-	-	6,815	0.2	51,065	1.0
Total debt securities issued………	**3,739,552**	**100.0**	**3,801,898**	**100.0**	**5,197,698**	**100.0**

Note:

(1) On 22 December 2023, the Issuer's subsidiary DBK issued the first issue of green bonds listed on the Astana International Exchange in the amount of U.S.$15 million certified under the international Climate Bonds Initiative standards at an interest rate of 5.65% per annum maturing on 22 December 2024.

Debt securities issued increased by 36.7%, or KZT 1,395,800 million, from KZT 3,801,898 million as of 31 December 2023 to KZT 5,197,698 million as of 31 December 2024. This increase in debt securities issued between 31 December 2023 and December 2024 was primarily due to (i) the issuance of 15 series of new other Tenge-denominated bonds in 2024 with the aggregate carrying amount of KZT 1,083,534 million as of 31 December 2024, which was partially offset by the full repayment of eight series of other Tenge-denominated bonds in 2024 that had an aggregate carrying amount of KZT 353,020 million as of 31 December 2023; (ii) the issuance of two series of U.S. dollar-denominated Eurobonds in the aggregate amount of U.S.$1 billion and (iii) the issuance of two series of Tenge-denominated Eurobonds in the aggregate amount of KZT 165,000 million.

Debt securities issued increased by 1.7%, or KZT 62,346 million, from KZT 3,739,552 million as of 31 December 2022 to KZT 3,801,898 million as of 31 December 2023. The increase in debt securities issued as of 31 December 2023 as compared to 31 December 2022 was primarily due to (i) the increase in the carrying amount of the existing other Tenge-denominated bonds by KZT 93,666 million as of 31 December 2023 as compared to 31 December 2022 and (ii) the issuance of three series of new other Tenge-denominated bonds with the aggregate carrying amount of KZT 81,719 million as of 31 December 2023. The impact of these two factors was partially offset by full repayment of the Tenge-denominated Eurobonds issued in 2018 in the amount of KZT 100,000 million on 3 May 2023.

U.S. Dollar-Denominated Eurobonds. As of 31 December 2024, U.S. dollar-denominated Eurobonds comprised the following bonds issued by the Issuer's subsidiary DBK:

- long-term bonds with nominal value of U.S.$97 million issued on 23 March 2006 at coupon rate of 6.0% per annum that are scheduled to mature in March 2026;
- medium-term bonds with nominal value of U.S.$500 million issued on 6 May 2021 at coupon rate of 2.95% per annum that are scheduled to mature in May 2031;

- medium-term bonds with nominal value of U.S.$500 million issued on 12 May 2022 at coupon rate of 5.75% per annum that are scheduled to mature in May 2025;

- medium-term bonds with nominal value of U.S.$500 million issued on 15 April 2024 at coupon rate of 5.50% per annum that are scheduled to mature in April 2027; and

- medium-term bonds with nominal value of U.S.$500 million issued on 23 October 2024 at coupon rate of 5.25% per annum that are scheduled to mature in October 2029.

On 12 May 2022, the Group partially redeemed, ahead of schedule, the U.S. dollar-denominated Eurobonds in the total amount of U.S.$700 million, a part of which were redeemed through the issuance of Eurobonds on 12 May 2022 in the amount of U.S.$500 million. In July 2022, the Group partially redeemed, ahead of schedule, the U.S. dollar-denominated Eurobonds in the total amount of U.S.$42 million. In October 2022, the Group made a partial early redemption of the U.S. dollar-denominated Eurobonds placed by the DBK in 2021 in the total amount of U.S.$245 million. In December 2022, the Group redeemed in full the U.S. dollar-denominated Eurobonds in the amount of U.S.$501 million. On 17 April 2024, the Group partially redeemed, ahead of schedule, the U.S. dollar-denominated Eurobonds in the amount of U.S.$163 million. On 2 May 2024, the Group partially redeemed, ahead of schedule, the U.S. dollar-denominated Eurobonds in the amount of U.S.$1 million.

Tenge-Denominated Eurobonds. As of 31 December 2024, Tenge dollar-denominated Eurobonds comprised the following bonds issued by the Issuer's subsidiary DBK:

- bonds with nominal value of KZT 62,500 million issued on 12 February 2020 at coupon rate of 10.75% per annum that are scheduled to mature in February 2026;

- bonds with nominal value of KZT 100,000 million issued on 6 May 2021 at coupon rate of 10.95% per annum that are scheduled to mature in May 2026;

- bonds with nominal value of KZT 100,000 million issued on 15 April 2024 at coupon rate of 13.00% per annum that are scheduled to mature in April 2027; and

- bonds with nominal value of KZT 65,000 million issued on 23 October 2024 at coupon rate of 13.49% per annum that are scheduled to mature in May 2028.

On 3 May 2023, the Group fully repaid the Tenge-denominated Eurobonds issued in 2018 in the amount of KZT 100,000 million. On 17 April 2024, the Group made a partial early purchase of the Tenge-denominated Eurobonds for a total amount of KZT 20,162 million.

Mortgage Bonds. Mortgage bonds comprise debt securities denominated in Tenge that are issued by KHC. These bonds have fixed coupon rates varying from 0.1% to 10.5% per annum (effective interest rates vary from 10.27% to 13.09% per annum). They will be redeemed during the period from 2027 to 2054. Mortgage bonds are secured by customer loan agreements and relevant real estate that is the collateral for these loans.

In 2024, in accordance with the Programme for Refinancing Mortgage Housing Loans approved by the Resolution No. 69 of the Management Board of the NBK dated 24 April 2015 (the "**Programme for Refinancing Mortgage Housing Loans**"), the Group placed coupon bonds in the amount of KZT 1,154 million at coupon rate of 0.10% per annum. The bonds were recognised at fair value of KZT 33 million, calculated using the market rate of 13.09% per annum, and the difference between the nominal value and fair value of KZT 1,121 million was recognised as a Government grant and partially used in the amount of KZT 1,100 million.

As a result of amendments to the Programme for Refinancing Mortgage Housing Loans, the Framework Agreements between the Group and JSC "Kazakhstan Sustainability Fund" were revised to reduce the coupon rate on the existing mortgage bonds to 0.10% per annum effective 1 August 2024. The bonds were recognised at fair value, calculated using a market interest rate of 12.63% per annum, and the difference between the nominal value and the fair value of KZT 276 million was recognised as a Government grant.

In 2023, in accordance with the Programme for Refinancing Mortgage Housing Loans, the Group placed coupon bonds in the amount of KZT 39 million at coupon rates of 0.10% and 2.99% per annum. The bonds were recognised at fair value of KZT 1 million, calculated using the market rate of 13.8% per annum, and the difference between the nominal value and fair value of KZT 38 million was recognised as a Government grant. In 2022, the Group placed coupon bonds in the amount of KZT 3,350 million at coupon rate of 0.1% per annum. The bonds were recognised at fair value of KZT 277 million, calculated using the market rates of 11.94% to 13.18% per annum, and the difference between the nominal value and fair value of KZT 3,073 million was recognised as a Government grant.

Other Tenge-Denominated Bonds. Other Tenge-denominated bonds increased by 22.8%, or KZT 726,252 million, from KZT 3,178,934 million as of 31 December 2023 to KZT 3,905,186 million as of 31 December 2024. This increase in other Tenge-denominated bonds between 31 December 2023 and 31 December 2024 was primarily due to the issuance of 15 series of new other Tenge-denominated bonds in 2024 with the aggregate carrying amount of KZT 1,083,534 million as of 31 December 2024, which was partially offset by the full repayment of eight series of other Tenge-denominated bonds in 2024 that had an aggregate carrying amount of KZT 353,020 million as of 31 December 2023.

Other Tenge-denominated bonds increased by 5.4%, or KZT 162,436 million, from KZT 3,016,498 million as of 31 December 2022 to KZT 3,178,934 million as of 31 December 2023. The increase as of 31 December 2023 as compared to 31 December 2022 was due to (i) the increase in the carrying amount of the existing other Tenge-denominated bonds by KZT 93,666 million as of 31 December 2023 as compared to 31 December 2022 and (ii) the issuance of three series of new other Tenge-denominated bonds in 2023 with the aggregate carrying amount of KZT 81,719 million as of 31 December 2023. The impact of these two factors was partially offset by the repayment of four series of other Tenge-denominated bonds in 2023 that had the aggregate carrying amount of KZT 12,949 million as of 31 December 2022. New issuances of other Tenge-denominated bonds by the Group in 2023 consisted of the following:

- on 29 March 2023, the Group issued green bonds in the amount of KZT 10,000 million (KZ2C00009637) at a floating interest rate of TONIAcomp + 2.0% and with maturity on 29 March 2026. The funds from this issuance 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 million (KZ2C00009397) at an interest rate of 15.25% per annum, which was scheduled to mature on 18 April 2024; and

- On 12 July 2023, the Group issued coupon bonds with a nominal value of KZT 20,000 million (KZ2C00009843) bearing an interest rate of 19.25% per annum and maturing before 12 July 2030. These debt securities were issued to finance harvesting operations under certain finance lease agreements.

In addition, to cover the need for financing, on 16 June 2023, the bonds (KZ2C00008514) with a nominal value of KZT 9,833 million were additionally placed with a wide range of market investors.

During 2022, the Group redeemed four series of other Tenge-denominated bonds (KZ2C00003747, KZX000000492, KZ2C00002731 and KZ2C00002749) in the total amount of KZT 12,706 million.

In 2022, the Group issued one series of other Tenge-denominated bonds in the total amount of KZT 38,273 million comprising unsecured coupon bonds with nominal value of KZT 38,273 million (KZ2C00008514), bearing a coupon rate of 16.85% per annum and maturing in seven years.

In 2022, the Group redeemed one series of other Tenge-denominated bonds (KZ2C00003903) in the total amount of KZT 20,000 million.

Customer Accounts

The following table sets forth the breakdown of customer accounts of the Group as of 31 December 2022, 2023 and 2024 extracted from the Financial Statements:

	As of 31 December					
	2022	**% of total**	**2023**	**% of total**	**2024**	**% of total**
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
State and public organisations						
- Term deposits…………………...	426,491	14.0	-	-	-	-
- Current accounts………………..	10,590	0.3	199	0.0	197	0.0
- Advances received as collateral for customer commitments…..…..	1,403	0.0	3	0.0	-	-
Other legal entities						
- Term deposits…………………...	158,206	5.2	73,157	2.9	170,577	6.3
- Current accounts………………..	46,766	1.5	47,502	1.9	5,756	0.2

- Advances received as collateral for customer commitments…..…..	8,970	0.3	0	0.0	-	-
Individuals						
- Deposits.………………..............	1,203,898	39.5	1,261,175	49.4	1,416,391	52.6
- Deposits received as collateral for customer commitments……….	1,105,340	36.2	1,101,625	43.2	1,007,647	37.4
- Current accounts/on demand accounts…………………………..	88,238	2.9	67,781	2.7	91,402	3.4
Total customer accounts…………	**3,049,901**	**100.0**	**2,551,442**	**100.0**	**2,691,970**	**100.0**

The following table sets forth the breakdown of customer accounts of the Group as of 31 December 2022, 2023 and 2024 excluding customer accounts of Bereke Bank as of 31 December 2022, which enhances the comparability of the Group's customer accounts as of 31 December 2022 and 2023:

	As of 31 December					
	2022	**% of total**	**2023**	**% of total**	**2024**	**% of total**
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
State and public organisations						
- Current accounts………………..	206	0.0	199	0.0	197	0.0
- Advances received as collateral for customer commitments…..…..	2	0.0	3	0.0	-	-
Other legal entities						
- Term deposits…………………...	74,407	3.3	73,157	2.9	170,577	6.3
- Current accounts………………..	8,819	0.4	47,502	1.9	5,756	0.2
- Advances received as collateral for customer commitments…..…..	1,878	0.1	0	0.0	-	-
Individuals						
- Deposits.………………..............	1,045,114	46.0	1,261,175	49.4	1,416,391	52.6
- Deposits received as collateral for customer commitments……….	1,095,850	48.2	1,101,625	43.2	1,007,647	37.4
- Current accounts/on demand accounts…………………………..	46,634	2.1	67,781	2.7	91,402	3.4
Total customer accounts…………	**2,272,911**	**100.0**	**2,551,442**	**100.0**	**2,691,970**	**100.0**

Customer accounts increased by 5.5%, or KZT 140,527 million, from KZT 2,551,442 million as of 31 December 2023 to KZT 2,691,970 million as of 31 December 2024. This increase in customer accounts between 31 December 2023 and December 2024 was primarily due to (i) the increase in deposits of individuals from KZT 1,261,175 million as of 31 December 2023 to KZT 1,416,391 million as of 31 December 2024 and (ii) the increase in term deposits of other legal entities from KZT 73,157 million as of 31 December 2023 to KZT 170,577 million as of 31 December 2024. The impact of these two increases was partially offset by the decrease in deposits of individuals received as collateral for customer commitments from KZT 1,101,625 million as of 31 December 2023 to KZT 1,007,647 million as of 31 December 2024.

The Group's term deposits of individuals mainly include housing savings of Otbasy Bank's customers. According to the terms of the contracts on house construction savings, the Otbasy Bank's depositors have the right to receive housing loans in the amount equal to a difference between contract amount and their accumulated deposits, estimated fees and state premium based on the decision of Government if all requirements of signed contract with respect to house construction savings are fulfilled. Accordingly, as the portfolio of mortgage loans at Otbasy Bank increased as of 31 December 2024 as compared to 31 December 2023, housing savings of Otbasy Bank's customers also increased.

Customer accounts decreased by 16.3%, or KZT 498,459 million, from KZT 3,049,901 million as of 31 December 2022 to KZT 2,551,442 million as of 31 December 2023. The decrease in customer accounts of the Group in 2023 was primarily due to the fact that, in May 2023, the Group's management made a decision to sell shares of Bereke Bank. Accordingly, the liabilities of Bereke Bank, including its customer accounts, were presented as liabilities directly related to a disposal group held for sale as of 31 December 2023. But, as of 31 December 2022, customer accounts of Bereke Bank were included in customer accounts of the Group.

If customer accounts of Bereke Bank are excluded to improve the comparability of customer accounts as of 31 December 2022 and 31 December 2023, then customer accounts of the Group (excluding customer accounts of Bereke Bank as of 31 December 2022) increased by 12.3%, or KZT 278,531 million, from KZT 2,272,911 million as of 31 December 2022 to KZT 2,551,442 million as of 31 December 2023. This was principally due to the increase in deposits of individuals from KZT 1,045,114 million as of 31 December 2022 (excluding Bereke Bank's deposits of individuals as of that date) to KZT 1,261,175 million as of 31 December 2023.

Government Grants

The Group recorded as Government grants the amount of benefits received from loans provided at low interest rates by the Ministry of Finance.

Subsequent to the initial recognition of Government grants, the Group charged to profit or loss an amount corresponding to the renegotiated debt provided to the borrowers on favourable terms upon fulfilment of the conditions of the respective state programmes. The Group is responsible for allocation of benefits to ultimate borrowers through low-interest loans.

Government grants increased by 18.1%, or KZT 187,219 million, from KZT 1,034,690 million as of 31 December 2023 to KZT 1,221,909 million as of 31 December 2024. This increase in Government grants between 31 December 2023 and December 2024 was primarily due to (i) new Government grants in the aggregate amount of KZT 609,267 million, (ii) the recovery of the previously recognised amount of the Government grants due to modification of the terms of the contracts for loans issued in the amount of KZT 36,168 million and (iii) the recovery of the previously recognised amount of the Government grant due to early repayment of loans issued as part of the Government programme in the amount of KZT 23,469 million. The impact of these increase was partially offset principally by (i) utilisation of Government grants to purchase bonds issued by local executive authorities in the aggregate amount of KZT 220,609 million, (ii) amortisation for the year in the amount of KZT 66,609 million, (iii) utilisation of Government grants to issue loans under Bakytty Otbasy State Programme and State Programme of Industrial-Innovative Development of the Republic of Kazakhstan in the aggregate amount of KZT 58,327 million and (iv) utilisation of Government grants to issue loans under Ken-Dala and Enbek Government programmes in the aggregate amount of KZT 50,871 million.

Government grants of the Group decreased only slightly as of 31 December 2023 as compared to 31 December 2022 (by 1.7% or KZT 17,846 million) as the impact of (i) utilisation of Government grants to issue loans, purchase bonds issued by local executive authorities and provide finance leases in the aggregate amount of KZT 93,989 million, (ii) early repayment of loans received in the amount of KZT 3,095 million and (iii) amortisation for the year in the amount of KZT 30,034 million was offset by (i) new Government grants in the aggregate amount of KZT 101,651 million, (ii) the recovery of the previously recognised amount of the Government grant in the amount of KZT 933 million and (iii) discounts recalculated due to partial early repayment of loans and partial early redemption of bonds by the local executive authorities in the aggregate amount of KZT 6,688 million.

Loans from Banks and Other Financial Institutions

The following table sets forth the breakdown of the Group's loans from banks and other financial institutions as of 31 December 2022, 2023 and 2024:

	As of 31 December					
	2022	**% of total**	**2023**	**% of total**	**2024**	**% of total**
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Loans from Samruk-Kazyna……...	21,751	2.3	2,001	0.2	276,514	27.9
Loans with fixed interest rate						
Loans from non-OECD banks and other financial institutions………..	86,861	8.7	169,278	19.8	96,979	9.8
Loans with floating interest rate						
Loans from OECD banks and other financial institutions……………...	53,744	5.7	47,712	5.6	48,561	4.9
Loans from non-OECD banks and other financial institutions………..	813,351	85.9	657,484	76.8	781,334	78.9
Total loans with floating interest rates………………………………	**867,095**	**91.6**	**705,196**	**82.3**	**829,895**	**83.8**
Less unamortised portion of borrowing costs…………………	**(24,731)**	**(2.6)**	**(20,110)**	**(2.3)**	**(213,532)**	**(21.6)**
Total loans from banks and other financial institutions….................	**950,976**	**100.0**	**856,365**	**100.0**	**989,856**	**100.0**

Loans from banks and other financial institutions increased by 15.6%, or KZT 133,491 million, from KZT 856,365 million as of 31 December 2023 to KZT 989,856 million as of 31 December 2024. This increase in loans from banks and other financial institutions between 31 December 2023 and December 2024 was primarily due to (i) the increase in loans from Samruk-Kazyna by KZT 274,513 million and (ii) the increase in the amount of loans with floating interest rate from non-OECD banks and other financial institutions received by the Group by KZT 123,850 million. The impact of these two increases was partially offset by (i) the decrease in the amount of loans with fixed interest rate from non-OECD banks and other financial institutions received by the Group by KZT 72,299 million as of 31 December 2024 as compared to 31 December 2023 and (ii) the increase in unamortised portion of borrowing costs from KZT 20,110 million as of 31 December 2023 to KZT 213,532 million as of 31 December 2024.

Loans from banks and other financial institutions decreased by 9.9%, or KZT 94,610 million, from KZT 950,976 million as of 31 December 2022 to KZT 856,365 million as of 31 December 2023. The decrease as of 31 December 2023 as compared to 31 December 2022 was primarily due to (i) the fact that the aggregate amount of repayments of loans from banks and other financial institutions by the Group during this year exceeded the aggregate amount of loans from banks and other financial institutions received by the Group during the same year by KZT 77,004 million and (ii) the net negative effect of movements in foreign exchange rates in the amount of KZT 17,262 million.

On 6 May 2024, the Issuer entered into a credit line agreement with Samruk-Kazyna. Under this agreement, the Group entered into loan agreements Samruk-Kazyna for a total amount of KZT 272,000 million with a maturity in 2034 and an interest rate of 0.01% per annum. The fair value of the loans at initial recognition was calculated by discounting future cash flows under the loan agreements using market interest rates in the range from 12.96% to 14.53% per annum. The discount on these loans was recognised as a Government grant in the amount of KZT 193,624 million.

In 2024, the Issuer obtained loans from Zhasyl Damu JSC in the aggregate amount of KZT 120,547 million. Initially the loans were recognised at fair value that was determined using the market rates ranging from 12.83% to 14.54% per annum. The difference between fair value of these loans and amounts received in the amount of KZT 69,739 million was recognised as a Government grant due to the obligation of the Issuer to distribute benefits to ultimate borrowers through providing financing to leasing companies for further financing of projects in the processing industry.

In the same year, the Group:

- attracted a deposit from China Construction Bank Corporation, Astana Branch, in the total amount of U.S.$50 million (equivalent to KZT 23,948 million) maturing on 22 October 2024. This deposit was fully repaid by the DBK on the deposit's maturity date;

- raised a loan from Eurasian Development Bank in the total amount of U.S.$90 million (equivalent to KZT 40,220 million) maturing on 4 October 2024. This loan was fully repaid by the DBK on the loan's maturity date;

- raised a loan from China Development Bank in the total amount of U.S.$23 million (equivalent to KZT 10,444 million) maturing on 20 June 2033;

- raised a loan from China Construction Bank Corporation, Astana Branch, in the total amount of CNY 1,000 million (equivalent to KZT 67,128 million) maturing on 28 June 2027; and

- raised a loan from China Development Bank in the total amount of CNY 746 million (equivalent to KZT 53,717 million) maturing on 13 December 2027.

In addition, the Group repaid KZT 409,383 million of loans from banks and other financial institutions in 2024.

In 2023, the Group received an interbank deposit of U.S.$250 million (equivalent to KZT 115,333 million) that was scheduled to mature in April 2024. On initial recognition of the deposit, the Group recognised gain of KZT 335 million. Fair value on initial recognition of the loan was calculated using market rate of 6.16% per annum.

In the same year, the Group:

- fully repaid, ahead of schedule, a loan from a foreign bank in the total amount of RUB 3,887 million (equivalent to KZT 20,199 million). The Group recognised expenses on early repayment of this loan in the amount of KZT 2,913 million; and

- fully repaid the outstanding balance of a loan from Eurasian Development Bank in the total amount of RUB 20,000 million (equivalent to KZT 133,960 million).

In 2022, the Group:

- raised a loan of U.S.$120 million (equivalent to KZT 53,113 million) from a foreign bank (JP Morgan Chase Bank N.A.) maturing in January 2032. This loan is insured by the AAA-rated EKF Denmark's Export Credit Agency;

- raised a loan of U.S.$100 million (equivalent to KZT 46,536 million) from China Construction Bank Corporation Astana Branch maturing in October 2025;

- raised a loan of RUB 4,319 million (equivalent to KZT 33,080 million) from the Eurasian Development Bank maturing in December 2027; and

- raised a loan from the Eurasian Development Bank in the total amount of RUB 40,000 million (equivalent to KZT 308,000 million) bearing an interest rate of 9.4% per annum and which was scheduled to mature in December 2022 with a right to extend the maturity date of RUB 20,000 million until February 2023.

In the same year, the Group:

- partially repaid, ahead of schedule, a loan from a foreign bank in the total amount of U.S.$50 million (equivalent to KZT 23,349 million). The Group recognised expenses on early repayment of this loan in the amount of KZT 4,543 million;

- repaid a loan of RUB 20,000 million (equivalent to KZT 152,160 million) from Eurasian Development Bank received earlier in that year; and

- repaid all loans received from Roseximbank JSC.

Loans from the Government

Loans from the Government increased by 3.1%, or KZT 24,717 million, from KZT 795,421 million as of 31 December 2023 to KZT 820,139 million as of 31 December 2024. The increase as of 31 December 2024 as compared to 31 December 2023 was primarily due to (i) the fact that the aggregate amount of loans from the Government received by the Group in 2024 exceeded the aggregate amount of repayments of loans from the Government by the Group in the same year by KZT 78,775 million, (ii) the incurrence of interest expense of KZT 96,648 million and (iii) the effect of partial early repayment in the amount of KZT 16,357 million. The impact of these factors was partially offset by the discount on the initial recognition of loans from the Government in the amount of KZT 166,120 million.

Loans from the Government increased by 2.4%, or KZT 18,776 million, from KZT 776,646 million as of 31 December 2022 to KZT 795,421 million as of 31 December 2023. The increase as of 31 December 2023 as compared to 31 December 2022 was primarily due to (i) the fact that the aggregate amount of loans from the Government received by the Group in 2023 exceeded the aggregate amount of repayments of loans from the Government by the Group in the same year by KZT 68,134 million and (ii) the incurrence of interest expense of KZT 96,064 million. The impact of these factors was partially offset by the discount on the initial recognition of loans from the Government in the amount of KZT 149,100 million.

In 2024:

- the Group received loans from the Ministry of Finance in the total amount of KZT 340,335 million, including KZT 274,480 million for the implementation of State programmes;

- discount on initial recognition of KZT 119,169 million was recognised as Government grant in the consolidated statement of financial position. The Group used estimated market interest rates ranging from 12.60% to 14.10% per annum to measure the fair value of the loans received from the Government on initial recognition by discounting their future contractual cash flows;

- discount on initial recognition of KZT 46,508 million was recognised directly in equity as an additional paid-in capital as the Group's management determined that the Government acted in the capacity of a shareholder when providing the Group with said financial instruments at interest rates below market rates and without any additional conditions. The Group used estimated market interest rates ranging from 12.93% to 14.75% per annum to measure the fair value of the loans received from the Government on initial recognition by discounting their future contractual cash flows.

- partially repaid, ahead of schedule, the loans provided by the Government in the amount of KZT 39,345 million. As a result of such early repayment, the Government grants were recalculated for the amount of unamortised portion of the discount of KZT 16,357 million.

In 2023:

- the Group received loans from the Ministry of Finance in the total amount of KZT 288,378 million, including KZT 220,194 million for the implementation of State programmes;

- discount on initial recognition of KZT 84,766 million was recognised as Government grant in the consolidated statement of financial position. The Group used estimated market interest rates ranging from 13.55% to 18.25% per annum to measure the fair value of the loans received from the Government on initial recognition by discounting their future contractual cash flows; and

- discount on initial recognition of KZT 64,334 million was recognised directly in equity as an additional paid-in capital as the Group's management determined that the Government acted in the capacity of a shareholder when providing the Group with said financial instruments at interest rates below market rates and without any additional conditions. The Group used estimated market interest rates ranging from 12.54% to 14.75% per annum to measure the fair value of the loans received from the Government on initial recognition by discounting their future contractual cash flows.

In 2022:

- the Group received loans from the Ministry of Finance in the total amount of KZT 639,428 million, including KZT 577,299 million for the implementation of state programmes;

- discount on initial recognition of KZT 358,782 million was recognised as Government grant in the consolidated statement of financial position. The Group used estimated market interest rates ranging from 11.78% to 12.72% per annum to measure the fair value of the loans received from the Government on initial recognition by discounting their future contractual cash flows; and

- discount on initial recognition of KZT 36,810 million was recognised directly in equity as an additional paid-in capital as the Group's management determined that the Government acted in the capacity of a shareholder when providing the Group with said financial instruments at interest rates below market rates and without any additional conditions. The Group used estimated market interest rates ranging from 12.54% to 13.38% per annum to measure the fair value of the loans received from the Government on initial recognition by discounting their future contractual cash flows.

Contingencies, Including Credit-Related Commitments

Credit-Related Commitments

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

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in the amount equal to the total unused commitments if the unused amounts were to be drawn down.

However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The Group monitors the term to maturity of credit-related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

The following table sets forth the breakdown of the Group's outstanding credit-related commitments as of 31 December 2022, 2023 and 2024 extracted from the Financial Statements:

	As of 31 December					
	2022	**% of total**	**2023**	**% of total**	**2024**	**% of total**
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Loan and credit line commitments to individuals……………………….	82,611	7.1	36,638	2.5	38,288	1.9
Loan and credit line commitments...	434,357	37.4	196,128	13.2	352,325	17.6
Finance lease commitments…..…..	209,865	18.1	444,299	30.0	697,635	34.9
Financial guarantees issued………	434,999	37.4	806,051	54.3	910,386	45.6
Total credit-related commitments before provision………………….	**1,161,832**	**100.0**	**1,483,115**	**100.0**	**1,998,635**	**100.0**

The following table sets forth the breakdown of the Group's outstanding credit-related commitments as of 31 December 2022, 2023 and 2024, excluding credit-related commitments of Bereke Bank as of 31 December 2022, which enhances the comparability of the Group's credit-related commitments as of 31 December 2022 and 2023:

	As of 31 December					
	2022	**% of total**	**2023**	**% of total**	**2024**	**% of total**
	(KZT millions)	*(%)*	*(KZT millions)*	*(%)*	*(KZT millions)*	*(%)*
Loan and credit line commitments to individuals………………………..	82,611	8.6	36,638	2.5	38,288	1.9
Loan and credit line commitments...	289,939	30.1	196,128	13.2	352,325	17.6
Finance lease commitments…..…..	209,865	21.8	444,299	30.0	697,635	34.9
Financial guarantees issued………	381,738	39.6	806,051	54.3	910,386	45.6
Total credit-related commitments before provision………………….	**964,153**	**100.0**	**1,483,115**	**100.0**	**1,998,635**	**100.0**

The total outstanding contractual amount of undrawn credit lines, letters of credit and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.

Credit-related commitments are denominated in Tenge.

Credit-related commitments before provision of the Group increased by 34.8%, or KZT 515,520 million, from KZT 1,483,115 million as of 31 December 2023 to KZT 1,998,635 million as of 31 December 2024. This increase between 31 December 2023 and 31 December 2024 was primarily due to the increases in (i) finance lease commitments (by KZT 253,337 million), (ii) loan and credit line commitments (by KZT 156,198 million) and (iii) financial guarantees issued (by KZT 104,335 million).

The increase in finance lease commitments between 31 December 2023 and 31 December 2024 was principally due to new finance lease commitments made in connection with the development of new projects. The increase in loan and credit line commitments between 31 December 2023 and 31 December 2024 was principally due to new agreements with respect to opening credit lines. The increase in financial guarantees issued between 31 December 2023 and 31 December 2024 was principally due to new guarantees issued to customers.

Credit-related commitments before provision of the Group increased by 27.7%, or KZT 321,283 million, from KZT 1,161,832 million as of 31 December 2022 to KZT 1,483,115 million as of 31 December 2023. If credit-related commitments before provision of Bereke Bank are excluded to improve the comparability of credit-related commitments before provision as of 31 December 2022 and 31 December 2023, then credit-related commitments before provision of the Group (excluding credit-related commitments before provision of Bereke Bank as of 31 December 2022) increased by 53.8%, or KZT 518,962 million, from KZT 964,153 million as of 31 December 2022 to

KZT 1,483,115 million as of 31 December 2023. This increase between 31 December 2022 and 31 December 2023 was primarily due to the increases in financial guarantees issued (by KZT 424,313 million) and finance lease commitments (by KZT 234,433 million).

The increase in financial guarantees issued between 31 December 2022 (excluding financial guarantees issued by Bereke Bank as of 31 December 2022) and 31 December 2023 was principally due to the provision of a guarantee to secure the loan agreement between ArcelorMittal Temirtau JSC and ArcelorMittal Netherlands B.V. in 2023. The increase in finance lease commitments between 31 December 2022 and 31 December 2023 was principally due to new finance lease commitments made in connection with the development of new projects.

Legal Proceedings

From time to time and in the normal course of business, claims against the Issuer and/or its subsidiaries may arise. On the basis of its own estimates and internal professional advice, the Group's management is of the opinion that no material losses are expected to be incurred in respect of claims and, accordingly, no provision was made in the Financial Statements.

Tax 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 interpretations by different tax authorities, including opinions with respect to IFRS treatment of revenues, expenses and other items in the consolidated financial statements. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. A tax year remains open for review by the tax authorities during the five subsequent calendar years. However, under certain circumstances, a tax year may remain open longer.

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

Investment-Related Commitments

The Group invests in private equity funds and has investment-related commitments under limited partnership agreements. The Group diversifies the investment portfolio by distributing investments among managers, relevant industries, territories and investment stages. As of 31 December 2024, the contingent capital commitments totalled KZT 7,005 million as compared to KZT 11,159 million as of December 2023 and KZT 12,995 million as of 31 December 2022. Under the constituent agreements of private equity funds, in case of default on capital commitments, after the manager issued a due claim, the Group may be subject to sanctions, including moratorium on interest, cessation of profit distribution, temporary denial of right to participate in the corporate governance of the funds and forced sale of the Group's share to co-investors and third parties. As of 31 December 2022, 2023 and 2024, the Group did not have overdue investment commitments.

Compliance with Covenants

The subsidiaries of the Issuer are subject to certain covenants primarily relating to their borrowings. Non-compliance with these covenants may result in negative consequences for the Group. The Group was in compliance with covenants as of 31 December 2022, 2023 and 2024.

Insurance

The insurance industry in 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 related 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 on operations and consolidated financial position of the Group.

Critical Accounting Estimates and Judgements

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are reviewed on an ongoing basis based on the Group's management experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group's management also makes certain judgements in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include the following.

Impairment of Financial Instruments

Critical accounting estimates and judgements with respect to impairment of financial instruments include the Group's management's assessment of whether credit risk on the financial asset has increased significantly since initial recognition; assessment of probability of default and loss given default; assessment of expected cash flows forecast for financial instruments classified as Stage 3 instruments (financial assets that have experienced a credit loss event, which means that the asset is considered credit impaired or non-performing) and incorporation of forward-looking information in the measurement of expected credit loss.

Tax, Currency and Customs Legislation

Tax, currency and customs legislation in Kazakhstan is subject to varying interpretations. In particular, 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 interpretations by different tax authorities, including opinions with respect to IFRS treatment of revenues, expenses and other items in the consolidated financial statements. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. A tax year remains open for review by the tax authorities during the five subsequent calendar years. However, under certain circumstances, a tax year may remain open longer.

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

Initial Recognition of Related Party Transactions

In the ordinary course of business, the Issuer and its subsidiaries transact with their respective related parties. Under IFRS 9, financial instruments on initial recognition are measured at fair value. Where there is no active market for such transactions, management applies judgement in determining whether transactions are priced at market or non-market interest rates. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analysis.

Determining the Fair Value of Financial Instruments in Emerging Stock Market in Kazakhstan

In determining the fair value of financial instruments, the Group uses quotes from the KASE as the most reliable source of information in an active market.

The Group's management analyses the frequency of operations conducted on the KASE in respect of securities in the portfolio and securities that are traded with sufficient frequency and sufficient volume are classified as Level 1 securities. The remaining securities that are listed on the KASE are classified as Level 2 securities.

If the Group has investments in unquoted assets, the fair value of such assets is determined based on valuation techniques such as discounted cash flow model as well as models based on data from similar operations performed on market conditions.

Management of the Group believes that it used every possible and most complete and accurate sources of fair value to measure reliably the fair value of these financial instruments.

Initial Recognition of the Borrowings and Investments at the Rates Below Market Rates under the State Development Programmes

Approach to accounting for, and evaluation of, borrowings and loans made under the State programmes to support economic development and approach to accounting for amortisation and utilisation of Government grants are disclosed in notes 8, 10, 11, 12, 16, 17, 18, 20, 23 and 27 of the 2024 Financial Statements, notes 8, 10, 11, 12, 16, 18, 20, 21 and 28 of the 2023 Financial Statements and notes 8, 10, 11, 12, 15, 17, 19, 20, 23 and 27 of the 2022 Financial Statements.

Accounting for the Acquisition of Subsidiary Bereke Bank

The acquisition method under IFRS 3 required the Group's management to measure fair value of identifiable assets and liabilities of Bereke Bank as of the acquisition date and, therefore, requires applying a significant professional judgement. The Group's management engaged an independent appraiser to get assistance in such measurement. Key techniques, assumptions and assessments are disclosed in note 33 of the 2022 Financial Statements.

ASSET AND LIABILITY MANAGEMENT

General

The Group's operations are subject to a variety of risks, some of which are not within its control. These include liquidity risk, credit risk and market risk.

The Issuer's risk management policy consists in identifying and analysing risks faced by the Issuer, establishing limits on risk levels and relevant controls, and continuously assessing levels of risks and ensuring that exposure to risks stays within the established limits.

The subsidiaries of the Issuer maintain their own risk management policies and procedures of the subsidiaries which are regularly reviewed to reflect changes in the market conditions, proposed products and services and emerging best practices.

Risk Management Structure

The risk management structure of the Issuer comprises risk management at several levels with engagement of the following bodies and structural units of the Issuer: Board of Directors, Management Board, Committee of Asset and Liability Management, Risk Management Department, Internal Audit Service, collective bodies and other structural units.

Board of Directors

The first level of the risk management process is represented by the Board of Directors of the Issuer. The Board of Directors takes full responsibility for proper operation of risk management control system, management of key risks and corporate risk management system. The Board of Directors defines the objectives of the Issuer's activities and approves documents related to risk management.

Management Board

The second level of the risk management process is represented by the Management Board of the Issuer. The Management Board is responsible for the establishment of an efficient risk management system and risk control structure to provide for compliance with the corporate policy requirements. The Management Board is liable for the creation of a "risk consciousness" culture which reflects the risk management philosophy of the Issuer. In addition, the Management Board also bears liability for the implementation of an efficient risk management system where all employees have a clearly defined responsibility for risk management and are accountable for proper execution of their duties. The Management Board is authorised to execute a part of its functions in the risk management area through the establishment of respective committees.

Audit Committee

The Audit Committee of the Board of Directors is a standing advisory body of the Issuer's Board of Directors, established to enhance the efficiency and quality of the Board of Directors' work through the preparation of recommendations for the Board of Directors related to, among other things, monitoring the reliability and efficiency of the internal control and risk management systems and controlling the independence of the external and internal audit functions.

Committee of Assets and Liabilities Management ("CALM")

The CALM is a permanent collective body of the Issuer, accountable to the Management Board and operating within the powers defined by the Management Board. Its objectives are as follows: (i) ensuring timely and appropriate decision-making in the management of the Issuer's assets and liabilities (ii) attracting investors for cooperation with the Issuer (iii) maintaining an adequate level of financial stability (iv) enhancing the Issuer's profitability and (v) mitigating risks in investment decision-making.

Risk Management Department

The third level of the risk management process is represented by the Risk Management Department, which objectives include coordinating risk management and overseeing the implementation of general principles and methods of identifying, assessing, managing, and reporting financial and non-financial risks.

Internal Audit Service

The Internal Audit Service audits risk management procedures and risk assessment methods and develops proposals aimed at improving the efficiency of risk management procedures. The Internal Audit Service provides reports on the risk management system to the Board of Directors of the Issuer.

Structural units

One of the key elements of the Issuer's risk management structure is its structural units, represented by each employee. These structural units play a crucial role in the risk management process. The Issuer's employees identify, address, and manage risks daily, ensuring control over their potential impact on the business. Structural units are responsible for implementing the risk management action plan, timely identifying and communicating major risks in their business areas, and developing risk management proposals to be incorporated into the action plan.

Risk Management System

When assessing and identifying key risks, the Issuer follows a unified standard within a centralised risk management system model, developed with the involvement of an external consultant. This model includes an assessment of key risk types (liquidity risk, market risk, credit risk, and operational risk), as well as their aggregation and an evaluation of whether available funds are sufficient to cover the total calculated risk under both normal and stress conditions. The centralised risk management system also includes the identification of strategic risks that may impact the achievement of the Issuer's mission and key strategic performance indicators. It is designed to support the attainment of current strategic goals and objectives while minimising risks once these goals are achieved. The Group's key risks are identified through an assessment of risks inherent in all business processes within the Group and are visually represented on a risk map based on their materiality. Measures to minimise the key risks are implemented on a consistent basis pursuant to the approved Action Plans, according to the risk register. The risk map, risk register, the Key Risk Action Plan and the report of the implementation of the Action Plan are considered and approved by the Board of Directors of the Issuer on a quarterly basis.

Credit Risk

Credit risk is the risk that the Group will incur a loss because a counterparty to a financial instrument will fail to discharge its obligations.

The Group mitigates its credit risk by conducting a qualitative analysis of the counterparty's creditworthiness, structuring investment projects, diversifying assets, setting credit limits, requiring collateral, and implementing other measures to enhance credit quality.

The level of credit risk is regularly assessed, and measures to minimise it are implemented using various tools to evaluate the counterparty's creditworthiness and establish ceiling limits for individual borrowers or groups of related borrowers. When setting these limits, the Issuer considers the counterparties' minimum credit ratings assigned by international rating agencies and assesses their financial standing based on available financial statements and independent analysis. This risk is monitored and controlled on a consolidated basis by the Issuer's authorised body.

Liquidity Risk

Liquidity risk is the risk that the Group may face difficulties in obtaining funds to meet its liabilities. This risk arises when the maturities of assets and liabilities are mismatched, affecting the Group's ability to secure adequate liquid funds at an acceptable cost to meet its balance sheet and off-balance sheet obligations in a timely manner.

The Issuer manages liquidity seeking to ensure the continuous availability of funds required to discharge all its liabilities as they become due. The Issuer's liquidity management procedures include: (i) predicting cash flows and calculating the required level of liquid assets (ii) maintaining a diversified structure of the sources of financing (iii) managing the borrowings concentration and structure (iv) preparing the plans for debt financing (v) managing the portfolio of highly liquid assets, which can be freely sold as a protective measure in case of a gap in cash liquidity (vi) developing the backup options to maintain liquidity and the specified level of financing (vii) controlling the compliance of the Group's balance sheet liquidity figures with the established rates and limits.

For further information on the Group's management of liquidity risk, see Note 32 to the 2023 Financial Statements and Note 31 to the 2024 Financial Statements.

Maturities Risk

The following tables set forth a breakdown of the Group's assets and liabilities by remaining contractual maturity as at 31 December 2022, 2023 and 2024:

	As at 31 December 2022						
	Demand and less than 1 month	**From 1 to 6 months**	**From 6 to 12 months**	**From 1 to 5 years**	**More than 5 years**	**No maturity**	**Total**
	(KZT millions)						
Total assets........	2,449,012	467,875	686,506	*2,732,035*	*5,626,134*	*269,668*	*12,231,231*
Total liabilities......	(595,303)	(447,439)	(521,154)	*(3,021,235)*	*(5,548,035)*	-	*(10,133,165)*
Net position.........	**1,853,709**	**20,436**	**165,353**	***(289,200)***	***78,100***	***269,668***	***2,098,066***
	As at 31 December 2023						
	Demand and less than 1 month	**From 1 to 6 months**	**From 6 to 12 months**	**From 1 to 5 years**	**More than 5 years**	**No maturity**	**Total**
	(KZT millions)						
Total assets...........	2,371,478	728,696	2,511,721	*2,544,771*	*5,255,096*	*208,659*	*13,620,420*
Total liabilities.....	(412,533)	(668,305)	(2,019,369)	*(2,597,986)*	*(5,256,723)*	-	*(10,954,915)*
Net position...........	**1,958,945**	**60,391**	**492,352**	***(53,215)***	***(1,626)***	***208,659***	***2,665,505***
	As at 31 December 2024						
	Demand and less than 1 month	**From 1 to 6 months**	**From 6 to 12 months**	**From 1 to 5 years**	**More than 5 years**	**No maturity**	**Total**
	(KZT millions)						
Total assets.............	2,684,086	1,371,121	949,469	*4,464,285*	*4,757,056*	*212,219*	*14,438,237*
Total liabilities	(637,560)	(844,941)	(419,726)	*(3,660,849)*	*(5,873,539)*	-	*(11,436,615)*
Net position...........	**2,046,526**	**526,180**	**529,744**	***803,436***	***(1,116,483)***	***212,219***	***3,001,622***

For further information on the Group's management of maturity gaps, see Note 32 to the 2023 Financial Statements and Note 31 to the 2024 Financial Statements.

Market Risk

Market risks are risks associated with open positions in foreign exchange, interest bearing and other financial instruments, which are subject to the risk of general and specific changes in the market. Management of the Issuer sets limits on the value of risk that may be accepted, which is monitored on a regular basis. The subsidiaries of the Issuer set separate limits on the basis of the general limits established by the Issuer and also monitor their compliance on a regular basis.

Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument may fluctuate due to changes in foreign exchange rates. The management of the Issuer and its subsidiaries monitors foreign exchange exposure, analyses the sensitivity of financial results to currency fluctuations, and assesses the level of foreign exchange risk. If necessary, limits may be set on the acceptable level of risk for currencies.

For further information relating to the sensitivity of the Group's income statement to changes in exchange rates, see Note 32 to the 2023 Financial Statements and Note 31 to the 2024 Financial Statements.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates may impact future cash flows or the fair value of financial instruments. The subsidiaries manage interest rate risk based on the principle of full cost coverage, ensuring that interest income sufficiently covers the costs of raising and deploying funds while also generating net profit and maintaining competitiveness. Report on interest rate classifies assets, liabilities, off-balance sheet claims and liabilities which are sensitive to changes in interest rates, and groups them in economically homogeneous and significant items, by time period depending on their maturities (for fixed rates) or time to their next reprice (for floating rates). Time periods and items of recorded assets, liabilities, off-balance sheet claims and liabilities can be changed by the Management Board of the Issuer.

For further information relating to the sensitivity of the Group's income statement to changes in interest rates, see Note 32 to the 2023 Financial Statements and Note 31 to the 2024 Financial Statements.

Prepayment Risk

Prepayment risk is the risk that the Issuer will incur a financial loss because its customers or counterparties repay or request repayment earlier. The Issuer's financial results for the year ended 31 December 2022, 2023 and 2024 and equity for the year ended 31 December 2022, 2023 and 2024 have not been significantly impacted by changes in prepayment rates because such loans are carried at amortised cost and the prepayment right is at, or close to, the amortised cost of the loans and advances made to customers. See Note 32 to the 2023 Financial Statements and Note 31 to the 2024 Financial Statements.

Operational Risk

Operational risk is the risk of losses to which is exposed the Group resulting from inadequate or erroneous internal processes, operation of systems, employees' actions and certain external events. The Issuer manages the operational risk using the following tools: (i) classification of events categorised as operational risks by maintaining a database of realised and potential risks, with the involvement of the responsible structural subdivision, which develops risk management recommendations for each event; (ii) calculation of capital provisions for operational risk, including comparisons with actual losses incurred due to the realisation of such risks; (iii) monitoring operational risk reports; and (iv) ensuring an adequate level of business continuity management. The results of operational risk monitoring are communicated to the relevant collegial bodies.

Anti-Corruption

Since 2022, the Group has had an Anti-Corruption Compliance Service directly reporting to the Board of Directors of the Issuer. This service enables the Group to comply more effectively with all the current regulatory anti-corruption requirements. The Anti-Corruption Policy, Code of Business Conduct, Rules for Prevention of Corruption and Fraud, and other regulatory documents have been approved and are in force. The Group's 2023 Anti-Corruption Compliance Programme that provides for measures aimed to combat corruption and fraud was approved by a resolution of the Issuer's Board of Directors. In pursuance of the Anti-Corruption Compliance Programme, extensive work was carried out to prevent corruption in 2023. In 2024, the Group will continue its work aimed at increasing verification to prevent and reveal corruption.

BUSINESS OF THE GROUP

Overview

The Issuer is a holding company established in May 2013 to grow Kazakhstan's development institutions and to develop the national economy. The Issuer's overall mission is to support the sustainable economic development of Kazakhstan in order to implement state policy and achieve the goals set by the Kazakhstan-2050 Strategy. The sole shareholder of the Issuer is the Government represented by the Ministry of National Economy.

The Issuer currently has seven wholly-owned subsidiaries that work to implement Government policy and programmes. The subsidiaries are involved in the following core areas of activity:

(iv) providing financial (e.g., credit and investment) and non-financial support to investment projects in priority sectors of the economy with the aim of diversifying the economy, developing manufacturing and industry, exporting products produced in Kazakhstan, increasing innovation and SMEs – these activities are carried out through the Issuer's subsidiaries DBK, ECA, Damu and QIC;

(v) raising capital, providing long-term financing for mortgages, reducing related borrowing costs and participating in the implementation of the Government's housing construction policy – these activities are carried out through the Issuer's subsidiaries Otbasy Bank and KHC; and

(vi) promoting the sustainable development of, and providing technical equipment to, the agro-industrial sector of Kazakhstan – these activities are carried out through the Issuer's subsidiary ACC.

As of 31 December 2022, 2023 and 2024, the Issuer had consolidated total assets of KZT 12,231,231 million, KZT 13,620,420 million and KZT 14,438,237 million, respectively, with consolidated total equity of KZT 2,098,066 million, KZT 2,665,505 million and KZT 3,001,622 million, respectively. The Issuer generated KZT 380,626 million of consolidated net profit for the year ended 31 December 2022 (including KZT 271,487 million of net profit from continuing operations), KZT 407,647 million of consolidated net profit for the year ended 31 December 2023 (including KZT 406,719 million of net profit from continuing operations) and KZT 408,220 million of consolidated net profit for the year ended 31 December 2024 (including KZT 417,773 million of net profit from continuing operations).

The Issuer's legal address and place of business is 55a Mangilik Yel Avenue, Yessil district, Astana, Kazakhstan.

Development

The Issuer was incorporated in accordance with the Decree of the President of the Republic of Kazakhstan No. 571 "*On measures for optimisation of the management system of development institutions and financial organisations, and development of the national economy*" dated 22 May 2013 and the Decree of the Government of the Republic of Kazakhstan No. 516 entitled "*About measures for implementation of the Decree of the President of the Republic of Kazakhstan No. 571 dated 22 May 2013*" dated 25 May 2013.

The Group initially consisted of ten development institutions managed by government bodies and Samruk-Kazyna. These institutions included DBK, the Investment Fund of Kazakhstan, KazakhExport Export Insurance Company JSC (renamed the Export Credit Agency of Kazakhstan in May 2024), the Damu Entrepreneurship Development Fund, Kazyna Capital Management (renamed the Qazaqstan Investment Corporation in January 2023), QazTech Ventures, Housing Construction Savings Bank of Kazakhstan JSC (renamed Otbasy Bank Housing Construction Savings Bank JSC in 2020), KHC, Housing Construction Guarantee Fund and Baiterek Development.

In December 2018 the Issuer offered its first series of Tenge bonds on the Kazakhstan Stock Exchange.

In 2019, the housing function of the Group was enhanced by merging Baiterek Development and Housing Construction Guarantee Fund into Kazakhstan Mortgage Company (renamed Kazakhstan Housing Company in January 2021).

On 15 March 2021, the Issuer established another development institution by taking over KazAgro National Managing Group and acquiring three subsidiaries: KazAgroFinance, ACC and the Fund for the Financial Support of Agriculture. In 2022, the Issuer transferred all its shares in KazAgroFinance to Agrarian Credit Corporation.

In August 2021, the Issuer's shareholding in the Investment Fund of Kazakhstan was sold.

In September 2022, on the instruction of the Government, the Issuer purchased the Subsidiary Bank Sberbank of Russia Joint Stock Company from Sberbank of Russia PJSC. Subsidiary Bank Sberbank of Russia Joint Stock Company was later renamed Bereke Bank. In October 2024, the Issuer completed the sale of all of its shares in Bereke Bank to Lesha Bank.

Mission and Strategies

General

The Kazakhstan-2050 Strategy is the most important state planning document that the Issuer considers in developing its development strategy. (See further "*The Republic of Kazakhstan—Development Strategy*".) The Issuer's mission is to sustainable economic development in Kazakhstan in order to achieve the goals set by the Kazakhstan-2050 Strategy.

The Issuer's development strategy is also based on other Government documents, which include, among others, the President of the Republic of Kazakhstan's "Nation Plan – 100 Concrete Steps" (20 May 2015), the Presidential Address "Third Modernisation of Kazakhstan: Global Competitiveness" (31 January 2017), new state programmes such as the Presidential Address "Economic Course of a Fair Kazakhstan" (1 September 2023), and development concepts, such as the Concept for the Development of Small and Medium Enterprises in the Republic of Kazakhstan until 2030, approved by Government Decree No. 250 dated 27 April 2022, and other relevant strategic initiatives outlined in the Development Plan of the Issuer for 2024–2033 (the "**Development Plan**").

The Development Plan was approved by Decree No. 1180 of the Government dated 25 December 2023.

The Development Plan is designed to be implemented by the Issuer on a sector-by-sector basis. The Development Plan describes the Issuer's mission and vision in respect of its role in the economy of Kazakhstan as follows:

- *Mission*: The mission of the Issuer is to develop a competitive business, provide housing and strengthen food security based on the principles of social responsibility; and

- *Vision*: The vision of the Issuer is a proactive managing holding that qualitatively transforms the structure of the economy of Kazakhstan by developing new industry "growth points".

The Development Plan stipulates eight key tasks that the Group seeks to handle within the framework of its mission. These are as follows:

- developing the non-resource sectors of the economy;
- developing entrepreneurship;
- development manufacturing industry;
- supporting the export of non-primary products;
- improving labour productivity;
- developing a competitive agro-industrial sector;
- increasing the investment attractiveness of the economy; and
- improving the welfare of the population.

The first six key tasks of the Group can be grouped together under the strategy of support for entrepreneurship, covering micro, small, medium and large businesses, industrial development and regional development.

The seventh key task of increasing investment attractiveness ties in with the Group's strategy of developing the ecosystem of equity financing not only in Kazakhstan, but also in the Central Asian region and within the countries making up the Eurasian Economic Union.

The eighth task of improving the welfare of the population corresponds to the Group's strategy of providing housing for the population.

Entrepreneurship Support

Industrial Development

The Group's activities in support of industrial projects are principally accomplished through DBK and its subsidiary "Industrial Development Fund" JSC, which support industrial development through debt financing and leasing instruments.

When funding priority industrial projects in the future, the Group will aim to involve private investors as much as possible, thereby reducing State participation. In this regard, co-financing instruments (including syndicated lending) and loan portfolio securitisation are expected to continue to be widely used. The use of such tools is expected to reduce the economic cost of financing for the Group through effectively structuring of projects, distributing risks between co-financing parties, and improving the requirements for transparency and quality of management at enterprises being funded.

Syndicated loans to support industrial development are expected to be provided with the participation of DBK and commercial banks. DBK intends to participate in financing during the investment phase. Subsequently, when the project targets are reached (the post-investment phase of the project), DBK will seek a phased transfer of its loan share to commercial banks.

In addition, participation of private investors at the initial stage of project financing is expected to significantly increase the likelihood of the projects' success. Furthermore, the presence of a State partner in the financing structure represented by the National Development Institute is expected to increase the trust and confidence of private investors in joint projects.

Consequently, priority in the selection of industrial projects will be given to projects with a greater share of private investor participation. The Group aims to finance joint projects on a parity basis, thereby effectively sharing risks and increasing the effect of financial leverage by attracting additional private investment.

In addition, co-investment in industrial projects is also expected to involve QIC by using the private equity funds in QIC's portfolio to attract additional investments from international institutional investors under co-investment agreements. Furthermore, QIC intends to work on improving the market for distressed assets in Kazakhstan by creating and investing in distressed asset funds with the involvement of experienced general partners to assist with their management. It also intends to attract funds from other investors in this segment of the market.

Support for Micro, Small and Medium-Sized Enterprises

The activities of the Group in supporting micro, small and medium–sized enterprises are handled by the Issuer's subsidiary Damu, which provides both financial (lending at subsidised rates, guaranteeing loans of commercial banks, conditional placement of funds in commercial banks and microcredit operations) and non-financial support (advisory support for projects).

The Group intends to focus its financial support to micro, small and medium–sized enterprises on sub-segments of micro and small businesses in order to achieve the maximum effect in terms of jobs created. To this end, within the framework of the National Entrepreneurship Development Project, Damu will continue to support micro and small businesses through interest rate subsidies and loan guarantees for commercial banks and microfinance organisations.

In accordance with the Concept of the Development of the Manufacturing Industry of the Republic of Kazakhstan for 2023-2029, support projects will be selected on the basis of their potential effect on labour productivity, modernisation and expansion of production as well as their general effectiveness.

In order to support SMEs, the Group intends to:

- encourage large enterprises to cooperate with SMEs by providing supply chain support; and
- proactively work with the regions to develop SMEs.

Increasing Export Potential

Support in increasing export potential is provided principally through the activities of the Issuer's subsidiary ECA. In the near future, the Group intends to expand ECA's foreign presence to increase the number of partners and customers in countries of priority and high interest.

As part of the digitalisation of the business processes of the Group, domestic exporters' access to the services provided by ECA will be improved and further automated through bgov.kz.

In addition, the Group intends to continue to provide package support through ECA, QIC, DBK, ACC and Damu with the aim of increasing the number of new exporters.

Agribusiness Development

Within the Group, the Issuer's subsidiary ACC is responsible for supporting agribusiness development in Kazakhstan. Its activities are guided by the "*Concept of Development of the Agro–Industrial Complex of the Republic of Kazakhstan for 2021-2030*", which deals with various measures for agribusiness development, including subsidising interest rates on loans and leasing, developing a loan guarantee system, improving the efficiency of the agricultural insurance system, equity financing, co-financing, funding through ACC and other measures. It also seeks to involve commercial banks and other private financial organisations in lending to the agro-industrial sector.

To implement those measures that directly involve ACC, the Group's management intends to continue to work on automation of ACC's business processes in line with best practices and standards in the financial services industry. In general, the Group's focus on financing agricultural producers and rural development will be maintained, and the pace of financing agriculture and the agro–industrial sector will be aligned with the Government's policies and funds allocated by the Government.

Development of the Private Equity Ecosystem

Development of the Venture Financing Market

QIC, as an international fund of funds, has the opportunity to cooperate with global venture funds, which is expected to help to further increase the attractiveness of projects in Kazakhstan in the global market. QIC intends to participate in the development of the venture financing segment with a focus on investments in the early (post-seed) and growth stages.

Investments at the seed stages of projects are very risky and have a large percentage of failures. Consequently, QIC, with the participation of its international partners, intends to invest in the most promising projects both at the post-seed stage and as they scale on the market.

As part of the development of venture financing, QIC intends to act as an operator of the co-financing programme for private venture funds. It will promote the dissemination of standards, best practices and analytical reviews of the activities of professional venture market participants to ensure gradual integration into the global innovation ecosystem. This goal is expected to be achieved by creating and participating in venture funds, creating an extensive network of partners and expanding the pool of projects.

Development of the Private Equity Market

Foreign investments play a special role in the economy of Kazakhstan, being a source of capitalisation as well as the development of the country's infrastructure and new technologies. Attracting foreign investments into the economy of Kazakhstan creates new jobs and new innovative enterprises with high added value.

The key player in the direct investment market within the Group is QIC, whose tasks are to attract direct investments and promote the sustainable economic development of Kazakhstan by providing equity financing through direct investment funds. QIC invests and manages direct investment funds in partnership with international institutional investors, sovereign wealth funds and international financial institutions with the aim of further growing and improving the competitiveness of such funds.

QIC focusses on creating additional value for portfolio companies by developing a business network of contacts in key industries, working together with captive funds and supporting general partner teams in acquiring investment assets.

Further development of the direct investment market in the country through the activities of QIC is expected to (i) contribute to increasing the investment attractiveness of Kazakhstan; (ii) facilitate access to capital available in the global direct investment market; and (iii) allow the creation of market-leading companies This in turn is expected to further promote economic diversification.

Development of the Distressed Asset Market

Currently, the distressed asset market in Kazakhstan has no specialised fund managers among its active participants. Nevertheless, the size of the distressed asset market is large and it has a high potential for development. Currently, participants in this market are mainly represented by commercial banks and State funds.

In order to improve the distressed asset market, QIC intends to participate in distressed asset funds, which will invest in distressed assets, including debt obligations of companies that are unable to service their debts or companies that are experiencing liquidity problems and need additional capital for restructuring and operational changes. To effectively manage the available capital of funds allocated for investment in this segment of the market, QIC plans to attract independent and experienced general partners, which will invest in companies with a reliable business models and significant intrinsic value, allowing them to return to profitability through restructuring.

Development of the Infrastructure Assets Market

The infrastructure market represents a relatively small part of the global direct investment market, but the volume of assets under management in this sector is steadily growing due to the consistently high profitability of infrastructure investment projects. At the same time, the main advantage of infrastructure is that the sector has a low correlation with other assets, is hedged against inflation and provides a reliable income stream.

Infrastructure investments are mainly carried out through public-private partnerships ("**PPP**"). In view of the potential of the market for further development, QIC intends to contribute to the development of the infrastructure assets market through the creation of a fund/platforms focused on financing infrastructure projects in such industries as transit infrastructure (roads, railways and water channels), social infrastructure (construction of medical and educational facilities) and sustainable energy projects with the involvement of local institutional investors.

Providing the Population with Affordable Housing

Otbasy Bank and KHC are responsible for the Group's activities aimed at increasing housing affordability in Kazakhstan.

Increase in Housing Stock

In order to increase the volume of construction of housing and create a comfortable urban environment, KHC intends to increase the financing of complex development projects.

Assistance in Increasing the Affordability of Housing for the Population

Otbasy Bank is already involved in a number of mortgage programmes that allow residents of Kazakhstan with different income levels to solve their housing issues. However, the Group's management believes that the lack of a developed mortgage market or strong participation from commercial banks in that market creates "unsatisfied demand" in the amount of KZT 450 to 500 billion per year.

As a consequence, Otbasy Bank intends to increase its own lending programmes with respect to the housing under construction secured by KHC guarantees with an annual volume of approximately KZT 100 billion (as compared to the 2023 levels).

Provision of Housing for People on Waiting Lists

Citizens of Kazakhstan who are in need of housing from the State housing fund or in need of housing rented by a local executive body in a private housing fund are registered on waiting lists.

Working within the framework of the Government's Concept of Development of Housing and Communal Infrastructure for 2023-2029 and with the goal of increasing the supply of affordable housing for people on waiting lists, the Group currently plans to provide financing for the construction of affordable housing by repurchasing bonds of local executive authorities. Working within the framework of the Government's Concept of Development of Housing and Communal Infrastructure for 2023–2029 and with the goal of increasing the supply of affordable housing for people on waiting lists, the Group currently plans to provide financing for the construction, acquisition and renovation of affordable housing by repurchasing bonds of local executive authorities. According to the Group's Development Strategy through 2033, KZT 839 billion is allocated for this purpose as a cumulative amount starting from 2024. This figure is subject to revision as the Strategy and Development Plan are currently being updated. These expenditures are also contingent on receiving funds from the Government specifically for this purpose.

In addition, the Group intends to continue to provide preferential loans for people on waiting lists within the framework of the relevant Government programmes and in line with the funds allocated from the State budget.

Furthermore, the Group and the responsible Governmental agencies and local executive authorities are currently considering the issue of transferring the rental housing fund being used by local executive authorities (39,000 apartments) to KHC. Under the proposal, people on the waiting lists who currently rent these apartments from local executive authorities and who can confirm their income, would be able to switch from a lease with an indefinite term to becoming the owners of their apartments. This will allow reinvestment of these funds in the purchase of new rental housing without additional allocation of funds from State budget.

Reducing the Share of the Shadow Market in the construction of Multi-Apartment Residential Buildings

Kazakhstan's shadow market for multi–apartment housing construction is large and its very existence is detrimental to the development of an effective housing market. In the context of housing and construction, a "shadow market" refers to an unregulated, private sector market in which transactions occur outside the formal, transparent channels of the mainstream housing market. This might involve activities like unregulated construction and property transactions or financing, which often lack the oversight and documentation of conventional markets.

To tackle this issue, the Group plans to implement a number of measures including:

- stimulating the supply of multi–apartment housing by significantly reducing the legal requirements for developers and projects while at the same time increasing responsibility for breach. This will be done in particular by increasing penalties for violation and enhancing measures that penalise the mis-advertising of housing under construction;

- introducing additional requirements for notaries and commercial banks to monitor housing construction contracts (including housing cooperatives), as well as studying the feasibility of moving all real estate transactions to a non-cash settled system;

- introducing legislation that will provide for the right of the local executive authorities and KHC to acquire guaranteed multi–apartment housing under construction and covered by KHC guarantees; and

- ensuring that guaranteed housing under construction is included in the Government's "7-20-25" mortgage programme.

Participation in Government Programmes

- The Issuer participates in the following development concepts:

- The Concept for the Development of Small and Medium-Sized Businesses in the Republic of Kazakhstan until 2030, approved by Resolution No. 250 of the Government of the Republic of Kazakhstan dated 27 April 2022;

- The Concept for the Development of the Agro-Industrial Complex of the Republic of Kazakhstan for 2021-2030, approved by Resolution No. 960 of the Government of the Republic of Kazakhstan dated 30 December 2021;

- The Concept for the Development of the Manufacturing Industry of the Republic of Kazakhstan for 2023-2029, approved by Resolution No. 846 of the Government of the Republic of Kazakhstan dated 20 December 2018;

- The Concept for Housing and Communal Infrastructure Development for 2023-2029, approved by Resolution No. 736 of the Government of the Republic of Kazakhstan dated 23 September 2022; and

- The National Project "Modernization of the Energy and Utility Sectors," approved by Resolution No. 1102 of the Government of the Republic of Kazakhstan dated 25 December 2024.

Description of the Issuer, its Subsidiaries and their Activities

The Issuer as the Holding Company of the Group

The Issuer is an integrated development institution, which was created to promote the high-quality development of the economy of Kazakhstan by rendering support to the priority economic sectors.

The Issuer is a holding company and performs its principal business activities through its subsidiaries. In doing this, the Issuer's main goals and objectives are as follows:

- implementing an efficient risk management system for the Group;

- increasing transparency and public confidence in the economy;
- capitalising on synergies from its subsidiaries' activities;
- improving the subsidiaries' economic performance;
- attracting additional investments; and
- maintaining business relationship with the private sector.

The activities of the Issuer's subsidiaries are directed at developing the agro-industrial complex, supporting businesses and ensuring the affordability of housing for the population of Kazakhstan. The Issuer has seven direct subsidiaries involved in the implementation of Government policy and Government programmes, which consist of:

- four development institutions: DBK, ECA, Damu and QIC. The objective of these institutions is to provide credit, investment and other financial and non-financial support to investment projects in priority sectors of the economy with the aim of diversifying the economy, developing manufacturing and industry, exporting products produced in Kazakhstan, increasing innovation and supporting SMEs;

- two other financial institutions: Otbasy Bank and KHC. These institutions are tasked with raising capital, providing long-term financing for mortgages and reducing related borrowing costs, as well as participating in the implementation of the Government's housing construction policy.

- ACC, which is a financial institution established to promote the sustainable development of, and to provide technical equipment to, the agro-industrial sector of Kazakhstan through establishing accessible and effective financing arrangements for entities operating in the agro-industrial sector.

The Issuer manages and supervises the operations of its subsidiaries and is one of the sources of funding for them. Although certain subsidiaries borrow directly from third parties or in the public debt markets, the Issuer also acts as a central source of funding for the Group consolidating funds such as concessional loans from the State Budget and the National Fund of the Republic of Kazakhstan and on-lending such funds to its subsidiaries.

As development finance instituions, the Group companies typically provide financing on concessional terms, focusing on long-term, high-value, and high-risk projects that are underserved by the commercial banking sector. With the exception of Otbasy Bank, which collects housing-related deposits, the Group's banking subsidiaries do not take deposits from the public. Accordingly, the Group's primary funding sources include Government capital, concessional funding, and the issuance of debt securities on the domestic and international capital markets.

Subsidiaries of the Issuer

The table below provides certain information on the direct wholly-owned subsidiaries of the Issuer as of the date of this Base Offering Memorandum.

Full legal name	**Year founded**	**Issuer ownership**	**Focus area**	**Methods of support**
Export Credit Agency of Kazakhstan JSC (formerly the KazakhExport Export Insurance Company JSC)	2003	100%	Raising export capacity	• Insurance • Export and pre-export financing
Development Bank of Kazakhstan JSC	2001	100%	Large and medium business support	• Debt financing • Guarantees • Leasing • Export and pre-export financing
Damu Entrepreneurship Development Fund JSC	1997	100%	Support for SMEs	• Guaranteeing • Subsidy assistance • Lending through conditional deposits with second-tier banks and microfinance organisations
Qazaqstan Investment Corporation JSC (formerly Kazyna Capital	2007	100%	Shared financing	• Shared financing • Participating in venture funds

Management Joint Stock Company)			Venture capital funding	
Agrarian Credit Corporation JSC	2001	100%	Supporting the agro-industrial sector	• Lending to agro-industrial entities • Financing investment projects • Lending for spring sowing and harvesting campaigns • Funding financial institutions • Microlending for small businesses • Assistance with insurance premium subsidy
Kazakhstan Housing Company JSC	2000	100%	Providing housing for the population of Kazakhstan	• Financing developers through purchase of LEA securities • Rental housing with an option to buy • Mortgage lending • Guaranteeing shared housing construction • Subsidising private development loans • Financing investment projects
Otbasy Bank JSC	2003	100%	Providing housing for the population of Kazakhstan	• Issuing housing loans • Mortgage lending

ECA

ECA was incorporated in accordance with Decree of the Government No. 442 dated 12 May 2003. It is the only specialised insurance organisation in Kazakhstan that performs the functions of an export and credit agent. In March 2017, ECA was assigned the status of a national company and officially became the single centre for export financing support. The bill "*On Changes and Amendments to Certain Legal Acts of the Republic of Kazakhstan Concerning the Export Credit Agency and Enhancement of the Export of Non-Resource Goods (Works, Services)*", which was adopted in January 2024, created a special legal status for ECA and contained measures aimed at supporting and developing its role.

ECA's registered office is located in Astana. It also has a representative office in Almaty.

Moody's has assigned long-term rating to of ECA of "Baa1" with stable outlook.

Key Financial Information

	As of, or for the year ended, 31 December 2022	**As of, or for the year ended, 31 December 2023**	**As of, or for the year ended, 31 December 2024**
Return on average assets(1) *(in %)*	3.4	3.4	5.3
Debt/equity(2)	0.2	0.3	0.4
Assets *(in KZT millions)*	141,087	153,387	179,241
Growth in assets(3) *(in %)*	1.2	8.7	16.9
Net profit *(in KZT millions)*	4,799	4,954	8,819

Notes:

(1) Return on average assets is calculated as net profit divided by average total assets during the year and expressed as a percentage. Average total assets during the year are calculated based on opening and closing balances for each year.

(2) Debt/equity is calculated as total liabilities of the subsidiary over total equity of the subsidiary.

(3) Growth in assets is calculated as the closing balance of total assets for the year divided by the opening balance of total assets for the year and expressed as a percentage.

Description of Activities

ECA supports the promotion of products from Kazakhstan by insuring non-resource exports. It provides insurance protection to manufacturing sector exporters and commercial banks, covering the risk of non-payment in foreign trade transactions and ensuring the security of export deals. ECA's coverage includes political risks such as restrictions or prohibitions on currency conversion and payment transfers, riots, civil unrest, war, contract termination or non-execution by a foreign government agency and restrictions or prohibitions on the supply of goods by a foreign state. It also protects against commercial risks, including a buyer's failure to meet contractual obligations, buyer bankruptcy or liquidation and bankruptcy of a foreign bank. ECA's work focuses on mitigating these commercial and political risks in order to support exports of goods services from Kazakhstan and investments abroad. Its insurance instruments are designed in line with international best practices in export credit insurance and tailored to meet the needs of both potential and existing clients.

ECA relies on 18 support mechanisms including export credit insurance and short-term receivables insurance to protect exporters based in Kazakhstan from the risk of non-payment by foreign buyers, as well as pre-export financing granted to exporters from Kazakhstan to replenish working capital. Other tools include insurance of exporters' civil liability to protect foreign importers who have made advance payments, third-party liability insurance for exporters which have issued bonds to protect bondholders against default risks and insurance granted to exporters against non-payment for completed works/services. ECA also offers exporters' banks protection against risks related to letters of credit issued on behalf of importers, letters of credit as a form of payment to foreign buyers and loan and project finance insurance to protect financial institutions that have granted loans to exporters. Additional tools include financial leasing insurance, which provides access to leasing products, civil liability insurance for exporters, which grants financial institutions protection against exporters' non-payment risks, and insurance for banks/exporters of bank guarantees issued by foreign banks. Other mechanisms include insurance for banks for exporters' foreign exchange obligations, insurance for financial organisations for international factoring operations, insurance for credit institutions financing importers, insurance for financial institutions financing exporters based in Kazakhstan and insurance for investors from Kazakhstan financing a foreign company.

During the year ended 31 December 2024, ECA supported the implementation of 488 export contracts totalling KZT 337,399 million (compared to 667 projects worth KZT 1,630.9 billion in 2023 and 678 projects worth KZT 1,653.7 billion in 2022).

Trade financing provided for the year ended 31 December 2024 amounted to KZT 22,544 million in 2024 (compared to KZT 6,612 million in 2023 and KZT 18,596 million in 2022).

Pre-export financing provided for the year ended 31 December 2024 amounted to KZT 7,622 million (compared to KZT 12,723 million in 2023 and KZT 1,423 million in 2022).

DBK

Introduction

DBK was incorporated in 2001 in accordance with the law "*On the Development Bank of Kazakhstan*" No. 178-II dated 25 April 2001. DBK is a national development institution, the main aims of which 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.

DBK's registered office is located in Astana.

Fitch has assigned DBK long-term foreign- and local-currency ratings of 'BBB' with stable outlook. Moody's has assigned long-term rating to DBK of "Baa1" with stable outlook.

Key Financial Information

	As of, or for the year ended, 31 December 2022	**As of, or for the year ended, 31 December 2023**	**As of, or for the year ended, 31 December 2024**
Return on average assets[(1)] *(in %)*	0.9	4.4	2.7
Debt/equity[(2)]	5.4	3.9	4.9
Assets *(in KZT millions)*	3,942,910	4,310, 685	5,648,209
Growth in assets[(3)] *(in %)*	5.4	9.3	31.0
Net profit *(in KZT millions)*	34,125	180,018	134,516

Notes:

(1) Return on average assets is calculated as net profit divided by average total assets during the year and expressed as a percentage. Average total assets during the year are calculated based on opening and closing balances for each year.

(2) Debt/equity is calculated as total liabilities of the subsidiary over total equity of the subsidiary.

(3) Growth in assets is calculated as the closing balance of total assets for the year divided by the opening balance of total assets for the year and expressed as a percentage.

Description of Activities

As a part of its role in Kazakhstan's industrial development programme, DBK provides medium (five or more years) and long-term (ten to twenty years) financing for (i) investment projects of KZT 7 billion or more; (ii) food or beverage industry investment projects and public private partnership projects of KZT 3 billion or more; and (iii) export transactions of KZT 1 billion or more. In addition to the impact that each potential project could have, DBK also assesses whether each project has the potential to increase 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. 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 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.

Industrial Development Fund JSC ("**IDF**"), DBK's wholly-owned subsidiary, offers short- and long-term (up to 20 years) lease financing in various forms, including for industrial equipment and leasing of industrial buildings. IDF invests only in large-scale projects valued at over KZT 500 million or more. IDF provides financial leasing for investment projects in priority sectors of the economy under Government support programmes and investment projects in the consumer goods industry. In 2024, IDF, as one of the key lease financing and lending operators under Government programmes, continued its work to help develop new production facilities and modernise existing ones, support domestic automotive companies, and provide lease financing to renew passenger railway car fleet in Kazakhstan.

Damu

Introduction

Damu was incorporated in accordance with the Decree of the Government No. 665 dated 26 April 1997. Damu's mission is to play an active role in the sustainable development of micro enterprises and SMEs in Kazakhstan, through the implementation of comprehensive and effective support tools.

Damu's registered office is located in Almaty.

Moody's has assigned a long-term rating to Damu of "Baa2" with stable outlook.

Key Financial Information

	As of, or for the year ended, 31 December 2022	**As of, or for the year ended, 31 December 2023**	**As of, or for the year ended, 31 December 2024**
Return on average assets[(1)] *(in %)*	12.9	9.1	6.3
Debt/equity[(2)]	1.4	1.1	1.2
Assets *(in KZT millions)*	427,481	422,136	436,914
Growth in assets[(3)] *(in %)*	13.2	(1.3)	3.5
Net profit *(in KZT millions)*	51,960	38,592	26,914

Notes:

(1) Return on average assets is calculated as net profit divided by average total assets during the year and expressed as a percentage. Average total assets during the year are calculated based on opening and closing balances for each year.

(2) Debt/equity is calculated as total liabilities of the subsidiary over total equity of the subsidiary.

(3) Growth in assets is calculated as the closing balance of total assets for the year divided by the opening balance of total assets for the year and expressed as a percentage.

Description of Activities

Damu provides financing to SMEs and microfinancing organisations through commercial banks. The credit risk of the ultimate borrowers is transferred to commercial banks.

Damu assists SME development through offering a range of products and services to entrepreneurs, including:

- concessional lending under lending programmes with commercial banks, microfinance organisations, leasing companies and other partners of Damu;

- subsidising interest rates on loans (including microloans) and leasing deals;
- guaranteeing loans;
- consultancy support;
- disseminating informational and analytical materials; and
- monitoring and compliance reporting of the intended use of loan proceeds and the implementation the entrepreneurial projects.

The metrics of Damu's financing programmes for 2022, 2023 and 2024 are as follows:

Instrument	**2022**	**2023**	**2024**
Financing entrepreneurs through a conditional placement of funds with commercial banks/ microfinance organisations/leasing companies			
Number of participants	5,278	3,330	2,717
Total financing amounts *(in KZT billions)*	183.9	197.9	254
Subsidised loans			
Number of participants	24,485	12,339	17,623
Total loans *(in KZT billions)*	992.6	1,005.2	1,014
Loan guarantees			
Number of participants	20,781	8,183	9,173
Total loans *(in KZT billions)*	377.6	363.2	445

Under the "*Regional financing of small and medium-sized private businesses' projects*" programme, Damu raises funds from local executive authorities and distributes these funds alongside its own. These funds are used to finance entrepreneurs who implement their projects in specified sectors of the economy. The local executive authorities determine which sectors of the economy are to be prioritised in their regions.

To expand the coverage of micro enterprises and SMEs with its financial programmes, Damu continues to implement conditional placement funds through financial partners, including commercial banks, microfinance organisations and leasing companies.

In 2024, in addition to subsidising interest rates on loans, a new programme was introduced to subsidise part of the coupon interest rate on bonds or Islamic finance securities issued by SMEs. This initiative aims to encourage SMEs to enter the stock market and attract alternative financing sources.

In addition, Damu provides guarantees to partially cover the risks of financial institutions when issuing loans to SMEs.

QIC

Introduction

QIC was incorporated on 7 March 2007. Its activities are governed, among other regulations, by the Law of the Republic of Kazakhstan No. 576-II "On Investment and Venture Funds" dated 7 July 2004, and the Law of the Republic of Kazakhstan No. 379-V ZRK, "On Public-Private Partnership" dated 31 October 2015. QIC is a private equity fund of funds established to promote the sustainable development of the national economy.

QIC's registered office is in Astana.

Fitch has assigned QIC long-term foreign- and local-currency ratings of 'BBB-' with stable outlook.

Key Financial Information

	As of, or for the year ended, 31 December 2022	**As of, or for the year ended, 31 December 2023**	**As of, or for the year ended, 31 December 2024**
Return on average assets[(1)] *(in %)*	4.8	1.5	1.1
Debt/equity[(2)]	0.3	0.3	0.2
Assets *(in KZT millions)*	230,732	267,312	317,627
Growth in assets[(3)] *(in %)*	7.7	15.9	18.8
Net profit (*in KZT millions)*	10,665	3,823	3,120

Notes:

(1) Return on average assets is calculated as net profit divided by average total assets during the year and expressed as a percentage. Average total assets during the year are calculated based on opening and closing balances for each year.

(2) Debt/equity is calculated as total liabilities of the subsidiary over total equity of the subsidiary.

(3) Growth in assets is calculated as the closing balance of total assets for the year divided by the opening balance of total assets for the year and expressed as a percentage.

Description of Activities

QIC focuses on building Kazakhstan's private equity infrastructure, attracting foreign investments into priority economic sectors, leveraging international best practices, and facilitating the transfer of innovative knowledge and technologies in the private equity sector. QIC's objectives include attracting private equity investment and promoting the sustainable economic development of Kazakhstan by providing financing through private equity funds ("**PEFs**"). QIC invests and manages the PEFs in partnership with international institutional investors, sovereign wealth funds and international financial organisations. As at 31 December 2024, the number of private equity funds in which QIC was participating had reached 18 PEFs with a total of USD 1.9 billion under management. The funds focus on projects in various industries and investment sectors. The largest share of investments made by QIC are in agribusiness (30%), transportation and logistics (25%), and manufacturing (22%).

The strategic portfolio of QIC can be divided into several categories:

- funds engaged in active investment activities: Baiterek Venture Fund, Baiterek Investment Fund, KCM Sustainable Development Fund I C.V., Da Vinci Emerging Technologies Fund III L.P., QUEST VENTURES ASIA FUND II, L.P., APEX Fund I Limited Partnership;

- funds with an expired investment period (PEFs which have completed the investing process and are focused on managing portfolio companies and searching for successful withdrawal opportunities): DBK Equity Fund C.V., Kazakhstan Infrastructure Fund C.V., Kazakhstan Hungarian Investment Private Equity Fund C.V., 500 STARTUPS V, L.P.;

- funds with an expired life cycle: Kazakhstan Capital Restructuring Fund C.V., Kazakhstan Growth Fund L.P., CITIC Kazyna Investment Fund I L.P., VTB Capital-I2BF Innovation L.P., Falah Growth Fund L.P., Wellington Partners III Technology Fund, Flagship Ventures Fund; and

- fund in liquidation: Macquarie Russia & CIS Infrastructure Fund.

The list of the PEFs into which QIC was invested as of 31 December 2024 is as follows:

No.	Name of the Private Equity Fund (PEF)	Year of Establishment	Investors	Investment Priorities
		Captive Funds		
1	Baiterek Venture Fund	2014	QIC (100%)	Priority sectors of economy
2	DBK Equity Fund C.V.	2017	QIC (2.99%), DBK (97%), BV Management (0.01%)	DBK and IDF projects
3	KCM Sustainable Development Fund I C.V.	2019	QIC (99.99%), BV Management (0.01%)	Priority sectors of economy
4	Baiterek Investment Fund	2024	QIC (99%), Baiterek Venture Fund JSC (1%)	Priority sectors of economy
		Portfolio Funds		
5	Apex Fund I Limited Partnership	2023	QIC (97%), Credit Partnership Central LLP (2%), Apex Management GP Ltd (1%)	Financing of credit partnerships and/or microfinance organisations, including, but not limited to the agro-industrial complex

6	Kazakhstan Infrastructure Fund C.V.	2014	QIC (95.24%), Verno (4.76%)	Infrastructure
7	Kazakhstan Hungarian Investment Private Equity Fund C.V.	2015	QIC (49.5%), EXIM Bank (49.5%), CCL KAGF Carried Interest L.P. (1%)	Agro-industrial sector of economy
8	CITIC Kazyna Investment Fund I L.P.	2010	QIC (49.9%), CITIC Group (37.43%), Sun Success International (12.48%), others investors (0.19%)	Non-resource sectors of economy
9	Kazakhstan Growth Fund L.P.	2009	QIC (49.5%), EBRD (49.5%), CEECAT (1%)	Food industry, manufacturing of equipment for the mining industry, metallurgy, woodworking, and textile manufacture
10	Kazakhstan Capital Restructuring Fund C.V.	2010	QIC (49.5%), EBRD (49.5%), CEECAT (1%)	SME with a high debt burden, but not requiring restructuring
11	VTB Capital-I2BF Innovation L.P.	2011	QIC (100%)	Being liquidated
12	Falah Growth Fund L.P.	2008	QIC (10%), Ordabasy Shrakat Limited (40%), Aztech Investment Limited (50%)	Energy, mining, infrastructure projects, agriculture, etc.
13	Da Vinci Emerging Technologies Fund III L.P.	2021	QIC (18.83%), Da Vinci Global Technology Growth PCC, Samruk-Kazyna Invest LLP., 57 Stars	Software development, IT and telecommunication infrastructure, financial technologies, B2C/B2B technologies, and other IT sectors
14	QUEST VENTURES ASIA FUND II, L.P.	2020	QIC (30.7%), Pavilion Capital and other investors	High-tech companies in all sectors of economy
15	500 STARTUPS V, L.P.	2019	QIC (7.1%), Abu Dhabi Financial Group, SeAH Group and other investors	Investments in IT, including Internet and information technologies and/or other technology-related fields
16	Wellington Partners III Technology Fund	2004	QIC (5.13%), European Investment Fund (23%) and other investors	Internet technologies, software, security, electronics
17	Flagship Ventures Fund	2005	QIC (6.6%), State Treasurer for the State of Michigan Bureau of Investments, Delaware Public Employees' Retirement System and other investors	Investments in life science, selective technologies, breakthrough software, etc.
18	Macquarie Russia & CIS Infrastructure Fund	2009	QIC (9.09%), Vnesheconombank (30.3%), IFC (30.3%),	In liquidation

			Macquarie Group (30.3%)	

ACC

Introduction

ACC was established in accordance with the Decree of the Government No. 137 dated 25 January 2001. The main aim of ACC is to facilitate the sustainable development of the agro-industrial sector by creating an accessible and efficient financing system. ACC holds a banking licence granted by the NBK. It is subject to regulation by the ARDFM.

ACC's registered office is located in Astana. It has 19 branches throughout Kazakhstan.

Fitch has assigned ACC long-term foreign- and local-currency ratings of 'BBB-' with stable outlook. Moody's has assigned long-term rating to ACC of "Baa2" with stable outlook.

Key Financial Information

	As of, or for the year ended, 31 December 2022	**As of, or for the year ended, 31 December 2023**	**As of, or for the year ended, 31 December 2024**
Return on average assets(1) *(in %)*	1.8	2.2	3.5
Debt/equity(2)	2.2	2.1	3.1
Assets *(in KZT millions)*	1,318,970	1,412,101	1,991,240
Growth in assets(3) *(in %)*	63.5	7.1	41.0
Net profit *(in KZT millions)*	19,535	29,555	60,357

Notes:

(1) Return on average assets is calculated as net profit divided by average total assets during the year and expressed as a percentage. Average total assets during the year are calculated based on opening and closing balances for each year.

(2) Debt/equity is calculated as total liabilities of the subsidiary over total equity of the subsidiary.

(3) Growth in assets is calculated as the closing balance of total assets for the year divided by the opening balance of total assets for the year and expressed as a percentage.

Description of Activities

ACC and its subsidiary KazAgroFinance JSC ("**KAF**") operate lending and leasing programmes in priority areas of agricultural production development. ACC is specialised in lending to companies working in the agro-industrial sector, funding financial institutions (credit cooperatives, microfinance organisations, commercial banks and leasing companies), microlending, lending for spring-sowing and harvesting campaigns. It also acts as an insurance operator in the agro-industrial sector.

The principal activities of ACC are:

- implementing Government programmes to support the agricultural sector;
- attracting domestic and foreign investments to implement its own projects in the agro-industrial sector;
- developing and implementing projects in the agro-industrial sector;
- selling pledged properties and agricultural products received by way of repayment of funds granted; and
- bank-lending operations, leasing activities and other activities permitted by law.

Various ACC's programmes offer funding for working capital, modernisation, construction and other investments, while an agricultural insurance framework ensures risk protection for farmers.

ACC operates the following lending and insurance programmes:

Ken Dala Programme. The Ken Dala programme funds agricultural entities for seasonal fieldwork and harvesting. Financing is available through credit partnerships, microfinance organisations, commercial banks and regional investment centres. Loan amounts range from KZT 1 million to KZT 10 billion, with an interest rate of 1.5% per annum and repayment due by 10 March of the following year.

Agribusiness Programme. The Agribusiness programme supports agricultural enterprises by financing working capital, fixed assets, modernisation and infrastructure projects. Investment projects can receive up to KZT 7 billion, while other projects have a cap of KZT 5 billion per borrower. Credit partnerships can secure up to KZT 10 billion. The maximum interest rate is 22% per annum, but subsidies reduce this rate to 6% per annum. Loan terms extend up to 120 months for investments and 48 months for working capital replenishment.

Isker Programme. The Isker programme is aimed at supporting and developing small and medium-sized businesses in the agro-industrial complex of Kazakhstan. It provides entrepreneurs with access to financing for projects in agriculture and related industries. The programme is accessible through credit partnerships, microfinance organisations and direct lending channels. The interest rate for loans under the Isker programme is 6% per annum (or 4% for low-income/large families). Loan terms extend up to 84 months for projects related to livestock farming and up to 60 months for other types of ventures.

Youth Microcredit Programme. This programme offers financing to young entrepreneurs aged 21 to 35. The maximum loan is KZT 5 million, with an interest rate of 2.5% per annum. Loan terms extend up to 60 months for general businesses and 84 months for livestock projects.

Insurance Support. The voluntary insurance system in the agro-industrial sector is supported by the Government through the subsidising of insurance premiums at a rate of 80%, making insurance policies more affordable for agricultural enterprises. There are numerous insurance products available within the agricultural insurance industry, covering crop and livestock production, with part of the insurance premiums being subsidised.

In addition to the lending and insurance programmes described above, ACC's wholly-owned subsidiary KAF leases agricultural machinery and equipment, offering a comprehensive range of financing programmes tailored to the diverse needs of agricultural producers. These programmes enable producers to purchase equipment on favourable terms. KAF is represented by fifteen branches across all regions of Kazakhstan.

Furthermore, while commercial banks mainly offer short-term loans to replenish the working capital of large agricultural enterprises, ACC and KAF provide long-term financing of up to 10 years to SMEs, with the aim of fostering the development of a competitive production base.

In 2024, ACC and KAF allocated KZT 827 billion to finance farmers through loans and leasing. This included KZT 599 billion from ACC and KZT228 billion from KAF. Approximately 5,000 agricultural enterprises received KZT 319.5 billion for spring field and harvesting works, covering 5 million hectares. Additionally, KZT 176 billion was directed towards other financing programmes, including microfinancing and agribusiness. Financial leasing contracts were signed for 10.5 thousand units of agricultural machinery and equipment, totalling KZT 228.5 billion, with 4.3 thousand units of domestic equipment purchased under a preferential leasing programme at 5% per annum for KZT 120 billion.

KHC

Introduction

KHC was established on 29 December 2000 in accordance with the Resolution No. 469 of the National Bank of the Republic of Kazakhstan dated 20 December 2000. The main aim of KHC is to increase the availability of affordable, high-quality housing in Kazakhstan. The principal activity of KHC is providing mortgage loans under a licence granted by regulatory authorities as well as conducting trust management, factoring and leasing operations. KHC, as the unified operator of housing construction in the Republic of Kazakhstan, operates in accordance with the key directions of the state policy in the housing construction sector, in particular, the Concept for the Development of Housing and Communal Infrastructure for 2023–2029, as well as legislation on equity participation in housing construction and real estate mortgage.

KHC's registered office is located in Astana.

Fitch has assigned KHC long-term foreign- and local-currency ratings of 'BBB' with stable outlook. Moody's has assigned long-term rating to KHC of "Baa2" with stable outlook.

Key Financial Information

	As of, or for the year ended, 31 December 2022	**As of, or for the year ended, 31December 2023**	**As of, or for the year ended, 31 December 2024**
Return on average assets[(1)] *(in %)*	3.1	2.9	2.7
Debt/equity[(2)]	5.0	5.1	5.1
Assets *(in KZT millions)*	1,449,148	1,486,195	1,573,236
Growth in assets[(3)] *(in %)*	1.7	2.6	5.9
Net profit *(in KZT millions)*	44,680	41,850	40,665

Notes:

(1) Return on average assets is calculated as net profit divided by average total assets during the year and expressed as a percentage. Average total assets during the year are calculated based on opening and closing balances for each year.

(2) Debt/equity is calculated as total liabilities of the subsidiary over total equity of the subsidiary.

(3) Growth in assets is calculated as the closing balance of total assets for the year divided by the opening balance of total assets for the year and expressed as a percentage.

Description of Activities

KHC's main activities consist of:

- supporting housing supply and increasing the volume of housing construction by stimulating the private sector and providing services for developers: this is done by financing developers through the purchase of municipal securities, guaranteeing multi-apartment housing construction, providing subsidies with respect to private developers' loans and financing investment projects; and

- providing support for housing demand and increasing housing affordability for the citizens of Kazakhstan: this is done by providing rental housing and subsidising mortgage loans.

In its activities, KHC employs the following financing methods:

- *Financing of construction and renovation of housing through the purchase of local executive authorities bonds*: KHC finances the construction of housing for depositors of Otbasy Bank and persons on housing waiting lists maintained by local executive authorities through the purchase of bonds issued by such local executive authorities. The proceeds from such purchases are used to construct housing across all the regions of Kazakhstan. The source of financing for the purchase of bonds of local executive authorities by KHC is the National Fund. The total amount of the bonds of local executive authorities purchased by the Group including KHC and other Group subsidiaries (Damu, ACC, Otbasy Bank) amounted to KZT 2,647 million in 2022, KZT 2,689 million in 2023 and KZT 2,832 million in 2024.

- *Guaranteeing housing construction*: KHC ensures that the construction of residential properties is completed in the event that its guarantee is called.

- *Subsidising interest rates on loans to private developers*: To boost private developers' offerings in the primary housing market, KHC subsidises the interest rate on loans issued to private developers by banks for housing construction (the Nurly Zher programme). This programme operates in a number of cities and regions in Kazakhstan.

- *Provision of rent-to-buy housing*: The sale of rental housing is a socially significant area of the activity of KHC. Rental housing is provided to people on waiting lists maintained by local executive authorities. KHC facilitates rent-to-buy housing programmes, offering properties for people on the waiting list of local executive authorities with a rental period of up to 240 months and with options for early repurchase, after which the property is owned by the tenant. The programme covers more than 20 cities in Kazakhstan.

Otbasy Bank

Introduction

Otbasy Bank was established in accordance with the Decree of the Government No. 364 dated 16 April 2003 in order to develop a residential construction savings system in Kazakhstan. Otbasy Bank's main aim is to improve and enhance the efficiency of long-term financing of housing construction and to develop a system of housing construction savings aimed at improving the housing conditions of the population.

Otbasy Bank's registered office is located in Almaty. As of 31 December 2024, Otbasy Bank had 20 regional branches and 17 service centres and 2 service points throughout Kazakhstan.

Fitch has assigned Otbasy Bank long-term foreign- and local-currency ratings of 'BBB' with stable outlook. Moody's has assigned long-term rating to Otbasy Bank of "Baa2" with stable outlook.

Key Financial Information

	As of, or for the year ended, 31 December 2022	**As of, or for the year ended, 31 December 2023**	**As of, or for the year ended, 31 December 2024**
Return on average assets[(1)] *(in %)*	3.1	4.0	2.9
Debt/equity[(2)]	6.4	5.7	5.0
Assets *(in KZT millions)*	3,440,022	3,996,059	4,279,621
Growth in assets[(3)] *(in %)*	22.7	16.2	7.1
Net profit *(in KZT millions)*	96,035	147,528	120,793

Notes:

(1) Return on average assets is calculated as net profit divided by average total assets during the year and expressed in percentages. Average total assets during the year are calculated based on opening and closing balances for each year.

(2) Debt/equity is calculated as total liabilities of the subsidiary over total equity of the subsidiary.

(3) Growth in assets is calculated as percentage growth of total assets as of 31 December of the relevant year as compared to total assets as of 31 December of the previous year.

Description of Activities

The principal activities of Otbasy Bank are:

- accepting deposits in the form of housing construction savings, opening and maintaining depositors' accounts; providing mortgage loans for deposit holders to improve their housing conditions and loans for home improvement activities;

- opening and maintaining special accounts for depositing lump-sum pension payments; and

- opening and maintaining current accounts for depositing subsidies to pay for rented accommodation in privately-owned housing.

Otbasy Bank is the only bank in Kazakhstan that operates a housing construction savings system. This system enables citizens to access mortgage loans at low interest rates by utilising housing construction deposits. Otbasy Bank implements specialised market programmes for military personnel and offers mortgage loans for women under the "Umai" programme to promote gender equality. In addition, it supports ESG principles through the "Green Mortgage" initiative. As an operator of Government programmes, Otbasy Bank plays a key role in implementing Government policies aimed at providing affordable housing. This includes executing both the Government's and regional housing programmes and to increase housing affordability for socially disadvantaged or unprotected population groups through loans with interest rates from 2% to 5% funded by the Government and local executive authorities.

The Issuer is currently considering the privatization of a part of its shareholding in Otbasy Bank, which will potentially be offered for sale by way of an IPO. No firm decision has yet been taken in this regard as to the privatization method or the stake to be privatized, and no assurance can be given that such privatization will in fact take place.

Health, Safety, Environment and Sustainable Development

Health, Safety and Environment

The Group aims to ensure that its occupational health and safety record strictly complies with the requirements of the laws of Kazakhstan, international standards and its own internal regulations.

Employees are briefed on relevant safety regulations in accordance with the Occupational Health and Safety Instructions adopted and approved by the Issuer and the applicable laws of Kazakhstan. In accordance with Order No. 1019 of the Minister of Health and Social Development of the Republic of Kazakhstan dated 25 December 2015 "*On Approval of Rules and Deadlines of Training, Briefings and Employees' Testing of Knowledge of Occupational Health and Safety*", training events for employees of the Group are organised annually. In 2023, the Issuer received ST RK ISO 45001-2019 (ISO 45001:2018 – *Occupational Health and Safety Management Systems*) certificate. This certification was affirmed in 2024.

In 2022, 2023 and 2024 no injuries were recorded at the premises of the Issuer or its subsidiaries.

Sustainable Development and Responsible Investment

The Group pays particular attention to sustainable development and responsible investing. The Group's management seeks to introduce and integrate ESG factors into the investment decision-making process, including by familiarising the counterparties with ESG factors.

The Group's management expects counterparties to:

- apply an environmental risk management system in order to identify and assess actual and potential impacts of investments on the environment and communities, determine and effectively implement appropriate management and control measures and monitor the level of environmental risks;

- implement a human resource management system and seek to minimise occupational health risks to their employees, which should be based on respect for employee rights, including freedom of association and the right to enter into collective agreements; and

- implement a system of good corporate governance based on the principles of fairness, integrity, responsibility, transparency, professionalism and competence (where good corporate governance implies respect for the rights and interests of all stakeholders, while maintaining financial stability and profitability).

ESG ratings are a means of assessing how resilient a company is to ESG risks. On 18 December 2024, Sustainable Fitch granted the Issuer an ESG Rating of "3" (the rating scale is from 1 to 5, where "1" is the strongest rating), accompanied by a score of 59 (according to a 100-point scale, where "100" is the strongest rating). The rating is stated to reflect the Group's sustainable development plan and initiatives, the consideration of ESG factors in the Group's financial activities, as well as its social guarantees and management practices. The rating confirmed the Issuer's commitment to the principles of social responsibility, corporate governance and business ethics, as well as its desire to integrate ESG considerations into its development plan and business processes.

The Group's Investment Policy sets out the Group's intention to integrate ESG factors into the process of providing financial support to its customers. In addition, the Group's management has introduced a Development Index tool to evaluate potential projects. This index highlights the most significant social and economic projects that could contribute to Kazakhstan's development.

In 2020, the Issuer approved its Environmental and Social Policy. The policy sets forth the principles and processes for recording and monitoring environmental and social factors within the Group's investment activities. In developing the policy, the following international responsible investment initiatives were taken into account: the UN Principles for Responsible Investment, the Equator Principles and the IFC Performance Standards for Ensuring Environmental and Social Sustainability. The policy also defines "green" project criteria based on the taxonomy developed by the Astana International Financial Centre.

In 2021, the Group's Investment Policy was updated to take into account recent structuring changes within the Group, as well as aligning with the applicable regulations. This policy focuses on increasing the accessibility of financing and measuring the development of green financing.

In 2023, the Environmental and Social Policy was updated with the green project taxonomy approved by Decree No. 996 of the Government dated 31 December 2021. In addition, under the Sustainable Development Action Plan for 2024–2026 (the "**Sustainable Development Action Plan**"), the Group's management intends to create and publish semi-annually a unified database of the Group's green and social projects on its official website.

The Group supports a number of green energy projects, the total financing of which, as of 31 December 2024, amounted to KZT 573.5 billion (including the construction of a hydroelectric power plant, solar and wind turbine generators).

Sustainable Development Management System

The Group's management aims to ensure that the Group's economic, environmental and social goals are coherent, through:

- increasing investment in the creation and development of advanced technologies;

- encouraging the growth of exports of both the manufacturing industry and the non-resource industry;

- promoting labour productivity and promoting the creation of new jobs;

- applying transparent competition procedures and equal employment opportunities; and
- ensuring the relevant health and safety standards are applied to its employees.

The Issuer is committed to applying the sustainable development principles set forth by its Corporate Governance Code. The Issuer also adheres to the UN Global Compact Principles in the fields of human rights, labour relations, environmental protection and anti-corruption. The Issuer's goals, objectives, and principles in this regard are described in greater detail in the Group's Sustainable Development Policy.

In 2023, the Issuer approved its Human Rights Policy. The policy focuses on freedom of association and collective bargaining, as well as equal rights and opportunities of its employees. This demonstrates the Issuer's commitment to ensuring compliance with Kazakhstan's legal and regulatory framework as well as international standards. In addition, this facilitates a positive corporate culture and supports global sustainable development goals. The Issuer places particular emphasis on integrating ESG principles, aligning with global trends and national priorities. This includes efforts towards low-carbon transition, decarbonisation and the development of sustainable financing instruments that comply with ESG principles.

The Issuer practises sustainable development management as part of its overall corporate governance system, which is overseen and guided by the Board of Directors of the Issuer (the "**Board of Directors**"). Responsibility for addressing sustainable development matters has been delegated to the Issuer's Strategic Planning Committee. The Management Board of the Issuer (the "**Management Board**") is responsible for establishing and implementing a robust sustainable development management system, as well as approving the relevant Sustainable Development Action Plan. In addition, in the third quarter of each year, the Management Board must submit a Sustainable Development Report to the Board of Directors for review. The corporate key performance indicators ("**KPIs**") tracked by members of the Management Board include KPIs related to sustainable development. These metrics are drawn from the report on the implementation of the Sustainable Development Action Plan. Heads of relevant structural divisions within the Group are personally accountable for implementing measures and achieving sustainable development KPIs within their areas of responsibility.

The Strategy and Corporate Development Department is the primary unit responsible for coordinating the Group's sustainable development initiatives. This department carries out the following tasks:

- plans sustainable development activities;
- coordinates the sustainable development activities of the Group's structural subdivisions;
- prepares reports on the implementation of the Sustainable Development Action Plan and KPIs;
- prepares the Issuer's Annual Report, including its sustainable development section, as well as the sustainable development report in compliance with international GRI Standards; and
- communicates with the Issuer's subsidiaries and international organisations with respect to the sustainable development matters.

Employees and Human Resources

The following table presents the average number of employees of the Issuer and each of its direct subsidiaries for the years ended 31 December 2022, 2023 and 2024:

	For the year ended 31 December		
	2022	**2023**	**2024**
The Issuer	132	132	129
DBK	312	323	345
Damu	398	418	435
QIC	80	84	88
KHC	213	212	215
ECA	100	98	112
Otbasy Bank	1,372	1,511	1,661
ACC	790	1,146	1,141
Total	**3,397**	**3,924**	**4,126**

Since 1 January 2022, the Group has not experienced any material strikes or work stoppages.

The Group's investment in its human resources policies and staff aligns with its aim of creating a professional and sustainable workforce and culture. Between 2022 and 2024, the Group implemented the Unified HR Policy for 2022–2024 (the "**HR Policy**"), one of the objectives of which was to develop a corporate culture based on the ESG principles within the Group. Under the HR Policy, the "number of women in the management of the Issuer and its subsidiaries" was included in the development plans as a KPI for 2022–2024. According to the 2024 results, the percentage of women among managing directors and heads of the structural subdivisions was 24%, and 39% of the total number of such managing directors and heads of the structural subdivisions.

Following the expiration of the HR Policy for 2022–2024, the Group is in the process of developing a new unified HR Policy for 2025–2029. The new policy is expected to enhance existing processes by leveraging HR analytics to evaluate the effectiveness of organisational structures, introducing mentoring programmes for new employees, and implementing standardised training on the Group's policies and procedures across subsidiaries, including the use of IT solutions. The policy is also expected to establish an internal assessor framework, invest in developing digital literacy (including big data, analytics, and artificial intelligence skills), and offer reskilling and upskilling programmes to adapt to evolving labour market conditions. Furthermore, it will focus on automating employee selection, onboarding, training, and evaluation processes using AI and HR analytics, and embedding ESG principles into daily operations through training, communications, and internal initiatives.

Employee training and professional development are essential components of the Group's human resources policies ensuring that employees continuously improve their knowledge and skills. This includes both theoretical and practical learning, as well as improving various skills and managerial abilities.

Training and professional development initiatives are based on the following key principles:

- aligning training content with employees' job responsibilities and performance assessments;
- supporting employees in achieving their individual goals and objectives;
- enhancing the Group's overall performance by implementing best corporate practices and standards;
- seeking to ensure a structured, systematic and well-planned approach to training and professional development; and
- seeking to maximise employee participation in training programmes.

Information Technology

The Group's IT strategies are outlined in its Digitalisation Strategy for 2024–2026 that was adopted in 2023.

Hardware systems monitor web traffic, email and antivirus protections using data leak prevention tools and other security measures designed to ensure cybersecurity compliance. Suspicious events are handled by the Issuer's cybersecurity operations centre. Proactive measures include employee briefings, training, awareness initiatives and regular updates to internal regulations. Staff training is continuously updated based on evolving cybersecurity threats to improve preparedness against phishing attacks and other risks. The Group also tracks cybersecurity market trends, emerging technologies and new services to stay ahead. Products and services introduced by the Group are assessed against market offerings to maintain competitiveness and seek to identify optimal solutions, with marketing surveys conducted to provide further recommendations for the Group. Information security specialists offer expert guidance and implement initiatives to strengthen cybersecurity compliance across the Group's subsidiaries.

Legal Proceedings

There are no governmental, legal or arbitration proceedings, including any such proceedings pending or threatened of which the Issuer is aware, during the last twelve months preceding the date of this Base Offering Memorandum, which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer or the Group.

Credit Ratings

In October 2024, Fitch Ratings affirmed the Issuer's long-term foreign- and local-currency issuer default ratings at 'BBB' with stable outlook.

On 11 September 2024, Moody's Investors Service upgraded the long-term rating of the Issuer from "Baa2" to "Baa1" following a sovereign ratings upgrade. The outlook for the long-term ratings of the Issuer, as well as the forecast for the Issuer, has been set to "stable" in accordance with the rating of the Kazakhstan sovereign.

A credit rating is not a recommendation by the rating organisation or any other entity to buy, sell, or hold securities. It may be subject to revisions or withdrawal at any time by the assigning rating organisation, and each rating should be evaluated independently. Any adverse change in the applicable credit rating could negatively impact the trading price of the Notes.

SUSTAINABLE DEVELOPMENT IMPACT

The Issuer is applying the Impact Disclosure Guidance available at: https://www.icmagroup.org/sustainable-finance/other-sustainable-finance-guidance-publications-and-initiatives/other-initiatives, 2024, to produce a Sustainable Development Impact Disclosure ("**SDID**"). The Impact Disclosure Guidance was prepared by the Impact Disclosure Taskforce, a working group comprised of institutional investors, commercial and investment banks, and other stakeholders including non-governmental organisations, law firms and other capital markets stakeholders. The SDID showcases the impact intentions of the Issuer's business strategy and operations in Kazakhstan. Based on its impact intentions, the Issuer's operations and strategy are expected to contribute to UN Sustainable Development Goals ("**SDGs**") #2 (Zero Hunger), #5 (Gender Equality), #7 (Clean and Affordable Energy), #8 (Decent Work and Economic Growth), #9 (Industry, Innovation, and Infrastructure), #11 (Sustainable Cities and Communities), #13 (Climate Action), and #17 (Partnership for the Goals).

The Issuer's mission is to support the sustainable development of the economy of Kazakhstan through three focus areas: (1) Business Support, (2) Development of the shared financing ecosystem, and (3) Provision of housing for the population. Within these three focus areas, the Issuer has outlined the strategic objectives that it intends to achieve through its subsidiaries. This section highlights the Group's anticipated contributions to specific Sustainable Development Goals ("**SDGs**"), intentions to generate incremental positive impact in Kazakhstan, and metrics and incremental targets for metrics. See the "Reporting Table" below for targets and annual reporting.

Focus Area	Subsidiary Objectives	Subsidiary	SDG Contribution
#1: Business Support	Contribute to the sustainable development of the national economy through the non-resource sector	Development Bank of Kazakhstan	7 Affordable and Clean Energy; 9 Industry, Innovation and Infrastructure; 13 Climate Action
	Develop micro, small and medium enterprises (MSMEs) through efficient support instruments	DAMU	5 Gender Equality; 8 Decent Work and Economic Growth
	Promote the non-resource economy and support exports to foreign markets	KAZAKHEXPORT	17 Partnerships for the Goals
	Support development of the agro-industrial complex through accessible and efficient financing	AGROCREDIT АГРАРЛЫҚ НЕСИЕ КОРПОРАЦИЯСЫ	2 Zero Hunger
#2: Development of the shared financing ecosystem	Increase direct investment in companies to grow and modernise the economy	QIC Qazaqstan Investment Corporation	7 Affordable and Clean Energy; 9 Industry, Innovation and Infrastructure
#3: Provision of housing for the population	Provide families with housing to increase a sense of devotion to their homeland	ОТБАСЫ БАНК	11 Sustainable Cities and Communities
	Facilitate access to affordable and high-quality housing		11 Sustainable Cities and Communities

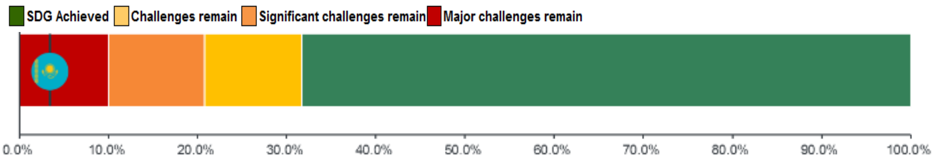
Focus Area #1: Business Support

DBK

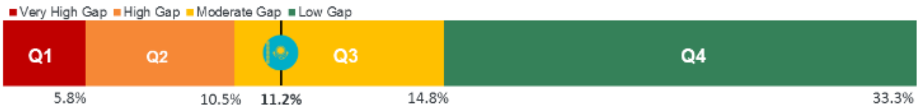
SDG Contribution and Gap Assessment[(1)]

Based on its impact intentions, DBK is anticipated to contribute to the following SDG gaps in Kazakhstan:

Target 7.2: Renewable energy share in the total final energy consumption[(2)]



Target 9.2: Manufacturing value added as a proportion of GDP and per capita[(3)]



Target 13.2: Total greenhouse gas emissions per year (per capita)[(4)]

Actions to achieve intended impacts

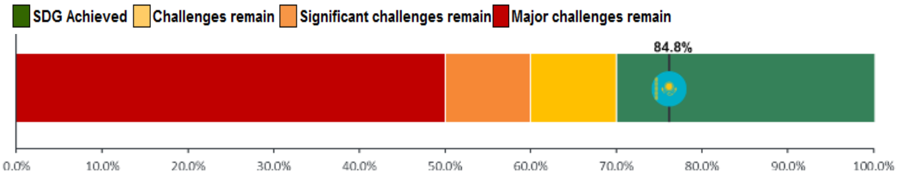
- Finance Investment Projects: DBK JSC plans to grow its loan portfolio in priority sectors and activities of the economy, in line with its 2024-2033 Development Strategy
- Promote green financing and the development of the renewable energy sector in Kazakhstan by financing wind, solar, and hydropower plants by 2033; and
- Support economic growth with the aim of contributing to Kazakhstan's national plans to double GDP by 2029, by supporting the metallurgy, chemicals, automobile manufacturing, agro-industrial complex and petrochemicals industries.

Damu

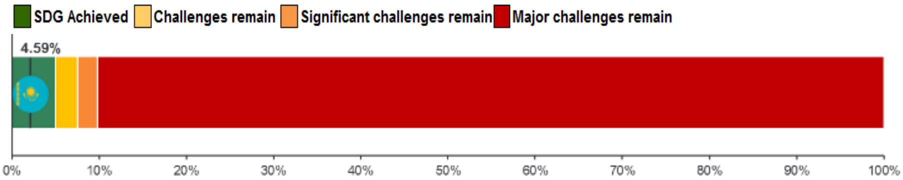
SDG Contribution and Gap Assessment[(5)]

Based on its impact intentions, Damu is anticipated to contribute to the following SDG gaps in Kazakhstan:

Target 5.5: Ratio of female-to-male labour force participation rate (%)[(6)]

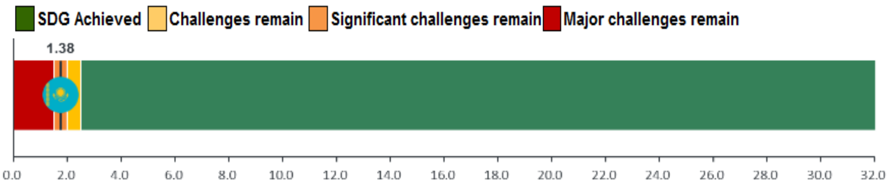


Target 8.3: Unemployment rate (% of the total labour force, ages 15+)[(7)]

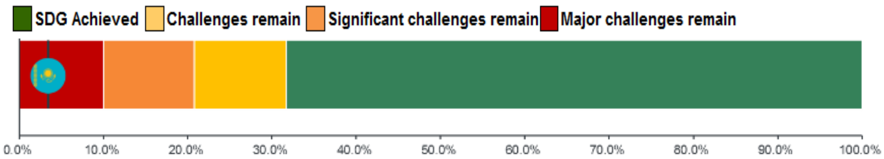
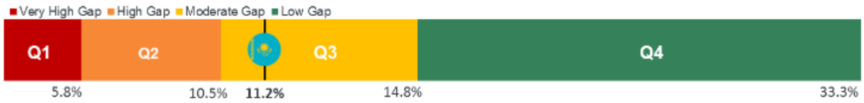


Actions to achieve intended impacts

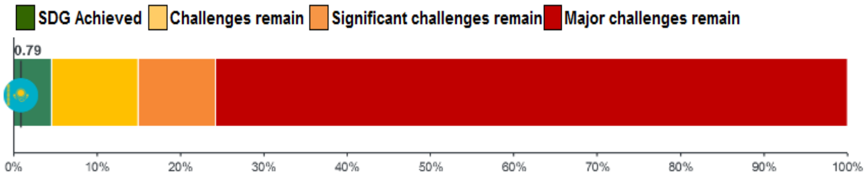
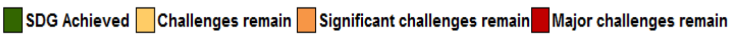
- Continue the "Umit" Program to support female entrepreneurs by providing preferential lending and financial literacy courses;
- Support SMEs and Domestic Trade Entities under the Damu-Micro, Damu-Leasing, and Factoring programs, and by implementing a program to support domestic trade entities through subsidising and guaranteeing instruments aimed at stimulating the formation of a modern trade infrastructure; and

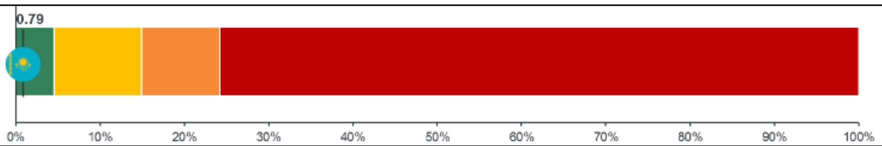
	• Create a guarantee fund based on the best practices of state credit guarantee funds to improve the current guarantee system, with the goal of significantly contributing to the development of private entrepreneurship and the country's financial system.
ECA	
SDG Contribution and Gap Assessment[8]	Based on its impact intentions, ECA is anticipated to contribute to the following SDG gaps in Kazakhstan: **Target 17.11: Developing countries' and least developed countries' share of global merchandise exports (%)[9]** 
Actions to achieve intended impacts	• Increase export support by guaranteeing export operations and subsidising interest rates on export loans to enhance the volume of supported exports by making it easier and more attractive for producers of Kazakhstan to enter and compete in international markets; • Enhance insurance offerings, providing more robust insurance offerings to exporters of Kazakhstan and facilitating easier access to these services, allowing exporters to manage their insurance needs more efficiently; and • Seek non-financial support, attracting new foreign importers and establishing strategic partnerships through agreements and memorandums of cooperation with international entities.
ACC	
SDG Contribution and Gap Assessment	Based on its impact intentions, ACC is anticipated to contribute to the following SDG gaps in Kazakhstan: **SDG Target 2.3: Cereal yield[10]** 
Actions to achieve intended impacts	• Provide accessible financing for rural businesses, agricultural cooperatives, and large processing enterprises, fostering economic growth, rural development, and food security through initiatives like concessional loans, microcredits, and investment projects.

Notes:
(1) Using most recent data available. Peer countries refer to 144 countries eligible to borrow from the World Bank Group.
(2) Source: Sustainable Development Report, as of 2025.
(3) Source: UNIDO National Accounts Database. Data retrieved from UN Statistics as of 20 January 2025 (n=115).
(4) Source: Climate Watch, 2024. Data retrieved from UN Statistics as of 20 January 2025 (n=137).
(5) Using most recent data available. Peer countries refer to 144 countries eligible for to borrow from the World Bank Group.
(6) Source: Sustainable Development Report.
(7) Source: Sustainable Development Report. Used as a proxy indicator for economic development.
(8) Using most recent data available. Peer countries refer to 144 countries eligible to borrow from the World Bank Group.
(9) Source: United Nations Conference on Trade and Development and World Trade Organization. Data retrieved from UN Statistics as of 20 January 2024 (n=114).
(10) Source: Sustainable Development Report.

Focus Area #2: Development of the shared financing ecosystem	
QIC	
SDG Contribution and Gap Assessment[(1)]	Based on its impact intentions, QIC is anticipated to contribute to the following SDG gaps in Kazakhstan: **Target 7.2: Renewable energy share in the total final energy consumption**[(2)]  **Target 9.2: Logistics Performance Index: Quality of trade and transport-related infrastructure**[(3)] 
Actions to achieve intended impacts	QIC supports Kazakhstan's economic development by attracting foreign investment and facilitating domestic projects in key sectors like energy, infrastructure, agriculture, and technology. It focuses on: • Drawing foreign investors to energy and infrastructure; • Enhancing healthcare technology and quality; • Providing favorable financing for capital efficiency; • Increasing equity financing for high-growth businesses; and • Supporting IT-focused venture funds.

Notes:
(1) Using most recent data available. Peer countries refer to 144 countries eligible to borrow from the World Bank Group.
(2) Source: Sustainable Development Report, as of 2025.
(3) Source: the SDGs and the UN Summit for the Future. Data retrieved from Sustainable Development Report.

Focus Area #3: Provision of Housing for the Population	
Otbasy Bank	
SDG Contribution and Gap Assessment[(1)]	Based on its impact intentions, Otbasy Bank is anticipated to contribute to the following SDG gaps in Kazakhstan: **Target 11.1: Proportion of urban population living in slums (%)**[(2)] 
Actions to achieve intended impacts	• Issue KZT 1.2 million in housing loans in 2025 to expand housing accessibility across Kazakhstan; • Introduce a mortgage product based on the principles of Islamic financing, catering to the growing demand for Sharia-compliant financial products and diversifying the Obtasy Bank's offerings to meet the needs of different customer segments; • Continue to extend green loans under the first Green Mortgage program in Kazakhstan; and • Continue to provide mortgages under the new 9-20-25 mortgage program, which allows young customers to get mortgages with a 20% down payment, at 9% interest rate, and for 25 years.
KHC	
SDG Contribution and Gap Assessment[(3)]	Based on its impact intentions, KHC is anticipated to contribute to the following SDG gaps in Kazakhstan: **Target 11.1: Proportion of urban population living in slums (%)**[(4)] 

	
Actions to achieve intended impacts	• Increase access to affordable housing through MIO bond financing, enhancing living standards and social stability and support eco-friendly urban projects that promote long-term growth and resilience; • Offer rent-to-own housing for vulnerable groups, fostering equity and inclusion; and • Stimulate the housing sector by subsidising loans and guaranteeing construction projects, boosting job creation and development.

Notes:
(1) Using most recent data available. Peer countries refer to 144 countries eligible to borrow from the World Bank Group.
(2) Source: Sustainable Development Report.
(3) Using most recent data available. Peer countries refer to 144 countries eligible to borrow from the World Bank Group.
(4) Source: Sustainable Development Report.

Policies and procedures to mitigate negative impact

To mitigate negative impacts, the Issuer implements the below policies and procedures:

- Responsible Investment Policy available at: https://baiterek.gov.kz/en/about-holding/sustainable-development/responsible-investment/, which aligns with the "One Belt, One Road" Green Investment Principles (GIP), a set of principles for greening Belt and Road investments across seven principles at three levels: strategy, operations and innovation.
- Climate Change Mitigation Adaptation available at: https://baiterek.gov.kz/en/about-holding/sustainable-development/green-projects/.
- Resource Consumption: Resource consumption is governed by the Environmental Impact Policy available at: https://baiterek.gov.kz/en/about-holding/sustainable-development/environmental-impact/.
- Sustainable Development Principles: the Issuer aims to integrate sustainable development principles into its strategy in line with the UN Global Compact and other international standards.

Reporting table

The Issuer will annually monitor and report on all metrics below, including those with no explicit targets.

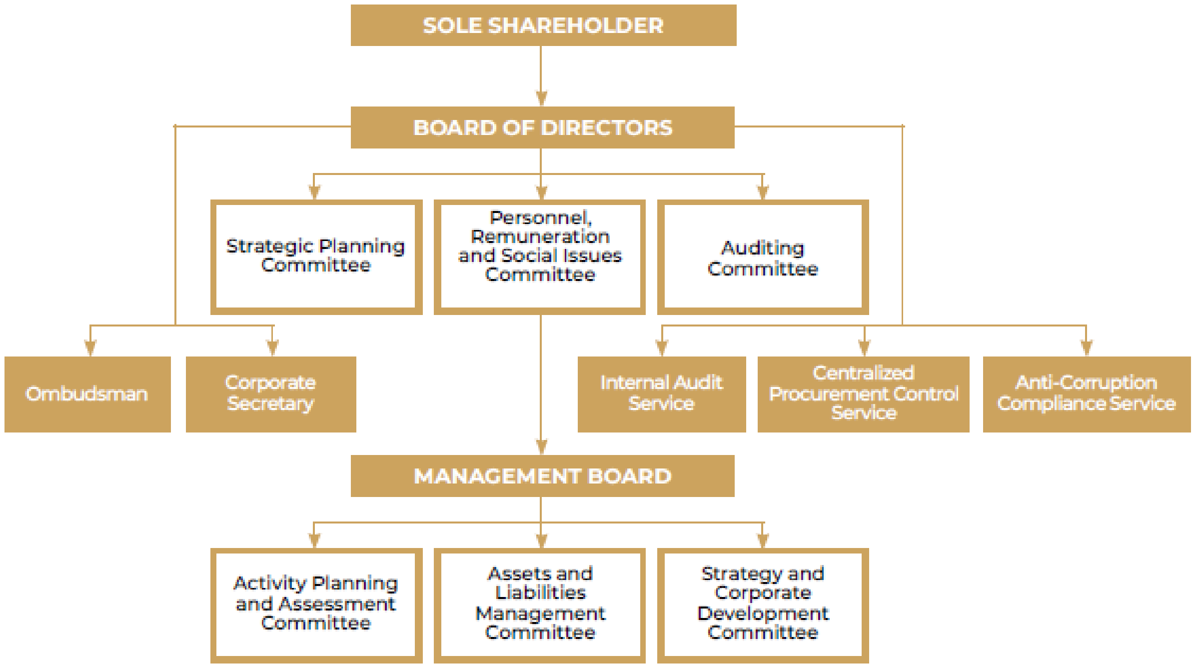
Anticipated Impact					
Metric	**Unit**	**Baseline**	**Baseline Year**	**Target**	**Target Year**
DBK					
Total investment in infrastructure and manufacturing industry	*KZT, trillions*	2.0	2024	9.3	2033
Total revenue of enterprises supported by DBK	*KZT, billions*	4,986	2024	5,168.1	2033
Wind power plants capacity	*MW*	-	-	300.0	2033
Solar power plants capacity	*MW*	14.9	2024	220.0	2033
Hydro power plants capacity	*MW*	11.4	2024	40.0	2033
Damu					
Jobs created by supported business entities	*#*	9,000	2024	-	-
Loan amount for SMEs	*KZT, billions*	1,713	2024	-	-
Total funds allocated for regional financing	*KZT, billions*	49.8	2024	-	-
Financing to support women's entrepreneurship "Umit"	*KZT, billions*	10	2024	-	-
ECA					
Exporters Supported	*#*	96	2024	-	-
First-time exporters supported	*#*	15	2024	-	-
Volume of Export Trade and Pre-export Financing	*KZT, billions*	30.2	2024	-	-
New foreign importers attracted	*#*	14	2024	-	-

Anticipated Impact					
Metric	**Unit**	**Baseline**	**Baseline Year**	**Target**	**Target Year**
***ACC*[(1)]**					
Financing provided for the agro-industrial complex	*KZT, billions*	819.1	2023	-	-
Jobs created	*#*	6,600	2023	-	-
Total volume of green projects financed	*KZT, billions*	67	2023	-	-
QIC					
Volume of new investments	*KZT, million*	61,918	2024	-	-
Projects	*#*	11	2024	-	-
Otbasy Bank					
Housing loans issued	*KZT, million*	-	-	1.2	2025
KHC					
Housing commissioned (credit and rental)	*m^2, thousands*	1,819	2024	-	-
Families issued guarantees for residential construction	*#*	6,773	2024	-	-

Note:
(1) Baseline values for the ACC represent most recent values, which are for 2023, not 2024.

MANAGEMENT

The following organisation chart sets forth the corporate governance structure of the Issuer as at the date of this Base Offering Memorandum:



Sole Shareholder

The sole shareholder of the Issuer is the Government of the Republic of Kazakhstan represented by the Ministry of National Economy of the Republic of Kazakhstan. The relationship between the Issuer and the Government is governed by the laws of the Republic of Kazakhstan and internal regulations of the Issuer.

The sole shareholder of the Issuer has a list of tasks and decisions that must be taken directly by the Government as the sole shareholder. Such tasks and decisions include, amongst others, the following:

- Approving the development strategy of the Issuer;
- Approving the annual financial statements;
- Approving the changes and amendments to the Articles of Association of the Issuer;
- Determining the key corporate governance principles;
- Determining the Issuer's dividend policy, make a decision on the distribution of the Issuer's net income based on the results of the reporting period, make a decision on the payment of dividends;
- Determining the quantitative composition, term of office of the Board of Directors of the Issuer, election of its members and early termination of their powers;
- Determining the procedure, amount and terms of the remuneration of the Independent Directors; and
- Electing the Chair of the Management Board and early terminating his powers.

Board of Directors

The composition of the Board of Directors shall be determined from time to time, with the requirement that not less than 30% of members must be independent directors.

As at the date of this Base Offering Memorandum, the Board of Directors consists of ten members, including the Chairman of the Board of Directors and three independent directors.

The Board of Directors is the governance body of the Issuer, which is in charge of strategic management of its activities and control over the proceedings of the Management Board. The activities of the Board of Directors are governed by the principle that the rights of the Sole Shareholder must be protected and the interests of the Sole Shareholder must be observed. The Board of Directors' tasks include among others, the efficient operation of the Issuer's risk management systems, electing the members of the Management Board and supervising its activities and more generally the corporate governance of the Issuer in compliance with the Corporate Governance Code and the Code of Business Conduct.

The members of the Issuer's Board of Directors as of the date of this Base Offering Memorandum are:

Name	Other Positions	Date Appointed	Age	Date of Birth
Bektenov Olzhas Abayevich	Chairman of the Board of Directors of «Sovereign Wealth Fund «Samruk-Kazyna» JSC	29 February 2024	44	13 December 1980
Sklyar Roman Vasilevich	Member of the Board of Directors of the Kazakh Invest National Company JSC	5 January 2023	53	8 May 1971
Serik Makashevich Zhumangarin	-	31 December 2024	55	22 July 1969
Takiyev Madi Tokeshovich	Member of the Board of Directors of the Kazakh Invest National Company JSC	29 February 2024	46	1 April 1978
Sharlapaev Kanat Bisimbayevich	Member of the Board of Directors of «Sovereign Wealth Fund «Samruk-Kazyna» JSC	28 September 2023	43	9 July 1981
Rustam Timurovich Karagoishin	Chairman of the Management Board of the Issuer	5 April 2024	41	6 September 1983
Yersayin Nagaspayev Kairgazievich	Minister of Industry and Construction	26 March 2025	44	28 July 1980
Marie-Hélène Bérard	Chairman of the Committee for Nominations, Remuneration and Social Issues of the Board of Directors of the Issuer	5 January 2023	**77**	13 November 1947
Daniel Alan Witt	Chairman of the Strategic Planning Committee of the Board of Directors of the Issuer	5 January 2023	63	3 June 1961
Norbert Manfred Grundke	Chairman of the Audit Committee of the Board of Directors of the Issuer	5 January 2023	69	1 June 1955

Information regarding the members of the Board of Directors is set out below:

Bektenov Olzhas Abayevich graduated from the Kazakh State Law Academy in 2001. He began his career in 2002 as a chief specialist in the Department of Justice of Almaty. From 2005 to 2006, he served as an expert and chief expert in the Legal Department of the Office of the Prime Minister of the Republic of Kazakhstan. Between 2006 and 2009, he worked in the Administration of the President of the Republic of Kazakhstan. From 2009 to 2012, he was Deputy Chairman of the Committee for Registration Service and Legal Assistance at the Ministry of Justice of the Republic of Kazakhstan. From 2012 to 2014, he served as Head of Department at the central office of the Republic of Kazakhstan Agency for Combating Economic and Corruption Crime (Financial Police). In 2015-2016, he was the Chief of Staff of the Mayor of Astana and Head of the Secretariat of the Head of the Administration of the President of the Republic of Kazakhstan. From 2016 to 2017, he was the Head of the Department of the National Bureau for Combating Corruption (anti-corruption service) for the city of Astana. Between 2017 and 2018, he served as Deputy Mayor of Akmola region. From 2018 to 2019, he was Deputy Chairman of the Republic of Kazakhstan Agency for Public Service and Anti-Corruption. From 2019 to 2022, he held the position of First Deputy Chairman of the Republic of Kazakhstan Anti-Corruption Agency. From February 2022 to April 2023, he served as the Chairman of the Republic of Kazakhstan Anti-Corruption Agency. On 3 April 2023, he was appointed Head of the Administration of the President of the Republic of Kazakhstan by Decree of the Head of State. On 6 February 2024, he was appointed Prime Minister of the Republic of Kazakhstan by the Decree of the President. Since 29 February 2024, he has been the Chairman of the Board of Directors of the Issuer.

Sklyar Roman Vasilevich, graduated from Pavlodar State University with a degree in Civil Engineering, the Moscow Institute of Modern Business with a degree in Economics, and the Kazakh Institute of Law and International Relations with a degree of lawyer. He began his career as a fitter at AAM Ekibastuz Ugleavtomatika LLP. From 1990 to 2011, he held various positions, including Head of the Public Procurement Department of Pavlodar, Head of the Office, Deputy Mayor of Pavlodar, Head of the Infrastructure Development Department at the Office of the Mayor of Astana, Director of the Department of Energy and Public Utilities of Astana, Deputy Mayor of Pavlodar Region, and First Deputy Mayor of Pavlodar Region. From 2011 to 2016, he served as Vice-Minister of Transport and Communications of the Republic of Kazakhstan, and from 2014 to 2016, he was Vice President of Kazakhstan Temir Zholy JSC. From May to December 2016, he held the position of Vice-Minister of National Economy of the Republic of Kazakhstan. From December 2016 to December 2017, he served as Vice-Minister for Investment and Development of the Republic of Kazakhstan. From January 2018 to February 2019, he was the First Vice-Minister for Investment and Development of the Republic of Kazakhstan. He then served as Minister of Industry and Infrastructure Development of the Republic of Kazakhstan from 25 February 2019 to 17 September 2019. Since 18 September 2019, he has been the Deputy Prime Minister of the Republic of Kazakhstan. On 11 January 2022, he became the First Deputy Prime Minister of the Republic of Kazakhstan. On 4 February 2022, he became a member of the Board of Directors of the Issuer, a position he still holds since 5 January 2023. On 5 February 2024, by Decree of the President of the Republic of Kazakhstan, he was appointed Acting Prime Minister of the Republic of Kazakhstan. The following day, 6 February 2024, by Decree of the Head of State, he was appointed First Deputy Prime Minister of the Republic of Kazakhstan. He is also the Chairman of the Board of Directors of NC KazAvtoZhol JSC and a Member of the Board of Directors of the Kazakh Invest National Company Joint Stock Company.

Serik Makashevich Zhumangarin graduated from the Moscow Order of Lenin and the Order of the October Revolution Power Engineering Institute, Karaganda Buketov University, and the International Academy of Business. He began his career in 1993 and worked in entrepreneurial activities until 2004. In 2005-2006, he served as Deputy Head of the Department of Economy and Budget Planning of Aktobe and Head of the Department of Entrepreneurship of Aktobe. Between 2006 and 2007, he worked as Deputy Head of the Department of the Agency for Regulation of Natural Monopolies of the Republic of Kazakhstan in the Aktobe region. From 2007 to 2008, he was the Head of the Department and Director of the Department of the Agency for Regulation of Natural Monopolies in the Aktobe region. From 2008 to 2010, he was Deputy Chairman of the Trade Committee of the Ministry of Industry and Trade of the Republic of Kazakhstan, Director of the Department of Trade Development, and Deputy Chairman of the Board of Kazakhstan Contract Agency JSC. In 2010-2011, he held the positions of Deputy and First Deputy Chairman of the Board of NadLoc National Local Content Development Agency JSC. In 2012-2013, he served as Director of the Department of Regional Policy and Interbudgetary Relations of the Ministry of Economic Development and Trade of the Republic of Kazakhstan, and Chairman of the Regional Development Committee of the Ministry of Economic Development and Trade of the Republic of Kazakhstan. From 2013 to 2014, he worked as the Vice Minister of the Regional Development of the Republic of Kazakhstan. From 2014 to 2017, he was Chairman of the Committee on Regulation of Natural Monopolies and Protection of Competition of the Ministry of National Economy of the Republic of Kazakhstan. Between 2017 and 2019, he held the position of Vice Minister of National Economy of the Republic of Kazakhstan. In 2019-2020, he was a Collegium member (Minister) of the Eurasian Economic Commission for Competition and Antitrust Regulation. From 2020 to 2022, he was the Chairman of the Agency for Protection and Development of Competition of the Republic of Kazakhstan. In 2022-2023, he served as Deputy Prime Minister and Minister of Trade and Integration of the Republic of Kazakhstan. On 2 September 2023, he was appointed Deputy Prime Minister of the Republic of Kazakhstan by a Decree of the President of the Republic of Kazakhstan. On 6 February 2024, he was appointed Deputy Prime Minister of the Republic of Kazakhstan by a Decree of the President of the Republic of Kazakhstan. On 21 December 2024, he was appointed Deputy Prime Minister and Minister of National Economy of the Republic of Kazakhstan by a Decree of the President of the Republic of Kazakhstan. Since 31 December 2024, he is a member of the Board of Directors of the Issuer.

Takiyev Madi Tokeshovich graduated from the Kazakh State Academy of Management, Kunayev Humanitarian University, and the University of International Business. He began his career in 1998 as a chief accountant at the Institute of State and Law of the Ministry of Science-Academy of Sciences of the Republic of Kazakhstan. From 2000 to 2008, he worked as an inspector, leading and chief tax inspector, and head of departments on work with SMEs and audit at the Tax Committee of Almaty. From 2008 to 2009, he served as the Head of the Excise Tax Administration Department of the Tax Department of Almaty region. Between 2009 and 2012, he was Deputy Head of the Tax Department of Almaty. From 2012 to 2013, he was the Head of the Department of the Tax Committee of the Ministry of Finance of the Republic of Kazakhstan. In 2013-2014, he worked as the Director of the Tax and Customs Policy Department of the Ministry of National Economy of the Republic of Kazakhstan. In 2014, he was the Chief Consultant of the Socio-Economic Department of the Office of the Prime Minister of the Republic of Kazakhstan. From 2014 to 2017, he served as the Head of the Department of State Revenue for Atyrau region. From 2017 to 2019, he was the Director of the Tax Control Department of the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan. From 2019 to 2020, he was the Deputy Minister of National Economy of the Republic of Kazakhstan. From 2020 to 2023, he worked as the Head of the Department of Socio-Economic Monitoring at the Presidential Administration of the Republic of Kazakhstan. From 2023 to 2024, he served as a deputy of the Majilis (lower chamber) of the Parliament of the Republic of Kazakhstan of the VII convocation, Chairman of the Committee on Finance and Budget of the Majilis, (lower chamber) and member of the AMANAT Party Faction in the Majilis of the Parliament of the Republic of Kazakhstan. Since 6 February 2024, he has been the Minister of Finance of the Republic of Kazakhstan. Since 29 February 2024, he is a member of the Board of Directors of the Issuer.

Sharlapaev Kanat Bisimbayevich graduated from the Saratov Socio-Economic University (Russia) and Cranfield School of Management (UK). He began his career in banking in 2003. From 2006 to 2008, he worked in the Finance Department, Project Management Department, Operations and Technology Department, and Sales Department of Citi Investment Bank (UK, Czech Republic). Between 2008 and 2014, he served as Senior Analyst, Assistant Vice-President, and Vice-President of the Regional Department of Equity Market Activities at Citi Investment Bank (London, UK). From 2014 to 2015, he held the position of Vice President of the Regional Strategic Planning and Analysis Group for Europe, the Middle East, and Africa at Citi Investment Bank (London, UK). From 2015 to 2017, Kanat Sharlapaev served as Chief Financial Officer, Deputy Chairman of the Board, and Senior Vice President of Citibank Kazakhstan. From 2017 to 2020, he held the positions of Chief Financial Officer for Russia, Ukraine, and Kazakhstan and Senior Vice President at Citibank Russia. From 2020 to 2022, he worked as the Regional Director for Strategy, Planning, and Analysis in the Emerging Markets of Africa, the Middle East, and Eastern Europe at Citi Investment Bank (UAE). Since 2 February 2022, he has been appointed as the Chairman of the Management Board of the Issuer. On 4 September 2023, he was appointed Minister of Industry and Construction of the Republic of Kazakhstan. Since 28 September 2023, he is a member of the Board of Directors of the Issuer. On 6 February 2024, he was appointed Minister of Industry and Construction of the Republic of Kazakhstan. Since 28 February 2025, he has been assistant to the President of the Republic of Kazakhstan on Economic Issues.

Rustam Timurovich Karagoishin earned a Master of Business Administration (MBA) degree in Corporate Management and a Master’s degree in Corporate Management from the International Academy of Business in 2008. In 2004, he graduated from the Kazakhstan Institute of Management, Economics, and Forecasting (KIMEP University), specialising in Accounting. He began his career at Development Bank of Kazakhstan JSC from June 2004 to June 2006, where he served as Manager, General Manager of Department #1, and Head of Department #2 within the Project Analysis Department. In June 2006, he joined DBK-Leasing JSC, initially as the Head of the Department of Leasing Operations and Project Analysis, later being promoted to Managing Director and Member of the Board. In September 2011, he moved to Petroleum Operating LLP as Head of the Foreign Economic Activity Department within the Oil and Petroleum Products Marketing Department, a role he held until December 2011. From January 2012 to September 2012, he served as Chairman of the Board at Credit Systems LLP. From September 2012 to November 2015), he continued his career at Sberbank Leasing Kazakhstan LLP where he started as Deputy General Director and advanced to the position of General Director. In November 2015, he joined KazAgroFinance JSC as Deputy Chairman of the Board, a role he held until December 2018. He was appointed CEO of Grain Consortium of Kazakhstan LLP in February 2019, holding this position until May 2019. From May 2019 to May 2021, he served as Deputy Chairman of the Management Board of the Issuer. From May 2021 to February 2024, he acted as Chairman of the Board of Directors and General Director of Grain Consortium of Kazakhstan LLP. He served as Acting Chairman of the Management Board of the Issuer from February 2024 to April 2024. He was appointed Chairman of the Management Board of the Issuer on 4 April 2024. Since 5 April 2024, he is a member of the Board of Directors of the Issuer.

Yersayin Kairgazievich Nagaspayev graduated from Karaganda State University named after Buketov with a degree in International Economic Relations. He began his career in 2001 as a leading specialist at the Akim’s Office of Temirtau. From 2002 to 2003, he served as an attaché at the Investment Committee and at the Ministry of Foreign Affairs of the Republic of Kazakhstan. Between 2003 and 2006, he worked as an attaché and third secretary at the Embassy of the Republic of Kazakhstan in the Russian Federation. From 2006 to 2007, he held the positions of Head of Department and Deputy Director of the Department of Transport Policy and International Cooperation at the Ministry of Transport and Communications of the Republic of Kazakhstan. From 2007 to 2009, he served as Deputy Head and Chief of Staff at the Aktau International Sea Trade Port RSE. In 2009, he was appointed Deputy Director of the Department of Administrative Work, State Work, and State Procurement at the Ministry of Transport and Communications, and also served as an Advisor to the Deputy Prime Minister of the Republic of Kazakhstan. From 2009 to 2010, he was the Deputy Akim of Kazybek Bi District in Karaganda. From 2010 to 2011, he worked as an Advisor to the Akim of Karaganda Region. Between 2011 and 2013, he served as Akim of Shakhtinsk in the Karaganda Region, followed by a role as Deputy Akim of Astana from 2013 to 2014. From 2014 to 2016, he was Chairman of the Board of SPK Astana JSC. Between 2016 and 2020, he served as Deputy Director for Strategic Development at Novostroy Astana LLP. Since April 2021, he has held the position of Managing Director for Provision at NC KTZ JSC. On 28 February 2025, he was appointed Minister of Industry and Construction of the Republic of Kazakhstan by Presidential Decree.

Marie-Hélène Bérard graduated from the Institute of Political Studies, Paris, and earned a Master of Laws from Paris University in 1969. She later attended the *École nationale d’administration* (ENA) from 1970 to 1972. From 1972 to 1976, she worked at the Ministry of Economy and Finance before serving as an advisor to the Minister of Health and Social Security, Mrs. Simone Veil, from 1976 to 1978. She then returned to the Ministry of Economy and Finance from 1978 to 1979. Between 1979 and 1981, she was Deputy Adviser to Prime Minister Raymond Barre, followed by a role as Deputy Director in the Budget Department of the Ministry of Economy and Finance from 1981 to 1986. From 1986 to 1988, she served as Adviser to the Prime Minister Jacques Chirac. She then transitioned to the private sector, working as Deputy Managing Director at Marceau Investissements in 1988-1989. Between 1990 and 2000, she was a member of the management board of Crédit Commercial de France, overseeing project financing, export lending, mergers and acquisitions, and privatisations. Since 2000, she has been the President/Founder of MHB SAS, an investment advisory company located in Paris, focusing on Eastern Europe and the former Soviet Union. Since 5 January 2023, she has been an independent director of the Board of Directors of the Issuer.

Daniel Alan Witt earned a BBA (with honors) in Public Administration and an MBA in Finance from Western Michigan University. In 2021, he received the WMU Outstanding Alumnus Award, the university's highest honor for alumni who have achieved excellence in their professional careers. With 30 years of experience, he has worked to promote free markets and reduce barriers to taxation, trade, and investment in transition economies. He was among the first foreigners to discuss international taxation and investment issues with the Russian Federation (1991), Republic of Kazakhstan (1993), Vietnam (1996), Iraq (2004), Libya (2006), and Myanmar (2012), as a recognised expert on newly opened frontier markets. He co-founded the Arab Regional Tax Forum, the Asia Pacific Tax Forum, the Eurasian Fiscal Experts Workshop, and the African Tax Forum, which bring together government officials, legislators, industry leaders, academics, and experts to consider tax and investment climate reforms. Since 1993 until now, he has served as President of the International Tax and Investment Centre (ITIC). In 1999, he was appointed Honorary Professor of Economics at the Kazakh State Academy of Management. In 2011, he was awarded the Order of Dostyk (Friendship), the highest honor granted to foreigners, by the President of Kazakhstan. Since 5 January 2023, he has been an independent director of the Board of Directors of the Issuer.

Norbert Manfred Grundke earned a Diploma in General Engineering from the Rhineland-Palatinate University of Applied Sciences in Bingen. He began his career at the Federal Defense Industry Agency in Koblenz, where he worked from 1982 to 1984. In 1984, he joined Feinmechanische Werke Mainz GmbH as Project Manager, a role he held until 1989. From 1989 to 1998, he advanced to become the Head of Airflow System Development and Technical Director at the company. Between 1998 and 2004, he served on the Management Board of Mannesmann Rexroth AG, which later became Bosch Rexroth AG, initially overseeing the hydraulics division and, from 2001, also taking on responsibility for the automation sector. From 2004 to 2022, he held the position of Chairman of the Management Board of Bosch Rexroth AG, overseeing industrial automation and functional manufacturing. Additionally, he served as Managing Partner at Knauf Group from 2004 to 2022, where he was responsible for production, sales, technical support, and development functions. Since 5 January 2023, he has been an independent director of the Board of Directors of the Issuer.

The business address of the members of the Board of Directors is the registered office of the Issuer, namely 55a Mangilik Yel Avenue, Yessil district, Astana, Republic of Kazakhstan

Management Board

The Management Board is a collegial executive body of the Issuer, which manages the day-to-day activities of the Issuer. The Management Board acts for the benefit of the Issuer and its Sole Shareholder and is accountable to the Sole Shareholder and the Board of Directors.

Members of the Management Board are appointed by the Board of Directors, at the suggestion of the Chairman of the Management Board. The latter is appointed by the Sole Shareholder. The Chairman of the Management Board provides the overall direction of the Issuer's activities in accordance with law and the Issuer's internal regulations and ensures the implementation of resolutions from the Sole Shareholder, the Board of Directors and the Management Board of the Company.

The members of the Management Board are:

Name	**Positions**	**Date Appointed**	**Date of Birth**
Rustam Timurovich Karagoishin	Chairman	2024	1983
Nurbolat Aidapkelov	First Deputy Chairman	2022	1979
Yersain Khamitov	Deputy Chairman	2022	1983
Ussen Galym	Deputy Chairman	2023	1983
Zhandos Shaikhy	Deputy Chairman	2024	1982

Timur Onzhanov	Deputy Chairman	2024	1984
Vyacheslav Son	Deputy Chairman	2023	1982

Information regarding the members of the Management Board is set out below:

Rustam Timurovich Karagoishin earned a Master of Business Administration (MBA) degree in Corporate Management and a Master's degree in Corporate Management from the International Academy of Business in 2008. In 2004, he graduated from the Kazakhstan Institute of Management, Economics, and Forecasting (KIMEP University), specialising in Accounting. He began his career at Development Bank of Kazakhstan JSC from June 2004 to June 2006, where he served as Manager, General Manager of Department #1, and Head of Department #2 within the Project Analysis Department. In June 2006, he joined DBK-Leasing JSC, initially as the Head of the Department of Leasing Operations and Project Analysis, later being promoted to Managing Director and Member of the Board. In September 2011, he moved to Petroleum Operating LLP as Head of the Foreign Economic Activity Department within the Oil and Petroleum Products Marketing Department, a role he held until December 2011. From January 2012 to September 2012, he served as Chairman of the Board at Credit Systems LLP. From September 2012 to November 2015), he continued his career at Sberbank Leasing Kazakhstan LLP where he started as Deputy General Director and advanced to the position of General Director. In November 2015, he joined KazAgroFinance JSC as Deputy Chairman of the Board, a role he held until December 2018. He was appointed CEO of Grain Consortium of Kazakhstan LLP in February 2019, holding this position until May 2019. From May 2019 to May 2021, he served as Deputy Chairman of the Management Board of the Issuer. From May 2021 to February 2024, he acted as Chairman of the Board of Directors and General Director of Grain Consortium of Kazakhstan LLP. He served as Acting Chairman of the Management Board of the Issuer from February 2024 to April 2024. He was appointed Chairman of the Management Board of the Issuer on 4 April 2024. Since 5 April 2024, he is a member of the Board of Directors of the Issuer.

Nurbolat Aidapkelov graduated from the Kazakh Humanitarian Law University with a degree in Law in 2000 and qualified as a lawyer. In 2002, he graduated from the Kazakh State Academy of Management with a degree in Accounting and Audit. He started his career in January 2001 as a 2nd-category specialist at the Information and Computing Centre of the Agency for Statistics of the Republic of Kazakhstan. From June 2002 to November 2003, he worked as a leading specialist in the Department of Services and Tourism Statistics at the Agency for Statistics of the Republic of Kazakhstan. From November 2003 to October 2006, he served as the Chief Specialist of the Financial Department of the State Corporation for Insurance of Expert Loans and Investments. Between October 2006 and October 2007, he was the Director of the Financial Department at the same organisation. From October 2007 to October 2008, he held the position of Managing Director at KazAgro National Holding. From October 2008 to June 2009, he was the Chairman of the Board at KazAgroGarant JSC. From July to December 2009, he worked as a Consultant at Astana Knowledge City JSC. Between December 2009 and May 2011, he served as Deputy Chairman of the Agency for Statistics. From May 2011 to July 2013, he held the role of Executive Secretary at the Agency for Statistics. From July 2013 to October 2014, he was the Director of the Department of Social and Demographic Statistics at the Agency for Statistics. From January to April 2015, he was the Executive Director of the Centre for Statistical Research LLP. From March 2015 to April 2016, he served as the General Director of KAN Group LLP. From February to April 2016, he was the Deputy General Director of OPN Management LLP. From May 2016 to October 2020, he was the Chairman of the Statistics Committee at the Ministry of National Economy of the Republic of Kazakhstan. Lastly, from October 2020 to January 2022, he served as the Head of the Bureau of National Statistics at the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan. He was appointed First Deputy Chairman of the Management Board of the Issuer in January 2022.

Yersain Khamitov graduated from Kostanay State University named after A. Baitursynov with a degree in finance and credit qualified as an economist-financier fluent in a foreign language in 2004. He also graduated from Lomonosov Moscow State University under the MBA programme with a degree in Economics. Since 2004 to 2009, he was employed as the Head of the Credit Analysis Section at Halyk Bank of Kazakhstan JSC (Kostanai Branch), Chief Analyst of the Credit Analysis Department at Halyk Bank of Kazakhstan JSC, and the Deputy Head of the Corporate Business Department at BTA Bank JSC. During 2009-2014, he was holding positions of the 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 of the Issuer. In February 2016, he was appointed member of the Management Board of the Issuer. Since 2022, he was appointed Deputy Chairman of the Management Board of the Issuer.

Ussen Galym graduated from the School of Economics at Osaka University (Osaka, Japan) with a Bachelor of Economics and Business in 2008. He also graduated from Harvard University, John F. Kennedy School of Government (Massachusetts, USA) with a Master of Public Administration in 2023. From 2008 to 2011, he was a software developer at Simplex Inc. (Tokyo, Japan). From 2012 to 2018, he held several positions at Deloitte Tohmatsu Consulting LLC (Tokyo, Japan). From January to May 2019, he served as a chief expert at the Centre for the Development of Labor Resources Joint Stock

Company. He then became the Head of the Public Services Optimisation and Automation Office and Director of the Public Services Analysis and Development Department at the Ministry of Labor and Social Protection of the Republic of Kazakhstan from May 2019 to August 2020. From August 2020 to May 2021, he was the Director of the Department for Digitalisation of Corporate Solutions at BI Innovations LLP in Astana. He was appointed Deputy Chairman of the Management Board of the Issuer in June 2023.

Zhandos Shaikhy graduated from KIMEP University NJSC, Almaty, with a Bachelor of Business Administration and Accounting with Honors in 2004. He began his career at Ernst & Young Kazakhstan LLP, where he worked as a Tax Consultant from January 2002 to April 2004, and later as an Analyst for the Caucasus and Central Asia region from May 2004 to March 2005. Following this, he joined Citibank Kazakhstan JSC, where he held several positions, starting as an Account Manager in Almaty from April 2005 to May 2007. He then advanced to Vice President and Country Director for Corporate Finance in Almaty from June 2007 to February 2011, and later served as Vice President and Senior Key Account Manager in Astana from March 2011 to January 2013. From February 2013 to April 2024, he was appointed Director and Head of the Branch of Citibank Kazakhstan JSC. Since April 2024, he was appointed Deputy Chairman of the Management Board of the Issuer.

Timur Onzhanov graduated from the University of Bern (Switzerland) with a Bachelor of Science in Business Administration and Economics in 2008. He then went on to the University of St. Gallen (Switzerland), where he earned a Master's degree in Banking and Finance with a focus on corporate finance, markets, and foreign trade in 2012. From July 2013 to July 2016, he served as a Sales Manager in the Structured Trade and Export Finance Department at Deutsche Bank AG in Frankfurt, Germany. From September 2016 to June 2024, Timur held various key roles at the Astana International Financial Centre (AIFC), including Deputy Director of the Department for Development of the Asset Management and Large Private Capital Services Market, Director of the Department for Development of the Asset Management and Large Private Capital Services Market, Managing Director for Business Development, First Deputy General Director for Development of International Business and Cooperation, and Executive Director and Chief Representative for the Financial Sector of the AIFC Administration. He was appointed Deputy Chairman of the Management Board of the Issuer in June 2024.

Vyacheslav Son, graduated from Kazakh University of Humanities and Law, majoring in Jurisprudence in 2002. He also specialised in Linguistics at the Modern University for the Humanities in 2002 and earned a Master of Laws in Commercial and Corporate Law from the University of London in 2021. From 2002 to 2009, he held various positions, including lawyer in the Department of Legal Support for Work with Securities, Chief Lawyer of the Department of Legal Support, Head of the Legal Department of DBK-Leasing JSC, Head of the Department of Legal Support of the bank's activities, and Director of the Legal Department of Development Bank JSC Kazakhstan. From 2009 to 2012, he served as Managing Director for Legal and Administrative Issues, Managing Director, and Managing Director for Project Development at JSC National Mining Company Tau-Ken Samruk. In 2012 to 2013, he led the apparatus of the RSE "Kazspetsexport" and later became the Deputy General Director of the RSE "Kazspetsexport" of the Ministry of Defense of the Republic of Kazakhstan. From 2013 to November 2023, he headed the Audit and Control Department. Since 23 November 2023, he was elected as a member of the Management Board of the Issuer.

The business address of the members of the Management Board is the registered office of the Issuer, namely 55a Mangilik Yel Avenue, Yessil district, Astana, Republic of Kazakhstan, Republic of Kazakhstan.

Corporate Governance

The Issuer's Corporate Governance Code is constructed upon the following principles:

- division of powers;
- protection of the rights and interests of the Sole Shareholder;
- efficient management of the Issuer by the Board of Directors and the Management Board;
- sustainable development;
- risk management, internal controls and internal audit;
- settlement of corporate conflicts and conflicts of interests; and
- transparency and objectivity in the disclosure of information.

Three members of the Board of Directors are independent directors. These directors are appointed by the sole shareholder of the Issuer.

In addition to establishing committees of the Board of Directors, as described below, the Issuer also has a Corporate Secretary who ensures that the Issuer's bodies and officials comply 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 Issuer has established an Ombudsman institution, which is directly accountable to the Board of Directors, to ensure compliance with the Issuer's Code of Business Conduct. Additionally, the Anti-Corruption Compliance Service aims to strengthen compliance with regulatory anti-corruption requirements and minimise corruption risks.

Board Committees

The Board of Directors has established the following committees:

Audit Committee

The Audit Committee was established to facilitate the monitoring of the Issuer'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 supervision of the Issuer's internal and external audit functions.

As at the date of this Base Offering Memorandum, the members of the Audit Committee are Norbert Grundke (Chair), Marie-Hélène Bérard and Daniel Alan Witt.

Nominations, Remuneration and Social Issues Committee

The Nominations, Remuneration and Social Issues Committee is an advisory body of the Board of Directors, which was created to improve efficiency and quality of the work of the Board of Directors through an in-depth consideration and monitoring of matters falling within the competence of the Board of Directors in the context of the Human Resource Policy, the system of appointments and remunerations, as well as the assessment of the performance of the members of the Management Board and the Corporate Secretary.

As at the date of this Base Offering Memorandum, the members of the Nominations, Remuneration and Social Issues Committee are Marie-Hélène Bérard (Chair), Norbert Grundke and Daniel Alan Witt.

Strategic Planning Committee

The role of the Strategic Planning Committee is to make recommendations to the Board of Directors in relation to the development of the Issuer's priority areas and the strategy of its development, including the development of measures that will improve the Issuer's performance in the medium and long-term.

As at the date of this Base Offering Memorandum, the members of the Strategic Planning Committee are Daniel Witt (Chair), Norbert Grundke and Marie-Hélène Bérard.

Other Committees and Support Bodies

The Management Board is also assisted by the Activity Planning and Assessment Committee, the Assets and Liabilities Management Committee and the Strategy and Corporate Development Committee.

The Activity Planning and Assessment Committee is a standing advisory and consultative body under the Management Board of the Issuer, which coordinates the process of business planning and budgeting for the Group.

The Assets and Liabilities Management Committee is a standing advisory and consultative body of the Management Board of the Issuer, which develops recommendations for improving the efficiency of management of assets and liabilities of the Group with the view of complying with the principles of diversification of assets and liabilities, optimisation of financial, operating, strategic and legal risks, and ensuring the financial sustainability.

The Strategy and Corporate Development Committee is a collegial advisory and consultative body established to develop recommendations concerning the strategy and corporate development of the Group, and to ensure that the Development Plan is more effectively implemented. It also seeks to improve of the corporate governance system and ensure the sustainable development of the Group's activities.

Internal Audit Service

The mission of the Internal Audit Service is to conduct objective internal audits using a risk-based approach, providing recommendations and sharing knowledge.

To ensure the independence and objectivity of the internal audits, the Internal Audit Service is accountable to the Board of Directors and the Audit Committee. The Internal Audit Service conducts its activities in accordance with the requirements of the legislation of the Republic of Kazakhstan, the Charter and the Code of Corporate Governance of the Issuer, the norms of the IAS internal regulatory documents approved by the Board of Directors of the Issuer and the International Professional Practices Framework recommended by the Institute of Internal Auditors and based on the risk-oriented audit plan. The Internal Audit Service carries out its activities in compliance with the legislation of the Republic of Kazakhstan, the International Professional Practices Framework recommended by the global Institute of Internal Auditors and internal regulations of the Issuer. An external assessment of the Internal Audit Service's activity is generally performed, with the last such assessment completed in 2022 by "KPMG Tax and Advisory" LLP – confirmed that the IAS activities conformed to the Internal Audit Standards and Code of Ethics (99%). 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 employees of the Internal Audit Service are appointed by the Board of Directors based on a competitive selection process. The Board of Directors approves the audit plan and key performance indicators applicable to the Internal Audit Service. The report on the activities of the Internal Audit Service is submitted to the Audit Committee and the Board of Directors on a quarterly basis.

Management Remuneration

Determining the procedure, amount and terms of the remuneration of the members of the Board of Directors is the responsibility of the Ministry of the National Economy as the sole shareholder of the Issuer.

In 2024, remuneration was paid solely to the Independent Directors of the Issuer. If an Independent Director attends a half of or less than a half of all the meetings of the Board of Directors and its Committees, his remuneration will be reduced, unless such absence is due to an illness or leave on his main job. Remuneration of executive management is based on the Issuer's financial results and shall not exceed six official salaries.

Conflicts of Interest

In 2024, no corporate conflicts or implications of any situations related to an occurred conflict of interests were observed at the Issuer.

The Issuer has instituted and maintains a policy regarding the settlement of corporate conflicts and conflicts of interest involving officials and employees of the Issuer, which is aimed at ensuring the prevention and settlement of any actual or potential conflicts of interest.

RELATIONSHIP WITH THE GOVERNMENT

State authorities in the management of the Issuer

The sole shareholder of the Issuer is the Government of the Republic of Kazakhstan represented by the Ministry of National Economy of the Republic of Kazakhstan. The Government manages the Issuer exclusively through the exercise of the powers of the sole shareholder provided for by the law and/or the Articles of Association of the Issuer, as well as the representation of some members of the Government on the Board of Directors of the Issuer.

The Government as the sole shareholder is empowered, among other things, to approve the Issuer's development strategy, determine the Issuer's key corporate governance principles; appoint members of the Board of Directors and the Chairman of the Management Board and early terminate their powers, approve financial results, and determine the Issuer's dividend policy.

The Issuer was established according to a decree of the President of the Republic of Kazakhstan (Decree #571 dated 22 May 2013) to optimise the management system of development institutions and financial organisations and to support the growth of the national economy. The interaction between the Issuer and the Government is based in particular on the following principles:

- The Government is entitled to participate in administering the Issuer according to the procedure set forth by the laws of the Republic of Kazakhstan and/or the Articles of Association;
- The Issuer is fully independent and the Government does not interfere in the Issuer's operating (current) and investment activities, except in cases provided for by the laws, acts and instructions of the President and the government of the Republic of Kazakhstan; and
- Principle of transparency and objectivity in the disclosure of information about the Issuer's activities to the government as the sole shareholder.

The composition of the Board of Directors of the Issuer is formed from the following persons:

- Prime Minister of the Republic of Kazakhstan;
- First Deputy Prime Minister of the Republic of Kazakhstan;
- Deputy Prime Minister – Minister of National Economy of the Republic of Kazakhstan;
- Minister of Finance of the Republic of Kazakhstan;
- Minister of Industry and Construction of the Republic of Kazakhstan;
- Advisor to the President of the Republic of Kazakhstan;
- The Chairman of the Management Board; and
- Three independent directors.

Contributions from the Government

For the years ended 31 December 2022, 2023 and 2024, the Government has provided financial support to the Issuer in the form of cash contributions, loans and grants.

The Issuer has issued shares for the total nominal amount of KZT 100,000 million in the year ended 31 December 2022 and KZT 155,000 million in the year ended 31 December 2023. No shares were issued in the year ended 31 December 2024.

The Government granted loans to the Issuer in the amount of KZT 820,139 million in the year ended 31 December 2024, KZT 795,421 million in the year ended 31 December 2023, and KZT 776,646 million in the year ended 31 December 2022.

Government grants to the Issuer amounted to KZT 1,221,909 million in the year ended 31 December 2024, KZT 1,034,690 million in the year ended 31 December 2023 and KZT 1,052,537 million in the year ended 31 December 2022.

Dividends distributed to the Government

The amount of dividends to be distributed to the Government is determined based on the following principles:

- Respecting the interests of the Issuer's Sole Shareholder;
- Ensuring the profitability of operations and financial sustainability;
- Financing activities, including investment projects implemented using the Issuer's funds;
- Transparency of the mechanisms used to determine such amounts; and

- Balancing the short-term (income generation) with the long-term (Issuer's development) interest of the Sole Shareholder.

In the year ended 31 December 2024, the Issuer declared and paid dividends amounting to KZT 126,167 million as compared to KZT 58,616 million in 2023 and KZT 33,042 million in 2022.

RELATED PARTY TRANSACTIONS

Parties are generally considered to be related if the parties are under common control, or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Government has control over the Issuer as the Government is the ultimate controlling party of the Issuer since members of the Government are represented on the Board of Directors of the Issuer and the Government represented by the Ministry of National Economy of the Republic of Kazakhstan is the sole shareholder of the Issuer.

Transactions with the Board of Directors and Management Board

For the year ended 31 December 2024, the total remuneration of members of the Board of Directors and the Management Board was KZT 586 million as compared to KZT 442 million in 2023 and KZT 696 million in 2022.

Transactions with other Related Parties

The Issuer's principal related party transactions are with its subsidiaries and other affiliated companies. Further information on the Group's related party transactions is set out in Note 37 to the 2024 Financial Statements, Note 39 to the 2023 Financial Statements and in Note 39 to 2022 Financial Statements.

OVERVIEW OF KAZAKHSTAN

Territory, Population and Natural Resources

The Republic of Kazakhstan, which is the second largest former Soviet Union republic after Russia based on land mass, became an independent state in 1991.

Kazakhstan is the largest landlocked country located in Central Asia and is bordered by Russia to the north and west, China to the east, Kyrgyzstan, Uzbekistan and Turkmenistan to the south and the Caspian Sea to the west. In the Caspian Sea, Kazakhstan shares maritime boundaries with Russia, Iran, Turkmenistan and Azerbaijan. It is the ninth largest country in the world based on land mass, covering 2.7 million square kilometres, approximately the same size as Western Europe. In December 1997, the capital moved from Almaty to Astana (formerly known as Akmola), which is located in northern Kazakhstan, and the President, the Parliament and all ministries have since relocated to Astana. In 2019, Astana was renamed as Nur-Sultan to honour the first President of the Republic of Kazakhstan, Nursultan Nazarbayev, who resigned in March 2019. In 2022, Nur-Sultan was renamed back to Astana. Almaty remains, however, the financial, cultural and scientific centre of the country and is the largest city in Kazakhstan.

As at 1 January 2025, the population of Kazakhstan surpassed 20.0 million. Kazakhstan is one of the most sparsely populated countries in the world with an average population density of approximately 7.4 people per square kilometre. The population of Kazakhstan is ethnically diverse. Kazakhs are the largest among the country's approximately 130 different ethnic groups, accounting for 71.0% of the population at the beginning of 2024, followed by Russians (14.9%), Uzbeks (3.3%), Ukrainians (1.9 %), Uigurs (1.5%), Germans (1.1%), Tatars (1.1%) and others (5.2%). The relative size of the Kazakh ethnic group has increased since the country's independence, mainly because of the emigration of non-Kazakh ethnic groups and because of the return of many ethnic Kazakhs to the country.

Historically, Kazakhstan belongs to the Turkic-speaking world. Kazakh is the official language of Kazakhstan. Russian is widely spoken and is permitted under Kazakhstan's Constitution to be used officially on equal grounds with the Kazakh language in State institutions and local self-administrative bodies.

The secular status of the country is enshrined in Kazakhstan's constitution, which also provides for the right to religious freedom. Various religious and ethnic groups live in peaceful co-existence. The principal religions are Islam and Orthodox Christianity. The country is also home to Jews, Buddhists, Catholics and Protestants, particularly in the German communities.

Kazakhstan is rich in natural resources. According to the Energy Institute Statistical Review of World Energy 2024, in 2023, Kazakhstan was the thirteenth largest oil producer in the world and the second largest oil producer in the CIS after Russia. The country is also a significant exporter of wool, wheat, meat, machinery and various chemicals. Kazakhstan has enjoyed relatively high levels of FDI, particularly in the oil and gas sector. From 2019 to 2023, FDI in Kazakhstan amounted to approximately U.S.$117 billion. Net FDI inflows were U.S.$3.2 billion in 2023, compared with U.S.$6.5 billion, U.S.$3.4 billion, U.S.$3.7 billion and U.S.$3.3 billion in 2022, 2021, 2020 and 2019, respectively. From 1 January to 1 April 2024 net FDI inflows amounted to U.S.$1.9 billion.

Constitution, Government and Political Parties

Constitution

Kazakhstan's current constitution (the "**Constitution**") was adopted in August 1995 by a national referendum and came in to force on 5 September 1995. The Constitution has since been amended in 1998, 2007, 2011, 2017, 2019 and 2022. The Constitution provides for a separation of powers between the executive, legislative and judicial functions. It establishes and sets out the powers and functions of the President, Parliament (of two chambers: the upper chamber, the Senate and the lower chamber, the Majilis), the Government (headed by the Prime Minister), the Supreme Court, the Constitutional Court and local governments and administrations.

The Constitution protects certain fundamental rights and personal freedoms of the citizens of Kazakhstan, including the right to life and protection from discrimination based on ethnicity, social status, occupation, gender, race, nationality or beliefs. The Constitution also provides for the right to a private life, the right to own property and the right to defend oneself in a court of law. Foreign individuals and stateless persons benefit from the fundamental rights under the Constitution (although this is subject to statutory derogations). Death penalty is prohibited under the Constitution.

The President

Under the Constitution, the President is the head of State and Kazakhstan's highest ranking official. The President ensures the responsibility and accountability of Kazakhstan's authorities to the citizens of Kazakhstan, is commander-in-chief of the armed forces and has the power to issue decrees and orders that are binding on the entire State. The President can initiate constitutional amendments and call referenda. The President also appoints administrative heads of oblasts and the heads of the capital, Astana, the city of Shymkent and the city of Almaty with consent from the local representative body (the "maslikhat") of the relevant oblast, the capital, Astana, the city of Shymkent and the city of Almaty. The President has the power to dissolve Parliament as a whole or solely the Majilis following consultation with the chairpersons of both chambers of Parliament and the Prime Minister.

The President has other significant powers of appointment and dismissal, including the power to appoint and dismiss the Prime Minister (in consultation with and following the approval of the Majilis), members of the Government (in consultation with the Prime Minister), the Governor of the NBK (following approval from the Senate and the Chairperson of the Constitutional Court (following approval from the Senate)).

In December 1991, Nursultan Nazarbayev, who had been the First Secretary of the Kazakh Communist Party, was elected as the first President of Kazakhstan. A referendum in April 1995 extended the term of his presidency until 2000, and he was re-elected in January 1999, December 2005, April 2011 and April 2015.

On 19 March 2019, the President of Kazakhstan Nursultan Nazarbayev resigned from his post. The President's powers were transferred to Kassym-Jomart Tokayev, who was at the time the Chairman of the Senate and who became the President until the next presidential election, which was at the time scheduled to be held in April 2020. On 9 April 2019, Kassym-Jomart Tokayev announced that the early presidential election will take place on 9 June 2019. Tokayev said that he called for the early election because it was "absolutely necessary" to ensure "continuity, predictability and stability" at the time of political transition and "to remove any uncertainty". Before the announcement, on 8 April 2019, consultations were held with the participation of the Chairman of the Senate, Prime Minister, Chairman of the Constitutional Court and Deputy Chairman of the Majilis. On 9 June 2019, a presidential election was held and President Tokayev won the election receiving 70.96% of the votes.

Following the January 2022 protests, President Tokayev introduced the political concept of "New Kazakhstan" in his state-of-the-nation address on 1 September 2022. Tokayev stated that "for the successful implementation of radical and comprehensive reforms aimed at building a just Kazakhstan, a new mandate of trust from the people is required." He further noted that these reforms can only be implemented over an extended period of time which is why he would be seeking re-election. In September 2022, President Tokayev signed a decree for an early presidential election which he won in November 2022 after securing 81.31% of the votes.

Under the Constitution, with effect from September 2022 the President is elected to office by a popular vote for a term of seven years; the same person may not be elected President more than once.

If the President is unable to perform his duties for a sustained period of time due to illness, the Parliament must form a commission consisting of an equal number of members of Parliament from both chambers of Parliament and a number of medical experts. If the commission opines that the President is unable to perform his or her duties due to illness and the Constitutional Court opines that the established constitutional procedures have been complied with, the President can be removed if, at a meeting of both chambers of Parliament, at least 75.0% of each chamber of Parliament votes in favour of such removal. The President may also be dismissed from office if found guilty of high treason. An investigation into accusations of high treason may be conducted with the approval of a majority of the members of the Majilis at the initiative of at least one third of its members. Following an investigation arranged for by the Senate, the President may, at a joint meeting of both chambers of Parliament, be dismissed by a final vote of at least 75.0% of each chamber of Parliament, provided that the Supreme Court confirms that the accusations are valid, and the Constitutional Council confirms that the established constitutional procedures have been complied with. Should the resolution dismissing the President not be voted within two months from the charges of high treason being brought, the charges against the President shall be discharged. Upon discharge of such charges, the members of the Majilis who had initiated the investigation shall be dismissed from their office.

In the case of premature release or dismissal of the President from office (including in the case of death), the presidential powers and duties are assumed by the chairperson of the Senate for the remainder of the presidential term and, if the chairperson of the Senate is unable to assume the presidential powers and duties, they are assumed by the chairperson of the Majilis. If the chairperson of the Majilis is unable to assume the presidential powers they are passed on to the Prime Minister.

The Parliament

The Parliament is the highest representative body of Kazakhstan exercising legislative power.

The current parliamentary structure of Kazakhstan includes a bicameral Parliament, consisting of two chambers: the Senate and the Majilis.

The Senate consists of 50 deputies, 10 of whom are appointed by the President (five of which on the proposal of the Assembly of People of Kazakhstan) and the remainder of whom are appointed by the representative body of each region, the cities of republican status are Astana, Almaty and Shymkent. The term of office for members in the Senate is six years. Every three years, half of the seats in the Senate are up for re-election. Senate elections were last held on 14 January 2023 and will be next held in 2026.

The Majilis consists of 98 members elected under a mixed electoral system, which includes proportional representation from a unified national election district based on party lists and single-mandate territorial election districts. The term of office for members in the Majilis is five years. The most recent election for the Majilis took place on 19 March 2023, in which seven political parties participated. The Amanat party (formerly known as Nur Otan party) received 53.9% of the votes, winning 40 seats, the Auyl party received 10.9% of the votes, winning 8 seats, the Respublica party received 8.59% of the votes, winning 6 seats, the People's Party of Kazakhstan received 6.8% of the votes, winning 5 seats, the Democratic Party of Kazakhstan Ak Zhol received 8.41% of the votes, winning 6 seats, and the National Social Democratic party received 5.20% of the votes, winning 4 seats, and the Baytaq party received 2.30% of the votes. Besides, 29 candidates were elected in the Majilis in single-mandate territorial election districts. The next Majilis election is scheduled to take place in 2028.

The process of introducing new legislation is initiated by Government agencies, which send proposals for new legislation to the Ministry of Justice of Kazakhstan. The Ministry of Justice drafts an overall legislative plan containing all proposals that have been received. The draft legislative plan, which is signed by the Prime Minister, is then sent to the Presidential administration, for review.

If the proposal is included into the legislative plan, the relevant Government agency drafts the bill. The Government then forwards the relevant bill to Parliament, where following adoption by the Majilis, it is sent to the Senate. The Senate can then either approve the bill, or suggest amendments and submit the amended bill back to the Majilis for its consideration. Once both chambers of Parliament have approved the bill, it is sent to the President for signature, after which the law becomes effective.

The Government

The executive branch is the Government, headed by the Prime Minister. The Government is responsible for the development and implementation of social and economic policies of Kazakhstan, its defence, security and ensuring public order; implementation of legislation and international treaties; and preparation and implementation of the Republican Budget, as well as the conduct of the foreign policy. The Government is a collegial body, which exercises the executive power of the State, heads the countrywide system of various executive bodies and manages their activities. The Government is accountable to the President and Parliament. The Government is formed by the President in the manner prescribed by the Constitution. The Government consists of the Prime Minister, the Prime Minister's deputies, ministers representing 21 ministries and other officials.

The Supreme Court and Judicial System

Judicial authority is vested in the Supreme Court, local courts and other courts created by legislation. The Supreme Court is the highest judicial body of last instance for all civil, criminal and other matters tried in local and other courts. The chairperson and the judges of the Supreme Court are elected by the Senate from candidates nominated by the President based on recommendations of the Supreme Judicial Council. The President approves the number of judges on the Supreme Court based on the recommendation of the chairperson of the Supreme Court. The chairperson of the Supreme Court is elected for a term of five years. The Supreme Judicial Council is comprised of the chairperson of the Supreme Judicial Council and other members appointed by the President. The Chairperson of the Supreme Judicial Council shall be appointed by the President following approval from the Senate. Chairpersons and judges of all local and other courts, other than the Supreme Court are appointed by the President on a permanent basis upon the recommendation of the Supreme Judicial Council and may be removed if a panel of judges (consisting of nine judges, including judges from district and regional courts and the Supreme Court) determines that the judge is professionally incompetent, commits a disciplinary offence or fails to meet certain prescribed standards.

On 5 July 2024, amendments to the Law “On the Judicial System and the Status of Judges of the Republic of Kazakhstan” were adopted, which will take effect on 1 July 2025. These amendments establish separate Cassation courts in Kazakhstan, which will function as interregional courts. The President will establish the Cassation courts based on the proposal of the Chairperson of the Supreme Court, with the consent of the Supreme Judicial Council. The Cassation courts will serve as the cassation instance, a role currently fulfilled by the Supreme Court until the amendments come into force.

The Constitutional Court

In 2022, the Constitution was amended to transform the Constitutional Council into the Constitutional Court. Prior to the amendments, Constitutional Council was responsible for providing official interpretations of the provisions of the Constitution, ensuring the constitutionality of legislation and international treaties and resolving disputes over presidential and parliamentary elections and public referenda.

The Constitutional Court, in addition to the powers formerly exercised by Constitutional Council, examines legal acts that directly affect the rights and freedoms of individuals enshrined in the Constitution for their compliance with the Constitution. The Constitutional Court consists of 11 judges, including the Chairperson, whose term of office is eight years. The Chairperson of the Constitutional Court is appointed by the President following approval from the Senate.

Local Government

The structure of local government was established in December 1993 and is comprised of maslikhats for each of the country's 17 oblasts and the cities which have the status of "cities of republican status" (Astana, Almaty and, since 19 June 2018, Shymkent). Approximately 188 districts and a further 89 cities together make up the second tier of territorial administration. The maslikhats are responsible for, among other things, approval of economic and social development plans and the local budget and are also required to report on the execution of such budget.

The heads of local government ("**Akims**") are appointed as follows: (i) Akims of Astana, Almaty, Shymkent and oblasts are appointed by the President following approval by the maslikhats of Astana, Almaty, Shymkent or the oblast, respectively; (ii) Akims of districts and important cities within oblasts are appointed by the Akim of that oblast following approval by the maslikhat of that district or city; (iii) Akims of districts within cities, other than Astana, Almaty and Shymkent, are appointed by the Akim of that city following approval by the maslikhat of that city; (iv) Akims of districts within Astana, Almaty and Shymkent are appointed by the Akims of Astana, Almaty and Shymkent following approval by the maslikhats of Astana, Almaty and Shymkent, respectively; and (v) Akims of towns, rural districts and villages are elected by the residents of the relevant towns, rural districts and villages, respectively.

Political Parties

The principle of political plurality is enshrined in the Constitution. There are seven registered political parties, the main ones being the Amanat party (formerly known as Nur-Otan party), the Democratic party of Kazakhstan Ak Zhol, the People's party of Kazakhstan, the National Social Democratic party and the Auyl party.

In order to formally establish a political party, a party must consist of at least 700 citizens representing at least two-thirds of the oblasts, and the cities of Astana, Almaty and Shymkent. A political party must obtain at least 5.0% of the total number of votes in a unified national election district to hold one of the elected seats in the Majilis. Elected seats in the Majilis are allocated on the basis of proportional representation. If only one party receives at least 5.0% of the total number of votes, the party that receives the second highest number of votes will automatically be allocated at least two seats in the Majilis.

The President cannot be a member of a political party while exercising his or her powers.

International Relations

Kazakhstan has established diplomatic relations with over 187 countries. Kazakhstan is a full member of the United Nations, the International Monetary Fund, the World Bank (including the International Bank for Reconstruction and Development, the International Development Association, the Multilateral Investment Guarantee Agency and the International Finance Corporation), the Organisation for Security and Cooperation in Europe, the United Nations Educational, Scientific and Cultural Organisation, the International Atomic Energy Agency, the European Bank for Reconstruction and Development, the Asian Development Bank, the International Organisation of Securities Commissions, Japan International Cooperation Agency and the Islamic Development Bank. Kazakhstan was elected twice as a member of the UN Human Rights Council for the terms 2013-2015 and 2022-2024.

Kazakhstan maintains peaceful relations with countries of the global community and has no outstanding disputes relating to state borders. On 8 February 2019, Kazakhstan ratified the Convention on the Legal Status of the Caspian Sea, which was signed on 12 August 2018 by the leaders of Azerbaijan, Iran, Kazakhstan, Russia and Turkmenistan. Under this convention, the waters of the Caspian Sea are divided into three zones: territorial waters, fishery zones and the "common maritime space". The territorial waters extend from the coastline up to 15 nautical miles. They are subject to the sovereignty of the coastal state. The signatories' respective fishery zones extend to a belt of a further 10 nautical miles adjacent to the territorial waters, in which each signatory state has exclusive rights over the aquatic biological resources. The waters located beyond the signatories' respective fishery zones (i.e., beyond a maximum of 25 nautical miles from the coasts) are part of the "common maritime space". It is open for use by all signatory states. Thus far, Azerbaijan, Kazakhstan, Russia and Turkmenistan have ratified this convention. Iran has not yet ratified the convention. The convention will enter into force once all signatories have ratified it.

Russia

Kazakhstan has historically maintained significant political and economic relations with Russia. After gaining independence in 1991, Kazakhstan concluded a so-called zero option agreement with Russia, which provided for Russia's acceptance of responsibility for virtually all external debt liabilities of the former Soviet Union, in return for Kazakhstan waiving all claims on former Soviet Union assets located outside the territory of Kazakhstan.

Space exploration began for the first time in 1957 when the first satellite was launched by the former Soviet Union from the Baikonur Space Centre located in Kazakhstan from which, in 1961, the first man was launched into space. In 1994, Kazakhstan concluded a series of agreements with Russia (the "**Baikonur Agreements**") on the future use of the Baikonur Space Centre. Under the Baikonur Agreements, the Government leased the facilities to Russia for 20 years in return for the payment of annual rent of U.S.$115 million. An agreement to extend the lease until 2050 was signed between Russia and Kazakhstan in January 2004 and was ratified in April 2010. Russia currently leases approximately 6,000 square kilometres of territory enclosing the Baikonur Space Centre.

In May 1997, Kazakhstan and Russia (together with other parties) signed documents confirming their legal status as the shareholders of the Caspian Pipeline Consortium (the "**CPC**") in relation to a pipeline (the "**CPC Pipeline**") linking the Tengiz oil field in the western part of Kazakhstan with the Black Sea port of Novorossiysk in Russia.

Russia is one of Kazakhstan's largest trade partners and, together with Kazakhstan and Belarus, is a member of the Eurasian Economic Union.

From 1 January to 30 June 2024 Kazakhstan's imports from Russia accounted for 28.6% of Kazakhstan's total imports, compared with 26.5.2% for 2023 and 34.7% for 2022. Over the same period, Kazakhstan's exports to Russia accounted for 10.8% of Kazakhstan's total exports, compared with 10.8% for 2023 and 10.4% for 2022.

In 2023, Kazakhstan's exports to Russia accounted for 10.8% of Kazakhstan's total exports, as compared to 10.4% in 2022.

In 2023, the trade turnover between Kazakhstan and Russia amounted to U.S.$25.9 billion, a decrease of 3.7% since 2022.

In 2024, in the total amount of foreign trade turnover of the Republic of Kazakhstan with the Eurasian Economic Union countries, the major share is occupied by the Russian Federation-91.3%. The main partner country of the Republic of Kazakhstan in import is Russia.

If the current sanctions against Russia are extended or further expanded, this could have a negative impact on both imports from, and exports to, Russia.

Kazakhstan is not a party to the current conflict in Ukraine or the dispute over the alleged role of Russia in events in Eastern Ukraine and Crimea. The conflict has had no material impact on Kazakhstan's relations with Russia or Ukraine. Kazakhstan has been taking an active role in trying to facilitate the peaceful resolution of the conflict.

Kazakhstan maintains friendly relations with both Ukraine and Russia. Kazakhstan expresses particular concern about the significant loss of life, destruction of civilian infrastructure, and the unprecedented humanitarian impact, including the large number of refugees.

Consistently aligning with its principled stance on international issues, Kazakhstan firmly advocates for a peaceful resolution to the conflict. It stands ready to provide a neutral platform for peace talks if the conflicting parties express interest in such negotiations.

The conflict in Ukraine has direct repercussions for Kazakhstan, especially due to its geographical location, which disrupts established transport and logistics routes crucial for foreign trade and transit. Additionally, Kazakhstan is affected indirectly by extensive anti-Russian sanctions, as Russia remains a pivotal trade and economic partner both bilaterally and through regional integration associations.

While Kazakhstan has implemented a series of measures aimed at ensuring that the country is not used as a conduit in the circumvention of Russian sanctions imposed by the U.S., UK, the EU and certain other countries, it has refrained from imposing equivalent sanctions due to a number of political, economic and geographical considerations. Kazakhstan's approach underscores its commitment to regional stability, peace, and maintaining constructive relationships with all parties involved in the conflict in Ukraine, while also safeguarding its own national interests and sovereignty.

China

Political relations with China, Kazakhstan's significant neighbour, have steadily developed since Kazakhstan's independence. Kazakhstan first established diplomatic relations with China in 1992. In 1994, both countries signed an accord defining the China-Kazakhstan border and further reaffirmed the position through supplemental agreements in 1996, 1997, 1998 and 1999. In 2001, Kazakhstan and China signed an agreement on cooperation for cross-boundary river use and protection. China also publicly announced its intention to cease testing nuclear weapons at the Lop Nur test site, near the Kazakhstan border in Xinjiang province, a long-standing source of dispute between the two countries. Kazakhstan and China continue to cooperate within international and regional frameworks such as the UN and the Shanghai Cooperation Organisation ("**SCO**").

China entered Kazakhstan's energy market after signing an Intergovernmental Agreement on Cooperation in the Field of Oil and Gas in September 1997. A general agreement between Kazakhstan's Ministry for Energy and Mineral Resources and China's National Petroleum Corporation ("**CNPC**") was also signed, which included the development of oil projects in Kazakhstan and the construction of the Kazakhstan-China Oil Pipeline. This agreement facilitated the implementation of additional joint projects beneficial to both countries. In July 2013, ConocoPhillips sold its 8.4% of shares in Kazakhstan's Kashagan oil field to CNPC, marking the first equity holding by a Chinese company in a major offshore Caspian energy field.

Oil is downstreamed directly to China from Kazakhstan via the Kazakhstan-China Oil Pipeline, which consists of two existing Soviet-era pipeline sections and three major new sections, totalling around 2,800 km from Atyrau in western Kazakhstan to Alashankou on the Kazakhstan-China border. It is one of the world's longest oil pipeline systems. The three new segments are operated by joint ventures between KazMunayGas and CNPC or PetroChina. The Turkmenistan-China Gas Pipeline (lines A, B, and C) operated by Asian Gas Pipeline LLP is a major transit pipeline transporting Turkmen and Uzbek gas to China, exporting Kazakh gas to China. The length of the gas pipeline through Kazakhstan is 2,612 km for lines A and B and 1,304 km for line C.

The two countries also cooperate in security and military spheres. In August 2006, Kazakhstan's National Security Committee and China's Public Security Ministry conducted an anti-terrorist exercise at the border. Law enforcement agencies of both countries continue to collaborate on combating drug trafficking, weapons and explosive materials smuggling and organised transnational crimes.

In May 2015, the Chinese President Xi Jinping and former President of Kazakhstan Nazarbayev agreed to align the China-proposed Belt and Road Initiative with Kazakhstan's "Nurly Zhol" infrastructure development programme to achieve common development and prosperity based on equality and reciprocity. Kazakhstan has also agreed to cooperate with China on trade, industrial capacity, energy and technology. Significant investments have been made in transportation infrastructure related to the Belt and Road Initiative, particularly in railways. The railway linking China with Western Europe runs through Kazakhstan, reducing transport time between China and Western Europe to approximately 15 days, compared to about 45 days by sea.

Economic relations between Kazakhstan and China continue to develop. According to NBK statistics, the value of China's direct investments into Kazakhstan amounted to U.S.$1.81 billion as at 31 December 2023. China remains one of the largest external trade partners of Kazakhstan, accounting for 24.8% of Kazakhstan's total external trade turnover for the period 1 January to 30 June 2024, compared with 17.9% for 2023.

Cooperation between Kazakhstan and China in the energy sector and other economic sectors has developed within the framework of the SCO. Initially, the main purpose of the SCO was to find a civilised solution to border disputes following the collapse of the Soviet Union, as well as addressing security issues. The SCO has become a key platform for fostering regional security, economic cooperation and diplomatic engagement. As a founding member of the SCO, Kazakhstan has been actively involved in developing the organisation's strategic direction since its establishment in 2001. In recent years, the SCO's scope has expanded beyond political and security issues to include combating extremism, terrorism and separatism, as well as strengthening economic cooperation in energy, transport, industry and agriculture. The Energy Club within the SCO was established to resolve energy issues among member states by facilitating energy dialogues and the signing of bilateral agreements. The importance of Kazakhstan's membership was enhanced by its recent chairmanship in the SCO for the term 2023-2024. Kazakhstan has chaired the SCO on four occasions in total.

Given Kazakhstan's central location in Central Asia, regional security is of prime importance to the SCO. The SCO provides a multilateral forum for combating terrorism, extremism, and separatism. Through the SCO's Regional Anti-Terrorist Structure ("**RATS**"), Kazakhstan works closely with member states like Russia, China, and its Central Asian neighbours to enhance regional stability. During the 24th Meeting of the Council of Heads of State of the SCO held in Astana in July 2024, Kazakhstan's president Kassym-Jomart Tokayev also outlined the security as the one of the priorities of strategic importance under Kazakhstan's chairmanship of the SCO. He emphasised that the SCO has exceptional opportunities to serve as a guarantor of peace and security throughout the Eurasian continent. In this regard, Kazakhstan's Initiative on World Unity for Just Peace, Harmony, and Development has received unanimous support from SCO member states.

The SCO also offers Kazakhstan opportunities for economic cooperation with key members, particularly China and Russia. Mutual trade among SCO member states continues to grow, with Kazakhstan's trade with SCO member states increased by 6.5% in 2024 as compared to 2023.

From a multilateral diplomacy perspective, Kazakhstan's membership of the SCO strengthens its diplomatic ties with other member and observer states, such as India, Pakistan, and Iran. The SCO enhances Kazakhstan's international standing and allows it to balance relations with major global powers.

Kazakhstan also engages in broader cultural and humanitarian cooperation trough the SCO. The Kazakh chairmanship has, for instance, focused on enhancing cultural and humanitarian ties. Key projects include the SCO Spiritual Sanctuaries and its first international music festival, SCO Silk Road. Ten tourist territories have also been identified for the implementation of joint projects. The city of Almaty in Kazakhstan has been designated as the cultural and tourist capital of the SCO.

In July 2024, Chinese President Xi Jinping arrived in Kazakhstan for a state visit and to attend the 24th Meeting of the Council of Heads of State of the SCO. This is the Chinese President's fifth visit to Kazakhstan and the second one in less than two years, following his previous state visit in September 2022. The visit this time is expected to foster bilateral ties and cooperation between Kazakhstan and China.

United States

Over the past 30 plus years, Kazakhstan and the U.S.built a strong partnership based on mutual respect and trust. Tested by time, this partnership excels in all areas, including but not limited to politics, trade and investment, defence and security, culture and education, climate and environment, critical minerals, transport and infrastructure. Maturity of bilateral ties is embedded in the enhanced strategic partnership status that Astana and Washington D.C. established six years ago. More than U.S.$60 billion of U.S. investments and remarkable increase in trade turnover to U.S.$4 billion recorded in 2023 (representing a 33.0% increase as compared to 2022) highlight the strong partnership between Kazakhstan and the U.S..

Traditionally, Astana and Washington D.C. have a very dynamic bilateral agenda. Since 1 January 2024, a number of high-profile visits have been organised. At the invitation of Secretary Blinken, His Excellency Murat Nurtleu paid a working visit to Washington D.C. in March, followed by the annual meetings of HLD and ESPD in Astana and Washington D.C. respectively. As a champion and avid supporter of C5+1 dialogue, Kazakhstan hosted the inaugural B5+1 Forum in Almaty in March 2024 that paved the way for further productive discussions at the TIFA Council and USTR Ambassador Katherine Tai's first visit to Astana in March 2024.

International Organisations

World Trade Organisation

On 30 November 2015, Kazakhstan became a full member of the World Trade Organisation (the "**WTO**"), having initially applied for WTO membership in 1996. In the process of acceding to the WTO, Kazakhstan made various commitments, including in relation to access to the commodity market, access to the services market, technical regulation, sanitary and phytosanitary measures, agriculture, investment policy and intellectual property rights.

Due, in part, to the benefits of Kazakhstan's membership in the WTO, imports have been increasing in recent periods. For example, imports into Kazakhstan from non-CIS countries, based on actual trade flows, increased by 196.0% from U.S.$14.0 billion in 2016 to U.S.$41.5 billion in 2023.

Kazakhstan participated in the 10th WTO Ministerial Conference held in December 2015 in Nairobi. Kazakhstan urged WTO members to follow its example and abolish subsidies for the export of agricultural products. A number of key WTO members supported this initiative and actively expressed their support for the proposal. The WTO passed a Ministerial Decision on 19 December 2015, pursuant to which developed country members of the WTO undertook to eliminate export subsidy entitlements immediately, and developing country members of the WTO agreed to do so by the end of 2023, in each case subject to certain exceptions.

As of 2024, only Net Food-Importing Developing Countries ("**NFIDCs**") and Least-Developed Countries ("**LDCs**") are permitted to provide export subsidies to their own entities under Article 9.4 of the WTO Agreement on Agriculture.

In October 2018, WTO members agreed to hold the next Ministerial Conference of the WTO in Astana in June 2020, but the conference was postponed due to the COVID-19 pandemic and the next conference dates were subsequently set for November and December 2021 in Geneva. However, due to travel restrictions put in place following the identification of a new variant of the COVID-19 virus, the Ministerial Conference was indefinitely postponed. Eventually, the Ministerial Conference took place in June 2022 in Geneva and was co-hosted by Kazakhstan and chaired by Mr. Timur Suleimenov, former Deputy Chief of Staff of Kazakhstan's President. The conference concluded successfully on 17 June 2022, with agreement on a package of key trade initiatives. Following the successful chairmanship, Kazakhstan secured significant multilateral outcomes, including unprecedented decisions on fisheries subsidies, the WTO response to emergencies, food safety and agriculture, and WTO reform.

Commonwealth of Independent States

Kazakhstan is one of the founding members of the CIS, which was established in December 1991 to promote the resolution of key issues for the development of its members, including economic, security, political and human cooperation issues, as well as migration and development of contacts between citizens of the member states. Currently, the CIS consists of 11 states, including nine full member states. An agreement of the CIS free trade zone was signed in October 2011. A series of programme documents aimed at trade and economic cooperation is currently being implemented. Development of cooperation in other fields including security, culture, education and sport is in progress.

Collective Security Treaty Organisation

Kazakhstan is a member of the Collective Security Treaty Organisation (the "**CSTO**") established in 2002 on the basis of the Collective Security Treaty dated 15 May 1992. The charter goals of the CSTO are strengthening of peace, international and regional security and stability, prevention of security threats and collective protection of independence, territorial integrity and sovereignty of CSTO member states, with a priority of achieving these goals through political means. Article 4 of the Collective Security Treaty (the "**CST**") establishes a mutual defence pact among member states. According to Article 4, if one member state is subjected to aggression defined as an armed attack that threatens its security, stability, territorial integrity, or sovereignty, it will be considered as an aggression against all CSTO members. In response, the other members are obligated to provide assistance, including military support, to counter the threat. The CSTO's current members include Russia, Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan, all of which are committed to mutual security and defence.

Eurasian Economic Union

In 1994, former President Nazarbayev proposed the establishment of a Eurasian economic union. In October 2000, Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan signed the Agreement on the Establishment of the Eurasian Economic Union, an international economic organisation established for the purpose of deepening economic and human integration among the member states, with the goal of establishing a customs union and a free trade area.

As part of the process leading to the establishment of the Eurasian Economic Union, the Customs Union of Belarus, Kazakhstan and Russia (the "**Customs Union**") was established and came into effect on 1 January 2010. On 1 January 2012, the Common Economic Space (the "**CES**") between Belarus, Kazakhstan and Russia and a new supranational body, the Eurasian Economic Commission ("**EEC**"), which replaced the commission of the Customs Union, was established. The Customs Union provides for tariff-free trade among the member countries and a uniform customs tariff applicable to trade by member states with other countries. The goal of the EEC is to establish and maintain conditions in which the Customs Union and CES can function and to develop proposals for further economic integration between the member countries. In connection with the establishment of the CES, in November 2011 and December 2012, the three member countries entered into a number of agreements which provide for the free movement of goods, services, capital and labour among the member countries and set out common principles in respect of competition, industry subsidies and currency policy.

On 29 May 2014, the presidents of Kazakhstan, Belarus and Russia signed the Eurasian Economic Union Agreement, and on 1 January 2015 the Eurasian Economic Union came into effect. The Eurasian Economic Union represents a comprehensive cooperation among the member states with deadlines for integration in various areas and expansion of the areas of responsibility of its supra-national bodies. Its objective is to form a legal framework for a united economic zone, establish a common energy market and provide for the free movement of people within the zone. Most of the existing CES agreements are codified in the Eurasian Economic Union Agreement. The Eurasian Economic Union has an integrated single market. As of 2023, it consists of 183 million people and a gross domestic product of over U.S.$2.4 trillion. Membership in the Eurasian Economic Union gives Kazakhstan significant opportunities for further economic development. The main drivers behind Kazakhstan's membership in the Eurasian Economic Union are that it is a landlocked country and thus the maintenance of good relations with its neighbours is imperative, its internal market's ability to invest in the manufacturing sector is limited and a stable local export zone mitigates against global economic downturns.

Since the establishment of the Eurasian Economic Union, Armenia and Kyrgyzstan have acceded as members and Moldova, Cuba and Uzbekistan have been granted observer status. In 2015, the Eurasian Economic Union signed its first free trade agreement, which was with Vietnam. Since then, several other free trade agreements have been signed, including with Singapore, Iran (a limited scale free trade agreement due to the existing sanctions regime) and Serbia (replacing then-existing respective bilateral agreements with the key Eurasian Economic Union economies). The Free Trade Agreement between the Eurasian Economic Union and Iran was signed on 25 December 2023. The Agreement will enter into force after all the necessary procedures are completed and will replace the Interim Agreement dated 17 May 2018. In 2018, the Eurasian Economic Union signed a non-preferential agreement on economic and trade cooperation with China. Negotiations of free trade agreements with Egypt, India, Indonesia, UAE and Mongolia are ongoing.

As a permanent regulatory body of the Eurasian Economic Union, the EEC has authority to make decisions of a normative and legal nature that are binding on member states. These decisions are part of Union law and are subject to direct application in the territories of the member states. Therefore, the EEC and the Eurasian Economic Union have a significant influence on Kazakhstan's legislation and economy.

European Union

The European Union (the "**EU**") is the main trade partner of Kazakhstan, accounting for 30.0% of Kazakhstan's external trade turnover in 2023. The New Strategy of the EU on Central Asia approved in June 2019 establishes the basis for cooperation of the EU with Central Asian countries for the next 10-15 years.

In January 1995, Kazakhstan signed a Partnership and Co-operation Agreement with the EU, which came into force on 1 July 1999. Due to Kazakhstan's progression from the status of an assistance recipient to a partner country of the EU, on 21 December 2015, the EU and Kazakhstan signed a new, Enhanced Partnership and Cooperation Agreement (the "**Enhanced Partnership and Cooperation Agreement**"), which entered into provisional application on 1 May 2016. The Enhanced Partnership and Cooperation Agreement covers 29 areas of cooperation, including the issues of international and regional security, trade, investment, and infrastructure development, as well as innovation, culture, sport and tourism. Kazakhstan became the first country in Central Asia to sign a second generation agreement that is supposed to stimulate the cooperation between the EU and Kazakhstan and forms the legal basis for the whole spectrum of Kazakhstan-EU relations. Second generation agreements have a broader scope and increased level of regulatory and other cooperation at state level than standard "first generation" bilateral trade agreements. The Partnership and Cooperation Agreement was drafted in a way to take into account Kazakhstan's obligations within the WTO and the Eurasian Economic Union. It also outlines the commitment towards a facilitated EU visa regime for citizens of Kazakhstan, which establishes a dialogue on migration issues between both parties.

North Atlantic Treaty Organisation ("NATO")

Kazakhstan has taken part in the NATO Partnership for Peace (the "**PfP**") programme since 1994. The goal of Kazakhstan's cooperation with NATO is to prepare its Armed Forces' peacekeeping units for deployment in UN peacekeeping missions that adhere to NATO standards. This partnership significantly enhances the peacekeeping capabilities of Kazakhstan's Armed Forces. Since 2002, Kazakhstan's involvement in the PfP Planning and Review Process has strengthened the interoperability between its armed forces and NATO Allies. Kazakhstan actively participates in both hosting and participating in PfP training and exercises. Since 2006, Kazakhstan has hosted military exercises entitled "Steppe Eagle" in cooperation with NATO Allies and regional partners. Through these exercises, Kazakhstan has developed its military's technical and operational standards to align with international expectations. In December 2010, Kazakhstan's PfP Training Centre (the "**KAZCENT**") received NATO accreditation as a Partnership Training and Education Centre. The country's peacekeeping military unit (the "**KAZBAT**"), has also been trained to operate under NATO guidelines, enhancing its ability to participate in multilateral missions worldwide.

OSCE

Kazakhstan has been a member of the OSCE since 1992. In 2010, Kazakhstan assumed the chairmanship of the OSCE, which demonstrates the recognition of the country's increasing role in the region and within the OSCE. Kazakhstan is the first post-Soviet Union state to have chaired the OSCE. In December 2010, the OSCE Summit was held in Astana.

At the summit, the Astana Declaration was adopted, in which participants reaffirmed their commitment to the principles and values of the OSCE.

Organisation of Islamic Cooperation

In December 1995, Kazakhstan became a member of the Organisation of Islamic Cooperation (formerly known as the Organisation for the Islamic Conference) (the "**OIC**"), which comprises 57 countries across four continents. Since joining the OIC, Kazakhstan has actively participated in significant events, including summits, conferences of foreign ministers and annual coordination meetings of foreign ministers at the UN General Assembly.

In June 2011, Astana hosted the 38th session of the Council of Foreign Ministers of the OIC, where Kazakhstan was elected Chairman of the Council. Kazakhstan was selected as the Vice Chairman of the Standing Committee for Economic and Commercial Cooperation of the OIC for 2011-2013. Kazakhstan also participates in the Conference of the Parliament Union of the OIC. During the 38th session of the Council of Foreign Ministers of the OIC, Kazakhstan's President proposed establishing a system of food cooperation within the OIC. On 19 February 2018, the Islamic Organisation for Food Security, headquartered in Astana, was officially launched.

On 10 September 2017, Astana hosted the first OIC Summit on Science and Technologies, presided over by former President of Kazakhstan. The summit resulted in the adoption of the Astana Declaration and the OIC Programme for the Development of Science, Technologies and Innovation until 2026. At the 45th Session of the OIC Ministers of Foreign Affairs, held in May 2018 in Bangladesh, a Kazakhstan diplomat Askar Musinov was elected Vice-General Secretary (Assistant Secretary General for Science and Technology) of the OIC for Science and Technology for the term 2019-2023. Kazakhstan is currently advancing the "Dialogue Platform OIC-15" initiative, which aims to unify 15 leading Muslim countries in science and technology to enhance the potential of Islamic countries in these fields. The first Ministerial meeting of the OIC-15 Dialogue Platform took place in Almaty on 25-26 May 2023. The second OIC-15 Ministerial Meeting is to be held in Tehran, Iran. Kazakhstan places significant importance on cooperation with the economic bodies of the OIC, including the Islamic Development Bank ("**IDB**"), one of the largest development institutions. One of the four regional offices of the IDB is located in Almaty.

Other Regional Organisations

In 1992, at the initiative of Kazakhstan's President, the Conference on Interaction and Confidence-Building Measures in Asia (the "**CICA**") was established with its secretariat located in Kazakhstan. The CICA currently comprises 28 member states and aims to enhance cooperation by multilateral approaches towards peace, security and stability in Asia. Kazakhstan has been chairing the CICA for the 2020-2024 term.

In 1993, an Agreement on the Establishment of an Economic Union was signed by the CIS countries, and the Interstate Bank was established by the CIS member governments and central banks. The main goals of the Interstate Bank include facilitating multilateral settlements among CIS national central banks and providing financing for interstate projects.
The SCO is an international organisation dedicated to ensuring security and promoting stability across the Eurasian region. Its activities encompass addressing emerging challenges and threats, fostering trade relations and enhancing cultural and humanitarian cooperation. The SCO aims to establish a fair, polycentric global order that serves the interests of all its member states.

At the initiative of Kazakhstan, the Association of Investors of the SCO Member States was established. During Kazakhstan's chairmanship in the SCO, significant milestones were achieved. In June 2017, the SCO welcomed India and Pakistan as new members. Then, on 4 July 2024, during the Astana SCO summit, the Belarus was granted full membership, becoming the tenth full member of the SCO. Full members of the SCO include Kazakhstan, China, Russia, India, Iran, Pakistan, Kyrgyzstan, Tajikistan and Uzbekistan.

In January 2006, Kazakhstan and Russia established the Eurasian Development Bank, a regional development bank focussed on promoting economic development and facilitating integration in Eurasia. The bank currently has six member states, including Armenia, Belarus, Kyrgyzstan, Tajikistan and Belarus.

Legal System

Civil Code

Kazakhstan has a civil law legal system. The central legal act is the Civil Code of the Republic of Kazakhstan, which consists of a general part and a special part.

The general part was adopted on 27 December 1994 and became effective on 1 March 1995. The special part entered into force on 1 July 1999. The general part of the Civil Code regulates such issues as the legal status of private and legal entities, transactions, general provisions of obligations, ownership rights and general provisions of contracts.

The special part of the Civil Code regulates specific types of obligations (such as sale and purchase, leases and the provision of services), intellectual property rights, inheritance rights and international private law. Although certain aspects of general commercial law are contained in the Civil Code, there are also separate legal acts relating to specific forms of legal entities. The most commonly used forms of legal entities are joint-stock companies, which are established under the Law "On Joint Stock Companies" No. 415-II dated 13 May 2003, and partnerships, which are established under the Law "On Partnerships with Limited and Additional Liability" No. 220-I dated 22 April 1998. Incorporated legal entities are required to register with the Ministry of Justice or NJSC State Corporation "Government for Citizens", as applicable.

Certain restrictions are placed on foreign persons having shareholdings in companies in Kazakhstan that engage in certain types of activities, including telecommunications, mass media and aviation.

Entrepreneurship Code and Investment Regime

The current investment regime is principally governed by the Entrepreneurship Code of the Republic of Kazakhstan, dated 29 October 2015 (the "**Entrepreneurship Code**"). The Entrepreneurship Code sets out the rights of market participants and consumers and protects against anti-monopoly activity, anti-competitive actions of state authorities and unfair competition. The aim of the Entrepreneurship Code is to protect competition, create conditions for the efficient functioning of commodity markets and ensure unity of economic space and the free movement of goods and free economic activity in Kazakhstan. Among other things, the Entrepreneurship Code provides that certain transactions that increase market concentration are subject to prior approval by the Agency of the Republic of Kazakhstan for Protection and Development of Competition (the "**Competition Authority**"). Market participants are also restricted from entering into anti-competitive agreements or undertaking any action that leads to the restraint of competition.

Domestic and foreign investors generally fall under the same investment regime, with certain exceptions. In addition, Kazakhstan is a party to bilateral investment protection treaties, which, as at the date of this Base Offering Memorandum, were entered into and are currently in force with 48 nations, under which protections are available to investors from the relevant nation that is a party to the treaty. Kazakhstan is also a party to the 1997 Moscow Convention for the Protection of the Investor's Rights, under which protections are available to foreign investors irrespective of their nationality. The guarantees provided for by the above instruments include (depending on the instrument) guarantees of fair and equitable treatment, of full protection of security, of certainty of contracts with the Kazakhstan State and Kazakhstan's obligation to pay compensation to the investor in the event of (direct or indirect) expropriation of the investment. The Entrepreneurship Code and the bilateral investment protection treaties include rights for an investor to submit a dispute arising out of, or in connection with, its investment to international arbitration (as an alternative to submitting the dispute to the local courts).

In 1994, Kazakhstan ratified the Energy Charter Treaty, which provides protections to investors from other parties to the Energy Charter Treaty in respect of investments associated with economic activities in the energy sector. These protections encompass all economic activities related to the exploration, extraction, refining, production, storage, land transport, transmission, distribution, trade, marketing or sale of energy materials and products. They also extend to services such as the construction of energy facilities, prospecting, consulting, management and design and activities aimed at improving energy efficiency.

Subsoil Code

With effect from 29 June 2018, a new Subsoil and Subsoil Use Code (the "**Subsoil Code**") replaced the Law "On Subsoil and Subsoil Use" from 2010. The Subsoil Code's main aims include the attraction of investment into the mining sector and expansion of exploration activities. The Subsoil Code has for the first time introduced the rule under which licences for exploration of solid subsoil resources can be granted to the first applicant (provided no one else has applied for the same deposit), while retaining the pre-existing procedure under which licences are granted on the basis of a tender. The Subsoil Code has also significantly simplified the licence application process. Taken together with the changes in tax laws (including beneficial tax treatment of exploration activities and the decrease in the administrative and tax burdens on taxpayers), the introduction of the new Subsoil Code is expected to foster foreign and local direct investments in the subsoil sector. In addition to the Subsoil Code, subsoil use is also regulated by certain other civil, environmental, corporate, currency and property legislation. Government decrees and other secondary legislation are used to regulate subsoil use. Under the Subsoil Code, subsoil contracts and licences may be granted to local or foreign legal entities or individuals. Transfers of subsoil use rights are only permitted after consent of the competent authority has been obtained. The transfer of a subsoil use right (a share in the subsoil use right) is prohibited (i) under a licence for the exploration of solid minerals in the first year of its operation, (ii) under a licence for geological study of subsurface resources and (iii) under a licence for prospecting. Subsoil users are also required to use equipment, materials and finished products that are manufactured in Kazakhstan, and to use and train local staff when conducting subsoil use operations.

Anti-Corruption, Anti-Money Laundering and Anti-Terrorist Financing

In common with many other countries around the world, the fight against corruption continues to be a high-priority item on the governmental agenda in Kazakhstan.

Since its independence, Kazakhstan has been gradually creating effective anti-corruption institutions and mechanisms that meet international standards. Kazakhstan was one of the first in the post-Soviet space to create a legal framework for combating corruption. Since 2001, a number of anti-corruption programmes have been implemented and specific measures have been taken within the framework provided by these programmes to eliminate the causes of, and conditions conducive to, corruption.

In recent years, Kazakhstan has taken a number of measures to improve domestic anti-corruption legislation. The country's Criminal Code provides an extensive list of corruption-related crimes. A life-long ban has been introduced on holding public office in Government bodies for persons who have committed corruption offenses, as well as the mechanisms for seizing property or income derived from property obtained in violation of criminal law.

As part of Kazakhstan's efforts to promote social justice, on 12 July 2023, Kazakhstan adopted the Law “On Return of Illegally Acquired Assets” aimed at recovering unlawfully appropriated assets. By 29 March 2024, approximately KZT85 billion, including cash, properties and land were identified and returned. These funds will be used for social projects, while additional investment agreements of KZT7 billion will finance infrastructure in Astana and Shymkent, boosting employment and tax revenues. When the “Plan of the Nation-100 Specific Steps” programme was adopted in 2015, large-scale reforms were carried out to implement the programme, including with respect to anti-corruption legislation. The Law “On Prevention of Corruption” was adopted in November 2015. A number of other measures followed, including the adoption of the Law “On Public Councils” No. 383-V dated 2 November 2015, the Law “On Access to Information” No. 401-V dated 16 November 2015, the Code of Ethics for Civil Servants No. 342 dated 29 August 2020 and the introduction of the institution of an ethics ombudsman.

In the past several years, a number of anti-corruption projects have been introduced, such as “Adaldyk Alany-Regions Free from Corruption” (aimed at eradication of petty corruption in governmental institutions), “Protecting business and investments” (aimed at combating corruption in the business sector), “Adal Zhol” (aimed at controlling the quality of train services), “Sanaly Urpaq” (aimed at helping to form and strengthen an anti-corruption culture through the educational system, “Adal komek” (aimed at increasing the legal literacy of citizens, providing legal assistance on certain matters), “Antikor-live” (aimed at explaining the integrity policy and creating an anti-corruption culture among the population through social networks and other information resources) and “Adal bilim” (aimed at eradication of corruption and increasing the trust of citizens in the education system).

In June 2019, a new Anti-Corruption Agency was established, with responsibilities for detecting, fighting, uncovering and investigating criminal offenses involving corruption. In 2019, service centres of the Anti-Corruption Agency were opened in the capital city Astana and 12 other regions of the country, and in 2020 service centres were opened in the remaining four regions of Kazakhstan. The Anti-Corruption Agency actively supports businesses through its involvement in the “Protecting business and investments” project. All project offices provide practical anti-corruption support to participating businesses, with such businesses able to request assistance on a seven-days-a-week, 24-hours-a-day basis. As at 1 January 2024, 656 business projects, with a total value of KZT16.3 trillion, were covered by the “Protecting business and investment” project.

The activities of the Anti-Corruption Agency have contributed to a decrease in the number of registered corruption-related crimes to 1,692 in 2023 from 1,724 in 2022. In the six months ended 30 June 2024, the Anti-Corruption Agency registered 681 corruption-related crimes. In 2019, 2020 and 2021 the number of the relevant cases amounted to 2,245, 2,193 and 1,557, respectively. The aggregate recoveries in connection with corruption-related crimes amounted to KZT195 billion in the six months ended 30 June 2024, KZT285.1 billion as at 31 December 2023 and KZT108.5 billion as at 31 December 2022.

Kazakhstan state-owned companies have adopted and implemented anti-corruption guidelines. They regularly review and analyse corruption-related risks and also seek to increase transparency in hiring and promoting their employees.

The adoption of anti-corruption measures is positively evaluated by the international community. In 2008, Kazakhstan became a full member of the UN Convention Against Corruption. Kazakhstan also takes part in the sub-regional programme of the Istanbul Anti-Corruption Action Plan, within the framework of which, the anti-corruption policy of Kazakhstan is subject to periodic expert assessment.

Kazakhstan maintains constructive relations with Transparency International, with regular visits to the head offices of anti-corruption rating organisations and substantive discussions with experts conducting country analysis for the Corruption Perceptions Index. In 2023, Kazakhstan ranked in 93rd place among 180 countries rated (with 39 points), which demonstrates the progress that has been made in fighting corruption both in the short-term and in the longer term. For example, Kazakhstan was ranked 124th among 180 countries in 2018 and was ranked 140th among 177 countries in 2013.

In order to develop international cooperation in this area, Kazakhstan joined the Group of States Against Corruption of the Council of Europe on 30 December 2019, becoming its 50th member state. Membership in this organisation is expected to enable Kazakhstan to adopt the best international practices in the anti-corruption area as well as to share its own successful initiatives.

Kazakhstan, represented by the Anti-Corruption Agency, is a member of the International Association of Anti-Corruption Agencies ("**IACCA**", with its headquarters in Beijing), the OECD Anti-Corruption Network for Eastern Europe and Central Asia ("**ACN OECD**"), ADB and OECD Anti-Corruption Initiative for Asia and the Pacific (with its headquarters in Manila), International Anti-Corruption Academy ("**IACA**", with headquarters in Luxembourg) and the CIS Interstate Anti-Corruption Council (with its headquarters in Minsk).

Kazakhstan is a founding member of the Eurasian Group on Combating Money Laundering and Financing of Terrorism ("**EAG**"), one of nine FATF-style regional groups established to promote FATF recommendations and monitor their implementation by member states. Kazakhstan organised the 38th EAG plenary meeting carried out from 4 to 9 June 2023 in Almaty. The Financial Monitoring Agency of the Republic of Kazakhstan (the "**Financial Monitoring Agency**") signed memoranda with 39 countries on behalf of the country.

Kazakhstan ratified the following UN conventions specified in the FATF international standards:

- On 29 June 1998, Kazakhstan acceded to the UN Convention against Illicit Traffic in Narcotic and Psychotropic Substances;
- On 2 October 2002, Kazakhstan acceded to the International Convention for the Suppression of the Financing of Terrorism;
- On 4 May 2008, Kazakhstan ratified the UN Convention against Corruption;
- On 4 June 2008, Kazakhstan ratified the UN Convention against Transnational Organised Crime; and
- On 2 May 2011, Kazakhstan ratified the Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime.

From 12 to 30 September 2022, Kazakhstan successfully passed the Mutual Evaluation of the compliance with measures to combat money laundering and terrorist financing with the FATF international standards. The report on the Mutual Evaluation presents conclusions on compliance of the legislation of Kazakhstan with the FATF Recommendations, as well as the effectiveness of the national AML/CFT system, recommendations of expert-evaluators aimed at improving and strengthening the national AML/CFT system. Kazakhstan is making significant efforts to identify, understand and assess its ML/TF risks and develop measures to minimise them. The Financial Monitoring Agency of the Republic of Kazakhstan is a core element of the functioning of Kazakhstan's AML/CFT regime and has a significant amount of data at its disposal.

Other Legislation

The registration of land and title to land is set out in the Land Code of the Republic of Kazakhstan adopted on 20 June 2003 (the "**Land Code**"). Under the Land Code, private companies are permitted to own property that will be used for agriculture, forestry or construction, industrial and residential purposes, and land that must be used for a particular purpose, as designated by the relevant State authority. Foreign persons are permitted to own only property designated for construction purposes, or industrial and residential property, including property that requires development. Foreign persons are not permitted to own land located around Kazakhstan's border zones.

Currency legislation, including the Currency Control Law, stipulates that payments and money transfers between residents may be made only in Tenge (except for certain statutory exceptions), while there are no restrictions on payments and money transfers between residents and non-residents. Non-residents may, without limitation, receive and transfer dividends, interest and other income received on deposits, securities, loans and other currency transactions with residents, in accordance with the procedures established in currency legislation. Pursuant to the Currency Control Law, the NBK carries out record registration of currency contracts entered into between a resident and a non-resident of Kazakhstan related to 'capital movement transactions' (e.g., loan agreements, agreements providing for participation in the capital of a Kazakh legal entity) that exceeds a certain threshold.

Kazakh legal entities (excluding Kazakh banks) must purchase and/or sell foreign currency through their bank accounts opened with Kazakh banks in accordance with the rules on carrying out currency operations in Kazakhstan. In particular, Kazakh legal entities (excluding Kazakh banks) can exchange non-cash foreign currency for the national currency within one business day, for purposes unrelated to fulfilling foreign currency obligations, up the equivalent of U.S.$50,000.

Under the Currency Control Law, the Government – based on a joint recommendation from the NBK and other competent authorities – is entitled to introduce "payment balance protection measures". These measures can be established when there is a serious threat to the stability of (i) the payment balance, (ii) the internal currency market and/or (iii) the economic security of Kazakhstan, provided that such threats cannot be resolved by other economic policy measures. The payment balance protection measures must comply with the international treaties ratified by Kazakhstan, if and when such treaties entered into within the framework of participation in international organisations. Such measures must have temporary effect and be cancelled when the circumstances that led to their introduction are eliminated. Should the payment balance protection measures impose new permits (licences) or notification requirements, such new permits (licences) or notification requirements are exempt from the requirements of the Law "On Permits and Notifications" No. 202-V dated 16 May 2014. As at the date of this Base Offering Memorandum, the aforementioned measures have never been implemented in practice.

Certain natural monopolies are permitted in Kazakhstan including those whose activities are related to: transportation of crude oil and crude oil products; natural gas; electricity and heat; railways, air transport, port and airport services; and telecommunications, postal services and water supply services. Such entities are subject to specific restrictions and additional obligations, including the obligation to provide services and products in accordance with specified tariffs and prices as approved by the authorised agency.

All transactions with securities in Kazakhstan are subject to mandatory registration. The Central Securities Depository JSC is responsible for maintaining the system of securities holders' registers in Kazakhstan. Kazakhstan issuers may offer their securities in the other jurisdictions and on stock exchanges located in other jurisdictions (subject to statutory restrictions, including the requirement to offer a portion of such securities on the domestic stock market). The main securities trading platform in Kazakhstan is the KASE, whose members include Kazakhstan's leading banks, investment companies and brokers. In 2017, the AIX was established as part of the AIFC. The AIX's mission is to develop the public equity and debt capital markets in Kazakhstan and the Central Asian region.

Kazakhstan has also ratified the following international conventions and treaties related to investment protection: the New York Convention; Convention on the Settlement of Investment Disputes between States and Nationals of Other States ("**ICSID**") (Washington, DC, 18 March 1965); Convention Establishing the Multilateral Investment Guarantee Agency (Seoul, 11 October 1985); and Convention for the Protection of Investors' Rights (Moscow, 28 March 1997).

Development Strategy

In October 1997, former President Nazarbayev presented a strategy for the development of Kazakhstan through to 2030 (the "**Kazakhstan-2030 Strategy**"). On 6 April 2007, he signed a decree that focused further measures to implement the Kazakhstan-2030 Strategy (the "**2030 Framework**"). The 2030 Framework provided for a list of objectives, including introducing corporate governance principles and ensuring transparency in the activities of state holding companies and joint stock companies with state participation. Pursuant to the 2030 Framework, state holdings shall improve the system of corporate governance in joint stock companies with state participation by assessing their performance, introducing the institute of independent directs and other corporate governance principles. The 2030 Framework also aimed to approving a Model Code of Corporate Governance for joint-stock companies with state participation and their subsidiaries (affiliates), which was adopted on 5 October 2018 by virtue of the Decree of the Minister of National Economy of Kazakhstan (the Model Code does not cover Samruk-Kazyna).

On 15 October 2021, the President Tokayev signed the Presidential Decree "On Approval of the Concept of Legal Policy of the Republic of Kazakhstan until 2030" which highlighted the need to improve and modernise the Republic of Kazakhstan's corporate law (the "**2030 Concept**"). The 2030 Concept is a programme document defining the strategy of building a democratic state governed by the rule of law through the renewal and improvement of the legal system. To improve the state governance in this area, the Action Plan for implementing the 2030 Concept was approved by the Government Resolution dated 29 April 2022, which outlines several key initiatives. These include reviewing the effectiveness of the legal frameworks for operational management and economic management rights in modern relations, developing norms concerning the responsibility of corporate officers, and modernising corporate legislation in line with best practices in corporate governance. The Action Plan also details 104 measures which provide for, among other things, modernisation of corporate legislation based on recommendations and standards of best practice in corporate governance, and the development of framework for the liability of corporate officials. Given the complexity and correlation of these initiatives with other areas of civil law, their implementation will require a comprehensive preliminary analysis. The Ministry of Justice, together with the interested parties, has been carrying out an analysis of the Civil Code. The working group includes representatives from government bodies, NGOs, academia, and expert communities. In addition, a study on civil legislation is planned under a joint economic research programme with the World Bank in 2024, with potential phases extending into 2025-2026. Analytical research aimed at improving civil legislation has been approved for funding from the Republican Budget for 2025-2027. There are also plans in place to include civil law research in programme-targeted funding for 2025-2026. Thus, a comprehensive study of civil legislation is scheduled for 2024-2027.

In December 2012, the Kazakhstan-2030 Strategy was replaced with the Kazakhstan-2050 Strategy, which is a long-term development strategy with seven main focus areas that aims for Kazakhstan to become one of the 30 most developed countries in the world by 2050. The focus areas cover economic development, encouragement of entrepreneurship, social policy, knowledge and skills development, public service delivery, corporate governance, foreign policy and ethnic and religious diversity. The Kazakhstan-2050 Strategy includes Kazakhstan’s objective of becoming a member of the WTO, which Kazakhstan achieved on 30 November 2015. The Kazakhststan-2050 Strategy is implemented through the National Development Plan 2029 (as defined below), the National Security Strategy of the Republic of Kazakhstan and development plans of state bodies and national companies.

In May 2015, following the presidential election, former President Nazarbayev announced the “Plan of the Nation-100 Specific Steps” programme, which outlined 100 specific steps to implement five institutional reforms. The aim of the programme is to provide a clear direction for Kazakhstan’s development and to enable the international community to track Kazakhstan's progress. The programme is also a response to global and local challenges and its ultimate goal is for Kazakhstan to become one of the 30 most developed countries in the world. Since its announcement, the government of Kazakhstan has periodically reviewed progress of the plan’s implementation. During the most recent review, it was reported that 76 steps have been completed. The Kazakh authorities remain committed to continuing the implementation of the remaining steps.

On 12 December 2017, the so-called Digital Kazakhstan development programme (the “**Digital Programme**”) was adopted by the resolution of the Government. The Digital Programme was aimed at, among other things, accelerating the development of the Kazakhstan economy, improving the quality of life by digital technologies in the medium term, and creating conditions for the transition of the Kazakhstan economy to a fundamentally new development path which ensures the creation of a digital economy of the future in the long term. Because the Digital Programme was ended on 17 May 2022, the Government approved the new rules for the digital transformation of public administration on 9 November 2022. The rules provide, among other things, for the development and implementation of digital transformation roadmaps for a three-year period.

In 2022, according to the UN E-Government Development Index (“**EGDI**”), Kazakhstan was ranked 28th out of 193 countries by the level of development of electronic government (“**e-Gov**”). The level of digital literacy has increased over the period from 2019 to 2023 by 8.9% up to 90.2% as at the year end of 31 December 2023.

On 21 May 2024, President Tokayev signed a law on the digitalisation of the country. In particular, the law concerns the development of fibre-optic communication lines, cellular infrastructure, electronic documents, navigation satellite technologies, etc. The document provides for the introduction of amendments to certain legislative acts on the issues of communication, digitalisation, improving the investment climate and eliminating unnecessary legislative regulation. On 30 July 2024, President Tokayev signed a decree approving the “National Development Plan of the Republic of Kazakhstan until 2029” (the “**National Development Plan 2029**”), replacing the prior National Plan 2025, which had aimed at addressing the consequences of the COVID-19 pandemic as well as developing a sustainable and inclusive economy in light of the prevailing economic conditions. The National Development Plan 2029 aims to renew and grow Kazakhstan’s economy and improve citizens’ welfare and introduces measure aimed at achieving these objectives by 2029. It is built on five key principles: promoting competition, supporting entrepreneurship, investing in education and innovation, improving productivity and ensuring balanced regional development. The plan addresses 17 areas, each with specific goals for 2029 and aligns with the UN's Sustainable Development Goals. Progress in social and economic development is tracked using a set of national indicators. To achieve the strategic directions set out in the National Development Plan 2029, a map of key national indicators was created, which provides for 39 indicators of socio-economic development of the country. The map includes a number of indicators to measure the welfare of citizens and the quality of social benefits. Sociological surveys will be conducted among the population and businesses to monitor the qualitative institutional improvement until 2029.

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 Pricing Supplement, will be endorsed on each Definitive Note and attached to or incorporated by reference into each Global Note. The relevant Pricing Supplement (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".

1 INTRODUCTION

Baiterek National Managing Holding JSC (the "**Issuer**") has established a Global 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**"). The Notes are constituted by a trust deed (as may be amended and/or supplemented and/or restated from time to time, the "**Trust Deed**") dated 2 May 2025 between the Issuer and Citibank, N.A., London Branch as trustee for the Noteholders (as defined below) (the "**Trustee**", which expression shall include all persons for the time being appointed as trustee or trustees under the Trust Deed). The Notes are the subject of an agency agreement dated 2 May 2025 (as may be amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") between the Issuer, the Trustee, Citibank, N.A., London Branch as Principal Paying Agent and as Calculation Agent (the "**Principal Paying Agent**", the "**Transfer Agent**" and "**Calculation Agent**", which expressions include any successor Principal Paying Agent, Transfer Agent and Calculation Agent appointed from time to time in connection with the Notes) and Citibank Europe Plc as Registrar (the "**Registrar**", which expression includes any successor Registrar appointed from time to time in connection with the Notes).

Notes issued under the Programme will be issued in series (each, a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may comprise one or more tranches (each, a "**Tranche**") of Notes issued on the same or different issue dates. The specific terms of each Tranche (which, save in respect of the denominations, issue date, issue price, first payment of interest and principal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set forth in the applicable Pricing Supplement (the "**Pricing Supplement**") which should be read in conjunction with 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 the relevant Pricing Supplement. In the event of any inconsistency between these Conditions and the relevant Pricing Supplement, the relevant Pricing Supplement shall prevail.

All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Pricing Supplement.

Copies of the relevant Pricing Supplement, the Trust Deed, the Agency Agreement and these Conditions are available for inspection by Noteholders during normal business hours at the Specified Office of the Principal Paying Agent, the initial Specified Office of which is set out in the Agency Agreement.

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 all provisions of 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 in the Agency Agreement.

2 INTERPRETATION

2.1 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. In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Pricing Supplement;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Pricing Supplement;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Pricing Supplement;

"**Agency**" means any agency, authority, central bank, department, committee, government, legislature, ministry, minister, official or public or statutory person (whether autonomous or not) of, or of the government of, any state or supra-national body;

"**Average Representative Market Rate**" shall mean the arithmetic mean of the Representative Market Rates for the last five FX Business Days immediately before (and including) the applicable Rate Calculation Date. In the event that the Calculation Agent is unable to make this calculation due to the unavailability of Representative Market Rates necessary for the calculation, then the Calculation Agent shall take the arithmetic mean of the NBK Rate for the last five days that such NBK Rate was published;

"**Business Day**" means:

a) in the case of Euros, any day on which T2 is open for the settlement of payments in Euro (a "**Target Business Day**");

b) in the case of a Specified Currency other than Euros, a day (other than a Saturday, Sunday or public holiday) 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 Pricing Supplement, 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 Pricing Supplement and, if so specified in the relevant Pricing Supplement, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

"**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

a) "**Modified Following 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;

b) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

c) "**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 Pricing Supplement 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;

"**Calculation Agent**" means Citibank, N.A., London Branch or such other Person specified in the relevant Pricing Supplement as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Pricing Supplement;

"**Calculation Business Day**" shall mean an FX Business Day used to determine the Average Representative Market Rate;

"**Capital Stock**" of any Person means any and all shares, interests (including partnership interests), rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity;

"**Core Assets Disposal**" means a sale, assignment, conveyance, transfer, grant or otherwise a disposal of shares in JSC Development Bank of Kazakhstan and/or Otbasy Bank JSC, in each case which would leave the Issuer holding less than 50 per cent. plus one share of the issued and outstanding voting share capital of the relevant Subsidiary;

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

a) if "Actual/Actual" or "Actual/Actual (ISDA)" is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

b) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365;

c) if "Actual/365 (Sterling)" is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

d) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 360;

e) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y_2 - Y_1)] + [30 \text{ x } (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30.

f) if "30E/360" or "Eurobond Basis" is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30.

g) if "30E/360 (ISDA)" is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30;

h) if "Actual/Actual-ICMA" is specified in the applicable Pricing Supplement,

(i) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(ii) if the Calculation Period is longer than one Determination Period, the sum of:

(a) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(b) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

"Determination Period" means the period from and including a Determination Date in any year to but excluding the next Determination Date and

"Determination Date" means the date(s) specified as such in the applicable Pricing Supplement or, if none is so specified, the Interest Payment Date(s);

"**designee**" means a designee as selected and separately appointed by the Issuer in writing;

"**Domestic Relevant Indebtedness**" means any Relevant Indebtedness which is denominated and payable in Tenge, which on issue was not quoted, listed or purchased or sold on any stock exchange, automated trading system or over-the-counter or other securities market outside the Republic of Kazakhstan and which on issue was placed only with official participants on the local market in Kazakhstan acting on behalf of other investors;

"**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 Pricing Supplement;

"**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 Pricing Supplement;

"**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 Pricing Supplement;

"**FX Business Day**" shall mean, solely for the purposes of determining the Representative Market Rate, a day, other than a Saturday or Sunday, on which commercial banks and foreign exchange markets are open for business in Astana, Kazakhstan.

"**Group**" means the Issuer and its Subsidiaries taken as a whole.

"**guarantee**" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

b) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

The term "guarantee" used as a verb has a corresponding meaning. The term "guarantor" shall mean any Person guaranteeing any obligation.

"**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;

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"**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 Pricing Supplement;

"**Interest Determination Date**" has the meaning given in the relevant Pricing Supplement and, where SOFR Benchmark is specified in the applicable Pricing Supplement as the Reference Rate and where SOFR Lag or SOFR Observation Shift is specified as applicable in the applicable Pricing Supplement to determine Compounded Daily SOFR or where Compounded SOFR Index is specified as applicable in the applicable Pricing Supplement) the fourth U.S. Government Securities Business Day prior to the last day of each Interest Period;

"**Interest Payment Date**" means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Pricing Supplement and, if a Business Day Convention is specified in the relevant Pricing Supplement:

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 Pricing Supplement 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;

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified in the applicable Pricing Supplement.

"**ISDA Definitions**" means (i) if "2006 ISDA Definitions" is specified in the applicable Pricing Supplement, the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"), as amended and updated as at the Issue Date of the first Tranche of the Notes; or (ii) if "2021 ISDA Definitions" is specified in the applicable Pricing Supplement, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions, including any Matrices referred to therein, as published by ISDA as at the Issue Date of the first Tranche of the Notes;

"**ISDA Determination**" has the meaning given in the relevant Pricing Supplement;

"**Issue Date**" has the meaning given in the relevant Pricing Supplement;

"**Margin**" has the meaning given in the relevant Pricing Supplement;

"**Material Adverse Effect**" means a material adverse effect on (a) the business, condition (financial or otherwise), results of operations or prospects of the Issuer or the Group, (b) the ability of the Issuer to perform its obligations under the Trust Deed and the Notes or (c) the validity or enforceability of the Trust Deed and the Notes;

"**Material Requirement**" means any requirement of a relevant regulatory authority applicable to any Subsidiary that is a bank, relating to capital adequacy and/or related party lending ratios;

"**Material Subsidiary**" means, at any given time, any other Subsidiary of the Issuer whose gross assets or gross revenues represent at least 10%, 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 Pricing Supplement;

"**Non-recourse Acquisition Financing**" means any financing of all or part of the costs of the acquisition, construction or development of any assets or properties, provided that: (i) any Security Interest given by the Issuer in connection therewith is limited solely to such assets or properties; (ii) the Persons providing such financing expressly agree to limit their recourse to the assets or properties whose acquisition, construction or development is financed and any revenues derived from such assets or properties as the principal source of repayment for the moneys advanced; and (iii) there is no other recourse to the Issuer or any of its Subsidiaries in respect of any default by any Person under the financing;

"**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 Pricing Supplement;

"**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 Pricing Supplement;

"**Optional Redemption Date (Call)**" has the meaning given in the relevant Pricing Supplement;

"**Optional Redemption Date (Put)**" has the meaning given in the relevant Pricing Supplement 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 (if presentation is required) 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 Business 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 (if presentation is required) 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) any Security Interest existing on the Issue Date or arising out of the refinancing, extension, renewal or refunding of any Relevant Indebtedness secured by a Security Interest existing on the Issue Date, provided that the Relevant Indebtedness thereafter secured by such Security Interest does not exceed the amount of the original Relevant Indebtedness and such Security Interest is not extended to cover any property not previously subject to such Security Interest;

b) any Security Interest created or existing in respect of Domestic Relevant Indebtedness;

c) any Security Interest granted to secure a Non-recourse Acquisition Financing;

d) any Security Interest upon the whole or any part of present or future assets or revenues of the Issuer or any of its Subsidiaries created pursuant to any securitisation of receivables or other payment rights, asset-backed financing or similar financing structure (created in accordance with normal market practice) and whereby all payment obligations secured by such Security Interest or having the benefit of such Security Interest are to be discharged principally from such assets or revenues;

"**Permitted Shareholder**" has the meaning given in Condition 10.7;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, trust or other judicial entity, including, without limitation, any state or agency of a state or other entity, whether or not having separate legal personality;

"**Preferred Stock**" as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person;

"**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 Participating Member State as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Issuer or its designee; 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 Issuer or its designee;

"**Put Event**" has the meaning given in Condition 10.7;

"**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 Calculation Date**" shall mean the third FX Business Day preceding each Interest Payment Date, the Maturity Date or any other date on which principal or interest becomes payable under these Conditions.

"**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 Pricing Supplement or calculated or determined in accordance with the provisions of these Conditions and the relevant Pricing Supplement;

"**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 Pricing Supplement;

"**Reference Banks**" has the meaning given in the relevant Pricing Supplement or, if none, four (or if the Principal Financial Centre is Helsinki, five) major banks selected by the Issuer or its designee in the market that is most closely connected with the Reference Rate and, in the case of any Series of Notes denominated in Tenge, "**Reference Banks**" shall mean Bank CenterCredit JSC, ForteBank JSC, JSC Halyk Bank, First Heartland Jusan Bank JSC, JSC Kaspi Bank and Citibank Kazakhstan JSC or their legal successors, or any other person named as such in the relevant Pricing Supplement;

"**Reference Price**" has the meaning given in the relevant Pricing Supplement;

"**Reference Rate**" means the rate specified as such in the applicable Pricing Supplement;

"**Registrar**" means the U.S. Registrar or the 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 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 Indebtedness**" means any present or future indebtedness in the form of, or represented by, notes, debentures, bonds or other similar capital market instruments and which is ordinarily quoted, listed or purchased and sold on any stock exchange, automated trading system or over-the-counter or other securities market;

"**Relevant Screen Page**" means the page, section or other part of a particular information service specified as the Relevant Screen Page in the relevant Pricing Supplement, 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;

"**Representative Market Rate**" shall mean, with respect to any Calculation Business Day, the Tenge / U.S. Dollar daily official (market) foreign exchange rate for the previous FX Business Day, expressed as the amount of Tenge per one U.S. Dollar and as reported by the National Bank of Kazakhstan (the "**NBK**") and published on its website (https://www.nationalbank.kz/en/exchangerates/ezhednevnye-oficialnye-rynochnye-kursy-valyut or any successor page thereto) (the "**NBK Rate**"), as determined by the Issuer or its designee. In the event that the NBK Rate is unavailable for any Calculation Business Day, then the Issuer will poll the Representative Market Rate by polling the Reference Banks on the immediately following FX Business Day for the Tenge / U.S. Dollar exchange rate at noon Astana time on such Calculation Business Day for the professional market and provide such obtained Tenge / U.S. Dollar exchange rate to the Calculation Agent, whereby the Calculation Agent will determine the Representative Market Rate by taking the arithmetic mean of the polled exchange rates, provided that at least two quotations are obtained;

"**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;

"**Screen Rate Determination**" has the meaning given in the relevant Pricing Supplement;

"**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;

"**SOFR Administrator's Website**" means the website of the Federal Reserve Bank of New York (currently, being https://www.newyorkfed.org/markets/reference-rates/sofr-averages-and-index), or any successor source;

"**SOFR Benchmark Replacement Date**" means the Benchmark Replacement Date with respect to the then-current Benchmark;

"**SOFR Benchmark Transition Event**" means the occurrence of a Benchmark Event with respect to the then-current Benchmark;

"**Specified Currency**" has the meaning given in the relevant Pricing Supplement;

"**Specified Denomination(s)**" has the meaning given in the relevant Pricing Supplement;

"**Specified Interest Payment Date**" has the meaning given in the relevant Pricing Supplement;

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Specified Period**" has the meaning given in the relevant Pricing Supplement;

"**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;

"**T2**" means the real time gross settlement system operated by the Eurosystem, or any successor system;

"**Tenge**" means the lawful currency for the time being of the Republic of Kazakhstan;

"**Treaty**" means the Treaty establishing the European Communities, as amended;

"**U.S. Government Securities Business Day**" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities; and

"**Zero Coupon Note**" means a Note specified as such in the relevant Pricing Supplement.

2.2 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 Pricing Supplement, but the relevant Pricing Supplement 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 Pricing Supplement 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 Pricing Supplement, 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 Pricing Supplement 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 relevant Transfer Agent (as applicable) 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 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. 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 relevant 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 or the Registrar (as the case may be) 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 any 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, (y) 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 (as defined in the Trust Deed) 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 present or future undertakings, assets or revenues (including uncalled capital), to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness 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 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, and shall ensure that each of its Subsidiaries shall, at all times comply with any and all prudential supervision ratios and other material regulations and requirements applicable to it under the relevant regulations and standards in Kazakhstan and any other jurisdiction where the Issuer or the relevant Subsidiary does business, except (x) to the extent that the NBK or any other relevant Agency authorises the specific non-compliance in question or (y) for any non-compliance (other than any non-compliance with a Material Requirement) that would not have a Material Adverse Effect.

6.3 So long as any Note remains outstanding, the Issuer will not, and will procure that its Subsidiaries will not, either in a single transaction or in a series of transactions, whether related or not and whether voluntarily or involuntarily, conduct a Core Assets Disposal to any Person, except a Core Assets Disposal to the Issuer or a Subsidiary (each, a "**Transferee Subsidiary**"), provided, however, that after giving effect to such disposal and any related transactions, the Transferee Subsidiary remains a Subsidiary of the Issuer and no Event of Default (as defined in Condition 13) or Potential Event of Default (as defined in the Trust Deed) has occurred and is continuing.

6.4 So long as any Notes are outstanding:

a) The Issuer will not, directly or indirectly, in a single transaction or a series of related transactions, enter into any reorganisation (whether by way of a merger, accession, division, separation or transformation, as these terms are construed by applicable legislation or otherwise), participate in any other type of corporate reconstruction, or sell, lease, transfer, convey or otherwise dispose of all or substantially all of the assets of the Group (taken as a whole) (in each case, a "**Reorganisation**") unless in each case:

(i) either (X) the Issuer will be the surviving or continuing Person; or (Y) the surviving or continuing Person will assume the performance and observation of all of the obligations and conditions of these Conditions and the Trust Deed, to be performed by the Issuer; and

(ii) immediately prior to and immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing.

b) For purposes of the foregoing, the transfer (by lease, assignment, sale, conveyance or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more Material Subsidiaries, the Capital Stock of which constitutes all or substantially all of the properties and assets of the Group (on a consolidated basis taken as a whole), will be deemed to be the transfer of all or substantially all of the properties and assets of the Group (on a consolidated basis taken as a whole).

c) For the avoidance of doubt, any Subsidiary may consolidate with, merge with or otherwise enter into any transaction comprising a Reorganisation with the Issuer or another Subsidiary of the Issuer.

6.5 So long as any Note remains outstanding, the Issuer shall:

a) post on its website:

(i) not later than 180 days after the end of the Issuer's financial year, copies (in English) of the consolidated annual financial statements of the Issuer for such financial year; and

(ii) not later than 120 days after the end of the first six months of each of the Issuer's financial years, copies (in English) of the consolidated interim condensed financial statements of the Issuer for such six-month period.

b) ensure that:

(i) each set of annual financial statements delivered by it pursuant to Condition 6.5(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 6.5(a)(ii) is accompanied by a review report of the Auditors; and

(iii) each set of financial statements delivered pursuant to Condition 6.5(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.

6.6 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 Pricing Supplement 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 such Maturity Date does not fall on an Interest Payment Date, subject as provided in Condition 11. Unless otherwise specified in the relevant Pricing Supplement, 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 Pricing Supplement, 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 or U.S. Dollar, the lowest amount of such currency that is available as legal tender in the country of such currency, and with respect to Euros and U.S. Dollars means one cent.

8 FLOATING RATE NOTE PROVISIONS

8.1 This Condition 8 is applicable to the Notes only if the relevant Pricing Supplement specifies the Floating Rate Note Provisions.

8.2 The Rate of Interest payable from time to time in respect of the Notes shall be determined in the manner specified in the relevant Pricing Supplement.

8.3 Each Floating Rate Note bears interest on its outstanding principal amount from, and including, the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with this Condition 8. Such Interest Payment Date(s) is/are either as specified in the applicable Pricing Supplement as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, Interest Payment Date shall mean each date which falls the number of months or other period specified in the applicable Pricing Supplement as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

8.4 If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

8.5 The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the applicable Pricing Supplement and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the applicable Pricing Supplement.

8.6 Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate, provided that in any circumstances where under the ISDA Definitions the Calculation Agent would be required to exercise any discretion, including the selection of any Reference Banks and seeking quotations from Reference Banks, when calculating the relevant ISDA Rate, the relevant determination(s) which require the Calculation Agent to exercise its discretion shall instead be made by the Issuer or its designee. For the purposes of this Condition, "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

a) if the Pricing Supplement specifies either "2006 ISDA Definitions" or "2021 ISDA Definitions" as the applicable ISDA Definitions:

(i) the Floating Rate Option (as defined in the relevant ISDA Definitions) is as specified in the applicable Pricing Supplement;

(ii) the Designated Maturity (as defined in the relevant ISDA Definitions), if applicable, is a period specified in the applicable Pricing Supplement;

(iii) the relevant Reset Date (as defined in the relevant ISDA Definitions) is as specified in the applicable Pricing Supplement;

(iv) if the specified Floating Rate Option is an Overnight Floating Rate Option (as defined in the relevant ISDA Definitions), Compounding is specified to be applicable in the relevant Pricing Supplement and:

(a) Compounding with Lookback is specified as the Compounding Method in the applicable Pricing Supplement, then (a) Compounding with Lookback is the Overnight Rate Compounding Method and (b) Lookback is the number of Applicable Business Days (as defined in the relevant ISDA Definitions) specified in the applicable Pricing Supplement;

(b) Compounding with Observation Period Shift is specified as the Compounding Method in the applicable Pricing Supplement, then (a) Compounding with Observation Period Shift is the Overnight Rate Compounding Method, (b) Observation Period Shift is the number of Observation Period Shift Business Days (as defined in the relevant ISDA Definitions) specified in the applicable Pricing Supplement and (c) Observation Period Shift Additional Business Days (as defined in the relevant ISDA Definitions), if applicable, are the days specified in the applicable Pricing Supplement; or

(c) Compounding with Lockout is specified as the Compounding Method in the applicable Pricing Supplement, then (a) Compounding with Lockout is the

Overnight Rate Compounding Method, (b) Lockout is the number of Lockout Period Business Days (as defined in the relevant ISDA Definitions) specified in the Pricing Supplement and (c) Lockout Period Business Days, if applicable, are the days specified in the applicable Pricing Supplement; and

(v) if the specified Floating Rate Option is an Index Floating Rate Option (as defined in the relevant ISDA Definitions) and Index Provisions are specified to be applicable in the relevant Pricing Supplement, the Compounded Index Method with Observation Period Shift shall be applicable and, (a) Observation Period Shift is the number of Observation Period Shift Business Days (as defined in the relevant ISDA Definitions) specified in the applicable Pricing Supplement and (b) Observation Period Shift Additional Business Days (as defined in the relevant ISDA Definitions) are the days, if applicable, specified in the applicable Pricing Supplement;

(vi) references in the relevant ISDA Definitions to:

(a) "Confirmation" shall be deemed to be references to the applicable Pricing Supplement;

(b) "Calculation Period" shall be deemed to be references to the relevant Interest Accrual Period;

(c) "Termination Date" shall be deemed to be references to the Maturity Date; and

(d) "Effective Date" shall be deemed to be references to the Interest Commencement Date; and

b) if the Pricing Supplement specifies "2021 ISDA Definitions" as the applicable ISDA Definitions:

(i) Administrator/Benchmark Event shall be disapplied; and

(ii) if the Temporary Non-Publication Fallback for any specified Floating Rate Option is specified to be "Temporary Non-Publication Fallback – Alternative Rate" in the Floating Rate Matrix of the 2021 ISDA Definitions, the reference to "Calculation Agent Alternative Rate Determination" in the definition of "Temporary Non-Publication Fallback – Alternative Rate" shall be replaced by "Temporary Non-Publication Fallback – Previous Day's Rate".

8.7 Screen Rate Determination

a) Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined where the Reference Rate is not SOFR Benchmark, 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 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 (Brussels time in the case of EURIBOR) on the Interest Determination Date in question 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 of such offered quotations.

b) Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined where the Reference Rate is SOFR Benchmark, the Rate of Interest for each Interest Period will, subject as provided below, be equal to the relevant SOFR

Benchmark plus or minus the Margin (if any), all as determined by the Calculation Agent on the relevant Interest Determination Date.

The "**SOFR Benchmark**" will be determined based on Compounded Daily SOFR or Compounded SOFR Index, as follows:

(x) If Compounded Daily SOFR ("Compounded Daily SOFR") is specified in the applicable Pricing Supplement as the manner in which the SOFR Benchmark will be determined, the SOFR Benchmark for each Interest Period shall be calculated by the Calculation Agent in accordance with one of the formulas referenced below depending upon which is specified as applicable in the applicable Pricing Supplement:

(i) SOFR Lag:

$$\left(\prod_{i=1}^{d_o}\left(1+\frac{SOFR_{i-xUSBD}\times n_i}{360}\right)-1\right)\times\frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

"**$SOFR_{i-xUSBD}$**" for any U.S. Government Securities Business Day(i) in the relevant Interest Period, is equal to the SOFR reference rate for the U.S. Government Securities Business Day falling the number of Lookback Days prior to that U.S. Government Securities Business Day(i);

"**Lookback Days**" means such number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement;

"**d**" means the number of calendar days in the relevant Interest Period;

"**d_o**" means the number of U.S. Government Securities Business Days in the relevant Interest Period;

"**i**" means a series of whole numbers ascending from one to do, representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Interest Period (each a "**U.S. Government Securities Business Day(i)**"); and

"**n_i**", for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day.

(ii) SOFR Observation Shift:

$$\left(\prod_{i=1}^{d_o}\left(1+\frac{SOFR_i\times n_i}{360}\right)-1\right)\times\frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

"**$SOFR_i$**" for any U.S. Government Securities Business Day(i) in the relevant SOFR Observation Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day(i);

"**SOFR Observation Period**" means, in respect of an Interest Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of such Interest Period to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the Interest Period Date for such Interest Period;

"**SOFR Observation Shift Days**" means the number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement;

"**d**" means the number of calendar days in the relevant SOFR Observation Period;

"$\mathbf{d_o}$" means the number of U.S. Government Securities Business Days in the relevant SOFR Observation Period;

"**i**" means a series of whole numbers ascending from one to do, representing each U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant SOFR Observation Period (each a "**U.S. Government Securities Business Day(i)**"); and

"$\mathbf{n_i}$", for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day.

The following defined terms shall have the meanings set out below for purpose of Condition 8.7(b)(x):

"**Bloomberg Screen SOFRRATE Page**" means the Bloomberg screen designated "SOFRRATE" or any successor page or service;

"**Reuters Page USDSOFR=**" means the Reuters page designated "USDSOFR=" or any successor page or service;

"**SOFR**" means, in respect of a U.S. Government Securities Business Day, the reference rate determined by the Calculation Agent in accordance with the following provision:

(i) the Secured Overnight Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Bloomberg Screen SOFRRATE Page; the Secured Overnight Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Reuters Page USDSOFR=; or the Secured Overnight Financing Rate published at the SOFR Determination Time on the SOFR Administrator's Website;

(ii) if the reference rate specified in (i) above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the SOFR reference rate shall be the reference rate published on the SOFR Administrator's Website for the first preceding U.S. Government Securities Business Day for which SOFR was published on the SOFR Administrator's Website; or

(iii) if the reference rate specified in (i) above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 8.7(c) shall apply; and

"**SOFR Determination Time**" means approximately 3:00 p.m. (New York City time) on the immediately following U.S. Government Securities Business Day.

(y) If Compounded SOFR Index ("Compounded SOFR Index") is specified as applicable in the applicable Pricing Supplement, the SOFR Benchmark for each Interest Period shall be equal to the compounded average of daily SOFR reference rates for each day during the relevant SOFR Observation Period as calculated by the Calculation Agent as follows:

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1\right) \times \left(\frac{360}{d_c}\right)$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

"**SOFR Index**" means, in respect of a U.S. Government Securities Business Day, the SOFR Index value as published on the SOFR Administrator's Website at the SOFR Index Determination Time on such U.S. Government Securities Business Day, provided that:

(i) if the value specified above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the "SOFR Index" shall be calculated on any Interest Determination Date with respect to an Interest Period, in accordance with the Compounded Daily SOFR formula described above in Condition 8.7(b)(x)(ii) "SOFR Observation Shift", and the term "SOFR Observation Shift Days" shall mean five U.S. Government Securities Business Days; or

(ii) if the value specified above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 8.7(c) shall apply;

"**SOFR Index$_{End}$**" means, in respect of an Interest Period, the SOFR Index value on the date that is the number of U.S. Government Securities Business Days specified in the applicable Pricing Supplement prior to the Interest Period Date for such Interest Period (or in the final Interest Period, the Maturity Date);

"**SOFR Index$_{Start}$**" means, in respect of an Interest Period, the SOFR Index value on the date that is the number of U.S. Government Securities Business Days specified in the applicable Pricing Supplement prior to the first day of such Interest Period;

"**SOFR Index Determination Time**" means, in respect of a U.S. Government Securities Business Day, approximately 3:00 p.m. (New York City time) on such U.S. Government Securities Business Day;

"**SOFR Observation Period**" means, in respect of an Interest Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of such Interest Period to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the Interest Period Date for such Interest Period;

"**SOFR Observation Shift Days**" means the number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement; and

"**d_c**" means the number of calendar days in the applicable SOFR Observation Period.

If the Notes become due and payable in accordance with the Conditions, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the relevant Pricing Supplement, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Notes remain outstanding, be that determined on such date.

c) For the purpose of this Condition 8.7(b):

If the Issuer or its designee determines on or prior to the relevant Reference Time that a Benchmark Event and its related Benchmark Replacement Date have occurred with respect to the-then current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates.

In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time. For the avoidance of doubt, the Trustee and any of the Agents shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required to give effect to this Condition 8.7(c). Noteholders' consent shall not be required in connection with effecting any such changes, including the execution of any documents or any steps to be taken by the Trustee or any of the Agents (if required). Further, none of the Trustee, the Calculation Agent, the Paying Agents, the Registrar or the Transfer Agents shall be responsible or liable for any determinations, decisions or elections made by the Issuer or its designee with respect to any Benchmark Replacement or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 8.7(c), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection (i) will be conclusive and binding absent manifest error, (ii) will be made in the sole discretion of the Issuer or its designee, as applicable, and (iii) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

The following defined terms shall have the meanings set out below for purpose of this Condition 8.7(c):

"**Benchmark**" means, initially, the relevant SOFR Benchmark specified in the applicable Pricing Supplement; provided that if the Issuer or its designee determines on or prior to the Reference Time that a Benchmark Event and its related Benchmark Replacement Date have occurred with respect to the relevant Benchmark (including any daily published component used in the calculation thereof) or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement;

"**Benchmark Event**" means the occurrence of one or more of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

(i) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

"**Benchmark Replacement**" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

(i) the sum of:

(a) the alternate reference rate that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof); and

(b) the Benchmark Replacement Adjustment;

(ii) the sum of:

(a) the ISDA Fallback Rate; and

(b) the Benchmark Replacement Adjustment; or

(iii) the sum of:

(a) the alternate reference rate that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) giving due consideration to any industry-accepted reference rate as a replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) for U.S. dollar-denominated Floating Rate Notes at such time; and

(b) the Benchmark Replacement Adjustment;

"**Benchmark Replacement Adjustment**" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

(i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

(iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark (including any daily published component used in the calculation thereof) with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated Floating Rate Notes at such time;

"**Benchmark Replacement Conforming Changes**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determine that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary);

"**Benchmark Replacement Date**" means the earliest to occur of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

(i) in the case of sub-paragraph (i) or (ii) of the definition of "Benchmark Event", the later of:

(a) the date of the public statement or publication of information referenced therein; and

(b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or

(ii) in the case of sub-paragraph (iii) of the definition of "Benchmark Event", the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

"**ISDA Definitions**" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time, including the 2021 ISDA Interest Rate Derivatives Definitions (as amended or supplemented from time to time);

"**ISDA Fallback Adjustment**" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

"**ISDA Fallback Rate**" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark (including any daily published component used in the calculation thereof) for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"**Reference Time**" with respect to any determination of the Benchmark means (1) if the Benchmark is the SOFR Benchmark, the SOFR Determination Time (where Compounded Daily SOFR is specified as applicable in the applicable Pricing Supplement) or SOFR Index Determination Time (where Compounded SOFR Index is specified as applicable in the applicable Pricing Supplement), or (2) if the Benchmark is not the SOFR Benchmark, the time determined by the Issuer or its designee after giving effect to the Benchmark Replacement Conforming Changes;

"**Relevant Governmental Body**" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

"**Unadjusted Benchmark Replacement**" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

8.8 If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

8.9 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.

8.10 If the relevant Pricing Supplement specifies 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 Pricing Supplement.

8.11 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 by the Issuer 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.

8.12 All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders (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 Pricing Supplement 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 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 **Final Redemption**: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed by the Issuer at their Final Redemption Amount as specified in the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date as specified in the applicable Pricing Supplement, subject as provided in Condition 11.

10.2 **Redemption for Taxation Reasons:** 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 Pricing Supplement as being applicable); or

(b) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement 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 authorised signatories 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 and the Trustee shall be entitled to accept such certificate and opinion without further investigation or enquiry and without liability to any person. 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 Redemption at the Option of the Issuer (Call Option): If the Call Option is specified in the relevant Pricing Supplement as being applicable, the Notes may be redeemed at the option of the Issuer in whole (but not 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).

If Make-Whole Amount is specified in the applicable Pricing Supplement as the Optional Redemption Amount (Call), the Optional Redemption Amount (Call) per Note shall be equal to the higher of (i) the principal amount of the Note; and (ii) the sum of the then present values of the remaining scheduled payments of principal and Remaining Term Interest (assuming for this purpose the Notes are to be redeemed at their principal amount on the Make-Whole Reference Date), in each case discounted to the relevant Optional Redemption Date (Call) on either an annual or a semi-annual basis as specified in the applicable Pricing Supplement (based on the Day Count Fraction specified in the applicable Pricing Supplement) at the Reference Dealer Rate plus any applicable Redemption Margin specified in the applicable Pricing Supplement, all as determined by the Determination Agent; in each case together with interest accrued to (but excluding) the relevant Optional Redemption Date (Call).

In this Condition:

"**Determination Agent**" means an investment banking, accountancy, appraisal or financial advisory firm with international standing that has (in the reasonable opinion of the Issuer) appropriate expertise relevant to the determination required to be made under this Condition 10.3 selected by the Issuer.

"**Make-Whole Reference Date**" means the earliest of (i) the Maturity Date, (ii) the Par Call Period Commencement Date (if applicable), and (iii) such other date (if any) specified as such in the applicable Pricing Supplement.

"**Reference Bond**" means the government security specified in the applicable Pricing Supplement, or (if such security is no longer in issue or, in the determination of the Determination Agent, with the advice of the

Reference Dealers, is no longer appropriate by reason of illiquidity or otherwise), such other government security with a maturity date as near as possible to the Make-Whole Reference Date, as the Determination Agent may, with the advice of the Reference Dealers, determine to be appropriate by way of substitution for the original Reference Bond.

"**Reference Dealers**" means each of three banks selected by the Issuer which are (A) a primary government securities dealer, or (B) a market maker in pricing corporate bond issues; and

"**Reference Dealer Rate**" means with respect to the Reference Dealers and any Optional Redemption Date (Call) the average of the three quotations of the mid-market annual yield to maturity of the Reference Bond specified in the applicable Pricing Supplement at the Quotation Time specified in the applicable Pricing Supplement on the Determination Date specified in the applicable Pricing Supplement and quoted in writing to the Determination Agent by the Reference Dealers.

"**Remaining Term Interest**" means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term to the Make-Whole Reference Date determined on the basis of the rate of interest applicable to such Note from and including the relevant Optional Redemption Date (Call).

10.4 **Redemption at the Option of the Issuer (Issuer Maturity Par Call)**: If Issuer Maturity Par Call is specified in the relevant Pricing Supplement as being applicable, the Notes may be redeemed at the option of the Issuer in whole (but not in part) at any time during the period commencing on (and including) the day that is 90 days prior to the Maturity Date (the "**Par Call Period Commencement Date**") to (but excluding) the Maturity Date, at the Final Redemption Amount specified in the applicable Pricing Supplement plus accrued interest (if any) to such date.

10.5 **Clean-up Call**: In the event that at least 80 per cent. of the aggregate principal amount of any series of Notes have been redeemed or purchased, the Issuer may, at any time thereafter, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 19 (Notices) (which notice shall be irrevocable) and to the Trustee, redeem all (but not less than all) of the Notes outstanding at a redemption price equal to 100 per cent. of the principal amount of such Notes outstanding together with interest accrued to, but excluding, the date of such redemption.

10.6 **Redemption at the Option of Noteholders (Put Option):** If the Put Option is specified in the relevant Pricing Supplement 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 10.6, 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 10.6, 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 10.6, the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

10.7 **Redemption at the Option of Noteholders (Change of Control Put Option)**: Whether or not the Put Option is specified under Condition 10.6, the Issuer shall, at the option of the holder of any Note, exercisable as set out in Condition 10.6, redeem such Note on the applicable Optional Redemption Date (Put) at 100% 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 an 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 loses its status as a "National Managing Holding" by virtue of the Decree of the President of the Republic of Kazakhstan No. 571 "On measures for optimisation of the management system of development institutions and financial organisations, and development of the national economy" dated 22 May 2013,

(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 10.7.

Notwithstanding any other provision of this Condition 10.7 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 10.7. 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.

10.8 The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 10.1 to 10.7.

10.9 Unless otherwise specified in the relevant Pricing Supplement, 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 Pricing Supplement for the purposes of this Condition 10.9 or, if none is so specified, a Day Count Fraction of 30E/360.

10.10 The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.

10.11 All Notes which are redeemed pursuant to Conditions 10.1 to 10.7 or purchased pursuant to Condition 10.10 by the Issuer or any of its Subsidiaries shall be either cancelled forthwith, held or, to the extent permitted by law, resold. All Notes so cancelled shall be forwarded to the Principal Paying 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 (and, in the case of any Series of Notes denominated in Tenge, in U.S. Dollar), 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 11.5, 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 (and, in the case of any Series of Notes denominated in Tenge, in U.S. Dollar) 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 11 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 Amounts of interest and principal due in respect of any Series of Notes denominated in Tenge, will be calculated by the Calculation Agent for payment in U.S. Dollars by dividing the relevant Tenge amounts by the Average Representative Market Rate on the applicable Rate Calculation Date. The Calculation Agent will, on each Rate Calculation Date, notify the Issuer, the Trustee and the Paying Agents of the amounts of interest and principal (stated in both Tenge and U.S. Dollars) payable on any Interest Payment Date, the Maturity Date or any other date on which principal or interest becomes payable under these Conditions, as applicable, as well as the applicable Average Representative Market Rate.

11.4 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.

11.5 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.

11.6 All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 11 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Trustee, the Paying Agents and the Noteholders and 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.

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; or

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.

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 any other provision contained herein, any amounts to be paid by the Issuer on the Notes will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (or any law implementing such an intergovernmental agreement) (a "**FATCA Withholding Tax**"), and neither the Issuer nor any other person will be required to pay additional amounts on account of any FATCA Withholding Tax.

13 EVENTS OF DEFAULT

The Trustee at its discretion may, and if so requested in writing by the holders of not less than 25 per cent. in aggregate outstanding principal amount of the Notes or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), 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 (i) in respect of principal continues for a period of seven days or (ii) in respect of interest or additional amounts continues for a period of fourteen 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 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) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any Indebtedness for Borrowed Money, provided that the aggregate principal amount of such Indebtedness for Borrowed Money, guarantees and indemnities (without double counting) equals or exceeds U.S.$150,000,000 (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 insolvent 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 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

13.7 (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 and, following the occurrence of any of the events specified in this Condition 13.7, the Trustee is of the opinion that such occurrence is materially prejudicial to the interests of the Noteholders;

13.8 (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 13.8, the Trustee is of the opinion that such occurrence is materially prejudicial to the interests of the Noteholders; or

13.9 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 respective initial Specified Offices are listed in the Agency Agreement. The initial Calculation Agent (if any) is specified in the relevant Pricing Supplement. 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 Agent or Calculation Agent and additional or successor paying agents; provided, however, that:

a) the Issuer shall at all times maintain a Principal Paying Agent, Registrar and a Transfer Agent;

b) if a Calculation Agent is specified in the relevant Pricing Supplement, the Issuer shall at all times maintain a Calculation Agent; and

c) such other agents as may be required by any other stock exchange on which the Notes may be listed and/or admitted to trading.

Notice of any such change or any change of any 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 two-thirds 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.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than two-thirds in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

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, and 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 quarter in principal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured and/or prefunded 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 17) 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 of a particular Series in all respects (or in all respects except for the issue price, the issue date and the first payment of interest) so as to form a single series with the Notes of the particular Series, provided that, in case the Notes were sold or the further notes are sold in reliance of Rule 144A of the Securities Act, unless such further notes are fungible with the original Notes for U.S. federal income tax purposes, such further notes will be issued with a separate CUSIP and ISIN. 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 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 required to be given to the Noteholders pursuant to these Conditions 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 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 Pricing Supplement), (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 Pricing Supplement 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 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 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.

22.5 by reference to the aggregate principal amount of the Notes held by the relevant holder.

22.6 If the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable and Screen Rate Determination is specified in the relevant Pricing Supplement 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 Business 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 The Issuer has agreed in the Trust Deed for the benefit of the Noteholders that any dispute, controversy or claim, be it contractual or non-contractual, arising out of or in connection with the Trust Deed or the Notes (including any question regarding their formation, existence, validity or termination) (a "**Dispute**"), shall be referred to and finally resolved by arbitration under the Rules of Arbitration of the London Court of International Arbitration (the "**LCIA**") (the "**Rules**") as at present in force, which Rules shall be deemed incorporated into this Condition 23. The number of arbitrators shall be three, each party having the right to nominate one arbitrator. 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 The seat of arbitration shall be London, England where all hearings and meetings shall be held, unless the parties agree otherwise, and the language of arbitration shall be English.

23.3 The Issuer has appointed Law Debenture Corporate Services Limited at Eighth Floor, 100 Bishopsgate, London EC2N 4AG as its agent in England to receive service of process in any proceedings in England in connection with the Notes and the Trust Deed.

23.4 The Issuer has consented generally in respect of any Disputes to the giving of any relief or the issue of any process in connection with such Disputes including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any judgment or award which may be made or given in such Disputes.

23.5 In relation to any Disputes and to the enforcement of any judgment, order or award (whether or not given or made in those Disputes), 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 PRICING SUPPLEMENT

Pricing Supplement dated [•]

BAITEREK NATIONAL MANAGING HOLDING JSC

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the U.S.$[3,000,000,000] Medium Term Note Programme

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH THE UK PROSPECTUS REGULATION FOR THE ISSUE OF THE INSTRUMENTS DESCRIBED BELOW. THE UNITED KINGDOM FINANCIAL CONDUCT AUTHORITY HAS NEITHER APPROVED NOR REVIEWED ANY INFORMATION CONTAINED IN THIS PRICING SUPPLEMENT AND ANY INSTRUMENTS ISSUED PURSUANT TO THIS PRICING SUPPLEMENT ARE NOT COMPLIANT WITH THE UK PROSPECTUS REGULATION.

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 Offering Memorandum dated [•]. This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with such Base Offering Memorandum in order to obtain all relevant information. This document does not constitute listing particulars that the FCA has reviewed or approved pursuant to Listing Rule 4 of the FCA Handbook. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Offering Memorandum. The Base Offering 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 Pricing Supplement*.]

1.	Issuer:	Baiterek National Managing Holding JSC
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:	[•]/[Kazakhstan tenge ("**KZT**" or "**Tenge**"]
4.	Aggregate Nominal Amount of Notes:	
	[(i)] Series:	[•]/[KZT [•]]
	[(ii)] Tranche:	[•]
5.	Issue Price:	[•]% of the Aggregate Nominal Amount [plus accrued interest from [•]][, payable in U.S. Dollars based on an exchange rate for the conversion of Tenge into U.S. Dollars of KZT [•] = U.S.$1.00, which is the Tenge / U.S. Dollar daily official (market) foreign exchange rate as at [•], as reported by the NBK and published on its website (https://www.nationalbank.kz/en/exchangerates/ezhednevnye-oficialnye-rynochnye-kursy-valyut)]
6.	(i) Specified Denomination(s):	[•]/[KZT 100,000,000 and integral multiples of KZT 500,000, in excess thereof.] (*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 17 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/[KZT [•] per KZT 500,000 payable in U.S. Dollars (subject to further particulars specified below at paragraph 21)]
	(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]/[SOFR Benchmark]
— 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:	[•]
(xiv) SOFR Benchmark	[Not Applicable/Compounded Daily SOFR/Compounded SOFR Index] (*Only applicable where the Reference Rate is SOFR*)
(xv) Compounded Daily SOFR	[Not applicable/SOFR Lag/SOFR Observation Shift] (*Only applicable in the case of Compounded Daily SOFR*)
(xvi) Lookback Days	[Not Applicable/[•] U.S. Government Securities Business Day(s)] (*Only applicable in the case of SOFR Lag*)
(xvii) SOFR Observation Shift Days	[Not Applicable/[•] U.S. Government Securities Business Day(s)] (*Only applicable in the case of SOFR Observation Shift or Compounded SOFR Index*)
(xviii) SOFR IndexStart	[Not Applicable/[•] U.S. Government Securities Business Day(s)] (*Only applicable in the case of Compounded SOFR Index*)
(xix) SOFR IndexEnd	[Not Applicable/[•] U.S. Government Securities Business Day(s)] (*Only applicable in the case of Compounded SOFR Index*)
(xx) Fallback provisions	[Benchmark Discontinuation (SOFR) ([Condition 8.7(c)])/specify other if different from those set out in the Conditions]
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] / [Redemption at Par, payable in U.S. Dollars (subject to further particulars specified below at paragraph 21)]
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] / [Redemption at Par, payable in U.S. Dollars (subject to further particulars specified below at paragraph 21)]

[PROVISIONS RELATING TO CONVERSION OF PAYMENT AMOUNTS

21.	Conversion of Payment Amounts	[All amounts of interest, principal and other amounts in respect of the Notes will be calculated by the Calculation Agent (as defined in the Conditions) for payment in U.S. Dollars by dividing the relevant Tenge amounts by the Average Representative Market Rate on the applicable Rate Calculation Date (each as defined in the Conditions).]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22.	Form of Notes:	[Registered Global Notes exchangeable for Definitive Notes in the limited circumstances specified in the Global Note.]
23.	Principal Financial Centre(s):	[Not Applicable/[•].]
24.	Additional 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 International Securities Market of the London Stock Exchange plc (ii) the Vienna MTF of the Vienna Stock Exchange and (iii) 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 ISM of the London Stock Exchange plc (ii) the Vienna MTF of the Vienna Stock Exchange and (iii) 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: [•]] ***[Note: Entity names of the relevant rating agencies to be confirmed]*** [*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 Offering 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.] /[As the Notes are denominated in Tenge, while interest, principal and other amounts are payable in U.S. Dollars, the total yield, stated in percentage terms, on an investment in the Notes will be affected by fluctuations in the exchange rate between the Tenge and the U.S. Dollar and may not be the same when calculated in U.S. Dollars as when calculated in Tenge.]

6. OPERATIONAL INFORMATION

Legal Entity Identifier code:	[•]
ISIN (Regulation S Notes):	[•]
ISIN (Rule 144A Notes):	[•]
Common Code (Regulation S Notes):	[•]
Common Code (Rule 144A Notes):	[•]
Rule 144A Notes CUSIP number:	[•]
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 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 ISM and/or the Vienna MTF and the rules of the ISM and/or the Vienna MTF so require, notices will also be published in accordance with guidelines of the ISM and/or the Vienna MTF, as applicable.

- *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 or any proxy appointed by it at, a meeting of Noteholders and in any such meeting as having one vote in respect of each Calculation Amount worth of Notes held.

- *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*. So long as a Global Note is held by, or on behalf of a common depositary for, Euroclear, Clearstream, Luxembourg or any other clearing system, the exercise of the option of the Noteholders provided for in Condition 10.6 and Condition 10.7 will be subject to the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg or such Alternative Clearing System, as the case may be.

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.

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 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 U.S. 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 U.S. secondary market generally are required to settle within one business day (T+1), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the U.S. on the date of pricing or the next succeeding business days until one days prior to the relevant closing date will be required, by virtue of the fact that the Notes initially will settle beyond T+1, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices, and purchasers of Notes between the relevant date of pricing and the 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.

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 Offering 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 Offering 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 nor an entity that is disregarded for U.S. federal income tax purposes and is owned by a U.S. person.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN TAX ADVISORS 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, the Issuer 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 offering memorandum or series memorandum. 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 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 described 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, including the potential recognition of foreign currency exchange gain or loss upon receipt of otherwise non-taxable return of pre-issuance accrued interest with respect to Foreign Currency Notes.

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 the Issuer issues contingent payment debt instruments, the relevant supplemental offering memorandum 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 the Issuer'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 Pricing Supplement 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 Pricing Supplement 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).

If the Note is denominated in, or determined by reference to, a foreign currency, the acquisition premium is computed in units of the foreign currency and the amortisable bond premium will reduce OID in units of the foreign currency. Gain or loss recognised that is attributable to changes in exchange rates between the time the acquisition premium offsets OID and the time of the acquisition of the Note is generally taxable as ordinary income or loss.

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 recognised 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 Pricing Supplement.

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.

Market discount on a Market Discount Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the sale or retirement of the Market Discount Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

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)). The rules governing debt instruments denominated in foreign currency are complex and prospective investors should consult their own advisers regarding the application of the rules in their particular circumstances.

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 Tax Considerations

The following summary of certain Kazakhstan taxation matters is based on the laws as at the date of this Base Offering Memorandum and is subject to any changes in the laws, interpretation and application thereof, while such changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules.

Investors should consult their own professional advisers with respect to the tax consequences of their acquisition, holding and disposal of the Notes, including their eligibility for the benefits of double tax treaties, under the laws of their country of citizenship, residence, domicile or incorporation, and seek separate Kazakhstan tax advice, as necessary.

Subject to the foregoing, this section outlines the main Kazakhstan tax consequences of the acquisition, ownership and disposal of the Notes. In general, Kazakhstan tax legislation with respect to the taxation of securities and financial instruments is not well developed and, in many cases, the exact scope of Kazakhstan tax compliance rules and enforcement mechanisms are unclear or subject to different interpretations.

Non-resident individuals and legal entities that acquire the Notes should be subject to income tax withholding at source of payment in Kazakhstan either on (i) receipt of interest or (ii) in connection with disposal of such Notes. No other taxes or duties should be levied on non-residents in Kazakhstan with respect to such transactions.

Kazakhstan resident legal entities are subject to corporate income tax ("**CIT**") and Kazakhstan resident individuals are subject to personal income tax ("**PIT**") in accordance with the Tax Code, respectively.

General Tax Implications under the Tax Code

The Kazakhstan tax legislation does not provide clear and explicit treatment of certain operations performed on stock exchanges. This ambiguity creates a risk that the Kazakhstan tax authorities may take a view different from the one which is outlined below.

Under the Tax Code, the term "interest" includes, *inter alia*, payments on debt securities in the form of discount or coupon (taking into account the discount or premium on the value of the initial placement and (or) acquisition cost), payments to the holder of debt securities who is a related party for the payer of interest on such securities.

The Issuer, as a national management holding, qualifies as a financial agency in accordance with Budget Code No. 95-IV of the Republic of Kazakhstan, dated 4 December 2008 with all amendments to be in force on or before 4 December 2024). Securities issued by financial agencies in Kazakhstan are classified as agency bonds in accordance with Kazakhstan legislation. Kazakhstan tax legislation establishes specific taxation rules for agency bonds applicable to both residents and non-residents of Kazakhstan, as outlined below.

If the Issuer loses its status as a financial agency and the Notes no longer qualify for agency bond exemptions or benefits, holders may still be eligible for benefits applicable to listed securities, as outlined below.

See "*Risk Factors—The holders of Notes may not be able to enjoy tax exemptions for agency bonds in case the Issuer loses its status of a financial agency*".

Taxation of Kazakhstan tax residents

Gains from disposal of the Notes

Gains derived from the disposal of securities constitute a taxable income for both Kazakhstan resident legal entities and Kazakhstan resident individuals. The taxable amount of a gain for a Kazakh resident legal entity should be calculated as the positive difference (excluding the coupon) between the selling price and the initial (acquisition) value (tax base cost), taking into account the amortization of the discount and/or premium as of the sale date. Kazakhstan resident legal entities are required to include gains from the disposal of securities in their aggregate annual income, which is subject to CIT at the rate of 20 per cent.

An individual tax resident should measure the gain from sale of a security a positive difference between the selling price and the initial (acquisition) value (tax base cost). Kazakhstan resident individuals that derive gains from the disposal of securities are required to include such gains in their annual income, which is subject to PIT at the rate of 10 per cent.

Tax benefits applicable to gains derived from disposal of the Notes (applicable to exchange and non-exchange transactions)

The tax benefit (downward adjustment of income for individuals and reduction of taxable income for legal entities) applies to gains derived from the disposal of agency bonds, including the Notes. Additionally, a Kazakhstan resident legal entity's gain from the disposal of the Notes should be reduced by the losses accumulated in connection with disposal of other securities qualifying as agency bonds.

The Kazakh Tax Code stipulates another tax benefit (downward adjustment of income for individuals and reduction of taxable income for legal entities) that applies to gains from the disposal of the Notes and is subject to the following conditions: (i) the Notes are included in the official list of the stock exchange, (ii) realization is conducted through an open trade method and (iii) realization is conducted on a stock exchange functioning in the territory of the Republic of Kazakhstan, which are KASE and Astana International Exchange (AIX). Additionally, a Kazakhstan resident legal entity's gains from the disposal of the Notes, which meet the conditions indicated above, should be reduced by the losses accumulated in connection with disposal of securities meeting the following conditions (i) securities are included in the official list of the stock exchange (ii) realization is conducted through an open trade method and (iii) realization is conducted on a stock exchange functioning in the territory of the Republic of Kazakhstan, which are KASE and AIX.

Interest

Kazakhstan resident legal entities are required to include interest income on securities in their aggregate annual income, which is subject to CIT at the rate of 20 per cent.

Kazakhstan resident individuals are obliged to include interest income on securities in their annual income, which is subject to PIT at the rate of 10 per cent.

Tax benefits applicable to interest income on the Notes

The tax benefit (reduction of taxable income for legal entities) applies to interest income received on agency bonds, including the Notes. Therefore, interest on the Notes may be excluded from taxable income of a resident legal entity in Kazakhstan.

The Kazakh Tax Code stipulates another tax benefit (reduction of taxable income for legal entities) that applies to interest on the Notes in case the Notes are included in the official list of the stock exchange functioning in the territory of the Republic of Kazakhstan, which are KASE and AIX.

Similarly, Kazakhstan resident individuals may exclude interest on the Notes from their taxable income (downward adjustment of income).

Taxation of Kazakhstan tax non-residents

Non-resident persons should not become residents in Kazakhstan for Kazakhstan tax purposes by reason of solely the acquisition, ownership or disposal of the Notes. Therefore, under the Kazakhstan tax law, holders of the Notes, being non-residents for Kazakhstan tax purposes with no presence in Kazakhstan, should only be taxed on their income earned from sources in Kazakhstan, rather than on their worldwide income.

Non-resident buyers of the Notes are not subject to taxation in Kazakhstan upon acquisition of such securities during the offering. However, under the Tax Code, a withholding tax ("**WHT**") applies in respect of income derived by non-residents from sources in Kazakhstan, provided that such non-residents do not operate through a permanent establishment in Kazakhstan. The liability to calculate, withhold, remit and report the withheld tax lies with the payer of taxable income, which acts as a tax agent in this case.

Thus, obligations on assessment, declaration, withholding and remittance to the Kazakhstan state budget of WHT on gains realised on post-offering transactions should generally be fulfilled by a buyer of the Notes, which is recognised as a tax agent (excluding individuals), regardless of whether such buyer is a resident or non-resident for Kazakhstan tax purposes. To fulfil their tax agent obligations, such a non-resident should register with the Kazakhstan tax authorities.

Obligations on assessment, declaration, withholding and remittance to the Kazakhstan state budget of WHT on interest should rest with the Issuer which is a Kazakh tax agent in this case.

Gains from disposal of the Notes

As a general rule, a gain derived from the disposal of securities is subject to WHT at the rate of 15 per cent. (or 20 per cent. if the holder of securities is registered in a Country with Favourable Tax Regime, as defined below). Disposals include various types of title transfers including sale, exchange and contribution into capital.

For tax purposes, a gain is measured as a positive difference (excluding the coupon) between the sale price and the initial (acquisition) value (tax base cost), taking into account the amortization of the discount and/or premium as of the sale date. If a seller fails to provide a buyer with documents confirming the initial value of the securities, which are in possession of the seller (the tax base cost of the seller), the buyer must apply any resulting income tax on a gross basis (i.e., on the entire purchase price).

The Tax Code defines a "Country with Favourable Tax Regime" as either a foreign country or a territory, which meets one of the following criteria:

- profit tax rate in such country or territory is less than 10 per cent.; or
- such country or territory has laws on confidentiality of financial information or laws, which allow keeping confidential information about the actual owner of property or income or the actual owners, participants, founders or shareholders of a legal entity (except for a foreign country or a territory which has entered into an international treaty with the Republic of Kazakhstan, which provides for exchange of information on tax matters between the competent authorities, save for the cases when the foreign country or territory does not ensure exchange of information on tax matters between the competent authorities). Foreign country or territory is regarded as failed to ensure exchange of information with the competent Kazakhstan authority for tax purposes if one of the following conditions is met: (1) the Kazakhstan competent authority receives an official refusal of a foreign competent authority for provision of information, even though such exchange is envisaged by the relevant international agreement; (2) the competent foreign authority failed to provide the requested information within the period exceeding two years after the delivery of the request by the Kazakhstan competent authority.

The exact list of Countries with Favourable Tax Regime is approved by Decree No. 142 of the Minister of Finance of the Republic of Kazakhstan, dated 8 February 2018. The following jurisdictions are currently included in the list of Countries with a Favourable Tax Regime: Principality of Andorra, Antigua and Barbuda, Commonwealth of The Bahamas, Barbados, Kingdom of Bahrain, Belize, Negara Brunei Darussalam, Republic of Vanuatu, Republic of Guyana, Republic of Guatemala, Grenada, Republic of Djibouti, Dominican Republic, Commonwealth of Dominica, Kingdom of Spain (in respect of the territories of The Canary Islands only), People's Republic of China (in respect of the territories of the special administrative regions of Macau and Hong Kong only), Republic of Colombia, Union of the Comoros, Republic of Costa Rica, Malaysia (in respect of the territory of Labuan enclave only), Republic of Liberia, Republic of Lebanon, Republic of Mauritius, Islamic Republic of Mauritania, Republic of Portugal (in respect of the territory of the islands of Madeira only), Republic of Maldives, Republic of the Marshall Islands, Principality of Monaco, Republic of Malta, Mariana Islands, Kingdom of Morocco (in respect of the territory of the city of Tangier only), Republic of the Union of Myanmar, Republic of Nauru, Kingdom of the Netherlands (in respect of the territories of the islands of Aruba and dependent territories of the Antilles islands only), Federal Republic of Nigeria, New Zealand (in respect of the territories of the Cook Islands and Niue only), Republic of Palau, Republic of Panama, Independent State of Samoa, Republic of San Marino, Republic of Seychelles, Saint Vincent and the Grenadines, Saint Kitts and Nevis, Saint Lucia, United Kingdom (in respect of the following territories only: Anguilla; Bermuda; the British Virgin Islands; Gibraltar; the Cayman Islands; Montserrat; the Turks and Caicos Islands, Isle of Man, the Channel Islands (Guernsey, Jersey, Sark and Alderney), South Georgia and the South Sandwich Islands, Chagos Island), United States (in respect of the following territories only: The Virgin Islands of the United States, Guam, Commonwealth of Puerto Rico, State of Wyoming), Republic of Suriname, United Republic of Tanzania, Kingdom of Tonga, Republic of Trinidad and Tobago, Republic of Fiji, Republic of the Philippines, Republic of France (in respect of the following territories only: Kerguelen Islands, French Polynesia, French Guiana), Montenegro, Democratic Socialist Republic of Sri Lanka, Jamaica.

Tax benefits applicable to gains derived from disposal of the Notes (applicable to exchange and non-exchange transactions)

Gains derived by non-resident legal entities and non-resident individuals from the sale of agency bonds, including Notes, should be exempt from taxation in Kazakhstan.

Additionally, gains derived by non-resident legal entities and non-resident individuals from the sale of securities may be exempt from taxation in Kazakhstan subject to the following conditions: (i) securities are included in the official list of the stock exchange functioning in the territory of Kazakhstan (i.e. KASE or AIX), and (ii) realization is conducted through an open trade method.

The abovementioned exemption should also apply to non-resident legal entities that are registered in a foreign jurisdiction, included in the list of Countries with a Favourable Tax Regime.

Interest

Under the Tax Code, interest is subject to WHT at the rate of 15 per cent. (or 20 per cent. if the holder is registered in a Country with Favourable Tax Regime). WHT is applied to the gross amount of interest without allowance for any deductions.

Tax benefits applicable to interest income on the Notes

Under the Tax Code, interest income of non-resident legal entities and non-resident individuals received on agency bonds, including the Notes, should be exempt from WHT.

Additionally, interest income of non-resident legal entities and non-resident individuals received on the Notes should be exempt from WHT if the Notes (1) are included in the official list of the stock exchange functioning in the territory of Kazakhstan (i.e. KASE or AIX) at the time of interest accrual, and (2) the Notes meet the trading criteria established by the Kazakhstan Government, including having a minimum volume of debt securities issued through public trading and in circulation of at least 1 billion tenge during the calendar year.

The abovementioned exemption should also apply to non-resident legal entities that are registered in a foreign jurisdiction, included in the list of Countries with a Favourable Tax Regime.

Treaty protection in the absence of exemption

If the exemption envisaged by the Tax Code are not available, non-resident holders of the Notes, who are residents in the countries with which Kazakhstan has a tax treaty, may be entitled to apply tax exemptions or a reduced tax rate (on interest) under such treaty, if certain conditions are met.

However, the tax treaty protection in respect of gains from the disposal of the Notes could be achieved in Kazakhstan through income tax refund only, i.e., after income tax is already paid to the Kazakhstan state budget. Thus, the relevant investors should file an income tax refund claim along with documents prescribed by the Kazakhstan tax legislation to the respective tax authority within the established timeframe. In practice, however, this process may prove to be administratively burdensome and time-consuming with no guarantee of the outcome.

In addition, non-resident holders of the Notes who are residents of the countries with which Kazakhstan has tax treaties may be entitled to a reduced rate of withholding tax on interest, if certain conditions are met.

In particular, depending on the country of residence and satisfaction of certain other conditions, the interest WHT rates under most of Kazakhstan's tax treaties which are in effect as at the date of this Base Offering Memorandum may be between 5 per cent. and 10 per cent. However, under these treaties, reduction of the interest WHT to a rate which is below 15 per cent. may only be available to beneficial owners of interest (i.e. a recipient of interest shall have the rights of possession, use, disposal of the relevant income and shall not act as an intermediary (such as an agent or nominee holder)) and if Tax Code and tax treaty requirements are met.

In order to avail themselves of this relief, eligible holders have to provide the Issuer with a document issued by the competent authority of their country of tax residence confirming tax residence in a treaty jurisdiction. The document should be provided within the deadlines established by the Kazakhstan tax legislation and meet the requirements of the Tax Code. In particular, to be valid in Kazakhstan, a stamp of the competent authority and signature of the authorised official in the document, which confirms tax residence, should be apostilled or legalised by a holder's home country's competent authority. A signature and a stamp of a foreign notary should also be apostilled or legalised.

Apostille or legalisation of the aforementioned signatures and stamps are not required, *inter alia*, if: (i) the relevant document is published on the official website of the competent authority, or (ii) other authentication procedures, which are envisaged by international agreements to which Kazakhstan is a party, are met.

In addition, for legal holders of the Notes, Issuer will need to have available the list of the legal holders of the Notes containing the information required by the Kazakhstan tax legislation. Depending on how a contract for keeping records and proof of ownership over the Notes is structured, the list of the legal holders of Notes should be provided to the Issuer either by the Kazakhstan Central Securities Depository or an organisation which is entitled to conduct depository activity on a foreign security market.

If a legal holder of the Notes is a resident of the tax treaty state with which the tax treaty is modified by a Multilateral Instrument (the "**MLI**") of the Organisation for Economic Co-operation and Development, the legal holder of the Notes may be requested to provide documents confirming the satisfaction of MLI requirements. If the above document and other required documents are not made available to the Issuer prior to 31 March of the year following the year when interest are paid, and/or if the list of the legal holders of Notes is not provided to the Issuer (as required above), then the Issuer should apply WHT at a standard 15 per cent. rate (or 20 per cent. rate if the recipient is registered in a Country with Favourable Tax Regime), as applicable, and account for the withheld amounts to the relevant authority.

In certain cases the holders/beneficial owners of the Notes who are eligible for a lower WHT rate under the tax treaty should later be able to claim a refund of overpaid tax either from the Kazakhstan state budget or from the Issuer under certain conditions.

VAT and Stamp Duties

No Kazakhstan VAT or stamp duty should be payable by holders of the Notes in connection with the sale purchase of the Notes and with the interest received on the Notes in the manner contemplated in the Base Offering Memorandum.

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, the Issuer 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 the Issuer, 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 the Issuer, 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 Offering 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 the Issuer 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 U.S..

(4) It understands that the Issuer 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. the Issuer 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 U.S. 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 the Issuer and the Trustee in accordance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY 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 the Issuer, 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 the Issuer 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 the Issuer 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, the Issuer 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 the Issuer OR AN AFFILIATE OF the Issuer OR TRANSFER ITS INTEREST IN THIS NOTE TO A PERSON DESIGNATED BY OR ACCEPTABLE TO the Issuer 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. the Issuer 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. the Issuer 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.

THE ISSUER MAY COMPEL EACH BENEFICIAL HOLDER HEREOF TO CERTIFY PERIODICALLY THAT SUCH HOLDER IS A QIB AND A QUALIFIED PURCHASER.

(7) It acknowledges that the Issuer, 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 the Issuer 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 Offering 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 the Issuer 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 (or the equivalent in another currency) 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 the Issuer, 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 the Issuer 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 3 (*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 Pricing Supplement. 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 10 (*Payments*)) as the registered holder of the Global Notes. None of the Issuer, 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 10 (*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 Pricing Supplement.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 12 (*Events of Default*).

SUBSCRIPTION AND SALE

*Notes may be sold from time to time by the Issuer to any one or more of Citigroup Global Markets Limited, J.P. Morgan Securities plc, JSC Halyk Finance 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 the Issuer to, and purchased by, Dealers are set out in a programme agreement dated 2 May 2025 (as from time to time supplemented, amended or restated, the "***Programme Agreement***"), and made between the Issuer 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 the Issuer 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 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, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one 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 any 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 any Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(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 any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; 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 any Notes in, from or otherwise involving the United Kingdom.

Republic of Kazakhstan

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, with the Issuer and each other Dealer 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.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the Base Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, with the Issuer and each other Dealer that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Dubai International Financial Centre (DIFC)

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 and will not offer the Notes to any person in the Dubai International Financial Centre unless such offer is:

(a) an "**Exempt Offer**" in accordance with the Markets Rules (Version 21/01-23) ("**MKT**") Module of the Dubai Financial Services Authority (the "DFSA") rulebook; and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook.

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, with the Issuer and each other Dealer that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the 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 Directive (EU) 2016/97, 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 the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Base Offering Memorandum.

Each Dealer has acknowledged and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that (i) 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 this Base Offering Memorandum, any Pricing Supplement or any other offering material, in any country or jurisdiction where action for that purpose is required and (ii) it, to the best of its knowledge and belief, shall 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 this Base Offering Memorandum, any Pricing Supplement or any other offering material, and neither the Issuer 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

Application has been made to the London Stock Exchange for Notes issued under the Programme during the 12 months from the date of this Base Offering Memorandum to be admitted to trading on the ISM. The ISM is not a regulated market within the meaning of UK MiFIR. The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the FCA. The London Stock Exchange has not approved or verified the contents of this Base Offering Memorandum. Application has also been made to the Vienna Stock Exchange for the admission of the Programme and/or any Notes to trading on the Vienna MTF.

It is expected that each Tranche of Notes which is to be admitted for trading on the ISM and/or 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 London Stock Exchange or any other stock exchange outside of Kazakhstan or which will be listed on such stock exchange as the Issuer and the relevant Dealer(s) may agree. The Issuer 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 Pricing Supplement, the Issuer 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.

Legal Entity Identifier

The Legal Entity Identifier is 984500B4F78F04253804.

Authorisations

The establishment of the Programme was authorised by a duly convened meeting of the Board of Directors of the Issuer held on 18 April 2025. The Issuer 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 the Issuer'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 Pricing Supplement relating thereto. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

Use of Proceeds

Unless otherwise specified in the applicable Pricing Supplement, the net proceeds of the issue of each Tranche of Notes will be applied by the Issuer for general corporate purposes. These may include the provision of funding to the Issuer's subsidiary companies, which in turn may use such funding to support activities across various economic sectors, including investment and export development, trade finance, and the refinancing of existing debt obligations.

Commissions, fees and expenses may be deducted from the gross proceeds of each Tranche of Notes, as set out in the applicable Pricing Supplement.

Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer is aware), during the 12 months preceding the date of this Base Offering Memorandum, which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Issuer or of the Group, taken as a whole.

No Material Adverse or Significant Change

Since 31 December 2024 (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 the Issuer 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 the Issuer's ability to make payments under the Notes.

Independent Auditors

The consolidated financial statements of the Issuer and its subsidiaries as of 31 December 2024, 2023 and 2022, and for the years then ended, included in this Base Offering Memorandum, have been audited by KPMG Audit LLC ("**KPMG**"), independent auditors, as stated in their reports appearing herein.

The independent auditors of the Issuer are KPMG acting as auditors under State Licence № 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://baiterek.gov.kz/en/. The information on https://baiterek.gov.kz/en/ does not form part of this Base Offering Memorandum.

Documents Available for Inspection

For the period of 12 months following the date of this Base Offering 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:

(a) the constitutional documents of the Issuer;

(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) a copy of this Base Offering Memorandum together with any supplements to this Base Offering Memorandum or any further offering memorandum; and

(g) any Pricing Supplement 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 Pricing Supplement will only be available for inspection by the relevant Noteholders or otherwise in accordance with the rules of the KASE).

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Baiterek National Managing Holding Joint Stock Company

International Financial Reporting Standards Consolidated Financial Statements and Independent Auditors' Report

31 December 2022

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Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Baiterek National Managing Holding Joint Stock Company and its subsidiaries (the "Holding"), 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 Holding 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 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 Holding 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.

Government Grants

Please refer to the Notes 3 (Government grants), 8, 10, 11, 12, 15, 17, 19, 20, 23 and 27 in the consolidated financial statements.

**The key audit matter**	_**How the matter was addressed in our audit**_
During 2022 the Holding received loans from Government in the amount of Tenge 577,298,898 thousand with interest rates ranging from 0.01% p.a. to 0.10% p.a., received loans from Zhasyl Damu JSC in the amount of Tenge 160,000,000 thousand with interest rates ranging from 0.01% p.a. to 0.10% p.a., and issued bonds with total nominal value of Tenge 3,349,923 thousand with a coupon rates 0.1% p.a. and 2.99% p.a. At initial recognition these loans received and debt securities issued were recognised at fair values measured by applying relevant market interest rates to discount the contractual future cash flows. The difference of Tenge 517,664,740 thousand between the fair value and the nominal value of loans received and debt securities issued was recognised as a government grant, which is subsequently recognised in profit or loss upon fulfilment of conditions attached to respective financing. The estimate of the fair value of the loans received and the debt securities issued requires management to exercise significant professional judgement. Accounting judgements are also required in determining the presentation and classification of the difference between the nominal value and fair value of debt securities issued and loans received.	Our audit procedures included assessing, based on the overall substance of the transaction, whether the difference between consideration received and the fair value of the debt securities issued and loan received represents a government grant. We compared assumptions used by management to determine market rates applied to calculate fair values of the loans received and debt securities issued to available market information, including the involvement of our valuation specialists. We assessed the appropriateness of methods used to calculate income from government grants. We also assessed whether the consolidated financial statement disclosures appropriately reflect the information in relation to government grants recognised in the consolidated financial statements.

<table>
<tr><th colspan="2">Expected credit losses for loans to customers and finance lease receivables</th></tr>
<tr><td colspan="2">Please refer to the Notes 3 (Impairment), 5 10 and 12 in the consolidated financial statements.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Loans to customers measured at amortised cost and finance lease receivables represent 52% and 9% of total assets, respectively. Loans to customers and finance lease receivables are stated net of allowance for expected credit losses ('ECL') that is estimated on a regular basis and is sensitive to assumptions used.

The Holding 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 and finance lease receivables (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 future cash flows 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 the related estimation uncertainty, this area is a key audit matter.</td><td>We analysed the key aspects of the Holding's methodology and policies related to the ECL estimate for compliance with the requirements of IFRS 9, with the involvement of financial risk management specialists. We tested the principle of operation of the respective models used by the Holding.

To analyse the adequacy of professional judgement and assumptions used by the Holding in relation to the allowance for the ECL estimate, we performed the following:
- We tested the design and implementation of the 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 a potential changes in ECL estimate may have a significant impact on the consolidated financial statements, we tested whether stages are correctly assigned by the Holding by analysing financial and non-financial information, as well as assumptions and professional judgements, applied by the Holding;
- For a sample of loans to customers and finance lease receivables we critically assessed the assumptions used by the Holding 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 forward-looking information and compared it with our estimates taking into account the current and future economic situation and operating conditions of borrowers included in relevant categories;
- For a sample of stage 3 loans and finance lease receivables we assessed adequacy of ECL allowance by critically assessing assumptions used by the Holding to estimate expected future cash flows, including estimated proceeds from realisable collateral and their timing. We compared assumptions used by the Holding for these loans with industry, financial and economic data from available public sources.</td></tr>
</table>

	We also assessed whether the consolidated financial statements disclosures appropriately reflect the Holding's exposure to credit risk.

Acquisition of Bereke Bank JSC subsidiary

Please refer to the Notes 3 (Consolidated financial statements) and 33 in the consolidated financial statements.

The key audit matter	***How the matter was addressed in our audit***
On 1 September 2022, the Holding acquired control over Subsidiary Bank Sberbank of Russia Joint Stock Company (the "Bank") by purchasing 99.99% of the Bank's ordinary shares. On 14 September 2022, the legal name of the Bank was changed from Subsidiary Bank Sberbank of Russia Joint Stock Company to Bereke Bank JSC. The method of acquisition in accordance with IFRS 3 requires management to measure the fair value of the identifiable assets and liabilities of the Bank at the date of acquisition, which requires significant judgement. Management engaged an independent valuation expert to assist management with this measurement. Because of the need to apply accounting judgments and estimates in accounting for acquisition of Bereke Bank JSC, this area is a key audit matter.	We reviewed the contract documentation related to the acquisition of Bereke Bank JSC, as described in Note 33 to the consolidated financial statements. We checked the fair value measurement of the consideration paid for the controlling interest in Bereke Bank JSC, the fair value of identifiable assets and liabilities that was estimated by an independent valuation expert, and engaged our valuation specialists to analyse the methods and assumptions used. We critically assessed whether management had appropriately identified all acquired assets and liabilities in determining the gain on acquisition. We also assessed whether the consolidated financial statements disclosures appropriately reflect the acquisition of subsidiary, including disclosures related to significant accounting judgements and estimates.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Holding for the year 2022, but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report of the Holding 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 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 Holding'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 Holding or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Holding'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 Holding'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 Holding'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 Holding 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 Holding 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:

Урдабаева Асель Ахметжановна
Қазақстан Республикасының Аудиторы
№ МФ-0000096

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

KPMG Audit LLC

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

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

20 April 2023

(In thousands of Kazakhstani Tenge)	**Note**	**31 December 2022**	**31 December 2021**
ASSETS			
Cash and cash equivalents	6	2,293,973,195	1,472,845,223
Other assets at fair value through profit or loss	7	162,342,872	154,118,280
Loans to banks and financial institutions	8	298,999,429	367,879,233
Deposits with banks and financial institutions	9	23,154,952	193,059,900
Loans to customers	10	6,511,970,888	4,704,073,545
Investment securities	11	1,456,559,148	1,725,727,482
Finance lease receivables*	12	1,072,649,277	929,926,219
Equity-accounted investees		795,344	555,065
Investment property		9,653,324	10,230,182
Current income tax prepaid		18,294,819	25,359,231
Deferred income tax asset	30	27,398,004	33,955,310
Property, plant and equipment		65,770,527	17,997,190
Intangible assets		30,120,799	9,091,019
Non-current assets held for sale		5,028,981	3,463,876
Other financial assets		41,690,241	30,694,738
Other assets	13	213,729,877	190,898,868
TOTAL ASSETS		**12,232,131,677**	**9,869,875,361**
LIABILITIES			
Due to banks		8,055,858	-
Customer accounts	14	3,049,901,263	1,788,020,886
Debt securities issued	15	3,739,552,209	4,065,432,159
Subordinated debt		8,050,778	7,502,151
Loans from banks and other financial institutions	16	946,551,807	652,462,122
Loans from the Government of the Republic of Kazakhstan	17	776,645,835	577,428,415
Liabilities to the mortgage organisation	18	201,302,720	-
Current income tax liability		2,343,256	1,915,356
Deferred income tax liability	30	45,287,694	40,257,423
Insurance contracts liabilities		58,684,023	41,554,777
Other financial liabilities	19	117,221,146	200,188,894
Government grants	20	1,052,536,560	741,637,963
Other liabilities	21	127,932,790	83,922,988
TOTAL LIABILITIES		**10,134,065,939**	**8,200,323,134**
EQUITY			
Share capital	22	1,366,238,962	1,266,238,962
Fair value reserve (securities)		(65,072,162)	(16,554,288)
Business combination reserve and additional paid-in capital		241,088,410	211,640,338
Other reserves		31,125,936	32,466,050
Retained earnings		524,684,592	175,761,165
TOTAL EQUITY		**2,098,065,738**	**1,669,552,227**
TOTAL LIABILITIES AND EQUITY		**12,232,131,677**	**9,869,875,361**

* Finance lease receivables as at 31 December 2022 include the amount receivable from lessees of Tenge 37,186,953 thousand, which represents a value-added tax asset (31 December 2021: Tenge 30,807,812 thousand).

Approved for issue and signed by management on 20 April 2023.

Yersain Yerbulatovich Khamitov
Deputy Chairman of the Board

Kuralay Damirovna Yessengarayeva
Chief Accountant

(In thousands of Kazakhstani Tenge)	Note	2022	2021
Interest income calculated using the effective interest method	23	871,561,335	605,756,946
Other interest income	23	142,243,377	102,543,599
Interest expense	23	(550,553,226)	(409,788,469)
Net interest income	**23**	**463,251,486**	**298,512,076**
Impairment allowance for loan portfolio and finance lease receivables	10,12	(104,873,139)	(74,402,396)
Net interest income less impairment allowance for loan portfolio		**358,378,347**	**224,109,680**
Fee and commission income	24	35,903,238	21,842,222
Fee and commission expense	24	(9,446,590)	(8,354,095)
Net fee and commission income	**24**	**26,456,648**	**13,488,127**
Net gain/(loss) on assets measured at fair value through profit or loss	25	36,883,471	(234,594)
Net foreign exchange gain	26	55,343,823	996,437
Net (loss)/gain on financial assets at fair value through other comprehensive income		(18,533,034)	61,083
Net gain from derecognition of financial assets measured at amortised cost		41,530,765	16,569,734
Net insurance premiums earned		6,410,408	5,418,679
Net loss on insurance benefit payments and changes in insurance contract provisions		(19,592,542)	(12,596,076)
Other operating income/(expenses), net	27	4,219,971	(32,154,154)
Operating income		**491,097,857**	**215,658,916**
Reversal of impairment loss on other financial assets and credit related commitments	28	2,674,082	6,296,212
Loss on disposal of the subsidiary		-	(13,996,439)
Gain on a bargain purchase	33	30,276,651	-
Administrative expenses	29	(95,773,902)	(65,475,791)
Share of financial result of equity-accounted investees		-	(4,614)
Profit before income tax		**428,274,688**	**142,478,284**
Income tax expense	30	(47,649,119)	(31,598,231)
PROFIT FOR THE YEAR		**380,625,569**	**110,880,053**
Other comprehensive income:			
Items that will never be reclassified to profit or loss:			
Equity investments at FVOCI – net change in fair value		-	83,093
Items that may be reclassified subsequently to profit or loss:			
Fair value reserve (securities):			
- Net change in fair value		(69,552,585)	(10,871,278)
- Net change in fair value transferred to profit or loss		21,034,711	(46,466)
Other comprehensive income for the year		**(48,517,874)**	**(10,834,651)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**332,107,695**	**100,045,402**

The notes set out on pages 7 to 107 form an integral part of these consolidated financial statements.

(In thousands of Kazakhstani Tenge)	**Share capital**	**Securities fair value reserve**	**Business combination reserve and additional paid-in capital**	**Other reserves**	**Retained earnings**	**Total**
Balance at 1 January 2022	**1,266,238,962**	**(16,554,288)**	**211,640,338**	**32,466,050**	**175,761,165**	**1,669,552,227**
Profit for the year	-	-	-	-	380,625,569	380,625,569
Other comprehensive income	-	(48,517,874)	-	-	-	(48,517,874)
Total comprehensive income for the year	**-**	**(48,517,874)**	**-**	**-**	**380,625,569**	**332,107,695**
Shares issue – cash contribution (Note 22)	100,000,000	-	-	-	-	100,000,000
Dividends declared and paid (Note 22)	-	-	-	-	(33,042,256)	(33,042,256)
Recognition of the discount on loans from the Government of the Republic of Kazakhstan net of taxes of Tenge 7,362,018 thousand (Note 17)	-	-	29,448,072	-	-	29,448,072
Transfer from reserve capital	-	-	-	(1,340,114)	1,340,114	-
Balance at 31 December 2022	**1,366,238,962**	**(65,072,162)**	**241,088,410**	**31,125,936**	**524,684,592**	**2,098,065,738**

	Attributable to owners of the Holding							
(In thousands of Kazakhstani Tenge)	**Share capital**	**Securities fair value reserve**	**Business combination reserve and additional paid-in capital**	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2021	**1,046,504,712**	**(6,153,857)**	**174,459,214**	**19,021,258**	**196,767,022**	**1,430,598,349**	**91,457**	**1,430,689,806**
Profit for the year	-	-	-	-	110,880,053	110,880,053	-	110,880,053
Other comprehensive income	-	(10,834,651)	-	-	-	(10,834,651)	-	(10,834,651)
Total comprehensive income for the year	**-**	**(10,834,651)**	**-**	**-**	**110,880,053**	**100,045,402**	**-**	**100,045,402**
Shares issue – cash contribution (Note 22)	5,000,000	-	-	-	-	5,000,000	-	5,000,000
Capital contributions (shares issued) related to business combinations (Note 33)	214,734,250	-	-	-	(111,981,993)	102,752,257	-	102,752,257
Dividends declared (Note 22)	-	-	-	-	(10,368,338)	(10,368,338)	-	(10,368,338)
Transfer of revaluation reserve as a result of disposal of an asset	-	434,220	-	-	(434,220)	-	-	-
Disposal of the subsidiary Investment Fund of Kazakhstan JSC	-	-	(14,945,904)	-	14,945,904	-	-	-
Recognition of the discount on loans from the Government of the Republic of Kazakhstan, net of tax of Tenge 8,016,096 thousand (Note 17)	-	-	32,064,385	-	-	32,064,385	-	32,064,385
Recognised effect of substantial modification of the terms of debt securities issued, net of tax effect of Tenge 5,015,661 thousand (Note 15)	-	-	20,062,643	-	-	20,062,643	-	20,062,643
Other payments to shareholders (Note 22)	-	-	-	-	(10,602,471)	(10,602,471)	-	(10,602,471)
Accrual of reserve capital	-	-	-	13,444,792	(13,444,792)	-	-	-
Other movements	-	-	-	-	-	-	(91,457)	(91,457)
Balance at 31 December 2021	**1,266,238,962**	**(16,554,288)**	**211,640,338**	**32,466,050**	**175,761,165**	**1,669,552,227**	**-**	**1,669,552,227**

The notes set out on pages 7 to 107 form an integral part of these consolidated financial statements.

(In thousands of Kazakhstani Tenge)	**Note**	**2022**	**2021**
Cash flows from operating activities			
Interest receipts		828,518,704	579,339,942
Interest payments		(402,428,492)	(316,037,432)
Fee and commission receipts		47,519,073	45,432,197
Fee and commission payments		(9,472,510)	(8,245,383)
Net realised gain on derivative financial instruments	25	37,732,040	-
Net foreign exchange gain/(loss)	26	27,032,516	(674,747)
Net insurance premiums written		4,801,449	5,265,000
Net insurance claims paid		(8,085,986)	(2,476,145)
Other operating income receipts		4,859,309	4,775,533
Dividends received		516,709	69,150
Administrative expenses and other operating expenses payments		(86,368,254)	(58,495,249)
Income tax paid		(37,188,558)	(33,080,318)
Cash flows from operating activities before changes in operating assets and liabilities		**407,436,000**	**215,872,548**
Net (increase)/decrease in:			
- assets at fair value through profit or loss		(4,950,248)	(18,623,715)
- loans to banks and financial institutions		(6,657,949)	13,522,990
- deposits with banks and other financial institutions		(30,082,421)	22,525,270
- loans to customers		(823,959,646)	(881,438,585)
- finance lease receivables		165,573,601	130,753,868
- other financial assets		(1,077,551)	(2,181,087)
- other assets*		(313,866,878)	(201,676,852)
Net increase/(decrease) in:			
- customer accounts		495,246,214	721,132,449
- other financial liabilities		57,806,045	(37,086,049)
- other liabilities		19,744,588	14,148,985
Net cash used in operating activities		**(34,788,245)**	**(23,050,178)**
Cash flows from investing activities			
Acquisition of investment securities		(1,317,368,018)	(837,427,587)
Proceeds from sale and redemption of investment securities		1,556,765,805	527,128,079
Acquisition of property, plant and equipment and intangible assets		(9,073,438)	(3,514,895)
Proceeds from sale of property, plant and equipment		335,827	529,238
Proceeds from sale of investment property		223,700	73,248
Proceeds from disposal of associates and joint ventures		644,522	44,708
Proceeds from a business combination	33	328,899,384	-
Dividends paid as a result of a business combination	33	(130,000,000)	-
Proceeds from disposal of the subsidiary, net of cash disposed of		-	5,040,157
Proceeds from a business combination	34	-	375,993,158
Net cash from investing activities		**430,427,782**	**67,866,106**

* Including the offset amounts of accounts payable to suppliers of leased items and advances paid under finance lease agreements thousand totalling Tenge 132,166,104 thousand (2021: Tenge 161,350,844 thousand).

(In thousands of Kazakhstani Tenge)	**Note**	**2022**	**2021**
Cash flows from financing activities			
Loans from banks and other financial institutions	16	550,938,691	114,493,103
Repayment of loans from banks and other financial institutions	16	(264,052,098)	(214,104,933)
Receipt of loans from the Government of the Republic of Kazakhstan	17	639,427,760	296,554,591
Repayment of loans from the Government of the Republic of Kazakhstan	17	(112,735,535)	(123,382,071)
Proceeds from issue of ordinary shares	22	100,000,000	5,000,000
Proceeds from issue of debt securities*	15	41,622,825	791,492,968
Redemption/repurchase of debt securities issued	15	(458,320,473)	(148,832,989)
Dividends paid	22	(33,042,256)	(10,368,338)
Other payments to shareholders	22	-	(10,602,471)
Government grants received		-	33,144,980
Net cash from financing activities		**463,838,914**	**733,394,840**
Effect of exchange rate fluctuations on cash and cash equivalents		(38,469,063)	2,786,271
Effect of movements in impairment allowance		118,584	(65,001)
Net increase in cash and cash equivalents		**821,127,972**	**780,932,038**
Cash and cash equivalents at the beginning of the year	6	1,472,845,223	691,913,185
Cash and cash equivalents at the end of the year	6	**2,293,973,195**	**1,472,845,223**

* During 2022, the Holding issued Eurobonds for a total of USD 500,000 thousand (equivalent to Tenge 221,305,000 thousand). Proceeds from the issue, net of expenses, have been offset against the Holding's liabilities on partial early redemption of the bonds issued in 2012, for a total of USD 700,000 thousand (equivalent to Tenge 309,827,000 thousand).

1 Introduction

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

The Holding was incorporated in accordance with the Decree of the President of the Republic of Kazakhstan No. 571 "On some measures for optimisation of the management system of development institutions and financial organisations, and development of the national economy" dated 22 May 2013 and the Decree of the Government of the Republic of Kazakhstan No. 516 "About measures for implementation of the Decree of the President of the Republic of Kazakhstan No. 571 dated 22 May 2013" dated 25 May 2013. As at 31 December 2022 and 2021, the ultimate controlling party of the Holding is the Government of the Republic of Kazakhstan.

Principal activity

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

The Holding is actively involved in completing national strategic and social tasks through development institutions through the implementation of Nurly-Zhol State Programme for Infrastructure Development for 2020-2025, Nurly Zher Housing Construction Programme for 2020-2025, State Programme of the Industrial and Innovative Development of the Republic of Kazakhstan for 2020-2025, Unified Programme for Business Support and Development "Business Road Map – 2025", the National Project for the Development of the Agro-Industrial Complex of the Republic of Kazakhstan for 2021-2025, the Programme "Economics of Simple Things", the National Project for the Development of Entrepreneurship for 2021 -2025, the State Programme for the Development of Regions in 2020-2025, the Comprehensive Privatization Plan for 2021-2025, the State Programme for the Support of Domestic Producers, the State Programme for the Financing of Small and Medium Businesses in Manufacturing Industry, the programme "Leaders of Competitiveness - National Champions 2.0", and President of the Republic of Kazakhstan Programme "National Plan - 100 Specific Steps". The Holding's main goals and objectives are as follows:

- introduction of an efficient risk management system;
- Increasing transparency and public confidence in the economy;
- provision of synergies from subsidiaries' activities;
- improving the subsidiaries' economic performance/ break-even principle;
- attracting additional investments;
- maintaining business relationship with the private sector.

As at 31 December 2022, the Holding's structure comprises eight subsidiaries (31 December 2021: eight subsidiaries) engaged in the implementation of the State policy and State programmes, involved in the following lines of business in accordance with the Holding's strategy:

- Development institutions include Development Bank of Kazakhstan JSC, Export Insurance Company "KazakhExport" JSC, Damu Entrepreneurship Development Fund JSC, and Qazaqstan Investment Corporation JSC (former Kazyna Capital Management JSC). The objective of these institutions is to provide credit, investment and other financial and non-financial support to investment projects in priority sectors of economy, aimed to diversify the economy and development of the secondary sector, export of Kazakhstani products, development of innovations and development of small and medium business.
- Financial institutions comprise Otbasy Bank JSC, Kazakhstan Housing Company JSC. These institutions are tasked with raising capital, providing long-term financing for mortgages, and reduce related borrowing costs and participating in the implementation of a state housing construction policy.
- Agrarian Credit Corporation JSC is a financial institution established to promote the sustainable development of, and provide technical equipment to, the agro-industrial complex of the Republic of Kazakhstan through formation of an accessible and effective financing arrangement and enhancing competencies of entities operating in agro-industrial complex.
- Bereke Bank JSC is a financial institution that provide banking and professional services to legal entities and individuals.

On 29 May 2013, the Holding and "Samruk-Kazyna" National Welfare Fund Joint Stock Company ("Samruk-Kazyna NWF") signed an agreement for the transfer of shares of Development Bank of Kazakhstan JSC (the "DBK JSC"), Investment Fund of Kazakhstan JSC (the "IFK JSC"), KazExport Export Insurance Company JSC ("KE JSC"), Damu Entrepreneurship Development Fund JSC ("Damu EDF JSC"), and Qazaqstan Investment Corporation JSC (the "QIC JSC") in trust management without the right of subsequent repurchase, whereby the Holding acted as a trust manager. During August and October 2013, Samruk-Kazyna NWF transferred shares of the above-mentioned entities to the Committee for State Property and Privatisation in exchange for blocks of shares of other joint stock companies and property.

On 17 June 2013, the Holding and Committee for State Property and Privatisation of the Ministry of Finance of the Republic of Kazakhstan (the “Committee for State Property and Privatisation”) signed an agreement on transfer of government shares of QazTech Ventures JSC the “QTV JSC”), Housing Construction Savings Bank “Otbasy Bank” JSC (the “Otbasy Bank JSC”), Kazakhstan Housing Company JSC (the “KHC JSC”), Housing Construction Guarantee Fund JSC (the “HCGF JSC”) and Baiterek Development JSC (the “BD JSC”) in trust management without the right of subsequent repurchase, whereby the Holding acted as a trust manager.

As part of the implementation of the Decree of the President of the Republic of Kazakhstan Kassym-Zhomart Tokayev dated 2 September 2019 as to reduce the number of operators of housing programmes, and by the Order of the Ministry of Industry and Infrastructural Development of the Republic of Kazakhstan dated 20 March 2020 No. 156, a decision was made to reorganise KHC JSC and BD JSC and HCGF JSC by merging BD JSC and HCGF JSC and establishing KHC JSC. According to the deeds of transfer dated 30 July 2020 and 16 November 2020, the assets and liabilities of BD JSC and HCGF JSC were transferred to KHC JSC accordingly.

In August and October 2013, the Committee for State Property and Privatisation made a contribution to the share capital of the Holding with shareholdings in the ten aforementioned entities in exchange for ordinary shares in the Holding totalling Tenge 632,615,460 thousand and made a cash contribution of Tenge 30,486,550 thousand, which the Holding subsequently contributed to the share capital of DBK JSC and QIC JSC.

In accordance with the Order No. 964 of the Committee for State Property and Privatisation dated 2 October 2014, the Investment Committee of the Ministry of Industry and New Technologies of the Republic of Kazakhstan transferred 26.00% of shares in KHC JSC to the Holding as a contribution to share capital. The transaction value was Tenge 10,216,702 thousand, whereby total number of shares transferred was 10,216,701 with a par value of Tenge 1,000 per share and one (1) share with a par value of Tenge 608 per share.

On 15 March 2021, the Holding, as a part of the implementation of Clause 52 of the National Action Plan on Implementation of the Address of the Head of State of 1 September 2020 “Kazakhstan in the New Reality: Time to Act” established a single development institution through the takeover of the KazAgro National Managing Holding JSC (“KazAgro NMH JSC”), as part of which the Holding acquired three subsidiaries: KazAgroFinance JSC (“KAF JSC”), Agrarian Credit Corporation JSC (“ACC JSC”) and Fund for Financial Support of Agriculture JSC (“FAGRI JSC”).

On 31 May 2021, a decision was made to transfer 100% of ordinary shares of QTV JSC to QIC JSC.

On 2 July 2021, a 97.7% interest of the Holding in KPPF LLP was transferred to QIC JSC.

On 17 August 2021, an online increasing-price auction was held on the web portal, www.gosreestr.kz, of the Register of State Property of Information and Accounting Center JSC of the Ministry of Finance of the Republic of Kazakhstan. In accordance with the Protocol of the online auction results of 17 August 2021, on 27 August 2021, the Holding concluded a purchase and sale contract with a buyer to sell one hundred percent of the IFK shares. On 5 October 2021, 100% of shares IFK JSC were written off the Holding's account and credited to the buyer's account with Central Securities Depository JSC.

On 13 December 2021, in accordance with the decision of the Board of Directors of the Holding, FAGRI JSC and ACC JSC were reorganised through takeover of FAGRI JSC by ACC JSC. On 13 December 2021, a deed of transfer was approved to transfer all property, assets and liabilities, rights and obligations of FAGRI JSC to ACC JSC, which is a legal successor to FAGRI JSC for all its assets and liabilities.

In pursuance of the instructions of the Head of the State, on 25 July 2022, the Holding transferred 100% of shares of KAF JSC to ACC JSC.

In September 2022, the Holding acquired 99.9977% of shares of SB of Sberbank JSC in Kazakhstan (Note 33).

In September 2022, SB of Sberbank JSC in Kazakhstan was re-registered in connection with a change of its name to Bereke Bank JSC.

In November 2022, the Holding realised its claim and purchased 248 voting shares in Bereke Bank JSC from minority shareholders of Bereke Bank JSC.

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

			Ownership interest, %	
Name of a subsidiary	**Abbreviated name**	**Country of incorporation**	**31 December 2022**	**31 December 2021**
Development Bank of Kazakhstan JSC	DBK JSC	The Republic of Kazakhstan	100.00	100.00
Export Insurance Company “KazakhExport” JSC	KE JSC	The Republic of Kazakhstan	100.00	100.00
Damu Entrepreneurship Development Fund JSC	Damu EDF JSC	The Republic of Kazakhstan	100.00	100.00
Qazaqstan Investment Corporation JSC	QIC JSC	The Republic of Kazakhstan	100.00	100.00
Otbasy Bank JSC	Otbasy Bank JSC	The Republic of Kazakhstan	100.00	100.00
Kazakhstan Housing Company JSC	KHC JSC	The Republic of Kazakhstan	100.00	100.00
Agrarian Credit Corporation JSC	ACC JSC	The Republic of Kazakhstan	100.00	100.00
Bereke Bank JSC	Bereke Bank JSC	The Republic of Kazakhstan	99.99	-
KazAgroFinance JSC	KAF JSC	The Republic of Kazakhstan	-	100.00

DBK JSC was incorporated in 2001 in accordance with the Law of the Republic of Kazakhstan “On Development Bank of Kazakhstan” No. 178-II dated 25 April 2001. DBK JSC is a national development institution, the principal activity of which is improving state investing activities and enhancing its efficiency, development of production infrastructure, processing industry, and assisting with attraction of external and internal investments in national economy.

KE JSC was incorporated in accordance with the Decree of the Government of the Republic of Kazakhstan dated 12 May 2003 No. 442. It is the only specialised insurance organisation that performs the functions of an export and credit agent of the Republic of Kazakhstan.

Damu EDF JSC was incorporated in accordance with the Decree of the Government of the Republic of Kazakhstan dated 26 April 1997 No. 665. The principal activity of Damu EDF JSC is to provide financing to small- and medium-sized businesses and microfinancing organisations through commercial banks. Credit risk of ultimate borrowers is transferred to commercial banks.

QIC JSC was incorporated on 7 March 2007 by the Government of the Republic of Kazakhstan in accordance with the laws of the Republic of Kazakhstan. The principal activity of QIC JSC is creation of, and participation in, investment funds and investing in financial instruments.

Otbasy Bank JSC was established in accordance with the Decree of the Government of the Republic of Kazakhstan dated 16 April 2003 No. 364 for the purposes of development of residential construction savings system in the Republic of Kazakhstan. Otbasy Bank JSC attracts funds of customers to accumulate residential construction savings, issues various residential mortgage loans to its customers, trades securities and places funds with banks.

KHC JSC was established on 29 December 2000 in accordance with the Resolution No. 469 of the National Bank of the Republic of Kazakhstan (the “NBRK”) dated 20 December 2000. The principal activity of KHC JSC is provision of mortgage loans under a licence granted by regulatory authorities as well as conducting trust management, factoring, forfeiting and leasing operations.

ACC JSC was established in accordance with the Decree of the Government of the Republic of Kazakhstan No. 137 dated 25 January 2001. The principal activity of ACC JSC is implementation of the state programmes to support the agricultural sector; attraction of domestic and foreign investments to implement its own projects in the agro-industrial complex; development and implementation of projects in the agro-industrial complex; sale of pledged properties and agricultural products received as repayment of funds granted, bank lending operations on the basis of the relevant licence, leasing activities, and other activities not prohibited by the legislative acts.

Bereke Bank JSC was established in 1993 in accordance with the laws of the Republic of Kazakhstan. The principal activity of Bereke Bank JSC is carrying on banking operations in the territory of the Republic of Kazakhstan. Bereke Bank JSC carries on its activities in accordance with the licence to conduct banking and other operations and engage in activities on securities market, No.1.2.199/93/31 issued on 20 September 2022 by the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market, which substitute the licences previously granted.

The Holding‘s registered address and place of business. The Holding’s legal address and place of business is 55a Mangilik Yel avenue, Yessil district, Astana, Republic of Kazakhstan.

Presentation currency. These consolidated financial statements are presented in thousands of Kazakhstani Tenge ("Tenge"), unless otherwise stated.

Operating environment of the Holding.

The Holding's operations are primarily located in Kazakhstan. Consequently, the Holding 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. Depreciation of the Kazakhstani tenge and volatility in the global price of oil also increases 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 consolidated financial position of the Holding. The future business environment may differ from management's assessment.

2 Basis of preparation

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

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 at fair value through profit or loss are stated at fair value.

Going concern. Management of the Holding has prepared these consolidated financial statements on a going concern basis.

Functional and presentation currency The functional currency of the Holding is the Kazakhstani tenge ("Tenge") as, being the national currency of the Republic of Kazakhstan, it reflects the economic substance of the majority of underlying events and circumstances relevant to the Holding.

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

All financial information presented in Tenge has been rounded to the nearest thousand, unless otherwise stated.

Comparative information. The Holding 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 Holding 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, during the year ended 31 December 2022, the Holding noted that financial assets with initial maturities of less than 3 months were not accounted for as cash and their equivalents in the consolidated financial statements for the year ended 31 December 2021.

The following table summarises the impacts on the Company's financial statements.

(In thousands of Kazakhstani Tenge)	As previously reported	Effect of reclassification	As reclassified
Consolidated Statement of Financial Position as at 31 December 2021			
Cash and cash equivalents	1,389,045,232	83,799,991	1,472,845,223
Deposits with banks and financial institutions	217,171,683	(24,111,783)	193,059,900
Investment securities	1,785,415,690	(59,688,208)	1,725,727,482
Consolidated Statement of Cash Flows for the year ended 31 December 2021			
Cash flows from operating activities			
Interest receipts	574,943,992	4,395,950	579,339,942
Decrease in operating assets – deposits with banks and other financial institutions	67,343,169	(44,817,899)	22,525,270
Net cash used in operating activities	**17,371,771**	**(40,421,949)**	**(23,050,178)**
Cash flows from investing activities			
Acquisition of investment securities	(1,453,073,447)	615,645,860	(837,427,587)
Proceeds from sale and redemption of investment securities	1,132,858,169	(605,730,090)	527,128,079
Net cash used from investing activities	**57,950,336**	**9,915,770**	**67,866,106**
Effect of movements in impairment allowance	(81,196)	16,195	(65,001)
Net increase in cash and cash equivalents	**811,422,022**	**(30,489,984)**	**780,932,038**
Cash and cash equivalents at the beginning of the period	577,623,210	114,289,975	691,913,185
Cash and cash equivalents at the end of the period	1,389,045,232	83,799,991	1,472,845,223

3 Significant accounting policies

The accounting policies set out below have been applied consistently by the Holding to all periods presented in these consolidated financial statements.

Consolidated Financial Statements. Subsidiaries are those investees, including structured entities, that the Holding Company controls because the Holding Company (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Holding Company has power over another entity.

For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Holding Company may have power over an investee even when it holds less than majority of voting power in an investee.

In such a case, the Holding Company assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of investee's activities or apply only in exceptional circumstances, do not prevent the Holding Company from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Holding Company and are deconsolidated from the date on which control ceases, except for the subsidiaries acquired from the parties under common control.

The acquisition method of accounting is used to include subsidiaries to the consolidated financial statements with the exception of purchase of subsidiaries from entities under common control. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest when acquisition method is applied.

The Holding measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction-by-transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held by the Holding immediately before the acquisition date. Any negative amount ("negative goodwill") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed, and reviews appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt securities are deducted from its carrying amount and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances and unrealised gains on transactions between the Holding and its subsidiaries are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Holding Company and all its subsidiaries use uniform accounting policies consistent with the Holding's policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Holding. Non-controlling interest forms a separate component of the Holding's equity.

Purchases and sales of non-controlling interests. The Holding applies the economic entity model to account for transactions with owners of non-controlling interest. Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity. The Holding recognises the difference between sales consideration and carrying amount of non-controlling interest sold as a capital transaction in the consolidated statement of changes in equity.

Accounting for business combinations under common control. A merger of entities under common control is a business combination in which all of the combined entities are ultimately controlled by the same party or parties, both before, and after the combination, and that control is not transitory.

The effect of combination of entities under common control is accounted for by the Holding using 'equity interest combination' method provided that: assets and liabilities of the combining companies are measured at their carrying amount at the combination date, combination-related transaction costs are expensed in the consolidated statement of profit or loss and other comprehensive income, mutual balances are eliminated; any difference between the purchase price paid/transferred and the value of acquired net assets (at their carrying amount as disclosed in the consolidated financial statements), and is recognised in the acquirer's equity.

Interests in associates and joint ventures. Associates are those entities in which the Holding has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Holding holds between 20% and 50% of the voting power of another entity.

A joint venture is an arrangement in which the Holding has joint control, whereby the Holding has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Holding applies exemption provided by IAS 28, which allows not to apply the equity accounting method to account for investments in associates and joint ventures, which are directly (or indirectly) held by an entity that is a venture capital organisation. Such entities have a right to account for their investments in said associates and joint ventures at fair value through profit or loss in accordance with IFRS 9. The Holding believes that the Holding's subsidiary, QIC JSC, conforms to the status of entities specialising in investment in new ventures as QIC JSC meets the following criteria:

- The principal activity of QIC JSC is investing of funds to generate the operating income, capital gains or both.
- The QIC JSC's investing activity may be clearly and objectively separated from any other activities.
- Investees represent the independent business units operating independently (on a stand-alone basis) of an investor.

Thus, interests in associates and joint ventures of QIC JSC are accounted for as financial instruments at fair value through profit or loss in accordance with the scope exemption in IAS 28 *Investments in Associates and Joint Ventures*.

Disposals of subsidiaries, associates or joint ventures. When the Holding ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in comprehensive income in respect of that entity, are accounted for as if the Holding had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in comprehensive income are recycled to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in comprehensive income are reclassified to profit or loss, where appropriate.

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 Holding 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 amounts paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount. The ‘amortised cost’ of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The ‘gross carrying amount of a financial asset’ measured at amortised cost is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense. The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

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 ‘Financial assets and financial liabilities’ section (iv) below.

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 and interest on debt instruments measured at FVOCI.

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 investments in finance leases.

Interest expense presented in the consolidated statement of profit or loss and other comprehensive income includes interest expense on financial liabilities measured at amortised cost and non-derivative financial liabilities measured at FVTPL.

Fees and commissions. 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. 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. Commissions and fees arising from negotiating, or participating in the negotiation of a transaction for a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, and which are earned on execution of the underlying transaction, are recorded on its completion. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-proportion basis. Asset management fees relating to investment funds are recorded rateably over the period that the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continually provided over an extended period of time. A contract with a customer that results in a recognised financial instrument in the Holding’s consolidated financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Holding first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual. Other fee and commission expense comprise mainly transaction support and service fees, which are expensed as the services are received.

Financial assets and financial liabilities

(i) Classification of financial instruments

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated by the Holding as at fair value through profit or loss:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt financial assets measured at FVOCI, gains and losses are recognised in other comprehensive income, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest income calculated using the effective interest method;
- expected credit losses and reversals; and
- foreign exchange gains and losses.

When a debt financial asset measured at fair value through other comprehensive income is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

On initial recognition of an equity investment that is not held for trading, the Holding may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis. Gains or losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of investment, in which case they are recognised in other comprehensive income. Cumulative gains and losses recognised in other comprehensive income are transferred to retained earnings on disposal of an investment.

All other financial assets are classified as measured at fair value through profit or loss.

In addition, on initial recognition the Holding 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 Holding 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 Holding’s management;
- the risks affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Holding’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, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Holding 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 Holding considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;

- terms that limit the Holding's claim to cash flows from specified assets (e.g. non-recourse features);
- 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 Holding that are secured by collateral of the borrower limit the Holding's claim to cash flows of the underlying collateral (non-recourse loans). The Holding applies judgment in assessing whether the non-recourse loans meet the SPPI criterion.

The Holding 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 Holding'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 Holding 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 in which the Holding changes its business model for managing financial assets.

Financial liabilities

The Holding classifies its financial liabilities, other than financial guarantees, as measured at amortised cost or FVTPL.

Reclassification. Financial liabilities are not reclassified subsequent to their initial recognition.

(ii) Derecognition

Financial assets. The Holding 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 Holding 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.

Any cumulative gain/loss recognised in other comprehensive income in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities.

The Holding enters into transactions whereby it transfers assets recognised in 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 Holding 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 Holding 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 Holding 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 Holding evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as 'substantial modification'), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

Changes in cash flows on existing financial assets or financial liabilities are not considered as modification, if they result from existing contractual terms.

The Holding 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 Holding assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In making this evaluation the Holding analogises to the guidance on the derecognition of financial liabilities.

The Holding concludes that the modification is substantial as a result of the following qualitative factors:

- change of the currency of the financial asset;
- change in collateral or other credit enhancement;
- 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 Holding 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 Holding 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 Holding 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 Holding derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss. The consideration paid includes non-financial assets transferred, if any, and the liabilities assumed, including the new modified financial liability.

The Holding 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 Holding concludes that the modification is substantial as a result of the following qualitative factors:

- change of the currency of the financial liability;
- change in collateral or other credit enhancement;
- inclusion of conversion option;
- change in the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(iv) Impairment loss

See also Note 5.

The Holding 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 investment in finance leases;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

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

The Holding measures loss allowances at an amount equal to lifetime ECLs, except for the following, for which they are measured as 12-month ECLs:

- debt investment securities that are determined to have moderate credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition (Note 5).

12-month expected credit losses (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 a financial instrument. Financial instruments, for which a lifetime ECL is recognised are referred to as 'Stage 2' financial instruments (if the credit risk has increased significantly since 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 (ECL). ECLs 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 Holding in accordance with the contract and the cash flows that the Holding 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 Holding if the commitment is drawn down and the cash flows that the Holding expects to receive; and
- *financial guarantee contracts*: the present value of expected payments to reimburse the holder less any amounts that the Holding expects to recover. See Note 5.

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 ECLs are measured as follows:

- If the expected restructuring does not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring results in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets. At each reporting date, the Holding assesses whether financial assets carried at amortised cost and debt financial assets 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 being past due;
- the restructuring of a loan or advance on terms that the Holding 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 was usually considered to be credit-impaired unless there was evidence that the risk of not receiving contractual cash flows had reduced significantly and there were no other indicators of impairment.

In making an assessment of whether an investment in sovereign debt (other financial assets) is credit-impaired, the Holding 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;
- *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 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. This is generally the case when the Holding 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 'provision for loan portfolio impairment' and 'provision for impairment on other assets and credit related commitments' in the consolidated statement of profit or loss and other comprehensive income.

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

Embedded derivatives

Derivatives may be embedded in another contractual arrangement. The Holding accounts for an embedded derivative separately from the host contract when:

- the host contract is not an asset in the scope of IFRS 9;
- the host contract is not itself carried at FVTPL;
- the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; and
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss unless they form part of a qualifying cash flow or net investment hedging relationship.

Derivatives may be embedded in another contractual arrangement (a host contract). The Holding accounts for an embedded derivative separately from the host contract when:

- the host contract is not itself carried at FVTPL;
- the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; and
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss unless they form part of a qualifying cash flow or net investment hedging relationship.

Loans to customers

'Loans to customers' caption in the consolidated statement of financial position include:

- loans to customers measured at amortised cost; 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; these are measured at fair value with changes recognised immediately in profit or loss.

Investment securities

The ‘debt securities’ caption in the consolidated statement of financial position includes:

- debt securities measured at amortised cost; 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 securities mandatorily measured at FVTPL or designated as at FVTPL; these are measured at fair value with changes recognised immediately in profit or loss;
- debt securities measured at FVOCI.

Financial guarantees and loan commitments. Financial guarantees are contracts that require the Holding 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 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.

The Holding has issued no loan commitments that are measured at FVTPL. For other loan commitments the Holding recognises a loss allowance. Liabilities arising from financial guarantees and loan commitments are included within other liabilities.

Cash and cash equivalents. Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include mandatory reserve deposits with the National Bank of the Republic of Kazakhstan (the “NBRK”), all interbank placements and reverse repurchase agreements with other banks with original maturities of less than three months. Funds restricted for a period of more than three months on origination are excluded from cash and cash equivalents. Cash and cash equivalents are carried at amortised cost.

The payments or receipts presented in the consolidated statement of cash flows represent transfers of cash and cash equivalents by the Holding, including amounts charged or credited to the current accounts of the Holding’s counterparties held with the Holding, such as loan interest income or principal collected by charging the customer’s current account or interest payments or disbursement of loans credited to the customer’s current account, which represents cash or cash equivalent from the customer’s perspective.

Due from banks. Amounts due from other banks are recorded when the Holding advances money to counterparty banks with no intention of trading the resulting unquoted non-derivative receivable due on fixed or determinable dates. Amounts due from other banks are carried at amortised cost.

Repossessed collateral. Repossessed collateral represents financial and non-financial assets acquired by the Holding in settlement of overdue loans. The assets are initially recognised at fair value when acquired and included in property and equipment, other financial assets, investment properties or inventories within other assets depending on their nature and the Holding’s intention in respect of recovery of these assets, and are subsequently remeasured and accounted for in accordance with the accounting policies for these categories of assets.

The Holding applies its accounting policy for non-current assets held for sale or disposal groups to repossessed collateral where the relevant conditions for such classification are met at the end of the reporting period.

Where repossessed collateral results in acquiring control over a business, the business combination is accounted for using the acquisition method of accounting with fair value of the settled loan representing the cost of acquisition (refer to the accounting policy for consolidation). Accounting policy for associates is applied to repossessed shares where the Holding obtains significant influence, but not control. The cost of the associate is the fair value of the loan settled by repossessing the pledged shares.

Sale and repurchase agreements. Sale and repurchase agreements (“repo agreements”), which effectively provide a lender’s return to the counterparty, are treated as secured financing transactions. Securities sold under such sale and repurchase agreements are not derecognised. The securities are not reclassified in the consolidated statement of financial position unless the transferee has the right by contract or custom to sell or repledge the securities, in which case they are reclassified as repurchase payables. The corresponding liability is presented within amounts due to other banks.

Securities purchased under agreements to resell (“reverse repo agreements”), which effectively provide a lender’s return to the Holding, are recorded as amounts receivable under reverse repo agreements depending on a counterparty. The difference between the sale and repurchase price, adjusted by interest and dividend income collected by the counterparty, is treated as interest income and accrued over the life of repo agreements using the effective interest method.

Securities lent to counterparties for a fixed fee are retained in the consolidated financial statements in their original category in the consolidated statement of financial position unless the counterparty has the right by contract or custom to sell or repledge the securities, in which case they are reclassified and presented separately.

Securities borrowed for a fixed fee are not recorded in the consolidated financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded in profit or loss for the year within 'profit or loss on financial instruments at fair value through profit or loss', or 'profit or loss on investment securities'. The obligation to return the securities is recorded at fair value in 'other borrowed funds'.

Investment property. Investment property is a property held by the Holding to earn rental income or for capital appreciation, or both and which is not occupied by the Holding. Investment property includes assets under construction for future use as investment property. Investment property is initially recognised at cost, including transaction costs. Earned rental income is recorded in profit or loss for the year within 'other operating income'.

If any indication exists that investment properties may be impaired, the Holding estimates the recoverable amount as the higher of value in use and fair value less costs to sell. The carrying amount of an investment property is written down to its recoverable amount through a charge to profit or loss for the year. An impairment loss recognised in prior years is reversed if there has been a subsequent change in the estimates used to determine the asset's recoverable amount.

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with it will flow to the Holding and the cost can be measured reliably. All other repair and maintenance costs are expensed as incurred. If an investment property becomes owner-occupied, it is reclassified to 'property, plant and equipment'.

Property, plant and equipment. Property, plant and equipment are stated at cost less accumulated depreciation of property, plant and equipment and accumulated impairment losses, where required.

Costs of minor repairs and maintenance are expensed when incurred. Costs of replacing major parts or components of property, plant and equipment items are capitalised, and the replaced part is retired.

At each reporting date, the Holding's management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, the management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in the profit and loss for the year. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

Gains and losses on disposals determined by comparing proceeds with carrying amount are recognised in profit or loss for the year (within other operating income or expenses).

Depreciation. Land and construction in progress are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives (in years)
Buildings	8 - 100
Vehicles	5 - 7
Office and computer equipment	2 - 10
Other property, plant and equipment	3 - 20

The residual value of an asset is the estimated amount that the Holding would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

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

Intangible assets. The Holding's intangible assets except goodwill have definite useful life and primarily include capitalised computer software and other licences acquired. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Development costs that are directly associated with identifiable and unique software controlled by the Holding are recorded as intangible assets if the inflow of incremental economic benefits exceeding costs is probable. Capitalised costs include staff costs of the software development team and an appropriate portion of relevant overheads. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred.

Intangible assets are amortised on a straight-line basis over the following expected useful lives of assets:

	Useful lives (in years)
Software licences and patents	3 - 20
Internally developed software	1 - 14
Other	2 - 15

Non-current assets held for sale. Non-current assets and disposal groups, which may include both non-current and current assets, are classified in the consolidated statement of financial position as 'non-current assets held for sale' if their carrying amount will be recovered principally through a sale transaction, including loss of control of a subsidiary holding the assets, within twelve months after the end of the reporting period. Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Holding's management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is expected within one year and (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn. Non-current assets or disposal groups classified as held for sale in the current period's consolidated statement of financial position are not reclassified or re-presented in the comparative consolidated statement of financial position to reflect the classification at the end of the current period.

A disposal group is a group of assets (current and non-current) to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. Goodwill is included if the disposal group includes an operation within a cash-generating unit to which goodwill has been allocated on acquisition. Non-current assets are assets that include amounts expected to be recovered or collected more than in twelve months after the end of the reporting period. If reclassification is required, both the current and non-current portions of an asset are reclassified.

Held for sale disposal groups are generally measured at the lower of their carrying amount and fair value less cost to sell. Held for sale property, plant and equipment, investment properties and intangible assets are not depreciated or amortised.

Liabilities directly associated with disposal groups that will be transferred in the disposal transaction are reclassified and presented separately in the consolidated statement of financial position.

Discontinued operation. A discontinued operation is a component of the Holding that either has been disposed of, or that is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale. Earnings and cash flows of discontinued operations, if any, are disclosed separately from continuing operations with comparatives being re-presented.

Loans from banks and other financial institutions. Loans from banks and other financial institutions are recorded when money or other assets are advanced to the Holding by counterparty banks. Non-derivative liabilities are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

Customer accounts. Customer accounts are non-derivative liabilities to individuals, state or corporate customers initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

Debt securities issued. Debt securities issued include Eurobonds denominated in the US dollar and other bonds issued by the Holding and its subsidiaries denominated in the Kazakhstani tenge. Debt securities are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method. If the Holding purchases its own debt, it is removed from the consolidated statement of financial position and the difference between the carrying amount of the liability and the consideration paid is included in gains arising from early retirement of debt.

Derivative financial instruments. Derivative financial instruments, including foreign exchange contracts, interest rate futures, forward rate agreements, currency and interest rate swaps, and currency and interest rate options are carried at their fair value.

All derivative instruments are carried as assets when fair value is positive, and as liabilities when fair value is negative.

Changes in the fair value of derivative instruments are included in profit or loss for the year within gains or losses on financial assets at fair value through profit or loss or gains less losses on derivatives.

Certain derivative instruments embedded in other financial instruments are treated as separate derivative instruments when their risks and characteristics are not closely related to those of the host contract.

Government grants. Government grants are assistance by the Government, Government agencies and state-owned entities in the form of transfers of resources to the Holding in return for past or future compliance with certain conditions relating to the operating activities of the Holding. Government grants are not recognised until there is reasonable assurance that the Holding 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 where the government does not act as a shareholder. 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 the Holding recognises as expenses the related costs which the grants are intended to compensate.

There are two principal approaches to account for government grants: the capital approach, under which a grant is recognised outside profit or loss, and the income approach, under which a grant is recognised in income/expense over one or more periods.

Where the government acts as a lender - i.e. in the same way as an unrelated lender - then a government grant is recognised in profit or loss. If the loan is from the government acting in the capacity of a shareholder, then the government grant received is recorded in equity.

Income tax. Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted using tax rates and provision of law or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in comprehensive income or directly in equity.

Current tax comprises the expected tax payable or receivable from tax authorities on the taxable income or loss for the reporting and previous periods. The taxable income or loss are based on estimates, if the consolidated financial statements are approved prior to submission of tax returns. Taxes, other than on income, are recorded within administrative and other expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax assets and liabilities are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets and liabilities are netted only within the individual components of the Holding.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Deferred income tax is not recognised on post-acquisition retained earnings and other post acquisition movements in reserves of subsidiaries where the Holding controls the subsidiary's dividend policy, and it is probable that the difference will not reverse through dividends or otherwise in the foreseeable future.

Uncertain tax positions. The Holding's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions of the Holding were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

Leases

At inception of a contract, the Holding 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. To assess whether a contract conveys the right to control the use of an identified asset, the Holding uses the definition of a lease in IFRS 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Holding allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Holding has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Holding 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, unless the lease transfers ownership of the underlying asset to the Holding by the end of the lease term or the cost of the right-of-use asset reflects that the Holding will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. 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 Holding's incremental borrowing rate. Generally, the Holding uses its incremental borrowing rate as the discount rate.

The Holding determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise price under a purchase option that the Holding is reasonably certain to exercise, lease payments in an optional renewal period if the Holding is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Holding is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Holding's estimate of the amount expected to be payable under a residual value guarantee, if the Holding changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Holding presents right-of-use assets in 'other assets' and lease liabilities in 'accounts payable' in the consolidated statement of financial position.

The Holding has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Holding 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 commencement or on modification of a contract that contains a lease component, the Holding allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

When the Holding 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 Holding 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 Holding considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

When the Holding is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Holding applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Holding applies IFRS 15 to allocate the consideration in the contract.

The Holding applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Holding further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Holding recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to the Holding as a lessor in the comparative period were not different from IFRS 16.

Provisions for liabilities and charges. Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Holding has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Trade and other payables. Trade payables are accrued when the counterparty has performed its obligations under the contract and are carried at amortised cost.

Share capital Ordinary shares and non-redeemable preference shares with discretionary dividends are both classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Dividends. Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared and authorised before or on the reporting date. Any dividends recommended prior to the end of the reporting period and recommended or declared after the end of the reporting period but before the consolidated financial statements are authorised for issue are disclosed in the consolidated financial statements.

Additional paid-in capital. Holding and its subsidiaries receives funding from the Government of the Republic of Kazakhstan, "National Welfare Fund "Samruk-Kazyna" JSC (the "NWF Samruk Kazyna JSC") or public bodies responsible for various state programmes in the form of loans and subordinated bonds at a low interest rate. At initial recognition, this financing is recognised at fair value, which is estimated using appropriate market interest rates to discount contractual future cash flows. The difference between the fair value and the funding received is recognised as additional paid-in capital, except for the loans issued with specific conditions on return of the undisbursed portion of the funds. Difference between the fair value of the loans issued with the payback claim and funds received is recognised as deferred income, which is transferred to profit or loss during the loan term.

Foreign currency translation. The functional currency of each of the Holding's subsidiaries is the currency of the primary economic environment in which the subsidiaries operate. The functional currency of the Holding and the Holding's presentation currency is the national currency of the Republic of Kazakhstan, Kazakhstani Tenge.

Monetary assets and liabilities are translated into each subsidiary's functional currency at the official exchange rate of Kazakhstan Stock Exchange (the "KASE") at the end of the respective reporting period. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities into each subsidiary's functional currency at year-end official exchange rates of the KASE, are recognised in profit or loss for the year (as foreign exchange translation gains less losses). Translation at year-end rates does not apply to non-monetary items that are measured at historical cost.

Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined.

Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss. Foreign currency differences arising in translation are recognised in profit or loss.

Loans between Holding subsidiaries and related foreign exchange gains or losses are eliminated upon consolidation.

The official exchange rates used for translating foreign currency balances are as follows:

	31 December 2022	**31 December 2021**
US Dollar	462.65	431.67
Euro	492.86	487.79
Russian Rouble	6.43	5.77

Offsetting. Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Staff costs and related contributions. Wages, salaries, contributions to the state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Holding. The Holding has no legal or constructive obligation to make pension or similar benefit payments beyond the payments to the statutory defined contribution plan.

Presentation of the consolidated statement of financial position in order of liquidity. The Holding does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the consolidated statement of financial position. Instead, analysis of assets and liabilities by their expected and contractual maturities are presented in Note 31.

New standards and interpretations not yet adopted. A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application if permitted; However, the Holding has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following new and amended standards are not expected to have a significant impact on the Holding'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. Application of these interpretations did not have significant impact on the Holding's consolidated financial statements.

4 Critical accounting estimates and judgments in applying accounting policies

The Holding makes estimates and assumptions that affect the reported amounts and carrying amount of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgments that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Impairment of financial instruments. Assessment of whether credit risk on the financial asset has increased significantly since initial recognition, assessment of probability of default and loss given default, assessment of expected cash flows forecast for financial instruments classified in stage 3 and incorporation of forward-looking information in the measurement of ECL – Note 5.

Other assets measured at fair value through profit or loss. QIC JSC, subsidiary, being venture capital organisation, invests in private equity funds, which then invest the received funds into a capital of venture capital companies within the Republic of Kazakhstan and beyond of its borders. Investments are made independently by the fund managers in accordance with investment strategy agreed with QIC JSC. QIC JSC receives quarterly reports on fair value of the investments and does not participate in investment and operating decisions for the funds. The management of the Holding classifies these investments to the category of other assets measured at fair value through profit or loss, and estimates the fair value of these investments by determining the fair value of individual ultimate investments using financial models as described in Note 37.

Tax legislation. Kazakhstani tax, currency and customs legislation is subject to varying interpretations (Note 35).

Initial recognition of related party transactions. In the normal course of business the Holding enters into transactions with its related parties. IFRS 9 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analysis. Terms and conditions of related party balances are disclosed in Note 39.

Determining the fair value of financial instruments in emerging stock market in the Republic of Kazakhstan. In determining the fair value of financial instruments, the Holding uses quotes from the Kazakhstan Stock Exchange ("KASE") as the most reliable source of information in an active market.

The Holding management analyses the frequency of operations conducted on the KASE in respect of securities in the portfolio and securities that are traded with sufficient frequency and sufficient volume are classified as Level 1 securities. The remaining securities that are listed on the KASE are classified as Level 2 securities.

If the Holding has investments in unquoted assets, the fair value of such assets is determined based on valuation techniques such as discounted cash flow model as well as models based on data from similar operations performed on market conditions.

The management of the Holding believes that it used every possible and the most complete and accurate sources of fair value to measure reliably the fair value of these financial instruments.

Initial recognition of the borrowings and investments at the rates below market rates under the state development programmes. Approach to accounting and evaluation of borrowings and loans made under state programmes of the economic development and approach to accounting government grants amortisation and utilisation are disclosed in Notes 8, 10, 11, 12, 15, 17, 19, 20, 23 and 27.

Accounting for acquisition of subsidiary Bereke Bank JSC. The acquisition method under IFRS 3 requires management to measure fair value of identifiable assets and liabilities of Bereke Bank JSC as at the acquisition date and thus, requires applying a significant professional judgement. Management has engaged an independent appraiser to get assistance in such measurement. Key techniques, assumptions and assessments are disclosed in Note 33.

5 Financial risk review

This note presents information about the Holding's exposure to financial risks. For information on the Holding's financial risk management framework, see Note 31.

Credit risk - Amounts arising from ECL

See accounting policy in Note 3 (iv).

Significant increase in credit risk. When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Holding 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 Holding's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Holding uses 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 Holding 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 a 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 counterparty files – e.g. audited financial statements, management accounts, budgets and projections;
- Payment record – this includes overdue status;
- 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 the political, regulatory and technological environment of the counterparty or the issuer 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 on loans to corporate customers. The Holding collects performance and default information about its credit risk exposures analysed by jurisdiction or region, type of product and borrower as well as by credit risk grading. For some portfolios of financial assets measured on an individual basis, information purchased from external credit reference agencies may also be used.

To determine the internal credit rating of a counterparty who does not have external credit rating from international agencies Standard & Poor's, Fitch Ratings and Moody's Investors Service, the Holding uses expert judgement to determine ratings with taking into account the specific characteristics of the counterparty, consisting of 10 categories, such as profitability, liquidity, leverage, country risk, industry characteristics, specific activities of the enterprise, risk of concentration, legal regulation, internal data and debt.

The Holding 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.

For portfolios of financial assets measured on a collective basis, the Holding mainly uses statistical migration models built using Markov chain, given the impact of macroeconomic information. The Holding uses historical statistics on defaults for the last 5 years.

Determining whether credit risk has increased significantly. The Holding 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 vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

The Holding 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 Holding'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 Holding considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. 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 Holding 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 Holding considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Holding in full, without recourse by the Holding to actions such as realising security (if any is held);
- the borrower is past due more than 90 days on any material credit obligation to the Holding; 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 Holding considers indicators that are:

- qualitative – e.g. breaches of covenant;
- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer/borrower to the Holding, a decrease in the credit rating to D; 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.

Incorporating forward-looking information. The Holding 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 Holding 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 Holding operates, such international organisations as the OECD, International Monetary Fund.

A base scenario is the most likely to occur and it is aligned with information used by the Holding for other purposes. Other are less likely to occur scenarios where some are upside and other downside scenarios.

The Holding has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic 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 updated on a regular basis and used in assessment of credit risks.

Modified financial assets and finance leases. The contractual terms of a financial instrument may be modified for a number of reasons, including changing market conditions, and other factors not related to a current or potential credit deterioration of the counterparty. An existing financial asset whose terms have been modified may be derecognised and the renegotiated asset recognised as a new financial asset at fair value in accordance with the accounting policy set out in Note 3 (iii).

If the modification is not a separate lease and the lease would not have been classified as an operating lease if the modification had been in effect at the inception date, then the lessor accounts for a modification to a finance lease applying IFRS 9 requirements.

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 is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Holding renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Holding's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants.

For financial assets modified as part of the Holding's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Holding's ability to collect interest and principal and the Holding's previous experience of similar forbearance action. As part of this process, the Holding evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired in default. 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 ECLs. 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. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

The methodology of estimating PDs is discussed above under the heading "Generating the term structure of PD".

The Holding 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 is equal to 70%, if a counterparty is the Kazakhstani bank.

For collateralised financial assets, the Holding applies reduction factors ranging from 15.0% to 70.0% to the estimated value of collateral in case of sale, with a delay of 12 to 60 months in receiving proceeds from the sale of collateral, depending on the type of collateral. For portfolios of non-collateralised financial assets (including retail loans), LGDs are determined on the basis of the funds repayment statistics on average over the last 5 years.

For loans to large corporates included in DBK JSC's portfolio, the Holding uses the methodology for determining LGD that was developed by the international company S&P Global Market Intelligence for loans classified to Stages 1 and 2. This 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.

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.

Exposure at default represents the expected exposure in the event of a default.

The Holding derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EAD is potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the guarantee exposure when the financial guarantee becomes payable.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Holding 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 Holding considers a longer period. The maximum contractual period extends to the date at which the Holding has the right to require repayment of an advance or terminate a loan commitment or guarantee.

For portfolios in respect of which the Holding has limited historical data, external benchmark information is used to supplement the internally available data. The portfolios for which external benchmark information represents a significant input into measurement of ECL are as follows.

		External benchmarks used	
(In thousands of Kazakhstani Tenge)	**An exposure as at 31 December 2022**	**PD**	**LGD**
Cash and cash equivalents	2,241,338,363	S&P/Moody's default study	For exposures within Kazakhstan, LGD is based on historical recovery studies of defaulted financial institutions (70%)/ for other exposures, LGD is based on Moody's recovery studies
Loans to banks and financial institutions	298,999,429		
Deposits with banks and financial institutions	23,154,952		
Investment securities	1,456,559,148		

Credit quality analysis. The following table sets out information about the credit quality of financial assets measured at amortised cost, FVOCI debt instruments as at 31 December 2022. 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.

	31 December 2022				
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL – not credit-impaired**	**Stage 3 Lifetime ECL – credit-impaired**	**POCI**	**Total**
Cash and cash equivalents					
NBRK, unrated	871,506,686	-	-	-	871,506,686
- rated from AA- to AA+	4,458,559	-	-	-	4,458,559
- rated from A- to A+	52,364,132	-	-	-	52,364,132
- rated from BBB- to BBB+	134,581,479	-	-	-	134,581,479
- rated from BB- to BB+	17,147,136	-	-	-	17,147,136
- rated from B- to B+	6,987,821	160,093	5,502	-	7,153,416
- not rated	46,149,237	-	91	-	46,149,328
Receivables under reverse repurchase agreements with original maturities of less than three months, not overdue	1,108,079,063	-	-	-	1,108,079,063
	2,241,274,113	**160,093**	**5,593**	**-**	**2,241,439,799**
Loss allowance	(98,312)	(7)	(3,117)	-	(101,436)
Total cash and cash equivalents	**2,241,175,801**	**160,086**	**2,476**	**-**	**2,241,338,363**
Deposits with banks and financial institutions					
- rated from BBB- to BBB+	8,252,048	-	-	-	8,252,048
- rated from BB- to BB+	4,741,002	-	-	-	4,741,002
- rated from B- to B+	10,316,193	-	-	-	10,316,193
- not rated	-	-	391,807	-	391,807
	23,309,243	**-**	**391,807**	**-**	**23,701,050**
Loss allowance	(154,291)	-	(391,807)	-	(546,098)
Total deposits with banks and financial institutions	**23,154,952**	**-**	**-**	**-**	**23,154,952**
Loans to banks and financial institutions					
With externally rated credit risk					
- rated from BBB- to BBB+	117,363,801	-	3,579,489	-	120,943,290
- rated from BB- to BB+	31,395,836	-	-	-	31,395,836
- rated from B- to B+	114,917,562	15,403,357	1,707,386	1,906,540	133,934,845
- D rated	-	-	30,705,564	-	30,705,564
With internally rated credit risk					
- stable rating	12,816,698	-	-	-	12,816,698
- satisfactory rating	12,365,512	-	-	-	12,365,512
	288,859,409	**15,403,357**	**35,992,439**	**1,906,540**	**342,161,745**
Loss allowance	(3,915,644)	(4,884,797)	(34,361,875)	-	(43,162,316)
Total loans to banks and financial institutions	**284,943,765**	**10,518,560**	**1,630,564**	**1,906,540**	**298,999,429**

(In thousands of Kazakhstani Tenge)	31 December 2022 Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	POCI	Total
Loans to customers measured at amortised cost					
With internally rated credit risk					
- rated from BBB- to BBB+	341,955,365	-	-	-	341,955,365
- rated from BB- to BB+	744,488,358	-	-	-	744,488,358
- rated from B- to B+	534,777,798	21,646,523	-	-	556,424,321
- rated from CCC- to CCC+	86,752,262	107,424,423	5,362,707	8,043,755	207,583,147
- rated D	-	-	202,417,936	9,523,330	211,941,266
- not rated*	3,999,908,511	274,258,977	337,871,039	56,285,545	4,668,324,074
	5,707,882,294	**403,329,923**	**545,651,682**	**73,852,630**	**6,730,716,530**
Loss allowance	(41,259,479)	(56,767,516)	(328,318,820)	(1,374,748)	(427,720,563)
Total loans to customers measured at amortised cost	**5,666,622,815**	**346,562,407**	**217,332,862**	**72,477,882**	**6,302,995,967**
Finance lease receivables (except for embedded derivative)					
Corporate customers					
With externally rated credit risk					
- rated from BBB- to BBB+	200,921,025	-	-	-	200,921,025
- rated from B- to B+	70,719	-	-	-	70,719
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
	479,656,475	**26,424,438**	**37,194,809**	**-**	**543,275,722**
Loss allowance	(4,597,003)	(1,185,859)	(17,971,442)	-	(23,754,304)
Total corporate customers	**475,059,472**	**25,238,579**	**19,223,367**	**-**	**519,521,418**
Agribusiness customers					
- not overdue	357,145,104	8,436,645	20,461,453	27,048	386,070,250
- overdue less than 30 days	8,411,927	938,948	3,008,175	-	12,359,050
- overdue more than 31 days and less than 90 days	-	2,198,204	3,917,028	-	6,115,232
- overdue more than 91 days and less than 360 days	-	-	5,674,582	-	5,674,582
- overdue more than 1 year	-	-	28,902,087	-	28,902,087
	365,557,031	**11,573,797**	**61,963,325**	**27,048**	**439,121,201**
Loss allowance	(4,111,581)	(1,480,811)	(29,648,281)	(10,975)	(35,251,648)
Total agribusiness customers	**361,445,450**	**10,092,986**	**32,315,044**	**16,073**	**403,869,553**

*Loans to customers measured at amortised cost not rated consist of mortgage loans, loans to agribusinesses and retail loans to the commercial sector.

(In thousands of Kazakhstani Tenge)	31 December 2022 Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	POCI	Total
Retail customers and individuals					
- not overdue	120,993,668	5,814,674	2,860,303	-	129,668,645
- overdue less than 30 days	2,951,069	1,984,192	928,031	-	5,863,292
- overdue more than 31 days and less than 90 days	-	2,325,126	1,408,615	-	3,733,741
- overdue more than 91 days and less than 360 days	-	-	4,791,014	-	4,791,014
- overdue more than 1 year	-	-	5,404,052	-	5,404,052
	123,944,737	**10,123,992**	**15,392,015**	**-**	**149,460,744**
Loss allowance	(45,628)	(8,460)	(148,350)	-	(202,438)
Total retail customers and individuals	**123,899,109**	**10,115,532**	**15,243,665**	**-**	**149,258,306**
Total finance lease receivables	**960,404,031**	**45,447,097**	**66,782,076**	**16,073**	**1,072,649,277**

(In thousands of Kazakhstani Tenge)	31 December 2022 Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	POCI	Total
Investment securities measured at fair value through other comprehensive income					
NBRK, unrated	49,676	-	-	-	49,676
- rated from AAA- to AAA+	9,761,115	-	-	-	9,761,115
- rated from AA- to AA+	127,046,622	-	-	-	127,046,622
- rated from A- to A+	134,487,409	-	-	-	134,487,409
- rated from BBB- to BBB+	196,369,448	-	-	-	196,369,448
- rated from BB- to BB+	538,415	-	-	-	538,415
- rated from B- to B+	604,254	-	-	-	604,254
- not rated	2,400	-	-	-	2,400
	468,859,339	**-**	**-**	**-**	**468,859,339**
Loss allowance	(50,965)	-	-	-	(50,965)
Gross carrying amount	**468,859,339**	**-**	**-**	**-**	**468,859,339**
Total investment securities measured at fair value through other comprehensive income	**468,808,374**	**-**	**-**	**-**	**468,808,374**
Investment securities measured at amortised cost					
- rated from AAA	2,699,717	-	-	-	2,699,717
- rated from BBB- to BBB+	899,368,541	-	-	-	899,368,541
- rated from B- to B+	11,799,742	10,543,056	-	41,302,242	63,645,040
- not rated	4,615,597	-	1,117,796	-	5,733,393
	918,483,597	**10,543,056**	**1,117,796**	**41,302,242**	**971,446,691**
Loss allowance	(500,476)	(1,079,064)	(1,117,796)	(1,863,263)	(4,560,599)
Total investment securities at amortised cost	**917,983,121**	**9,463,992**	**-**	**39,438,979**	**966,886,092**

(In thousands of Kazakhstani Tenge)	31 December 2022 Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	Total
Other financial assets				
- not overdue	29,010,823	12,380,841	364,079	41,755,743
- overdue less than 30 days	193	7,643,679	-	7,643,872
- overdue more than 31 days and less than 90 days	36,513	249,586	5,751	291,850
- overdue more than 91 days and less than 360 days	199,577	1,583	1,368,867	1,570,027
- overdue more than 1 year	23,603	388,875	15,492,367	15,904,845
	29,270,709	**20,664,564**	**17,231,064**	**67,166,337**
Loss allowance	(1,558,204)	(8,876,218)	(15,041,674)	(25,476,096)
Total other financial assets	**27,712,505**	**11,788,346**	**2,189,390**	**41,690,241**
Financial guarantee contracts				
- rated from BB- to BB+	6,625,126	904,960	1,407,696	8,937,782
- rated from B- to B+	14,901,869	254,644	-	15,156,513
not rated				
- not overdue	352,202,128	34,170,676	9,232,727	395,605,531
- overdue less than 30 days	4,592,201	1,235,246	813,455	6,640,902
- overdue more than 31 days and less than 60 days	32,543	1,997,660	210,646	2,240,849
- overdue more than 61 days and less than 90 days	-	843,102	78,896	921,998
- overdue more than 91 days and less than 180 days	-	-	5,494,954	5,494,954
	378,353,867	**39,406,288**	**17,238,374**	**434,998,529**
Loss allowance	**(14,961,638)**	**(5,723,657)**	**(15,795,664)**	**(36,480,959)**

(In thousands of Kazakhstani Tenge)	**31 December 2022** Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	Total
Loan commitments				
With internally rated credit risk				
- 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+	64,196,349	-	-	64,196,349
- not rated	3,455,217	-	-	3,455,217
- not rated loan commitments to individuals	82,610,900	-	-	82,610,900
- not rated loan commitments to the commercial entities	144,418,192	-	-	144,418,192
- not rated loan commitments to agribusinesses	137,081,456	-	-	137,081,456
	516,968,059	**-**	**-**	**516,968,059**
Loss allowance	**(10,395,484)**	**-**	**-**	**(10,395,484)**

The following table sets out information about overdue status of loans to customers at amortised cost by credit quality stages:

(In thousands of Kazakhstani Tenge)	**31 December 2022** Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	POCI	Total
Mortgage loans (not rated)					
- not overdue	2,738,177,395	151,001,993	9,276,750	176,280	2,898,632,418
- overdue less than 30 days	5,072,082	21,299,803	730,826	68,152	27,170,863
- overdue more than 31 days and less than 90 days	-	9,723,911	688,463	18,678	10,431,052
- overdue more than 91 days and less than 180 days	-	-	2,482,533	66,740	2,549,273
- overdue more than 181 days and less than 1 year	-	-	943,902	18,942	962,844
- overdue more than 1 year	-	-	3,652,255	-	3,652,255
	2,743,249,477	**182,025,707**	**17,774,729**	**348,792**	**2,943,398,705**
Loss allowance	(2,981,020)	(983,382)	(6,154,746)	(17,072)	(10,136,220)
Total mortgage loans at amortised cost	**2,740,268,457**	**181,042,325**	**11,619,983**	**331,720**	**2,933,262,485**
Loans to agribusiness companies (not rated)					
- not overdue	510,306,049	38,800,622	133,796,811	12,418,834	695,322,316
- overdue less than 30 days	14,011,491	3,380,809	28,932,821	1,909	46,327,030
- overdue more than 31 days and less than 90 days	-	5,447,831	32,241,434	62,457	37,751,722
- overdue more than 91 days and less than 180 days	-	-	5,562,172	12,303	5,574,475
- overdue more than 181 days and less than 1 year	-	-	15,913,798	-	15,913,798
- overdue more than 1 year	-	-	68,487,219	886,668	69,373,887
	524,317,540	**47,629,262**	**284,934,255**	**13,382,171**	**870,263,228**
Loss allowance	(16,768,358)	(2,110,591)	(178,289,959)	(1,357,676)	(198,526,584)
Total loans to agribusiness companies at amortised cost	**507,549,182**	**45,518,671**	**106,644,296**	**12,024,495**	**671,736,644**

(In thousands of Kazakhstani Tenge)	31 December 2022 Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	POCI	Total
Loans to commercial entities					
- not overdue	893,331,698	41,019,092	12,234,668	26,043,678	972,629,136
- overdue less than 30 days	12,299,739	6,814,560	5,931,390	5,052,140	30,097,829
- overdue more than 31 days and less than 90 days	553,563	8,455,754	1,256,719	2,515,047	12,781,083
- overdue more than 91 days and less than 180 days	-	4,026,453	7,434,238	4,243,907	15,704,598
- overdue more than 181 days and less than 1 year	-	36,009	3,570,970	7,129,402	10,736,381
	906,185,000	**60,351,868**	**30,427,985**	**44,984,174**	**1,041,949,027**
Loss allowance	(5,964,288)	(4,596,506)	(8,675,831)	-	(31,866,675)
Total mortgage loans at amortised cost	**900,220,712**	**55,755,362**	**21,752,154**	**44,984,174**	**1,022,712,402**
Loans to customers, except mortgage loans, loans to agribusiness companies and loans to commercial entities					
- not overdue	1,534,109,650	113,321,658	134,225,641	12,019,232	1,793,676,181
- overdue less than 30 days	20,627	-	-	-	20,627
- overdue more than 31 days and less than 90 days	-	1,428	22,687,531	-	22,688,959
- overdue more than 91 days and less than 180 days	-	-	232,878	-	232,878
- overdue more than 181 days and less than 1 year	-	-	82,630	-	82,630
- overdue more than 1 year	-	-	55,286,033	3,118,263	58,404,296
	1,534,130,277	**113,323,086**	**212,514,713**	**15,137,495**	**1,875,105,571**
Loss allowance	(15,545,813)	(49,077,037)	(135,198,284)	-	(199,821,134)
Total loans to customers, except mortgage loans and loans to agribusiness companies at amortised cost	**1,518,584,464**	**64,246,049**	**77,316,429**	**15,137,495**	**1,675,284,437**

(In thousands of Kazakhstani Tenge)	31 December 2021 Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	POCI	Total
Cash and cash equivalents					
NBRK, unrated	745,942,067	-	-	-	745,942,067
- 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+	124,165,559	-	-	-	124,165,559
- rated from BB- to BB+	73,655,683	-	-	-	73,655,683
- rated from B- to B+	1,063,909	405,896	130,182	-	1,599,986
- not rated	22,730,747	-	-	-	22,730,747
Receivables under reverse repurchase agreements with original maturities of less than three months, not overdue	440,146,200	-	-	-	440,146,200
	1,470,216,334	**405,896**	**130,182**	**-**	**1,470,752,411**
Loss allowance	(128,782)	(20)	(71,600)	-	(200,402)
Total cash and cash equivalents	**1,470,087,552**	**405,876**	**58,582**	**-**	**1,470,552,009**
Deposits with banks and financial institutions					
- rated from BBB- to BBB+	47,922,798	-	-	-	47,922,798
- rated from BB- to BB+	141,697,878	-	-	-	141,697,878
- rated from B- to B+	3,969,938	-	-	-	3,969,938
- not rated	-	-	410,797	-	410,797
	193,590,614	**-**	**410,797**	**-**	**194,001,411**
Loss allowance	(530,714)	-	(410,797)	-	(941,511)
Total deposits with banks and financial institutions	**193,059,900**	**-**	**-**	**-**	**193,059,900**

(In thousands of Kazakhstani Tenge)	31 December 2021 Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	POCI	Total
Loans to banks and financial institutions					
With externally rated credit risk					
- rated from BBB- to BBB+	69,710,475	-	3,579,489	-	73,289,964
- rated from BB- to BB+	121,936,903	-	-	-	121,936,903
- rated from B- to B+	120,812,544	29,769,154	3,513,797	1,814,674	155,910,169
- rated D	-	-	30,527,904	-	30,527,904
With internally rated credit risk					
- stable rating	20,898,891	-	-	-	20,898,891
- satisfactory rating	10,960,758	-	-	-	10,960,758
	344,319,571	**29,769,154**	**37,621,190**	**1,814,674**	**413,524,589**
Loss allowance	(4,361,062)	(7,030,568)	(34,253,726)	-	(45,645,356)
Total loans to banks and financial institutions	**339,958,509**	**22,738,586**	**3,367,464**	**1,814,674**	**367,879,233**
Loans to customers measured at amortised cost					
With internally rated credit risk					
- rated from BBB- to BBB+	375,192,776	-	-	-	375,192,776
- rated from BB- to BB+	489,570,438	-	-	-	489,570,438
- rated from B- to B+	625,009,101	53,842,136	-	-	678,851,237
- rated from CCC- to CCC+	31,008,745	148,020,251	7,662,002	9,541,334	196,232,332
- rated D	-	-	177,149,879	3,402,592	180,552,471
- not rated*	1,839,480,726	631,156,999	382,771,790	3,071,500	2,856,481,015
	3,360,261,786	**833,019,386**	**567,583,671**	**16,015,426**	**4,776,880,269**
Loss allowance	(21,094,770)	(46,495,760)	(235,054,154)	(4,893,719)	(307,538,403)
Total loans to customers measured at amortised cost	**3,339,167,016**	**786,523,626**	**332,529,517**	**11,121,707**	**4,469,341,866**
Finance lease receivables (except for embedded derivative)					
Corporate customers					
With externally rated credit risk					
- rated from BBB- to BBB+	172,639,494	-	-	-	172,639,494
- rated from B- to B+	104,532	-	-	-	104,532
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	-	-	66,985,220
- rated from B- to B+	118,736,684	9,560,241	45,357	-	128,342,282
- 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
	394,117,754	**55,476,781**	**22,840,860**	**-**	**472,435,395**
Loss allowance	(7,594,081)	(3,238,829)	(10,913,333)	-	(21,746,243)
Total corporate customers	**386,523,673**	**52,237,952**	**11,927,527**	**-**	**450,689,152**
Agribusiness customers					
- not overdue	276,494,084	8,699,555	20,833,861	-	306,027,500
- overdue less than 30 days	5,059,784	1,206,590	6,293,010	-	12,559,384
- overdue more than 31 days and less than 90 days	-	2,865,243	3,937,745	-	6,802,988
- overdue more than 91 days and less than 360 days	-	-	5,643,576	-	5,643,576
- overdue more than 1 year	-	-	29,552,579	-	29,552,579
	281,553,868	**12,771,388**	**66,260,771**	**-**	**360,586,027**
Loss allowance	(5,085,236)	(1,808,955)	(29,352,699)	-	(36,246,890)
Total *agribusiness customers*	**276,468,632**	**10,962,433**	**36,908,072**	**-**	**324,339,137**

*Loans to customers measured at amortised cost not rated consist of mortgage loans and loans to agribusinesses.

(In thousands of Kazakhstani Tenge)	31 December 2021 Stage 1 12-month ECL	Stage 2 Lifetime ECL - not credit-impaired	Stage 3 Lifetime ECL - credit-impaired	POCI	Total
Retail customers and individuals					
- not overdue	126,597,218	6,659,817	3,134,500	-	136,391,535
- overdue less than 30 days	5,437,691	2,850,773	1,648,378	-	9,936,842
- overdue more than 31 days and less than 90 days	-	3,276,217	2,329,817	-	5,606,034
- overdue more than 91 days and less than 360 days	-	-	5,813,512	-	5,813,512
- overdue more than 1 year	-	-	1,475,586	-	1,475,586
	132,034,909	**12,786,807**	**14,401,793**	**-**	**159,223,509**
Loss allowance	(1,349,939)	(1,341,991)	(2,900,766)	-	(5,592,696)
Total retail customers and individuals	**130,684,970**	**11,444,816**	**11,501,027**	**-**	**153,630,813**
Total finance lease receivables (except for embedded derivative)	**793,677,275**	**74,645,201**	**60,336,626**	**-**	**928,659,102**
Investment securities measured at fair value through other comprehensive income					
NBRK, unrated	27,542,151	-	-	-	27,542,151
- rated from AAA- to AAA+	19,796,283	-	-	-	19,796,283
- rated from AA- to AA+	135,968,311	-	-	-	135,968,311
- rated from A- to A+	142,277,573	-	-	-	142,277,573
- rated from BBB- to BBB+	315,914,325	-	-	-	315,914,325
- rated from BB- to BB+	44,661,002	-	-	-	44,661,002
- rated from B- to B+	1,146,194	-	-	-	1,146,194
	687,305,839	**-**	**-**	**-**	**687,305,839**
Loss allowance	(16,891)	-	-	-	(16,891)
Gross carrying amount	**687,305,839**	**-**	**-**	**-**	**687,305,839**
Total investment securities measured at fair value through other comprehensive income	**687,288,948**	**-**	**-**	**-**	**687,288,948**
Investment securities measured at amortised cost					
NBRK, unrated	28,501,460	-	-	-	28,501,460
- rated from BBB- to BBB+	930,089,605	-	-	-	930,089,605
- rated from B- to B+	22,348,974	-	-	36,390,696	58,739,670
- not rated	175,033	-	1,117,796	-	1,292,829
	981,115,072	**-**	**1,117,796**	**36,390,696**	**1,018,623,564**
Loss allowance	(1,536,012)	-	(1,117,796)	(1,801,321)	(4,455,129)
Total investment securities at amortised cost	**979,579,060**	**-**	**-**	**34,589,375**	**1,014,168,435**

(In thousands of Kazakhstani Tenge)	31 December 2021 Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	Total
Other financial assets	**16,642,000**	**16,290,554**	**16,018,379**	**48,950,933**
Loss allowance	(101,799)	(4,706,183)	(13,448,213)	(18,256,195)
Total other financial assets	**16,540,201**	**11,584,371**	**2,570,166**	**30,694,738**
Financial guarantee contracts				
- rated from BB- to BB+	4,641,849	-	-	4,641,849
- rated from B- to B+	21,031,825	-	-	21,031,825
not rated				
- not overdue	221,200,155	46,631,679	5,487,913	273,319,747
- overdue less than 30 days	2,461,702	1,528,629	305,252	4,295,583
- overdue more than 31 days and less than 60 days	-	968,126	176,221	1,144,347
- overdue more than 61 days and less than 90 days	-	376,794	124,637	501,431
- overdue more than 91 days and less than 180 days	-	-	1,273,511	1,273,511
	249,335,531	**49,505,228**	**7,367,534**	**306,208,293**
Loss allowance	**(11,211,170)**	**(7,303,151)**	**(6,814,674)**	**(25,328,995)**

(In thousands of Kazakhstani Tenge)	31 December 2021 Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	Total
Loan commitments				
With internally rated credit risk				
- rated from BB- to BB+	8,838,532	-	-	8,838,532
- rated from B- to B+	207,471,803	-	-	207,471,803
- rated from CCC- to CCC+	822,674	-	-	822,674
- not rated	3,955,000	-	-	3,955,000
- not rated loan commitments to individuals	32,357,889	-	-	32,357,889
- not rated loan commitments to agribusinesses	166,678,958	-	-	166,678,958
	420,124,856	**-**	**-**	**420,124,856**
Loss allowance	**(4,934,218)**	**-**	**-**	**(4,934,218)**

The following table sets out information about overdue status of loans to customers at amortised cost by credit quality stages:

(In thousands of Kazakhstani Tenge)	31 December 2021 Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	POCI	Total
Mortgage loans (not rated)					
- not overdue	1,441,090,040	604,239,402	11,275,579	41,027	2,056,646,048
- overdue less than 30 days	3,522,780	13,283,538	448,425	32,511	17,287,254
- overdue more than 31 days and less than 90 days	7,608	4,665,501	570,400	12,829	5,256,338
- overdue more than 91 days and less than 180 days	-	-	1,210,135	-	1,210,135
- overdue more than 181 days and less than 1 year	-	-	434,223	-	434,223
- overdue more than 1 year	-	1,484	3,107,524	-	3,109,008
	1,444,620,428	**622,189,925**	**17,046,286**	**86,367**	**2,083,943,006**
Loss allowance	(2,362,931)	(4,179,457)	(8,300,500)	(3,645)	(14,846,533)
Total mortgage loans at amortised cost	**1,442,257,497**	**618,010,468**	**8,745,786**	**82,722**	**2,069,096,473**
Loans to agribusiness companies (not rated)					
- not overdue	379,006,107	2,647,343	259,965,403	2,160,695	643,779,548
- overdue less than 30 days	15,854,191	133,182	19,209,285	315,178	35,511,836
- overdue more than 31 days and less than 90 days	-	6,186,549	16,688,366	509,260	23,384,175
- overdue more than 91 days and less than 180 days	-	-	10,041,572	-	10,041,572
- overdue more than 181 days and less than 1 year	-	-	8,822,630	-	8,822,630
- overdue more than 1 year	-	-	50,998,248	-	50,998,248
	394,860,298	**8,967,074**	**365,725,504**	**2,985,133**	**772,538,009**
Loss allowance	(2,314,169)	(233,947)	(137,790,961)	(1,187,404)	(141,526,481)
Total loans to agribusiness companies at amortised cost	**392,546,129**	**8,733,127**	**227,934,543**	**1,797,729**	**631,011,528**

(In thousands of Kazakhstani Tenge)	31 December 2021 Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	POCI	Total
Loans to customers, except mortgage loans and loans to agribusiness companies					
- not overdue	1,520,781,060	201,862,387	134,076,682	9,292,828	1,866,012,957
- overdue more than 31 days and less than 90 days	-	-	-	253	253
- overdue more than 91 days and less than 180 days	-	-	-	155,304	155,304
- overdue more than 181 days and less than 1 year	-	-	45,012,553	-	45,012,553
- overdue more than 1 year	-	-	5,722,646	3,495,541	9,218,187
	1,520,781,060	**201,862,387**	**184,811,881**	**12,943,926**	**1,920,399,254**
Loss allowance	(16,417,670)	(42,082,356)	(88,962,693)	(3,702,670)	(151,165,389)
Total loans to customers, except mortgage loans and loans to agribusiness companies at amortised cost	**1,504,363,390**	**159,780,031**	**95,849,188**	**9,241,256**	**1,769,233,865**

6 Cash and cash equivalents

(In thousands of Kazakhstani Tenge)	31 December 2022	31 December 2021
Receivables under reverse repurchase agreements with original maturities of less than three months	1,108,079,063	440,146,200
Cash balances with the NBRK	726,809,316	565,182,921
Current accounts	151,397,356	159,512,874
Correspondent accounts and overnight placements with other banks	110,456,694	125,151,271
Notes of NBRK maturing within three months	109,629,698	158,869,397
Mandatory reserves with the NBRK	35,067,672	21,889,749
Cash on hand	52,634,832	2,293,213
Total cash and cash equivalents before impairment allowance	**2,294,074,631**	**1,473,045,625**
Less: impairment allowance	(101,436)	(200,402)
Total cash and cash equivalents	**2,293,973,195**	**1,472,845,223**

The credit quality of cash and cash equivalents balances may be summarised based on Standard and Poor's ratings or Moody's or Fitch ratings as follows at 31 December 2022:

(In thousands of Kazakhstani Tenge)	**Cash balances with the NBRK, including mandatory reserves**	**Current accounts**	**Notes of NBRK maturing within three months**	**Correspondent accounts and overnight placements**	**Total**
- NBRK (unrated)	761,876,988	-	109,629,698	-	871,506,686
- AA- to AA+ rated	-	-	-	4,458,559	4,458,559
- A- to A+ rated	-	-	-	52,364,132	52,364,132
- BBB - to BBB+ rated	-	101,203,938	-	33,377,541	134,581,479
- BB- to BB+ rated	-	17,146,641	-	495	17,147,136
- B- to B+ rated	-	7,153,416	-	-	7,153,416
- unrated (Citibank Kazakhstan JSC)	-	22,677,744	-	-	22,677,744
- unrated (Sberbank PJSC, Gazprombank PJSC)	-	3,215,617	-	20,255,967	23,471,584
Total cash and cash equivalents, excluding cash on hand and receivables under reverse repurchase agreements before impairment allowance	**761,876,988**	**151,397,356**	**109,629,698**	**110,456,694**	**1,133,360,736**
Less: impairment allowance	(35,628)	(36,287)	(3,489)	(4)	(75,408)
Total cash and cash equivalents, excluding cash on hand and receivables under reverse repurchase agreements after impairment allowance	**761,841,360**	**151,361,069**	**109,626,209**	**110,456,690**	**1,133,285,328**

The credit quality of cash and cash equivalents balances may be summarised based on Standard and Poor's ratings or Moody's or Fitch ratings as follows at 31 December 2021:

(In thousands of Kazakhstani Tenge)	**Cash balances with the NBRK, including mandatory reserves**	**Current accounts**	**Notes of NBRK maturing within three months**	**Correspondent accounts and overnight placements with other banks**	**Total**
- NBRK (unrated)	587,072,670	-	158,869,397	-	745,942,067
- AA- to AA+ rated	-	-	-	56,119,283	56,119,283
- A- to A+ rated	-	-	-	6,392,886	6,392,886
- BBB - to BBB+ rated	-	127,395,819	-	2,199,237	129,595,056
- BB- to BB+ rated	-	11,314,063	-	56,912,124	68,226,187
- B- to B+ rated	-	1,599,986	-	-	1,599,986
- unrated (Citibank Kazakhstan JSC)	-	19,203,006	-	3,527,741	22,730,747
Total cash and cash equivalents, excluding cash on hand and receivables under reverse repurchase agreements before impairment allowance	**587,072,670**	**159,512,874**	**158,869,397**	**125,151,271**	**1,030,606,212**
Less: impairment allowance	(21,752)	(14,164)	(67,765)	(757)	(104,438)
Total cash and cash equivalents, excluding cash on hand and receivables under reverse repurchase agreements after impairment allowance	**587,050,918**	**159,498,710**	**158,801,632**	**125,150,514**	**1,030,501,774**

As at 31 December 2022 and 31 December 2021, the Holding entered into reverse repurchase agreements on the Kazakhstan Stock Exchange. The subject of these agreements were treasury notes of the Ministry of Finance of the Republic of Kazakhstan, notes of the National Bank of the Republic of Kazakhstan, debt obligations of Kazakhstan Sustainability Fund JSC and debt obligations of International Finance Corporation. The carrying amount of those agreements and fair value of securities pledged amounted to Tenge 1,108,079,063 thousand and Tenge 1,107,057,086 thousand, respectively (31 December 2021: Tenge 440,146,200 thousand and Tenge 437,801,320 thousand, respectively).

At 31 December 2022 the Holding had one counterparty bank (31 December 2021: one counterparty bank) whose total cash and cash equivalent balances exceed 10% of equity. The total aggregate amount of these balances at 31 December 2022 was Tenge 871,506,686 thousand (31 December 2021: Tenge 745,942,067 thousand) or 37.99% of cash and cash equivalents (31 December 2021: 50.64%).

Interest rate analysis of cash and cash equivalents is disclosed in Note 31. Information on related party transactions is disclosed in Note 39.

During 2022 the Holding recovered an impairment allowance for cash and cash equivalents in the amount of Tenge 118,584 thousand (Note 28) (2021: accrual of impairment allowance in the amount of Tenge 81,196 thousand).

7 Other assets measured at fair value through profit or loss

(In thousands of Kazakhstani Tenge)	**31 December 2022**	**31 December 2021**
Investments in joint ventures	55,362,132	52,486,753
Investments in associates	31,046,848	31,494,552
Other equity investments	75,929,651	70,132,860
Other financial assets	4,241	4,115
Total assets measured at fair value through profit or loss	**162,342,872**	**154,118,280**

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

(In thousands of Kazakhstani Tenge)	**2022**	**Share of equity, %**	**2021**	**Share of equity, %**
Investments in joint ventures				
AstanaGas KMG JSC	40,252,118	50.00	40,510,346	50.00
KTK Service LLP	4,653,045	49.00	3,600,000	49.00
Baikonyr Solar LLP	4,361,323	49.00	4,401,582	49.00
EPG PROMETHEUS SCHOOL LLP	2,224,571	26.60	-	-
Makinsky thermal insulation plant LLP	1,680,668	49.00	1,783,096	49.00
Arnau Agro LLP	1,100,598	49.00	1,000,000	49.00
Kazakhstan Hungarian Investment Private Equity Fund	807,403	49.50	364,630	49.50
Best Meat LLP	282,406	49.00	206,342	49.00
VTB Capital 12BF Innovation Fund L.P.	-	-	620,757	49.00
	55,362,132		**52,486,753**	
Investments in associates				
CITIC-KAZYNA Investment L.P.	14,449,989	49.90	14,567,988	49.90
EMC Agro LLP	4,312,933	24.47	3,017,088	24.47
Kazakhstan Growth Fund L.P.	3,979,009	49.50	4,185,519	49.50
PC KazrostEngineering Ltd	3,066,109	32.00	3,720,642	32.00
ADM KCRF L.P.	2,499,300	49.50	3,716,653	49.50
KazMyaso LLP	2,284,919	49.00	1,646,996	49.00
Temirbeton-1 LLP	338,755	22.00	498,625	22.00
Burundaisky mineral water LLP	115,834	45.30	141,041	45.30
	31,046,848		**31,494,552**	
Other equity investments				
Kazakhstan Infrastructure Fund C.V.	39,297,529	95.20	32,717,971	95.20
AITAS LUX S.A.R.L	19,036,228	19.50	18,990,118	19.50
500 Startups V, L.P.	5,584,415	7.10	3,974,287	7.10
Quest Ventures Asia Fund II L.P.	3,943,823	30.70	2,674,638	30.70
Continental Logistic LLP	3,676,963	18.45	3,517,705	18.45
CAEPCO JSC	3,119,611	1.50	2,754,654	1.50
BRBAPK LLP	841,667	8.30	757,130	8.30
Wellington Partners Ventures III Fund L.P.	174,079	5.13	174,522	5.13
TTS Astana 2007 K LLP	156,256	7.20	180,996	7.20
Mining Chemical Company LLP	82,653	7.00	-	-
Flagship Ventures Fund 2004 L.P.	16,427	6.60	7,341	6.60
TsATEC Green Energy LLP	-	-	4,027,808	19.39
Falah Growth Fund L.P.	-	-	355,690	10.00
	75,929,651		**70,132,860**	

Investment in AstanaGas KMG JSC

In October 2018, the Holding acquired 50% of ordinary voting shares of AstanaGas KMG JSC for the amount of Tenge 121 thousand, and replenished additionally the charter capital for Tenge 40,150,000 thousand on 30 October 2018. AstanaGas KMG JSC was established to implement the project of gas infrastructure development in Astana and northern region of the Republic of Kazakhstan, as well as other gas industry development programmes. This entity is considered to be joint venture.

The Holding financed the acquisition by issuing 40,150,000 bonds with par value of Tenge 1,000 per bond, which mature on demand and have a coupon interest of 0.01% per annum. According to the agreement concluded with the seller of the shares, the Holding has a 'put' option enabling the Holding to sell its share in equity investment AstanaGas KMG JSC in the amount of Tenge 40,150,000 thousand, with a yield of 0.01% per annum upon expiry of 15 years and, if demanded so by holders of the bonds issued by the Holding, buy back issued bonds.

Investment in Kazakhstan Infrastructure Fund C.V.

In February 2017, to appoint new general partner to Kazakhstan Infrastructure Fund C.V. ("KIF"), the Holding and Verno Pe Eurasia GP Limited (hereinafter- the "General Partner") signed a limited partnership agreement (hereinafter - "LPA"). Under the terms and conditions of LPA, the amount of liabilities related to investment in KIF was allocated between the partners as follows:

- QIC JSC (USD 100 mln) - the 95.24% ownership interest;
- VERNO PE EURASIA GP (USD 5 mln) - the 4.76 % ownership interest.

The main purpose to have established KIF is investing in share capital of corporates whose principal activities are development of infrastructure projects in target areas. KIF's operations are primarily located in Kazakhstan, while the country of incorporation is the Netherlands.

Nature and extent of the Holding's involvement

The Holding holds a 95% interest in KIF, and being a limited liability partner under the LPA, is not involved in the decision-making process related to KIF's investing activities.

KIF's management company is the General Partner who is responsible for making investing decisions, and governed by the Investment Policy in accordance with the LPA. 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.

In accordance with the LPA, the Company may to re-appoint a fund's manager, the General Partner, to protect its interests with regard to investees and KIF' operations. Under the terms of the LPA, there are certain conditions which are attached to the reappointment of the General Manager, including:

- imposing a pecuniary penalty in the amount of 2% of total investment liabilities;
- searching for a new general partner who is prepared for buy-out of the predecessor General Partner's rights and obligations.

These conditions make the general partner's reappointment process more difficult.

In accordance with the above, under IFRS 10 Consolidated Financial Statements, the Holding has no control over KIF as at 31 December 2022 and 31 December 2021.

Investment in Quest Ventures Asia Fund II L.P.

As at 31 December 2022 the Holding's interest in Quest Ventures Fund II Asia was 30.7%. In accordance with the partnership agreement, the fund is managed by the General Partner without any intervention from the limited partners.

The Holding, as a limited partner, cannot be involved in decision-making or influence the operations of the Fund. In accordance with the Agreement, the Holding's representative may participate in the work of investment committee only as an observer. Moreover, the Holding has no right to make unilateral decisions to reappoint the General Partner, and this decision can only be made subject to general consent of limited partners of no less than 50%. As stated in the paragraph above, as required by IAS 28 *Investments in Associates and Joint Ventures*, the Holding believes that it has no significant influence over the Fund as at 31 December 2022 and accounts for equity investments in the Fund in accordance with the requirements of IFRS 9 *Financial Instruments*.

The table below summarizes the financial information as at 30 September 2022 (unaudited) and 31 December 2021 (unaudited) on significant investments in associates and joint ventures, as presented in their own financial statements of these enterprises:

(In thousands of Kazakhstani Tenge)	**AstanaGas KMG JSC**	**KTK Service LLP**	**Baikonyr Solar LLP**	**EPG PROMETHEUS SCHOOL LLP**	**Makinsky thermal insulation plant LLP**	**Arnau Agro LLP**
Share of equity, %	50.0%	49.0%	49.0%	26.60%	49.0%	49.0%
Country of incorporation and operation	Republic of Kazakhstan	Republic of Kazakhstan	Republic of Kazakhstan	Republic of Kazakhstan	Republic of Kazakhstan	Republic of Kazakhstan
At 30 September 2022 (unaudited):						
Non-current assets	247,340,321	5,323,357	22,371,356	3,996,681	4,212,009	2,877,162
Current assets	12,649,044	3,904,866	1,409,975	879,592	964,254	1,671,072
- including cash and cash equivalents	5,572,394	69,197	336,250	111,765	19,502	40,013
Non-current liabilities	(181,017,640)	-	(14,192,314)	(3,470,405)	(4,213,439)	(2,847,014)
- including non-current financial liabilities	(176,731,695)	-	(12,323,706)	(3,067,005)	(4,157,009)	(221,164)
Current liabilities	(30,409,099)	(5,528,274)	(1,450,496)	(632,649)	(519,813)	(207,990)
For the 9 months ended 30 September 2022 (unaudited):						
Revenue	25,304,264	2,973,087	2,695,410	501,886	4,338,642	103,049
Net profit/(loss)	256,576	226,992	(148,851)	(219,781)	(26,817)	(499,177)
Total comprehensive income/(loss) for the period	256,576	226,992	(148,851)	(219,781)	(26,817)	(499,177)
At 31 December 2021 (unaudited):						
Non-current assets	259,982,545	5,784,550	22,727,708	1,741,728	4,301,195	2,819,375
Current assets	8,823,680	3,901,891	2,641,926	398,729	1,306,371	922,504
- including cash and cash equivalents	676,242	176,686	1,946,604	106,813	190,918	40,343
Non-current liabilities	(188,325,226)	(519,052)	(14,032,101)	(2,008,285)	(4,205,499)	(2,496,950)
- including non-current financial liabilities	(181,605,769)	-	(12,163,493)	(1,604,885)	(4,157,009)	-
Current liabilities	(32,174,948)	(5,694,432)	(3,050,178)	(170,564)	(904,955)	(1,195)
For the year ended 31 December 2021 (unaudited):						
Revenue	33,805,021	7,743,619	3,072,633	256,370	5,118,177	175,476
Net (loss)/profit	(1,163,024)	(140,854)	66,798	(38,685)	2,788,238	10,040
Total comprehensive (loss)/income for the period	(1,163,024)	(140,854)	66,798	(38,685)	2,788,238	10,040

(In thousands of Kazakhstani Tenge)	**CITIC KAZYNA Investment Fund L.P.**	**Kazakhstan Growth Fund L.P.**	**EMC Agro LLP**	**ADM KCRF L.P**	**PC KazrostEngineering Ltd**	**KazMyaso LLP**
Share of equity, %	49.9%	49.5%	24.47%	49.5%	32.0%	49.0%
	Associate	Associate	Associate	Associate	Associate	Associate
Country of incorporation	Cayman Islands	Netherlands	Republic of Kazakhstan	Netherlands	Republic of Kazakhstan	Republic of Kazakhstan
Place of business	China/Republic of Kazakhstan	Republic of Kazakhstan	Republic of Kazakhstan	Republic of Kazakhstan	Republic of Kazakhstan	The Republic of Kazakhstan
At 30 September 2022 (unaudited):						
Non-current assets	18,301,954	9,926,386	12,381,040	5,885,838	4,298,079	5,027,000
Current assets	18,600,593	84,439	11,571,061	104,575	18,622,814	3,137,000
- including cash and cash equivalents	16,797,897	68,479	6,222,509	103,833	254,691	1,000
Non-current liabilities	-	-	(7,390,380)	-	(92,774)	(5,011,000)
- including non-current financial liabilities	-	-	(7,281,774)	-	-	(1,914,000)
Current liabilities	(31,147)	(29,244)	(7,298,282)	(6,541)	(15,643,608)	(3,503,000)
For the 9 months ended 30 September 2022 (unaudited):						
Revenue	8,917	2	5,877,022	-	17,893,977	70,000
Net (loss)/profit	(197,488)	(27,131)	339,926	(13,159)	1,514,957	(315,000)
Other comprehensive income/(loss)	(197,488)	(579,148)	339,926	(734,371)	1,514,957	(315,000)
At 31 December 2021 (unaudited):						
Non-current assets	32,695,649	10,427,959	10,089,922	6,482,557	4,404,548	4,479,679
- including cash and cash equivalents	12,011,667	158,287	5,883,902	158,851	7,677,604	2,826,028
Current assets	10,916,885	138,163	2,417,024	158,851	860,871	1,709
Non-current liabilities	-	-	(4,237,230)	-	(64,475)	(5,160,678)
- including non-current financial liabilities	-	-	(4,128,624)	-	-	(1,867,410)
Current liabilities	(12,362,705)	(25,547)	(2,813,114)	(9,047)	(6,348,122)	(2,564,311)
For the year ended 31 December 2021 (unaudited):						
Revenue	-	5,460	4,264,268	1,727,200	33,293,232	332,464
Net profit/(loss)	1,445,058	(287,261)	700,080	1,658,178	1,991,125	(711,543)
Other comprehensive income/(loss)	1,445,058	454,872	700,080	895,371	1,991,125	(711,543)

The main activity of the Holding is investing in order to generate income and capital gains. The Holding has an exit strategy for each of its investments. The Holding's investment activities are carried out through subsidiaries of the Holding. The Holding has an established monitoring and reporting system in relation to investment activities. The Holding also has an investment department and a risk management department, whose functions include managing the investment activities of the Holding, including reporting to the Holding Management and the Board of Directors. In addition, the Holding's investment objects are independent business entities in the operating activities of which the Holding takes a limited part, having no control over the investment objects.

Therefore, the Holding believes that it meets the definition of an organisation specialising in venture capital investments and uses the exemption from the need to use the equity method to account for investments in associates and joint ventures.

Refer to Note 37 for the estimated fair value of each class of other assets measured at fair value.

8 Loans to banks and financial institutions

(In thousands of Kazakhstani Tenge)	**31 December 2022**	**31 December 2021**
Loans to banks and financial institutions		
- BBB- to BBB+ rated	120,943,290	73,289,964
- BB- to BB+ rated	31,395,836	121,936,903
- B- to B+ rated	133,934,845	155,910,169
- D rated	30,705,564	30,527,904
- not rated	25,182,210	31,859,649
Gross loans to banks and financial institutions	**342,161,745**	**413,524,589**
Less: impairment allowance	(43,162,316)	(45,645,356)
Total loans to banks and financial institutions	**298,999,429**	**367,879,233**

The Holding uses the following assumptions to estimate the market interest rates for determination of the fair value of financial instruments:

- Yield on long-term bonds issued by the Ministry of Finance of the Republic of Kazakhstan;
- The credit risk premium of the Republic of Kazakhstan.

During the year ended 31 December 2022 the Holding issued loans totalling Tenge 100,000,000 thousand to four second-tier banks, using funds received from Zhasyl Damu JSC, the loans bear an interest rate of 1% per annum (Note 19). The loans were initially recognised at their fair values, which were determined using market rates varying from 12.34% to 16.12% per annum, and the discount on initial recognition was Tenge 91,174,625 thousand.

Amounts due from banks are not collateralised. Movements in the provision for impairment of loans to banks and other financial institutions are as follows:

	2022			
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL – not credit-impaired**	**Stage 3 Lifetime ECL – credit-impaired**	**Total**
Balance at 1 January	**4,361,062**	**7,030,568**	**34,253,726**	**45,645,356**
Transfer to Stage 2	(309,551)	309,551	-	-
Impairment allowance (recovery)/charge during the year (Note 28)	(132,465)	(2,455,322)	108,149	(2,479,638)
Other	(3,402)	-	-	(3,402)
Balance at 31 December	**3,915,644**	**4,884,797**	**34,361,875**	**43,162,316**

	2021			
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL – not credit-impaired**	**Stage 3 Lifetime ECL – credit-impaired**	**Total**
Balance at 1 January	**4,022,642**	**9,935,858**	**4,009,029**	**17,967,529**
Recognised as a result of business combination	100,247	-	30,248,391	30,348,638
Transfer to Stage 1	440,141	(440,141)	-	-
Transfer to Stage 2	(465,145)	465,145	-	-
Transfer to Stage 3	-	(1,635,317)	1,635,317	-
Impairment allowance (recovery)/charge during the year (Note 28)	341,528	(1,258,129)	(1,639,011)	(2,555,612)
Other	(78,351)	(36,848)	-	(115,199)
Balance at 31 December	**4,361,062**	**7,030,568**	**34,253,726**	**45,645,356**

At 31 December 2022 and 2021 the Holding had no outstanding balances of loans to banks and financial institutions whose total balances exceed 10% of equity.

Refer to Note 37 for the estimated fair value of each class of amounts due from banks. An interest rate analysis of due from banks is disclosed in Note 31. Information on related party transactions is disclosed in Note 39.

9 Deposits with banks and financial institutions

(In thousands of Kazakhstani Tenge)	**31 December 2022**	**31 December 2021**
Deposits with banks and financial institutions		
- BBB - to BBB+ rated	8,252,048	47,922,798
- BB- to BB+ rated	4,741,002	141,697,878
- B- to B+ rated	10,316,193	3,969,938
- not rated	391,807	410,797
Gross deposits with banks and financial institutions	**23,701,050**	**194,001,411**
Less: impairment allowance	(546,098)	(941,511)
Total deposits with banks and financial institutions	**23,154,952**	**193,059,900**

Movements in the provision for impairment of deposits with banks and financial institutions are as follows:

	2022			
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL – not credit-impaired**	**Stage 3 Lifetime ECL – credit-impaired**	**Total**
Balance at 1 January	**530,714**	**-**	**410,797**	**941,511**
Impairment allowance recovery during the year (Note 28)	(180,990)	-	-	(180,990)
Other changes	(195,433)	-	(18,990)	(214,423)
Balance at 31 December	**154,291**	**-**	**391,807**	**546,098**

	2021			
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL – not credit-impaired**	**Stage 3 Lifetime ECL – credit-impaired**	**Total**
Balance at 1 January	**405,455**	**-**	**1,166,928**	**1,572,383**
Impairment allowance recovery during the year (Note 28)	102,659	-	(32,982)	69,677
Effect of changes in foreign exchange rates	122	-	(5,527)	(5,405)
Other changes	22,478	-	(717,622)	(695,144)
Balance at 31 December	**530,714**	**-**	**410,797**	**941,511**

As at 31 December 2022 and 2021 the Holding had no outstanding balances of deposits with banks and financial institutions whose total balances exceed 10% of equity.

Refer to Note 37 for the estimated fair value of each class of deposits with banks and financial institutions. An interest rate analysis of due from banks is disclosed in Note 31. Information on related party transactions is disclosed in Note 39.

10 Loans to customers

(In thousands of Kazakhstani Tenge)	31 December 2022	31 December 2021
Loans to customers at amortised cost		
Loans to corporate customers	2,175,546,995	1,806,259,736
Mortgage loans	3,217,813,210	2,077,434,023
Loans issued to agribusiness companies	795,239,037	709,534,065
Consumer and other loans to individuals	214,568,099	-
Car loans to individuals	125,526,106	-
Loans issued to small and medium entities (“SME”)	7,178,685	2,630,914
Accrued interest	211,742,389	181,021,531
Gross loans to customers measured at amortised cost	**6,747,614,521**	**4,776,880,269**
Less: impairment allowance on loans	(444,618,554)	(307,538,403)
Total net loans to customers measured at amortised cost	**6,302,995,967**	**4,469,341,866**
Loans to customers measured at fair value through profit or loss	**208,974,921**	**234,731,679**
Total loans to customers	**6,511,970,888**	**4,704,073,545**

In determining the fair value of loans to customers measured at fair value through profit or loss, management made assumptions that the following market rates are appropriate for the Holding: from 14.84% to 28.35% in Tenge and 5.75% in US Dollar (2021: from 11.11% to 23.74% in Tenge and 2.04% in US Dollar). None of the loans to customers measured at fair value through profit or loss are past due.

During the year ended 31 December 2022, the Holding did not acquire mortgage loan portfolios (2021: Tenge 1,306,844 thousand). As at 31 December 2022 mortgage loans portfolio consisted of mortgage loans issued directly in the amount of Tenge 3,177,179,861 thousand (2021: Tenge 2,016,618,272 thousand) and of mortgage loans purchased from commercial banks in the amount of Tenge 40,633,349 thousand (2021: Tenge 52,420,131 thousand).

Significant changes in the gross carrying amount of loans measured at amortised cost were as follows:

	2022				
(In thousands of Kazakhstani Tenge)	Stage 1 12-month ECL	Stage 2 Lifetime ECL - not credit-impaired	Stage 3 Lifetime ECL - credit-impaired	Credit-impaired assets on initial recognition	Total
Balance at 1 January	3,360,261,786	833,019,386	567,583,671	16,015,426	4,776,880,269
Recognised as a result of acquisition of Bereke Bank JSC	918,070,892	-	-	69,153,813	987,224,705
Transfer to Stage 1	633,414,892	(546,781,319)	(86,633,573)	-	-
Transfer to Stage 2	(171,273,257)	200,565,180	(29,291,923)	-	-
Transfer to Stage 3	(98,505,507)	(34,252,720)	132,758,227	-	-
New financial assets originated or purchased*	2,109,716,795	52,501,375	824,497	14,268,008	2,177,310,675
Financial assets that have been derecognised	(390,189,588)	(1,554,078)	(3,034,369)	(25,498,413)	(420,276,448)
Amortisation of discount on present value of ECLs	-	-	6,547,437	-	6,547,437
Other changes**	(705,224,187)	(101,347,808)	(45,732,793)	911,681	(851,393,107)
Effect of changes in foreign exchange rates	51,610,468	1,179,907	2,630,508	(997,885)	54,422,998
Balance at 31 December	**5,707,882,294**	**403,329,923**	**545,651,682**	**73,852,630**	**6,730,716,530**

	2021				
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL - not credit-impaired**	**Stage 3 Lifetime ECL - credit-impaired**	**Credit-impaired assets on initial recognition**	**Total**
Balance at 1 January	**2,551,175,867**	**637,402,865**	**137,387,072**	**14,853,337**	**3,340,819,141**
Recognised as a result of business combination	351,697,321	59,743,125	299,218,978	3,785,835	714,445,259
Transfer to Stage 1	130,679,290	(120,602,587)	(10,076,703)	-	-
Transfer to Stage 2	(502,868,101)	535,832,967	(32,964,866)	-	-
Transfer to Stage 3	(2,457,637)	(238,568,412)	241,026,049	-	-
New financial assets originated or purchased*	1,611,679,034	143,192,442	67,988,160	-	1,822,859,636
Financial assets that have been derecognised	(160,904,100)	(58,023,953)	(44,166,916)	(2,513,772)	(265,608,741)
Amortisation of discount on present value of ECLs	-	-	7,079,281	-	7,079,281
Other changes**	(638,528,508)	(126,311,618)	(98,867,134)	(110,543)	(863,817,803)
Effect of changes in foreign exchange rates	19,788,620	354,557	959,750	569	21,103,496
Balance at 31 December	**3,360,261,786**	**833,019,386**	**567,583,671**	**16,015,426**	**4,776,880,269**

*The movement comprise new financial assets created during the year including transfer of the loans from stage to stage

**The movement comprise, mainly, repayments and accrual of interest income

Movement in loss allowance for loans for the years ended 31 December 2022 and 2021 is as follows:

	2022				
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL - not credit-impaired**	**Stage 3 Lifetime ECL - credit-impaired**	**Credit-impaired assets on initial recognition**	**Total**
Balance at 1 January	**21,094,770**	**46,495,760**	**235,054,154**	**4,893,719**	**307,538,403**
Transfer to Stage 1	9,054,505	(7,591,875)	(1,462,630)	-	-
Transfer to Stage 2	(1,178,985)	4,724,046	(3,545,061)	-	-
Transfer to Stage 3	(2,221,317)	(2,665,875)	4,887,192	-	-
Net charge of loss allowance	(887,442)	13,720,086	84,410,166	(5,696,254)	91,546,556
New financial assets originated or purchased	15,570,387	2,060,208	-	6,837	17,637,432
Amortisation of discount on present value of ECLs	-	-	6,547,437	-	6,547,437
Effect of changes in foreign exchange rates	309,430	55,030	1,711,443	(922)	2,074,981
Other changes	(481,868)	(29,864)	716,118	2,171,368	2,397,890
Balance at 31 December	**41,259,479**	**56,767,516**	**328,318,820**	**1,374,748**	**427,720,564**

(In thousands of Kazakhstani Tenge)	2021 Stage 1 12-month ECL	Stage 2 Lifetime ECL - not credit-impaired	Stage 3 Lifetime ECL - credit-impaired	Credit-impaired assets on initial recognition	Total
Balance at 1 January	**22,937,456**	**27,951,544**	**70,288,313**	**3,952,789**	**125,130,102**
Recognised as a result of business combination	4,211,464	6,430,196	112,710,756	1,598,288	124,950,704
Transfer to Stage 1	4,057,496	(2,788,120)	(1,269,376)	-	-
Transfer to Stage 2	(278,464)	2,579,255	(2,300,791)	-	-
Transfer to Stage 3	(522,356)	(10,619,854)	11,142,210	-	-
New financial assets originated or purchased	7,507,504	1,255,769	15,093,901	-	23,857,174
Net (recovery)/charge of loss allowance	(16,616,581)	23,529,369	40,504,488	(6,472,824)	40,944,452
(Write-off)/recovery	-	-	(17,734,065)	6,040,904	(11,693,161)
Amortisation of discount on present value of ECLs	-	-	7,007,662	-	7,007,662
Effect of changes in foreign exchange rates	230,649	35,223	473,492	-	739,364
Other changes	(432,398)	(1,877,622)	(862,436)	(225,438)	(3,397,894)
Balance at 31 December	**21,094,770**	**46,495,760**	**235,054,154**	**4,893,719**	**307,538,403**

Analysis of collateral

The following tables provide information on collateral and other credit enhancements securing loans to corporate customers and loans issued to agribusiness companies, net of loss allowance, by types of collateral:

(*In thousands of Kazakhstani Tenge*) **31 December 2022**	**Carrying amount of loans to customers**	**Fair value of collateral: for collateral assessed as of reporting date**	**Fair value of collateral - for collateral assessed before reporting date**
Stage 1 **12-month expected credit losses**			
Cash and deposits	17,101,755	17,101,755	-
Government guarantees	19,239,459	19,239,459	-
Bank guarantees and guarantees received from legal entities (rated from B- to BBB+)	300,973,851	-	-
Bank guarantees and guarantees received from legal entities (not rated)	345,216,582	-	-
Land plots	42,182,989	2,551,327	39,631,662
Vehicles	96,630,064	25,986,698	70,643,366
Real estate	508,529,612	181,467,006	327,062,606
Equipment	69,762,238	47,921,261	21,840,977
Equity shares	218,488,574	-	218,488,574
Goods in turnover	32,903,604	17,124,324	15,779,280
Insurance contracts	78,966,792	-	-
Other collateral	35,955,454	30,513,819	5,441,635
No collateral or other credit enhancement	144,778,248	-	-
Future assets	271,030,756	43,411,174	227,619,582
Total Stage 1 (12-month expected credit losses)	**2,181,759,978**	**385,316,823**	**926,507,682**
Stage 2 (Lifetime expected credit losses on assets not credit-impaired)			
Cash and deposits	1,953,839	1,953,839	-
Bank guarantees and guarantees received from legal entities (not rated)	11,837,710	-	-
Land plots	4,186,234	-	4,186,234
Vehicles	11,388,027	925,665	10,462,362
Real estate	80,359,465	17,843,363	62,516,102
Equipment	12,281,816	1,269,913	11,011,903
Goods in turnover	3,221,791	-	3,221,791
Other collateral	2,032,900	102,952	1,929,948
No collateral or other credit enhancement	3,461,700	-	-
Total Stage 2 (Lifetime expected credit losses on assets not credit-impaired)	**130,723,482**	**22,095,732**	**93,328,340**

(*In thousands of Kazakhstani Tenge*) **31 December 2022**	**Carrying amount of loans to customers**	**Fair value of collateral: for collateral assessed as of reporting date**	**Fair value of collateral - for collateral assessed before reporting date**
Stage 3 (Lifetime expected credit losses on credit-impaired assets)			
Cash and deposits	802,789	802,789	-
Bank guarantees and guarantees received from legal entities (rated from B- to BBB+)	39,647,120	-	-
Bank guarantees and guarantees received from legal entities (not rated)	1,881,690	-	-
Land plots	18,722,237	-	18,722,237
Vehicles	5,269,659	97,754	5,171,905
Real estate	76,164,445	6,855,307	69,309,138
Equipment	5,829,372	1,987,594	3,841,778
Goods in turnover	7,451,183	-	7,451,183
Insurance contracts	1,090,786	-	-
No collateral or other credit enhancement	4,176,674	-	-
Total Stage 3 (Lifetime expected credit losses on credit-impaired assets)	**161,035,955**	**9,743,444**	**104,496,241**
POCI-assets			
Cash and deposits	34,622	34,622	-
Bank guarantees and guarantees received from legal entities (rated from B- to BBB+)	10,319	-	-
Bank guarantees and guarantees received from legal entities (not rated)	1,092,885	-	-
Land plots	6,033,621	399,351	5,634,270
Vehicles	6,862,248	4,647,331	2,214,917
Real estate	36,431,545	14,565,919	21,865,626
Equipment	2,614,521	1,100,463	1,514,058
Equity shares	200	200	-
Goods in turnover	838,206	16,747	821,459
Other collateral	3,262,487	-	3,262,487
No collateral or other credit enhancement	20,239	-	-
Total POCI-assets	**57,200,893**	**20,764,633**	**35,312,817**

(in thousands of Kazakhstani Tenge) **31 December 2021**	**Carrying amount of loans to customers**	**Fair value of collateral: for collateral assessed as of reporting date**	**Fair value of collateral - for collateral assessed before reporting date**
Stage 1			
12-month expected credit losses			
Cash and deposits	5,744,779	5,744,779	-
Government guarantees	45,568,329	45,568,329	-
Bank guarantees and guarantees received from legal entities (rated from B- to BBB+)	421,228,167	-	-
Bank guarantees and guarantees received from legal entities (not rated)	331,240,766	-	-
Land plots	20,319,463	15,304,513	5,014,950
Vehicles	31,453,172	6,328,961	25,124,211
Real estate	536,049,161	339,244,847	196,804,314
Equipment	14,281,586	1,427,189	12,854,397
Equity shares	159,580,164	9,516,812	150,063,352
Goods in turnover	5,213,176	4,841,036	372,140
Other collateral	3,079,543	907,773	2,171,770
No collateral or other credit enhancement	8,926,116	-	-
Future assets	314,225,097	43,173,401	271,051,696
Total Stage 1 (12-month expected credit losses)	**1,896,909,519**	**472,057,640**	**663,456,830**
Stage 2			
(Lifetime expected credit losses on assets not credit-impaired)			
Cash and deposits	131,823	131,823	-
Bank guarantees and guarantees received from legal entities (rated from B- to BBB+)	18,888,549	-	-
Bank guarantees and guarantees received from legal entities (rated from C- to CCC+)	4,112	-	4,112
Bank guarantees and guarantees received from legal entities (not rated)	24,200,000	-	-
Vehicles	190,795	72,302	118,493
Real estate	90,746,430	34,265,751	56,480,679
Equipment	28,608,400	337,103	28,271,297
Equity shares	5,014,945	-	5,014,945
Other collateral	672,162	657,778	14,384
No collateral or other credit enhancement	46,477	-	-
Future assets	9,465	9,465	-
Total Stage 2 (Lifetime expected credit losses on assets not credit-impaired)	**168,513,158**	**35,474,222**	**89,903,910**

(in thousands of Kazakhstani Tenge) **31 December 2021**	**Carrying amount of loans to customers**	**Fair value of collateral: for collateral assessed as of reporting date**	**Fair value of collateral - for collateral assessed before reporting date**
Stage 3 (Lifetime expected credit losses on credit-impaired assets)			
Cash and deposits	3,114,241	3,114,241	-
Bank guarantees and guarantees received from legal entities (rated from B- to BBB+)	43,681,856	-	-
Bank guarantees and guarantees received from legal entities (not rated)	234	-	234
Land plots	23,063,819	18,912,631	4,151,188
Vehicles	3,642,567	1,560,545	2,082,022
Real estate	241,142,746	142,522,026	98,620,720
Equipment	1,528,795	520,800	1,007,995
Equity shares	591,329	591,329	-
Goods in turnover	3	3	-
Other collateral	6,827,505	6,384,822	442,683
No collateral or other credit enhancement	190,553	-	-
Future assets	83	48	35
Total Stage 3 (Lifetime expected credit losses on credit-impaired assets)	**323,783,731**	**173,606,445**	**106,304,877**
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	9,020,098	1,797,729	7,222,369
No collateral or other credit enhancement	250,891	-	-
Total POCI-assets	**11,038,985**	**1,797,729**	**7,512,756**

The tables above are presented excluding overcollateralisation.

For loans secured by multiple types of collateral, collateral that is most relevant for assessment of 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 credit-unimpaired loans to corporate customers is primarily dependent on the creditworthiness of the borrowers rather than the value of collateral, and the Holding does not necessarily update the valuation of collateral as at each reporting date.

For mortgage loans with recourse to the seller the commercial banks-partners are responsible for monitoring of collateral on a periodic basis according to the requirements of the NBRK. The recoverability of these loans is primarily dependent on the creditworthiness of the borrowers and commercial banks-partners rather than the value of collateral, and the current value of the collateral does not impact the impairment assessment.

The fair value of residential real estate collateral on mortgage loans at the end of the reporting period was estimated by indexing the values determined by the Holding subsidiaries' internal credit department staff at the time of loan inception for the average changes in residential real estate prices by city and region. The Holding may also obtain a specific individual valuation of collateral at each reporting date. The fair value of other real estate and other assets was determined by the Holding subsidiaries' credit department by considering the condition and location of the assets accepted as collateral.

The fair value of collateral exceeded the carrying amount less impairment allowance by mortgage loans as at 31 December 2022 and 2021.

Economic sector risk concentrations within the loan portfolio are as follows:

	31 December 2022		31 December 2021	
(In thousands of Kazakhstani Tenge)	**Amount**	**%**	**Amount**	**%**
Loans to corporate customers				
Agro-industrial complex	897,833,943	12.91	776,240,328	15.49
Mining, metallurgical industry and mineral resources	813,416,607	11.69	715,116,160	14.27
Oil and gas industry	451,313,202	6.49	501,167,496	10.00
Food processing	200,841,219	2.89	108,112,474	2.16
Power energy and electricity distribution	178,963,568	2.57	269,517,056	5.38
Real estate	155,858,201	2.24	118,054,060	2.36
Transport and warehousing	135,377,145	1.95	105,190,287	2.10
Machinery manufacturing	127,809,552	1.84	112,466,596	2.24
Wholesale and retail trade	100,623,678	1.45	493,802	0.01
Construction	88,675,859	1.27	38,054,385	0.76
The arts, entertainment and leisure industry	65,346,926	0.94	66,935,223	1.34
Chemical industry	44,561,983	0.64	49,003,705	0.98
Telecommunications	42,888,305	0.62	53,091,827	1.06
Other sectors of processing industry	23,716,594	0.34	13,403,959	0.27
Education	10,093,569	0.15	181,146	0.00
Other	51,949,459	0.74	640,438	0.00
Loans to retail customers				
Mortgage loans	3,226,757,622	46.38	2,083,943,006	41.58
Consumer loans	215,035,905	3.09	-	0.00
Auto loans	125,526,105	1.80	-	0.00
Gross loans to customers	**6,956,589,442**	**100.00**	**5,011,611,948**	**100.00**
Less: impairment allowance	(444,618,554)		(307,538,403)	
Total loans to customers	**6,511,970,888**		**4,704,073,545**	

Repossessed collateral The Holding obtained certain assets by taking possession of collateral for loans to corporate customers and mortgage loans. As at 31 December 2022 the carrying amount of such assets was Tenge 8,797,783 thousand (31 December 2021: Tenge 4,616,453 thousand).

The Holding's policy is to sell these assets as soon as practicable, except for investment property.

Significant credit exposures. As at 31 December 2022, the Group Holding has 3 borrowers (31 December 2021: 3 borrowers) with the total amount issued to each borrower in excess of 10% of capital of the Holding. The net value of these loans was Tenge 880,509,275 thousand (31 December 2021: Tenge 916,857,303 thousand) or 13.52% of loan portfolio less impairment allowance (31 December 2021: 19.49%). The outstanding debt of entities guaranteed by the state, subsidiaries of government entities or large commercial corporations listed on international stock markets or with a high-credit ratings comprised Tenge 359,860,430 thousand (31 December 2021: Tenge 485,685,045 thousand).

Refer to Note 37 for the estimated fair value of each class of loans to customers. Interest rate analysis of loans to customers is disclosed in Note 31. Information on related party transactions is disclosed in Note 39.

11 Investment securities

(In thousands of Kazakhstani Tenge)	**31 December 2022**	**31 December 2021**
Investment securities measured at amortised cost	966,886,092	1,018,623,564
Investment securities measured at fair value through other comprehensive income	468,810,121	687,290,695
Investment securities measured at fair value through profit or loss	20,862,935	19,813,223
Total investment securities	**1,456,559,148**	**1,725,727,482**

Information on credit quality of securities portfolio is disclosed in Note 5.

Investment securities measured at amortised cost

(In thousands of Kazakhstani Tenge)	**31 December 2022**	**31 December 2021**
Bonds of regional authorities	811,205,688	857,766,789
Bonds of the Ministry of Finance of the Republic of Kazakhstan	65,011,794	47,515,107
Bonds of Kazakhstani banks (POCI-asset)	41,302,242	36,390,696
Corporate bonds	30,737,985	22,272,948
Bonds of Kazakhstani banks	10,968,793	10,976,273
Bonds of NWF “Samruk-Kazyna” JSC	8,050,779	7,502,150
Bonds of foreign banks and financial institutions	4,169,410	7,698,141
NBRK notes	-	32,956,589
Investment securities measured at amortised cost before impairment allowance	**971,446,691**	**1,023,078,693**
Less: impairment allowance	(4,560,599)	(4,455,129)
Total investment securities measured at amortised cost	**966,886,092**	**1,018,623,564**

Bonds of regional authorities. During 2022 the Holding purchased 176,415,442 bonds issued by the regional authorities at the value of Tenge 1,000 per one bond, which mature in 2024. Bond coupon rate is 0.35% and 4.25% p.a. Bonds were recognised at fair value of Tenge 147,678,217 thousand calculated using the market interest rates ranging from 10.83% to 14.78%. Loss from discount on initial recognition was Tenge 28,737,225 thousand and was recognised in other operating expenses in the consolidated statement of profit or loss and other comprehensive income (Note 27). During reporting year ended 31 December 2022, regional authorities repaid bonds in the amount of Tenge 231,793,390 thousand. The discount recalculated due to the partial/full early redemption of bonds of the regional authorities for the amount of Tenge 33,231,316 thousand amounted to Tenge 1,520,389 thousand and was recognised as government grants (Note 20). Loss from discount on difference between the nominal value and fair value of the acquired bonds of regional authorities in the amount of Tenge 28,737,225 thousand was partially compensated through decrease in the liability for government grant of Tenge 24,409,037 thousand received to purchase these bonds (Note 20).

During 2021 the Holding purchased 258,260,312 bonds issued by the regional authorities at the value of Tenge 1,000 per one bond, which mature in 2023, 2031-2032. The bonds bear a coupon rate of 4.25% p.a., 6.10% p.a. and 7.10% p.a. Bonds were recognised at fair value of Tenge 221,995,410 thousand measured using a market rate of 9.34%-11.41% p.a. Loss from discount on difference between the nominal value and fair value in the amount of Tenge 36,264,902 thousand was compensated through decrease in the liability for government grant of Tenge 36,877,285 thousand received to purchase these bonds (Note 20). During 2021 regional authorities repaid or repurchased bonds for the amount of Tenge 201,451,218 thousand. The discount was recalculated due to the partial/full early redemption of bonds of the regional authorities in the amount of Tenge 2,607,192 thousand and was recognised as government grants (Note 20).

Corporate bonds: Corporate bonds represent interest-bearing securities issued by local companies. These securities are in free circulation on Kazakhstan Stock Exchange, except for some bonds, which are included in the “buffer category” in accordance with KASE requirements due to non-compliance with listing requirements.

Investment securities measured at fair value through other comprehensive income

(In thousands of Kazakhstani Tenge)	**31 December 2022**	**31 December 2021**
Bonds of other states	375,083,760	509,725,611
Bonds of the Ministry of Finance of the Republic of Kazakhstan	62,371,289	89,844,520
Bonds of banks from OECD countries	12,524,290	35,118,724
Bonds of NWF “Samruk-Kazyna” JSC	10,845,528	11,763,885
Corporate bonds	4,752,620	8,857,113
Bonds of regional authorities	2,647,022	2,893,619
Bonds of Kazakhstani banks	534,189	1,543,325
NBRK notes	49,676	27,542,151
Total debt investment securities measured at fair value through other comprehensive income	**468,808,374**	**687,288,948**
Corporate shares	1,747	1,747
Total debt investment securities measured at fair value through other comprehensive income	**468,810,121**	**687,290,695**

Investment securities measured at fair value through profit or loss

(In thousands of Kazakhstani Tenge)	31 December 2022	31 December 2021
Corporate bonds	17,807,978	16,023,411
Bonds of Kazakhstani banks	2,980,818	2,855,001
Bonds of the Ministry of Finance of the Republic of Kazakhstan	74,139	934,811
Total investment securities measured at fair value through profit or loss	**20,862,935**	**19,813,223**

During 2022 the Holding 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 Holding recognised net expense of Tenge 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 15).

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

	2022				
(In thousands of Kazakhstani Tenge)	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	POCI	Total
Balance at 1 January	**1,536,012**	**-**	**1,117,796**	**1,801,321**	**4,455,129**
Transfer from Stage 1 to Stage 2	(379,064)	379,064	-	-	-
Impairment allowance (recovery)/charge during the year (Note 28)	(643,377)	700,000	-	61,942	118,565
Other	(13,095)	-	-	-	(13,095)
Balance at 31 December	**500,476**	**1,079,064**	**1,117,796**	**1,863,263**	**4,560,599**

	2021				
(In thousands of Kazakhstani Tenge)	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	POCI	Total
Balance at 1 January	**2,131,970**	**-**	**2,102,726**	**1,408,406**	**5,643,102**
Recognised as a result of merger	181	-	144,845	751,675	896,701
Impairment allowance recovery during the year (Note 28)	(596,139)	-	(80,001)	(358,760)	(1,034,900)
Assets written off as bad assets during the year	-	-	(1,049,774)	-	(1,049,774)
Balance at 31 December	**1,536,012**	**-**	**1,117,796**	**1,801,321**	**4,455,129**

Interest rate analysis of debt investment securities is disclosed in Note 31. Information on debt investment securities available for sale to related parties is disclosed in Note 39.

12 Finance lease receivables

The components of net investments in finance lease as at 31 December 2022 and 2021 are as follows:

(In thousands of Kazakhstani Tenge)	31 December 2022	31 December 2021
Less than 1 year	240,662,693	226,964,460
From 1 to 2 years	208,449,216	169,853,049
From 2 to 3 years	209,777,420	168,182,460
From 3 to 4 years	192,134,351	153,921,568
From 4 to 5 years	156,388,854	153,085,536
More than 5 years	645,317,314	556,024,743
Minimum lease payments	**1,652,729,848**	**1,428,031,816**
Less unearned finance income		
Less than 1 year	(39,655,887)	(40,621,962)
From 1 year to 5 years	(253,580,362)	(203,846,782)
More than 5 years	(227,635,932)	(191,318,141)
Less unearned finance income, total	**(520,872,181)**	**(435,786,885)**
Loss allowance	(59,208,390)	(63,585,829)
Net investments in finance lease	**1,072,649,277**	**928,659,102**
Embedded financial derivative instrument measured at fair value through profit or loss	-	1,267,117
Finance lease receivables	**1,072,649,277**	**929,926,219**

As at 31 December 2022 the Holding has 7 lessees or 3 groups of related lessees whose balances make over 21% of total carrying amount of the finance lease receivables. As at 31 December 2022 the total carrying amount of receivables from these lessees is Tenge 223,751,928 thousand (31 December 2021: Tenge 199,034,371 thousand). Up to 93% 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 Tenge 209,016,607 thousand (31 December 2021: Tenge 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 by KTZh are categorised into Stage 1 for the purpose of estimate of expected credit losses. As at 31 December 2022 KTZh has no overdue debt.

(In thousands of Kazakhstani Tenge)	31 December 2022	31 December 2021
Finance leases to large corporates	282,529,032	239,065,085
Leases to small- and medium-sized companies	260,746,690	233,370,310
Leases to individuals	149,460,744	159,223,509
Leases to agro-industrial entities	439,121,201	360,586,027
Loss allowance	(59,208,390)	(63,585,829)
Net investments in finance lease	**1,072,649,277**	**928,659,102**
Embedded financial derivative instrument measured at fair value through profit or loss	-	1,267,117
Finance lease receivables	**1,072,649,277**	**929,926,219**

Key assumptions and judgments used in estimation of loss allowance for finance lease receivables

The significant assumptions used by management in determining loss allowance for finance lease receivables of corporate customers include:

- 12-month PD for lessees allocated to Stage 1 of credit quality ranges from 0.5% to 51.9%; Lifetime PD allocated to Stage 2 of credit quality ranged from 8.7% to 79.39%;
- LGD value for lessees allocated to Stage 1 and Stage 2 is 22% in average.

Significant assumptions used by management to estimate the amount of loss allowance for finance lease receivables to the enterprises operating in agro-industrial complex includes the following:

- PD value related to finance lease receivables allocated to Stage 1 of credit quality varied from 4.48% to 25.92%, and for those allocated to Stage 2 - from 24.62% to 74.1%, depending on the segment and number of years to maturity of the loan;
- LGD value for finance lease receivables allocated to Stage 1 is 13% in average, for those allocated to Stage 2 is 14% in average and for those allocated to Stage 3 is 14% in average.

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

	2022				
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**POCI**	**Total**
Balance at 1 January	**14,029,256**	**6,389,775**	**43,166,798**	**-**	**63,585,829**
Transfer to Stage 1	3,744,835	(3,504,584)	(240,251)	-	-
Transfer to Stage 2	(1,555,766)	3,762,641	(2,206,875)	-	-
Transfer to Stage 3	(68,045)	(1,847,082)	1,915,127	-	-
Impairment loss (recovery)/charge during the year	(7,396,068)	(2,125,620)	5,199,864	10,975	(4,310,849)
Recovery of previously written-off amounts	-	-	1,083	-	1,083
Write-off	-	-	(103,881)	-	(103,881)
Other changes	-	-	36,208	-	36,208
Balance at 31 December	**8,754,212**	**2,675,130**	**47,768,073**	**10,975**	**59,208,390**

	2021				
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**POCI**	**Total**
Balance at 1 January	**5,918,806**	**6,031,644**	**11,799,397**	**-**	**23,749,847**
Recognised as a result of merger	4,586,117	2,104,616	25,651,554	-	32,342,287
Transfer to Stage 1	2,922,862	(2,895,838)	(27,024)	-	-
Transfer to Stage 2	(953,926)	3,477,378	(2,523,452)	-	-
Transfer to Stage 3	(59,467)	(3,120,511)	3,179,978	-	-
Impairment allowance charge during the year	1,614,944	792,729	7,193,097	-	9,600,770
Write-off	-	-	(1,475,715)	-	(1,475,715)
Other changes	(80)	(243)	(631,037)	-	(631,360)
Balance at 31 December	**14,029,256**	**6,389,775**	**43,166,798**	**-**	**63,585,829**

Analysis of movements in gross carrying amount of corporate customers finance lease receivables

Increase in financing of lease transactions for 2022 caused increase in gross carrying amount of lease portfolio for the total amount of Tenge 172,729,274 thousand and appropriate increase in loss allowance for the portfolio by Tenge 14,593,098 thousand, including by stages:

- Stage 1: increase in gross carrying amount of lease portfolio by Tenge 142,526,716 thousand and increase in allowance for expected credit losses for the portfolio by Tenge 4,036,149 thousand;
- Stage 2: increase in gross carrying amount of lease portfolio by Tenge 9,544,727 thousand resulted in increase in allowance for expected credit losses by Tenge 638,752 thousand;
- Stage 3: increase in gross carrying amount of lease portfolio by Tenge 20,657,831 thousand and increase in allowance for expected credit losses by Tenge 9,918,197 thousand.

Decrease in the receivables of gross carrying amount of Tenge 103,193,120 thousand resulted in decrease in allowance for expected credit losses for the portfolio by Tenge 12,921,109 thousand, including by stages:

- Stage 1: decrease in gross carrying amount of lease portfolio by Tenge 58,292,168 thousand and decrease in allowance for expected credit losses by Tenge 1,165,843 thousand;
- Stage 2: decrease in gross carrying amount of lease portfolio by Tenge 38,597,070 thousand and decrease in allowance for expected credit losses by Tenge 1,741,951 thousand;
- Stage 3: decrease in gross carrying amount of lease portfolio by Tenge 6,303,882 thousand and decrease in allowance for expected credit losses by Tenge 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 Tenge 214,501,267 thousand and appropriate increase in loss allowance for the portfolio by Tenge 9,057,210 thousand, including by stages:

- Stage 1: increase in gross carrying amount of lease portfolio for Tenge 161,526,162 thousand and increase in allowance for expected credit losses for the portfolio by Tenge 3,563,551 thousand;

- Stage 2: increase in gross carrying amount of lease portfolio by Tenge 42,874,113 thousand resulted in increase in allowance for expected credit losses by Tenge 1,977,970 thousand;
- Stage 3: increase in gross carrying amount of lease portfolio by Tenge 10,100,992 thousand and increase in allowance for expected credit losses by Tenge 3,515,689 thousand.

Decrease in the receivables of gross carrying amount of Tenge 87,718,929 thousand resulted in decrease in allowance for expected credit losses for the portfolio by Tenge 5,868,841 thousand, including by stages:

- Stage 1: decrease in gross carrying amount of lease portfolio by Tenge 35,111,468 thousand and decrease in allowance for expected credit losses by Tenge 1,146,169 thousand;
- Stage 2: decrease in gross carrying amount of lease portfolio by Tenge 44,788,553 thousand and decrease in allowance for expected credit losses by Tenge 2,968,702 thousand;
- Stage 3: decrease in gross carrying amount of lease portfolio by Tenge 7,818,908 thousand and decrease in allowance for expected credit losses by Tenge 1,753,970 thousand.

Analysis of movements in gross carrying amount of finance lease receivables to agro-industrial entities

Increase in financing of leasing operations for 2022 has caused growth of the portfolio gross carrying amount by the total amount of Tenge 142,197,592 thousand and respective increase in the portfolio loss allowance by Tenge 2,551,745 thousand.

Repayment of finance lease receivables of stage 3 in the amount of Tenge 4,648,523 thousand resulted in a decrease of Tenge 2,224,840 thousand in the allowance for expected credit losses.

Transfer of finance lease receivables to Stage 3 in the amount of Tenge 8,626,791 thousand resulted in an increase of Tenge 1,618,032 thousand in the allowance for expected credit losses.

Transfer of finance lease receivables from Stage 3 to Stage 2 in the amount of Tenge 1,491,094 thousand resulted in a decrease of Tenge 380,619 thousand in the allowance for expected credit losses.

Transfer of finance lease receivables from Stage 1 to Stage 2 in the amount of Tenge 3,150,900 thousand resulted in an increase of Tenge 149,772 thousand in the allowance for expected credit losses.

Increase in financing of leasing operations for 2021 has caused growth of the portfolio gross carrying amount by the total amount of Tenge 119,633,899 thousand and respective increase in the portfolio loss allowance by Tenge 2,904,809 thousand.

Repayment of finance lease receivables of stage 3 in the amount of Tenge 5,165,704 thousand resulted in a decrease of Tenge 1,683,792 thousand in the allowance for expected credit losses.

Transfer of finance lease receivables to Stage 3 in the amount of Tenge 14,853,222 thousand resulted in an increase of Tenge 1,799,473 thousand in the allowance for expected credit losses.

Transfer of finance lease receivables from Stage 3 to Stage 2 in the amount of Tenge 6,869,203 thousand resulted in a decrease of Tenge 454,788 thousand in the allowance for expected credit losses.

Transfer of finance lease receivables from Stage 1 to Stage 2 in the amount of Tenge 30,648,615 thousand resulted in an increase of Tenge 1,911,360 thousand in the allowance for expected credit losses.

Credit quality of finance lease portfolio

The following table provides information on the credit quality of the finance lease portfolio as at 31 December 2022 and 31 December 2021:

(In thousands of Kazakhstani Tenge)	**Stage 1 12-month expected credit losses**	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**POCI**	**Total**
Finance lease receivables					
Not overdue	956,432,664	25,702,272	37,113,540	27,048	1,019,275,524
- overdue less than 30 days	12,725,579	3,953,782	3,936,206	-	20,615,567
- overdue for more than 30 days and less than 90 days	-	18,466,173	5,714,675	-	24,180,848
- overdue for more than 90 days and less than 360 days	-	-	31,450,542	-	31,450,542
- overdue more than 1 year	-	-	36,335,186	-	36,335,186
Gross finance lease	**969,158,243**	**48,122,227**	**114,550,149**	**27,048**	**1,131,857,667**
Loss allowance	(8,754,212)	(2,675,130)	(47,768,073)	(10,975)	(59,208,390)
Total finance leases	**960,404,031**	**45,447,097**	**66,782,076**	**16,073**	**1,072,649,277**

(In thousands of Kazakhstani Tenge)	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	FVTPL (embedded financial derivative instrument)	Total
Finance lease receivables					
Not overdue	768,919,857	67,233,557	44,695,402	1,267,117	882,115,933
- overdue less than 30 days	11,525,478	4,119,412	7,941,388	-	23,586,278
- overdue for more than 30 days and less than 90 days	27,261,196	9,682,007	6,312,919	-	43,256,122
- overdue for more than 90 days and less than 360 days	-	-	12,391,868	-	12,391,868
- overdue more than 1 year	-	-	32,161,847	-	32,161,847
Gross finance lease	**807,706,531**	**81,034,976**	**103,503,424**	**1,267,117**	**993,512,048**
Loss allowance	(14,029,256)	(6,389,775)	(43,166,798)	-	(63,585,829)
Total finance leases	**793,677,275**	**74,645,201**	**60,336,626**	**1,267,117**	**929,926,219**

As at 31 December 2022, all projects overdue from 30 days to 90 days were classified to Stage 2, overdue for more 90 days - to Stage 3.

As at 31 December 2021, finance lease receivables at Stage 1 overdue 30-89 days, in the amount of Tenge 25,302,312 thousand were represented by a leasing transaction of KTZ Express JSC (“Transaction 2”), the delay of which occurred because of the technical reasons - due to the lengthy process of approval of reimbursement of additional expenses included in the total amount of accounts receivable in the amount of Tenge 259 thousand. Except for these expenses, the amount of receivables from KTZ Express JSC is not overdue.

As at 31 December 2021, all projects overdue more than 90 days were classified to Stage 3.

Analysis of collateral. The following tables provides information on collateral, leased assets and other credit enhancements related to finance lease receivables (net of loss allowance and excluding embedded financial derivative instrument) as at 31 December 2022, by types of collateral:

(In thousands of Kazakhstani Tenge)	Finance lease receivables, carrying amount	Fair value of collateral - for collateral assessed as of reporting date
Lease under which ECL are measured on the basis of 12-month ECL:		
Real estate	134,618,879	134,618,879
Vehicles	672,814,110	672,814,110
Equipment	90,000,639	90,000,639
Other assets	530,260	530,260
Guarantees from legal entities (rated from BB- to BBB-)	58,233,342	-
No collateral or other credit enhancement	4,206,801	-
Total lease under which ECL are measured on the basis of 12-month ECL:	**960,404,031**	**897,963,888**
Lease under which ECL are measured on the basis of lifetime ECL for not credit-impaired assets:		
Real estate	11,141,233	11,141,233
Vehicles	28,851,962	28,851,962
Other assets	4,401,121	4,401,121
No collateral or other credit enhancement	1,052,781	-
Lease under which ECL are measured on the basis of lifetime ECL for not credit-impaired assets:	**45,447,097**	**44,394,316**
Lease under which ECL are measured on the basis of lifetime ECL for credit-impaired assets:		
Real estate	18,718,197	18,718,197
Vehicles	25,579,263	25,579,263
Equipment	14,074,859	14,074,859
Other assets	8,409,757	8,409,757
Lease under which ECL are measured on the basis of lifetime ECL for credit-impaired assets:	**66,782,076**	**66,782,076**
Total finance lease receivables	**1,072,633,204**	**1,009,140,280**

The following table provides information on collateral, leased assets and other credit enhancements securing finance lease receivables, net of impairment allowance, by types of collateral as at 31 December 2021:

(In thousands of Kazakhstani Tenge)	**Finance lease receivables, carrying amount**	**Fair value of collateral - for collateral assessed as of reporting date**
Lease under which ECL are measured on the basis of 12-month ECL:		
Real estate	135,822,773	135,822,773
Vehicles	545,706,273	545,706,273
Equipment	57,226,804	57,226,804
Other assets	3,427,823	3,427,823
Guarantees from legal entities (rated from BB- to BBB-)	48,011,473	-
No collateral or other credit enhancement	3,482,129	-
Total lease under which ECL are measured on the basis of 12-month ECL:	**793,677,275**	**742,183,673**
Lease under which ECL are measured on the basis of lifetime ECL for not credit-impaired assets:		
Real estate	18,810,537	18,810,537
Vehicles	41,577,837	41,577,837
Equipment	14,023,588	14,023,588
Other assets	233,239	233,204
Lease under which ECL are measured on the basis of lifetime ECL for not credit-impaired assets:	**74,645,201**	**74,645,166**
Lease under which ECL are measured on the basis of lifetime ECL for credit-impaired assets:		
Real estate	15,754,124	15,754,124
Vehicles	18,245,267	18,245,267
Equipment	19,377,453	19,377,453
Other assets	6,959,782	6,959,782
Lease under which ECL are measured on the basis of lifetime ECL for credit-impaired assets:	**60,336,626**	**60,336,626**
Total finance lease receivables	**928,659,102**	**877,165,465**

The tables above exclude overcollateralisation.

The Holding has no finance lease receivables, for which the fair value of collateral was assessed at the loan inception date and it was not updated for further changes, and finance lease receivables for which the fair value of collateral is not determined. Information on the valuation of collateral is based on when this estimate was made, if any.

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. Accordingly, such finance lease receivables and unsecured portions of partially secured exposures are presented as lease 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, and the Holding does not necessarily update the valuation of collateral as at each reporting date.

Foreclosed leased assets

During the year ended 31 December 2022, the Holding has foreclosed the leased items in the amount of Tenge 1,174,387 thousand (2021: Tenge 5,137,282 thousand).

13 Other assets

(In thousands of Kazakhstani Tenge)	31 December 2022	31 December 2021
Advances for equipment to be transferred under finance lease agreements	180,825,499	167,055,408
Assets to be transferred under finance lease agreements	12,214,942	12,462,768
Repossessed collateral	9,010,600	4,829,270
Prepayments to suppliers for goods and services	5,861,435	1,219,263
Inventories and consumables	1,909,811	762,811
Foreclosed assets under finance lease	1,370,987	2,610,001
Prepayment of taxes other than income tax	655,231	1,637,590
Construction in progress	188,007	1,012,259
Prepayment for construction in progress	1,081	1,081
Other	5,993,829	1,869,639
Other assets before impairment allowance	**218,031,422**	**193,460,090**
Less: impairment allowance	(4,301,545)	(2,561,222)
Total other assets	**213,729,877**	**190,898,868**

Advances for equipment to be transferred under finance lease agreements The sum of advances for equipment to be transferred under finance lease agreements comprises the advances paid to suppliers in the amount of Tenge 99,244,627 thousand (2021: Tenge 103,022,524 thousand), and cash deposited under irrevocable letters of credit in the amount of Tenge 81,580,872 thousand (2021: Tenge 63,543,737 thousand).

Movements in the impairment allowance of other financial assets during 2022 and 2021 are as follows:

(In thousands of Kazakhstani Tenge)	2022	2021
Balance at 1 January	**2,561,222**	**2,324,604**
Recognised as a result of acquisition of Bereke Bank JSC	2,249,495	-
Recognised as a result of merger	-	932,329
Net (charge)/recovery of impairment allowance	(381,772)	913,192
Amounts written off as bad assets during the year	(408,518)	(933,018)
Other	281,118	(675,885)
Impairment allowance at 31 December	**4,301,545**	**2,561,222**

14 Customer accounts

(In thousands of Kazakhstani Tenge)	31 December 2022	31 December 2021
State and public organisations		
- Term deposits	426,491,464	-
- Current accounts	10,590,214	143,830
- Advances received as collateral for customer commitments	1,402,553	-
Other legal entities		
- Term deposits	158,205,608	-
- Current accounts	46,765,835	25,288,848
- Advances received as collateral for customer commitments	8,969,774	4,802,680
Individuals		
- Deposits	1,203,897,645	808,746,489
- Deposits received as collateral for customer commitments	1,105,339,797	700,746,174
- Current accounts/on demand accounts	88,238,373	248,292,865
Total customer accounts	**3,049,901,263**	**1,788,020,886**

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

15 Debt securities issued

(In thousands of Kazakhstani Tenge)	31 December 2022	31 December 2021
Other Tenge-denominated bonds	3,016,497,642	2,946,234,112
US dollars-denominated Eurobonds	394,403,930	791,518,895
Tenge-denominated Eurobonds	267,330,621	266,785,749
Mortgage bonds	61,320,016	60,893,403
Total debt securities issued	**3,739,552,209**	**4,065,432,159**

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

(In thousands of Kazakhstani Tenge)	Placement date	Maturity date	Nominal value 31 December 2022	Nominal value 31 December 2021	Carrying amount 31 December 2022	Carrying amount 31 December 2021
KZ2C00004547	29.11.2018	29.11.2033	450,000,000	450,000,000	453,875,000	453,875,000
KZ2C0Y20F251	25.03.2016	25.03.2036	202,000,000	202,000,000	81,081,059	75,751,999
KZ2C00006716	25.06.2020	24.06.2030	200,000,000	200,000,000	141,846,880	136,911,044
KZ2C00006724	14.08.2020	14.08.2031	200,000,000	200,000,000	138,406,182	134,241,498
KZ2C00006666	09.04.2020	02.04.2024	180,000,000	180,000,000	168,241,843	158,894,492
KZP01Y20E920	13.03.2015 31.03.2015	13.03.2035	170,000,000	170,000,000	78,883,131	74,125,336
KZ2C00004323	29.06.2018	29.06.2028	120,000,000	120,000,000	125,731,667	125,731,667
KZ2C00004927	18.02.2009	18.02.2041	120,000,000	120,000,000	39,200,568	36,724,621
KZ2C00007847	27.10.2021	27.10.2031	100,000,000	100,000,000	81,607,148	80,291,901
KZ2C00007250	29.12.2020	29.12.2032	100,000,000	100,000,000	74,677,113	73,032,283
KZ2C00006732	21.10.2020	21.10.2032	100,000,000	100,000,000	66,812,169	65,033,178
KZ2C00006740	21.10.2020	21.10.2032	100,000,000	100,000,000	66,812,169	65,033,178
KZ2C0Y20E676	15.04.2014	15.04.2034	100,000,000	100,000,000	49,502,301	46,543,313
KZ2C0Y20E775	10.12.2014	10.12.2034	100,000,000	100,000,000	47,596,721	44,759,860
KZP01Y30E879	21.01.2015 16.02.2015	21.01.2045	92,500,000	92,500,000	22,420,116	21,069,383
KZ2C00006708	09.04.2021	09.04.2041	90,000,000	90,000,000	42,796,189	41,969,086
KZ2C00006690	27.07.2020	27.07.2040	90,000,000	90,000,000	35,238,111	34,448,170
KZ2C0Y15G093	20.12.2018	27.12.2033	77,700,000	77,700,000	81,452,263	81,452,263
KZ2C00003226	20.05.2015	20.05.2025	74,337,634	74,337,634	74,998,413	74,998,413
KKZ2C00003580	25.05.2016	25.05.2026	65,000,000	65,000,000	65,891,778	65,894,944
KZ2C00008332	21.12.2021	21.12.2031	55,000,000	55,000,000	58,193,056	55,168,056
KZPO4M87F618	28.12.2018 21.01.2019	12.03.2026	50,295,700	50,295,700	39,033,191	36,067,996
KZ2C00006864	28.07.2020	28.07.2025	50,000,000	50,000,000	52,487,462	52,486,090
KZ2C00007052	11.11.2020	11.11.2030	50,000,000	50,000,000	50,769,028	50,769,028
KZ2C00008217	12.11.2021	12.11.2028	50,000,000	50,000,000	50,763,574	50,763,355
KZ2C00007078	09.12.2020	09.12.2030	50,000,000	50,000,000	50,329,583	50,329,583
KZ2C0Y20E742	30.10.2014	30.10.2034	50,000,000	50,000,000	23,607,346	22,172,285
KZ2C00007383	18.03.2021	19.03.2031	47,000,000	47,000,000	48,450,472	48,392,927
KZ2C00007060	09.12.2020	09.12.2027	45,000,000	45,000,000	45,296,625	45,296,625
KZ2C0Y15F871	25.10.2018	25.10.2033	40,150,000	40,150,000	40,150,736	40,150,736
KZ2C00005916	16.07.2019	16.07.2024	40,000,000	40,000,000	41,875,671	41,876,007
KZ2C00004133	17.07.2019 30.04.2021	17.07.2026	40,000,000	40,000,000	41,537,037	41,466,256
KZ2C00006161	10.10.2019	10.10.2026	39,475,017	39,475,017	40,411,419	40,409,865
KZ2C00008514	28.07.2022	28.07.2029	38,209,780	-	40,600,054	-
KZP02Y20E738	26.03.2015	30.06.2035	38,095,125	38,095,125	11,148,611	10,100,029
KZ2C00003812	23.12.2016	23.12.2031	37,100,000	37,100,000	39,990,708	39,990,708
KZ2C00006922	26.08.2020	26.08.2030	30,496,202	30,496,202	31,583,999	31,586,439
KZ2C00002988	29.12.2014	29.12.2024	30,000,000	30,000,000	31,206,667	31,206,667
KZ2C00006682	09.04.2021	09.04.2041	30,000,000	30,000,000	14,265,396	13,989,695
KZ2C00004190	03.12.2019	03.12.2029	29,500,000	29,500,000	29,723,633	29,724,324
KZ2C00003911	06.06.2017	06.06.2024	28,000,000	28,000,000	28,189,749	28,187,917
KZ2C00007862	20.08.2021	20.08.2028	25,513,687	33,137,942	26,517,606	34,426,498
KZ2C00005908	18.06.2019	18.06.2026	23,484,000	23,484,000	23,559,190	23,558,780
KZP01Y20E730	15.07.2014	15.07.2034	23,000,000	23,000,000	7,204,371	6,524,496
KZP02Y30E877	29.01.2016	29.01.2046	22,500,000	22,500,000	5,519,228	5,203,832
KZP01Y09F615	29.09.2017	29.03.2026	21,100,000	21,100,000	16,046,744	14,751,216
KZ2C00003002	29.12.2014	29.12.2024	20,000,000	20,000,000	20,004,459	20,004,660
KZ2C00006286	07.10.2019	07.10.2039	20,000,000	20,000,000	3,908,257	3,560,815
KZ2C00006765	14.05.2020	14.05.2040	20,000,000	20,000,000	2,097,482	1,859,422
KZ2C00006781	17.06.2020	24.12.2024	16,422,594	20,000,000	16,154,843	19,503,095
KZ2C00003648	01.08.2016	01.08.2026	17,500,000	17,500,000	18,507,342	18,507,801
KZPO3M89F616	16.10.2018	12.03.2026	15,004,300	15,004,300	11,411,587	10,477,739
KZ2C00003713	28.07.2016	28.07.2031	15,000,000	15,000,000	15,947,680	15,948,714
KZP02Y20E928	29.09.2015	29.09.2035	15,000,000	15,000,000	6,656,498	6,250,438
KZ2C0Y20F236	03.02.2016	03.02.2036	15,000,000	15,000,000	6,403,252	6,005,355
KZP03Y20E736	09.03.2016	09.03.2036	15,000,000	15,000,000	5,373,491	4,976,931
KZ2C00006385	24.12.2019	24.12.2024	11,885,802	11,885,802	11,661,811	11,565,964
KZ2C00003747	08.11.2018	08.11.2023	11,421,360	11,421,360	11,615,891	11,602,841
KZPO2M92F612	12.07.2018	12.03.2026	10,600,000	10,600,000	8,229,550	7,603,825
KZ2C00004273	18.06.2020	18.06.2030	10,550,000	10,550,000	12,517,659	12,434,206
KZ2C00006120	27.05.2021	27.05.2026	9,350,000	9,350,000	9,451,551	9,451,552
KZ2C00004000	22.08.2017	22.08.2032	8,836,000	8,836,000	9,181,221	9,181,506
KZ2C00004018	23.08.2017	23.08.2030	8,836,000	8,836,000	9,182,620	9,182,963
KZ2C00004026	24.08.2017	23.08.2028	8,836,000	8,836,000	9,171,341	9,171,530
KZ2C00007045	16.11.2020	16.11.2024	1,316,432	1,316,432	1,117,736	1,026,546
KZ2C00002749	16.07.2014	16.01.2023	1,064,750	1,064,750	1,103,380	1,093,453
KZ2C00008068	15.09.2021	15.09.2026	1,000,000	1,000,000	1,035,039	1,035,039
KZX000000492	13.08.2020	11.08.2023	200,000	200,000	209,139	209,139
KZ2C00002731	20.08.2014	20.02.2023	20,000	20,000	20,618	20,618
KZ2C00003820	22.12.2016	22.12.2026	3,000	3,000	3,218	3,218
KZ2C00003903	31.05.2017	31.05.2022	-	20,000,000	-	20,175,703
			3,968,303,383	**3,961,295,264**	**3,016,497,642**	**2,946,234,112**

Debt securities (KZ2C00004927) issued in 2009 and quoted debt securities (KZ2C00002988, KZP03Y09C287, KZ2C00002731) issued in 2014, debt securities (KZ2C00003226) issued in 2015, (KZ2C00003812) issued in 2016, debt securities (KZ2C00004323, KZ2C00004547, KZ2C00003747) issued in 2018, (KZ2C00006385, KZ2C00006161) issued in 2019, (KZ2C00006781, KZ2C00006922), issued in 2020 were recognised as a result of merging with MNH KazAgro JSC.

In 2022 the Holding issued other Tenge-denominated bonds for the total amount of Tenge 38,272,902 thousand comprising unsecured coupon bonds with nominal value of Tenge 38,272,902 thousand (KZ2C00008514), bearing a coupon rate of 16.85% per annum and maturing in 7 years.

During the year ended 31 December 2022, in accordance with the Programme for Refinancing Mortgage Housing Loans (Mortgage Loans) approved by the Resolution No.69 of the Management Board of the National Bank of Kazakhstan dated 24 April 2015, the Holding placed coupon bonds in the amount of Tenge 3,349,923 thousand with the coupon rates of 0.1% and 2.99% per annum. The bonds were recognised at fair value of Tenge 276,798 thousand, calculated using the market rate of 11.94–13.18% per annum, and the difference between the nominal value and fair value of Tenge 3,073,125 thousand was recognised as a government grant (Note 20).

During 2022 the Holding redeemed the debt securities issued (KZ2C00003903) for the amount of Tenge 20,000,000 thousand.

In 2021 the Holding issued other Tenge-denominated bonds for the total amount of Tenge 435,487,942 thousand:

- unsecured coupon bonds with total nominal value of Tenge 120,000,000 thousand (KZ2C00006708 and KZ2C00006682) issued at a coupon rate of 4.00% p.a. and maturing in 20 years. The funds were used to repurchase preliminary and bridging housing loans to secure the handing over of housing by the depositors of Otbasy Bank JSC included in the lists of the local executive authorities as part of the Decree of the President of the Republic of Kazakhstan dated 3 February 2020 on the allocation of financing to take additional measures to provide housing to the population under the state programme "Nurly zher";
- unsecured coupon bonds with total nominal value of Tenge 100,000,000 thousand (KZ2C00007847), issued with a coupon rate of 7.00% p.a. which mature in 10 years. The funds were used to finance investment projects as part of support to the agro-industrial complex and to finance local executive authorities as part of the infrastructure development;
- unsecured coupon bonds with total nominal value of Tenge 55,000,000 thousand (KZ2C00008332) issued with a coupon rate of 10.11% p.a. which mature in 10 years;
- unsecured coupon bonds with total nominal value of Tenge 50,000,000 thousand (KZ2C00008217) issued with a coupon rate of 12.40% p.a. which mature in 7 years;
- unsecured coupon bonds with total nominal value of Tenge 47,000,000 thousand (KZ2C00007383) issued with a coupon rate of 11.00% p.a. which mature in 10 years;
- unsecured coupon bonds with total nominal value of Tenge 33,137,942 thousand (KZ2C00007862) issued with a coupon rate of 11.90 p.a. which mature in 7 years;
- unsecured coupon bonds with total nominal value of Tenge 20,000,000 thousand (KZ2C00004133) issued with a coupon rate of 10.27% p.a. which mature in 2026;
- unsecured coupon bonds with total nominal value of Tenge 9,350,000 thousand (KZ2C00006120) issued with a coupon rate of 11.50% p.a. which mature in 5 years;
- unsecured coupon bonds with total nominal value of Tenge 1,000,000 thousand (KZ2C00008068) issued with a coupon rate of 11.90 p.a. which mature in 5 years.

As a part of implementation of programs of state support and development, the Management Council of the National Fund of the Republic of Kazakhstan sets conditions of financing in the form of interest rates, financing schedule and related requirements for both the Holding and commercial banks as the agents of the programs as well as for the ultimate recipients of the funds. In addition, the Government has approved special conditions, under which the Holding may provide further financing to the commercial banks and companies. For this reason, the difference that had arisen upon valuation of bonds purchased by Kazakhstan Sustainability Fund JSC (KZ2C00006708, KZ2C00006682, KZ2C00007847 and KZ2C00006666) at the expense of the funds of the National Fund of the Republic of Kazakhstan during 2021, at the fair value at the placement date, was recognised as a government grant, as Kazakhstan Sustainability Fund JSC acted in the interests of the Government and not the Holding's ultimate shareholder, because all terms and conditions of the loans have been agreed on at the Government level, and the Government does not expect any direct economic benefits from these programs in its capacity of the Holding's shareholder as the ultimate beneficiaries are the subjects specified by the programs.

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

- medium-term bonds with nominal value of USD 500,000 thousand issued on 12 May 2022 at a coupon rate of 5.75% p.a. and maturing in May 2025;
- long-term bonds with nominal value of USD 97,416 thousand issued on 23 March 2006 at a coupon rate of 6.00% p.a. and maturing in March 2026;

- medium-term bonds with nominal value of USD 500,000 thousand issued on 6 May 2021 at a coupon rate of 2.95% p.a. and maturing in May 2031;

On 12 May 2022 the Holding partially redeemed, ahead of schedule, the bonds for the total amount of USD 700,000 thousand, a part of which were redeemed through the Eurobonds issued for the amount of USD 500,000 thousand. In July 2022 the Holding partially redeemed, ahead of schedule, the bonds for the total amount of USD 42,074 thousand. In December 2022 the Holding fully repaid bonds for the total amount of USD 500,530 thousand. In October 2022 the Holding partially redeemed, ahead of schedule, the bonds placed in 2021 for the total amount of USD 245,477 thousand. As a result of transactions for early redemption of the bonds during 2022, the Holding recognised income of Tenge 21,065,319 thousand due to which the effect of partial sale of debt securities measured at fair value through other comprehensive income of USD 232,819 thousand was offset (Note 11).

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

- bonds with nominal value of Tenge 100,000,000 thousand issued on 4 May 2018 at coupon rate of 8.95% p.a. and maturing in May 2023.
- bonds with nominal value of Tenge 100,000,000 thousand issued on 6 May 2021 at a coupon rate of 10.95% p.a. and maturing in May 2026.
- bonds with nominal value of Tenge 62,500,000 thousand issued on 12 February 2020 at a coupon rate of 10.75% p.a. and maturing in February 2025.

Mortgage bonds. Mortgage bonds comprise debt securities issued by KHC JSC denominated in Tenge. These bonds have fixed coupon rates varying from 0.10% to 10.50% p.a. (effective interest rates vary from 10.30% to 12.09% p.a.). They will be redeemed during 2027-2051. Bonds are secured by customer loan agreements and relevant real estate which is the collateral for these loans.

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

(In thousands of Kazakhstani Tenge)	2022	2021
Balance at 1 January	**4,065,432,159**	**2,511,162,841**
Recognised as a result of merger (Note 33)	-	973,863,002
Changes from financing cash flows		
Proceeds from debt securities issued	41,622,825	791,492,968
Repurchase/repayment of debt securities issued	(458,320,473)	(148,832,989)
Total changes from financing cash flows	**(416,697,648)**	**642,659,979**
Other changes		
Interest expense (Note 23)	367,324,588	323,750,592
Effect of movements in foreign exchange rates	47,152,707	15,864,316
Interest paid	(299,521,153)	(277,796,471)
Discount at initial recognition and substantial modification recognised in government grants (Note 20)	(3,073,125)	(102,941,436)
Effect of the substantial modification of terms of debt securities issued	-	(25,078,304)
(Income)/expenses on repurchase of own debt securities issued	(21,065,319)	3,947,640
Balance at 31 December	**3,739,552,209**	**4,065,432,159**

16 Loans from banks and other financial institutions

(In thousands of Kazakhstani Tenge)	31 December 2022	31 December 2021
Loans from SWF “Samruk-Kazyna” JSC	21,750,760	31,927,408
Loans with fixed interest rate		
Loans from non-OECD banks and other financial institutions	59,799,285	88,778,865
Loans with floating interest rate		
Loans from OECD banks and other financial institutions	53,743,972	-
Loans from non-OECD banks and other financial institutions	835,989,200	556,900,426
	971,283,217	**677,606,699**
Less unamortised portion of borrowing costs	(24,731,410)	(25,144,577)
	946,551,807	**652,462,122**

During the year ended 31 December 2022, the Holding early repaid, in part, a loan from foreign banks in the total amount of USD 50,000 thousand. During the year ended 31 December 2021, the Holding early repaid in full two loans from foreign banks in the total amount of USD 262,690 thousand.

During 2022, the Holding recognised expenses on early repayment of loans from banks and other financial institutions in the amount of Tenge 4,543,471 thousand (2021: Tenge 319,936 thousand) (Note 27) and fee and commission expense of Tenge 46,698 thousand (2021: Tenge 417,590 thousand) repaid by the borrowers under the terms of the loan agreements.

During the year ended 31 December 2022 the Holding raised three 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 Holding recognised income of Tenge 1,284,716 thousand (2021: total expense of Tenge 698,407 thousand (Note 27). Fair value on initial recognition of a loan was estimated using a market rate from 4.22% to 8.19% (2021: 2.02% per annum).

During the year ended 31 December 2022 the Holding attracted a loan of USD 120,000 thousand from a foreign bank JPMorgan Chase Bank N.A., which matures in January 2032. The loan is insured by AAA-rated EKF credit rating from Denmark.
During the year ended 31 December 2022 the Holding attracted a loan of USD 100,000 thousand from China Construction Bank Corporation Astana Branch, which matures in October 2025.

During the year ended 31 December 2022 the Holding attracted a loan of Russian Rouble 4,318,543 thousand from Eurasian Development Bank, which matures in December 2027.

During the year ended 31 December 2022 the Holding repaid all loans received earlier from Roseximbank JSC.

During 2022 the Holding received a loan from Eurasian Development Bank for the total amount of RUB 40,000,000 thousand, which bears an interest rate of 9.40% p.a., matures in December 2022 and with a right to extend the maturity date till February 2023 for the amount of Russian Rouble 20,000,000 thousand. During 2022 the Holding repaid a loan of Russian Rouble 20,000,000 thousand from Eurasian Development Bank.

During 2021, to finance arrangements aimed at providing the population with the affordable housing and purchase bonds issued by the local executive bodies as part of the implementation of the state and government programmes, the Holding raised loans denominated in Russian Roubles from Eurasian Development Bank in the total amount of Russian Rouble 3,500,000 thousand bearing an annual interest rate of 7.50% and maturing in November and December 2026.

During 2021, the Holding raised loans of Tenge 9,333,000 thousand from SB Sberbank JSC under a credit line dated 28 August 2020, which bear an interest rate of 11.50% per annum and mature in 2026.

During 2021, the Holding raised loans of Tenge 9,584,000 thousand from Halyk Bank of Kazakhstan JSC under a credit line dated 13 August 2019, which bear an interest rate of 12.00% p.a. and mature in 2025.

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

(In thousands of Kazakhstani Tenge)	2022	2021
Balance at 1 January	**652,462,122**	**686,324,646**
Recognised as a result of merger (Note 33)	-	45,852,105
Changes from financing cash flows		
Receipt of loans from banks and other financial institutions	550,938,691	114,493,103
Repayment of loans from banks and other financial institutions	(264,052,098)	(214,104,933)
Total changes from financing cash flows	**286,886,593**	**(99,611,830)**
Other changes		
Interest expense (Note 23)	51,259,108	30,538,322
Effect of movements in foreign exchange rates	(4,317,795)	14,717,247
Interest paid	(39,645,524)	(25,914,837)
Discount on initial recognition	(92,697)	(698,407)
Other	-	1,254,876
Balance at 31 December	**946,551,807**	**652,462,122**

17 Loans from the Government of the Republic of Kazakhstan

(In thousands of Kazakhstani Tenge)	31 December 2022	31 December 2021
Loans from the Government of the Republic of Kazakhstan	776,645,835	577,428,415
	776,645,835	**577,428,415**

During 2022, the Holding received loans from the Ministry of Finance of the Republic of Kazakhstan in the total amount of Tenge 639,427,760 thousand, including Tenge 577,298,898 thousand for implementation of the state programmes (2021: Tenge 296,554,591 thousand, including Tenge 278,856,591 thousand for implementation of state programmes) with the following terms and contractual interest rates:

During 2022 the following loans were received:

- a loan of Tenge 46,422,400 thousand was received at an interest rate of 0.10% p.a. and with maturity in 20 years. The borrowed funds will be used for lease financing of a project "Setting up manufacturing of tyres in the city of Saran, Karaganda Oblast*;

- a loan of Tenge 46,776,498 thousand was received at an interest rate of 0.10% p.a. and with maturity in 20 years. The borrowed funds will be used to finance manufacturing of leading axle rear drives for heavy-load vehicles*;

- a loan of Tenge 10,000,000 thousand was received at an interest rate of 0.10% p.a. and with maturity in 20 years. The borrowed funds will be used to provide lease financing of legal entities and individual entrepreneurs that purchase, under the lease agreements, motor vehicles and special-purpose automotive equipment, except for the agricultural equipment produced in Kazakhstan*;

- a loan of Tenge 200,000,000 thousand was received at an interest rate of 0.10% p.a. and with maturity in 20 years. The borrowed funds are intended to finance projects in the processing industry*;

- a loan of Tenge 4,000,000 thousand was received at an interest rate of 0.10% p.a. and with maturity in 20 years. The borrowed funds will be used for long-term lease financing according to the State Programme of Industrial and Innovative Development of the Republic of Kazakhstan for 2021-2025**;

- a loan of Tenge 3,500,000 thousand was received at an interest rate of 0.10% p.a. and with maturity in 20 years. The borrowed funds will be used to sell tractors and harvesters under the lease agreements;

- a loan of Tenge 55,000,000 thousand was received at an interest rate of 0.10% p.a. and with maturity in 20 years. The borrowed funds will be used to implement a project aimed at increase of the level of localisation of leading axle rear drives for heavy-load vehicles*;

- a loan of Tenge 5,300,000 thousand was received at an interest rate of 0.05% p.a. and with maturity in 20 years. The borrowed funds will be used to finance renewal of passenger car fleet*;

- a loan of Tenge 51,000,000 thousand was received at the interest rate of 0.01% p.a. and with maturity in 25 years. The borrowed funds will be used to provide preliminary and interim housing loans to participants in the "Bakytty Otbasy" State Program*;

- a loan of Tenge 70,000,000 thousand was received at an interest rate of 0.01% p.a. and with maturity in 1 year. The borrowed funds will be used to carry out activities for support of entities operating in agro-industrial complex*;

- a loan of Tenge 40,000,000 thousand was received at an interest rate of 0.01% p.a. and with maturity in 2 years. The borrowed funds will be used to carry out activities for support of entities operating in agro-industrial complex*;

- a loan of Tenge 15,000,000 thousand was received at an interest rate of 0.01% p.a. and with maturity in 2 years. The borrowed funds will be used to carry out activities for support of entities operating in agro-industrial complex*;

- a loan of Tenge 15,000,000 thousand was received at an interest rate of 0.01% p.a. and with maturity in 2 years. The borrowed funds will be used to carry out activities for support of entities operating in agro-industrial complex*;

- the loans of Tenge 31,428,726 thousand were received at an interest rate of 0.10% p.a. and with maturity in 7 years. The borrowed fund will be used for microlending in rural settlements and towns;

- the loans of Tenge 4,366,600 thousand were received at the rates in the range of 0.01%-0.10% p.a. and with maturity in 5-7 years. All borrowed funds are intended to finance small and medium-size entities;

- a loan of Tenge 24,943,536 thousand was received at an interest rate of 0.01% and with maturity on 25 years. The borrowed fund will be used to provide preliminary and bridging housing loans;

- a loan of Tenge 5,100,000 thousand was received at an interest rate of 0.15% p.a. and with maturity in 20 years. The borrowed funds will be used to provide preliminary and bridging housing loans;

- a loan of Tenge 5,100,000 thousand was received at an interest rate of 0.15% p.a. and with maturity in 20 years. The borrowed funds will be used to provide preliminary and bridging housing loans;

- a loan of Tenge 5,100,000 thousand was received at an interest rate of 0.15% p.a. and with maturity in 20 years. The borrowed funds will be used to provide preliminary and bridging housing loans;

- a loan of Tenge 1,300,000 thousand was received at the interest rate of 0.15% p.a. and with maturity in 8 years. The borrowed funds will be used to provide preliminary and bridging housing loans.

During 2021 the following loans were received:

- a loan of Tenge 10,000,000 thousand was received at an interest rate of 0.10% p.a. and with maturity in 20 years. All borrowed funds will be used to finance “Establishment of the Karavan Saray Multi-Service Tourist Centre” project*;

- a loan of Tenge 22,000,000 thousand was received at an interest rate of 0.10% p.a. and with maturity in 15 years. The borrowed funds are intended to provide long-term finance for purchase of buses as part of the bus feet renewal*;

- a loan of Tenge 14,700,000 thousand was received at an interest rate of 0.05% p.a. and with maturity in 20 years. The borrowed funds are intended to finance renewal of passenger car fleet*;

- a loan of Tenge 16,000,000 thousand was received at an interest rate of 0.10% p.a. and with maturity in 20 years. The borrowed funds are intended to stimulate export financing*;

- a loan of Tenge 20,000,000 thousand was received at an interest rate of 0.10% p.a. and with maturity in 20 years. The borrowed funds are intended to finance manufacturing of leading axle rear drives for heavy-load vehicles*;

- a loan of Tenge 20,000,000 thousand was received at an interest rate of 0.10% p.a. and with maturity in 20 years. The borrowed funds are intended to finance manufacturing of tyres in the city of Saran, Karaganda Oblast*;

- a loan of Tenge 10,000,000 thousand with an interest rate of 0.10% p.a. and maturity in 6 years. The borrowed funds are intended to ensure the competitiveness and stability of the national economy*;

- a loan of Tenge 50,000,000 thousand was received at the rate of 0.01% p.a. and with maturity in 25 years. The borrowed funds will be used to provide preliminary and interim housing loans to participants in the “Bakytty Otbasy” State Program*;

- a loan of Tenge 20,000,000 thousand was received at an interest rate of 0.01% p.a. and with maturity in 25 years. The borrowed funds will be used to provide preliminary and bridging housing loans to participants in the “Bakytty Otbasy” State Program*;

- a loan of Tenge 3,348,000 thousand was received at the rate of 0.01% p.a. and with maturity in 25 years. The borrowed funds will be used to provide preliminary and bridging housing loans to participants in the “Bakytty Otbasy” State Program*;

- a loan of Tenge 32,000,000 thousand was received at an interest rate of 0.15% p.a. and with maturity in 20 years. The borrowed funds will be used to provide preliminary and bridging housing loans;

- a loan of Tenge 14,700,000 thousand was received at the rate of 0.01% p.a. and with maturity in 25 years. The borrowed funds will be used to provide preliminary and bridging housing loans;

- the loans of Tenge 1,130,000 thousand were received at the rates in the range of 0.01%-0.10% p.a. and with maturity in 5-7 years. All borrowed funds are intended to finance small and medium-size entities;

- the loans of Tenge 32,289,196 thousand were received at the rate of 0.01% p.a. and with maturity in 7 years. The borrowed funds will be used to provide loans to the participants of the State programme for the development of productive employment and mass entrepreneurship*;

- the loans of Tenge 30,387,395 thousand were received at the rates in the range of 0.01%-1.00% p.a. and with maturity in 4-6 years. The borrowed funds will be used to finance individuals and legal entities in countryside under "Enbek" state programme for the development of productive employment and mass entrepreneurship for 2017-2021 and programmes of lending of small and medium-size entities in the rural areas*.

* During 2022, discount on initial recognition of Tenge 358,781,690 thousand (2021: Tenge 175,805,992 thousand) was recognised as a government grant (Note 20) in the consolidated statement of financial position. The Holding used estimated market interest rates from 11.78% to 12.72% p.a. (2021: 10.40%-11.64% p.a.) to measure the fair value of the loans received from the Government of the Republic of Kazakhstan on initial recognition by discounting their future contractual cash flows.

During 2022, discount on initial recognition of Tenge 36,810,090 thousand (2021: Tenge 40,080,481 thousand) was recognised directly in equity as an additional paid-in capital (less effect of the respective income tax of Tenge 7,362,018 thousand (2021: Tenge 8,016,096 thousand), as management determined that the Government acted in the capacity of a shareholder when providing the Holding with said financing instruments at interest rates below market rates, without any additional conditions. The Holding used estimated market interest rates ranging from 12.54% to 13.38% p.a. (2021: 10.51%-10.90% p.a.) to measure the fair value of the loans received from the Government of the Republic of Kazakhstan at initial recognition by discounting their future contractual cash flows.

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

(In thousands of Kazakhstani Tenge)	2022	2021
Balance at 1 January	**577,428,415**	**347,670,193**
Recognised as a result of merger (Note 33)	-	226,448,530
Changes from financing cash flows		
Receipt of loans from the Government of the Republic of Kazakhstan	639,427,760	296,554,591
Repayment of loans from the Government of the Republic of Kazakhstan	(112,735,535)	(123,382,071)
Total changes from financing cash flows	**526,692,225**	**173,172,520**
Other changes		
Discount on initial recognition	(395,591,780)	(215,959,055)
Interest expense (Note 23)	69,049,740	47,620,346
Interest paid	(972,801)	(1,533,221)
Effect of movements in foreign exchange rates	40,036	9,102
Balance at 31 December	**776,645,835**	**577,428,415**

18 Liabilities to the mortgage organisation

In 2022, as a result of taking control over Subsidiary Bank "Sberbank of Russia" Joint Stock Company (hereafter, the "Bank") through purchase of 99.99% ordinary shares of the Bank, as at 31 December 2022 the Holding recognised liability to the mortgage organisation.

In 2018, the NBRK approved the residential mortgage programme "7-20-25". "New Opportunities for Each Family to Procure Housing" (the "Program").

Main objective of the "7-20-25" programme is to provide opportunity to population to buy primary housing and encouraging banks to provide related financing for the Program. According to the terms of "7-20-25" Program, loans are issued in Tenge, bear an annual interest rate of 7% and mature in 25 years; a down payment is 20%. No loan origination and service fee is charged.

As part of the "7-20-25" programme the Holding issued mortgage loans to customers and transferred these loans to Mortgage Organization "Baspana" JSC (the "Operator") in exchange for consideration in cash in the amount of the loans' nominal value. The Holding acts as an agent under this Programme and receives a commission fee of 4% p.a. of the interest receipts. Under the conditions of transfer of assets to the Operator, if the transferred loans have defaulted, the Holding is obligated to repurchase the transferred loans from the Operator. Therefore, the Holding is exposed to the credit risk in relation to loans transferred.

The Holding believes that it is exposed to all significant risks related to the loans transferred, therefore, the Holding recognises these loans in its consolidated statement of financial position and recognises funds received from the Operator as part of the "7-20-25" programme as a liability.

19 Other financial liabilities

Other financial liabilities comprise the following:

(In thousands of Kazakhstani Tenge)	**31 December 2022**	**31 December 2021**
Provision for credit related commitments	47,805,089	30,263,213
Funds placed by customers as security for letters of credit	28,772,909	80,850,481
Commitments under the government grant programmes	8,302,069	16,343,105
Other payables	6,561,194	3,283,241
Payables on banking activity	4,662,913	2,829,488
Loans from Zhasyl Damu JSC	4,423,859	-
Payables for mortgage loans acquired	3,523,915	3,334,885
Liabilities on rural mortgage	3,015,774	-
Payables to suppliers for property to be transferred under finance leases	2,954,350	5,778,126
Accrued commission expenses	988,162	1,051,491
Trade payables to suppliers and contractors	665,882	585,834
Amounts payable under repurchase agreements	-	43,189,663
Commitments to provide loans at below market interest rate	-	9,229,588
Other	5,545,030	3,449,779
Total other financial liabilities	**117,221,146**	**200,188,894**

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

Loans received from Zhasyl Damu JSC During 2022 the Holding received loans from Zhasyl Damu JSC for a total amount of Tenge 160,000,000 thousand, which mature in 2042-2052 and bear an interest rate from 0.01% to 0.10% p.a. Initially the loans were recognised at fair value that was determined using the market rates of 14.39%-15.00%. The difference of Tenge 155,809,925 thousand between the fair value and amounts received was recognised as a government grant due to the obligation of the Holding to distribute benefits to ultimate borrowers through financing of the second-tiers banks for subsequent financing of individuals who buy the locally produced passenger cars as well as for financing of the projects in the processing industry (Note 20).

20 Government grants

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

(In thousands of Kazakhstani Tenge)	2022	2021
Balance at beginning of the year	**741,637,963**	**580,085,440**
Government grants received from the Government of the Republic of Kazakhstan by means of loans from the Government of the Republic of Kazakhstan (Note 17)	358,781,690	175,805,992
Government grants for loans received from Zhasyl Damu JSC (Note 19)	155,809,925	-
Government grants received from the Government of the Republic of Kazakhstan by means of issue of debt securities (Note 15)	3,073,125	102,408,277
Recovery of the previously recognised amount of the government grant	15,815,440	6,424,809
Discount recalculated due to early partial repayment of loans	4,877,291	-
Discount recalculated due to early partial redemption of bonds issued by the local executive bodies (Note 11)	1,520,389	2,607,192
Utilisation of government grant to issue loans to customer-borrowers under Enbek State Programme*	(2,833,242)	(5,420,309)
Utilisation of government grant to issue loans to banks under Ken-Dala Government Programme*	(3,541,142)	(1,422,096)
Utilisation of government grant to issue loans to customer-borrowers under Ken-Dala State Programme*	(9,253,952)	(3,362,108)
Utilisation of government grant to issue loans under the Bakytty Otbasy State Programme*	(11,623,721)	(32,375,919)
Amortisation for the year*	(19,543,869)	(22,687,777)
Utilisation of the government grant under the concluded finance lease agreements (Note 23)	(21,040,493)	(14,977,425)
Utilisation of government grant after issue of loans to other borrowers from agro-industrial sector*	(21,269,689)	(7,865,759)
Utilisation of government grant for purchase the bonds issued by regional authority bonds (Note 11)*	(24,409,037)	(36,877,285)
Utilisation of government grant upon issuance of loans to borrowers under the State Programme of Industrial-Innovative Development of the Republic of Kazakhstan*	(24,008,829)	(22,402,815)
Utilisation of government grants upon issuance of low interest loans to commercial banks*	(91,455,289)	(134,492)
Early repayment of loans received	-	(1,089,488)
Adjustment of government grant liability when receiving loan	-	(118,028)
Utilisation of government grant to reimburse interest expenses on debt securities issued (Note 23)	-	(16,255,580)
Recognised as a result of merger (*Note 33*)	-	23,039,754
Government grants received from the Government of the Republic of Kazakhstan to reimburse interest expenses on debt securities issued	-	16,255,580
Balance at the end of the year	**1,052,536,560**	**741,637,963**

Subsequent to initial recognition, the Holding charged to profit or loss an amount corresponding to the renegotiated debt provided to the borrowers on favourable terms upon fulfilment of the conditions of the government programmes (Notes 8, 10, 11 and 12). The Holding is responsible for allocation benefits to ultimate borrowers through low interest loans.

*During the period ended 31 December 2022 the government grants transferred to profit or loss (Note 27) amounted to Tenge 207,938,770 thousand (2021: Tenge 132,548,560 thousand) and were included in other operating income.

During the year ended 31 December 2022, the reversed amount of the government grant includes the amount of recovery of Tenge 15,815,440 thousand recognised as a result of the early repayment of loans to banks issued by the Holding in previous periods. The Holding decided to recover a government grant liability in respect of these amounts, as the Holding is obliged to reinvest these funds under the government programmes.

21 Other liabilities

Other liabilities comprise the following items:

(In thousands of Kazakhstani Tenge)	31 December 2022	31 December 2021
Advances received under finance lease agreements	46,678,316	29,464,981
Deferred income on guarantees	41,442,008	31,518,775
Accrued employee benefit costs	13,200,395	4,128,854
Taxes payable other than on income	8,198,202	3,781,138
Payables to suppliers	7,630,061	320,903
Current liability on subsidised funds	1,752,176	3,867,203
Deferred income	1,563,915	2,240,046
Prepayments	1,529,626	2,544,475
Other	5,938,091	6,056,613
Total other liabilities	**127,932,790**	**83,922,988**

22 Share capital

(In thousands of Kazakhstani Tenge, except for number of shares)	31 December 2022	31 December 2021
Authorised ordinary shares	5,000,086,550	5,000,086,550
Authorised but not issued	(3,648,990,577)	(3,748,990,577)
Total shares issued and paid at nominal value of Tenge 1,000 per share	**1,151,504,712**	**1,051,504,712**
Total shares issued and paid at nominal value of Tenge 1,076 per share*	**199,591,261**	**199,591,261**
Issued share capital paid	**1,366,238,962**	**1,266,238,962**

*During 2021, the Holding's share capital increased upon merger of KazAgro NMH JSC by Tenge 214,734,250 thousand - 199,591,261 shares at the price of 1,075 tenge 87 tiyn.

Each ordinary share carries one vote.

During 2022, the Holding issued shares for the total nominal amount of Tenge 100,000,000 thousand (during 2021: Tenge 5,000,000 thousand).

In 2022 the Holding declared and paid dividends in the amount of Tenge 33,042,256 thousand (2021: Tenge 10,368,338 thousand). Dividends per ordinary share are Tenge 26.41 (in 2021: Tenge 8.29).

In 2021, Pursuant to the Decree of the Government of the Republic of Kazakhstan No.323 dated 4 June 2018 "On "On Approval of the Rules for Proceeds from Transfer to the Competitive Environment of the Assets of National Management Holdings, National Holdings, National Companies and Their Subsidiaries, Associates and Other Legal Entities Affiliated therewith to the National Fund of the Republic of Kazakhstan, in accordance with the Order of the Ministry of National Economy of the RK No. 290 dated 21 October 2021, all funds from transfer to the competitive environment of the Holding's asset in the amount of Tenge 10,602,471 thousand on 27 October 2021 were transferred by the Holding to the Treasury Committee of the Ministry of Finance of the Republic of Kazakhstan under the budget classification code 601107 (Proceeds from transfer to the competitive environment of assets of the national management holdings, national holdings, national companies and their subsidiaries, associates and other legal entities affiliated therewith for further transfer to the National Fund of the Republic of Kazakhstan.

Net assets per ordinary share. According to the Rules of Listing of the Kazakh Stock Exchange (the Rules), the Holding disclosed net assets per ordinary share calculated in accordance with these Rules:

(In Kazakhstani Tenge)	2022	2021
Net assets per ordinary share	1,530.57	1,327.21

As at 31 December 2022 net assets per ordinary share was determined by dividing amount of consolidated equity of Tenge 2,098,065,738 thousand (31 December 2021: Tenge 1,669,552,227 thousand) decreased by the carrying amount of intangible assets of Tenge 30,120,799 thousand (31 December 2021: Tenge 9,091,019 thousand), which the Holding will not be able to sell to third parties, by a total number of outstanding shares - 1,351,095,973 (31 December 2021: 1,251,095,973 outstanding shares).

23 Interest income and expense

(In thousands of Kazakhstani Tenge)	2022	2021
Interest income calculated using effective interest method		
Loans to customers	524,960,071	337,201,622
Cash and cash equivalents	152,636,152	77,943,673
Investment securities measured at amortised cost	138,459,882	121,701,417
Loans to banks and financial institutions	27,278,374	28,662,310
Investment securities measured at fair value through other comprehensive income	20,716,279	20,735,869
Deposits with banks and financial institutions	4,479,109	18,345,191
Other	3,031,468	1,166,864
Total interest income calculated using the effective interest method	**871,561,335**	**605,756,946**
Other interest income		
Finance lease receivables	122,399,333	91,096,440
Loans to customers	19,366,673	10,793,074
Financial instruments at fair value through profit or loss	477,371	654,085
Total other interest income	**142,243,377**	**102,543,599**
Interest expense		
Debt securities issued	(367,324,588)	(307,495,012)
Loans from the Government of the Republic of Kazakhstan	(69,049,740)	(47,620,346)
Loans from banks and other financial institutions	(51,259,108)	(30,538,322)
Customer accounts	(61,921,622)	(23,544,928)
Subordinated debt	(646,349)	(521,687)
Other	(351,819)	(68,174)
Total interest expense	**(550,553,226)**	**(409,788,469)**
Net interest income	**463,251,486**	**298,512,076**

Included within various line items under interest income for the year ended 31 December 2022 is a total of Tenge 21,040,493 thousand (2021: Tenge 14,977,425 thousand) of government grant amortisation (Note 20).

In 2021, interest expense on debt securities issued was reduced by the income from government grants of Tenge 16,255,580 thousand.

24 Fee and commission income and expense

(In thousands of Kazakhstani Tenge)	2022	2021
Fee and commission receipts		
Fee and commission income arising from financial assets not measured at fair value through profit or loss:		
- Performance guarantees	24,649,934	17,230,740
- Other fee and commission income from banking activity	4,199,671	1,397,836
- Transfer services	1,695,376	541,921
- Reservation commission on undrawn part of loan	1,194,643	470,260
- Cash operations	717,126	114,822
- Agency services	625,600	625,600
- Letters of credit	104,869	7,091
- Under state programs	-	1,332,464
- Other	2,716,019	121,488
Total fee and commission income	**35,903,238**	**21,842,222**
Fee and commission expense		
Fee and commission income arising from financial assets not measured at fair value through profit or loss:		
- Agency services	(5,345,829)	(5,545,397)
- Transfer services	(2,700,180)	(1,872,768)
- Securities transactions	(399,261)	(390,935)
- Credit card management	(238,745)	(4)
- Maintenance of current accounts	(67,508)	(33,729)
- Eurobonds issue	(46,698)	(21,931)
- Commission for early repayment of loan	(21,335)	(417,590)
- Custodial services	(570)	(32,936)
- Other	(626,464)	(38,805)
Total fee and commission expense	**(9,446,590)**	**(8,354,095)**
Net fee and commission income	**26,456,648**	**13,488,127**

25 Net gain/(loss) on assets measured at fair value through profit or loss

(In thousands of Kazakhstani Tenge)	2022	2021
Gains less losses on currency swap transactions	37,732,040	-
Gains less losses on other assets measured at fair value through profit or loss	13,073,390	6,700,707
Dividend income from financial instruments measured at fair value through profit or loss	516,709	41,910
Gains less losses on trading securities	85,916	75,345
Losses less gains losses on embedded financial derivative instruments	(866,611)	(1,195,612)
Loss on revaluation of loans to customers at fair value through profit or loss	(13,657,973)	(5,856,944)
Total net gain/(loss) on financial assets measured at fair value through profit or loss	**36,883,471**	**(234,594)**

26 Net foreign exchange gain

(In thousands of Kazakhstani Tenge)	2022	2021
Gains less losses arising from foreign currency translation	28,311,307	1,671,184
Gains less losses/(losses less gains) arising from foreign currency translation	27,032,516	(674,747)
Total net foreign exchange gain	**55,343,823**	**996,437**

27 Other operating income/(expense), net

(In thousands of Kazakhstani Tenge)	2022	2021
Other income from utilisation of government grants (Note 20)	207,938,770	132,548,560
Income less expense/(expenses less income) from repurchase of own debt securities issued	21,065,319	(3,947,640)
Income/(expense) from initial recognition of debt liabilities raised	1,284,716	(698,407)
Fines and penalties	503,471	936,582
Revenue from services provided	502,301	267,126
Reversal/(charge) of impairment allowance for other assets and assets held for sale	381,772	(913,192)
Rental income on investment property	243,633	274,981
Gain less losses on sales of non-current assets held for sale	34,480	956,432
Loss on derecognition of finance lease receivables	(479,568)	(147,676)
Expenses on valuation of liabilities to provide loans at below market rates	(872,166)	(6,673,010)
Loss from early repayment of loans from banks and other financial institutions (Note 16)	(4,543,471)	(319,936)
Loss on initial recognition of the bonds of regional authorities purchased at below-market rate (Note 11)	(28,737,225)	(36,264,902)
Expenses in the form of negative adjustment of value of the loans issued	(195,369,924)	(116,687,000)
Other operating income/(expense), net	2,267,863	(1,486,072)
Total other operating income/(expenses), net	**4,219,971**	**(32,154,154)**

Other income from utilisation of government grants was recognised as income based on the results of compliance with the terms of the relevant government programs (Note 20).

In 2022 the Holding recognised expense of Tenge 872,166 thousand (2021: Tenge 6,673,010 thousand) upon initial recognition of the fair value of commitments to extend loans at below market rates.

In 2022 the Holding recognised expense of Tenge 195,369,924 thousand (2021: Tenge 116,687,000 thousand) in the form of negative adjustment of value of the loan issued at below market rates. This amount includes expense of Tenge 92,901,972 thousand arising on initial recognition of loans to banks (2021: Tenge 11,955,287 thousand) and expense of Tenge 102,467,952 thousand arising on initial recognition of loans to customers (2021: Tenge 104,731,713 thousand).

During 2022 expense on initial recognition of loans to banks arose from issuance of loans with a nominal interest rate from 1.00% to 2.00% per annum, the market interest rates of which ranged from 12.78% to 18.10% per annum (2021: with a nominal rate of 1.00%-2.00% per annum, the market interest rates of which ranged from 10.68% to 12.78%).

In 2022, expense on initial recognition of loans to customers arose from issuance of loans at a nominal interest rate from 2.00% 15% per annum, the market interest rates on which ranged from 7.25% to 27.37% per annum (2021: at the nominal rates ranging from 2.00% to 9.80%, the market rates on which ranged from 7.04% to 13.41% per annum).

28 Recovery of impairment allowance for other financial assets and credit related commitments

(In thousands of Kazakhstani Tenge)	2022	2021
Loans to banks and financial institutions (Note 8)	2,479,638	2,555,612
Other financial assets	1,855,271	1,185,026
Cash and cash equivalents (Note 6)	118,584	(81,196)
Investment securities measured at amortised cost (Note 11)	(118,565)	1,034,900
Deposits with banks and other financial institutions (Note 9)	(180,990)	133,264
Contingent liabilities	(685,193)	1,020,771
Investment securities measured at fair value through other comprehensive income	(794,663)	447,835
Total impairment allowance for other financial assets and credit related commitments	**2,674,082**	**6,296,212**

29 Administrative expenses

(In thousands of Kazakhstani Tenge)	2022	2021
Personnel costs	53,809,039	37,922,033
Repair and technical equipment	6,254,370	3,931,900
Professional services	5,884,473	4,521,433
Depreciation of property, plant and equipment	5,744,310	3,156,286
Amortisation of software and other intangibles	4,430,980	2,322,686
Taxes other than income tax	3,407,174	1,756,011
Communication services	2,880,146	1,968,502
Operating lease expenses	1,966,305	1,433,097
Utilities	1,237,565	62,915
Expenses on realisation of Damu EDF JSC programmes	1,219,306	862,405
Administrative expenses of the Board of Directors	999,889	929,282
Advertising and marketing services	862,339	1,076,227
Information services	787,222	852,328
Business trips	702,764	662,952
Security services	698,644	395,698
Transportation services	685,642	382,513
Employee training	428,023	437,820
Materials	243,882	259,581
Charity and sponsorship	162,515	130,667
Insurance	126,412	83,586
Expenses related IFK JSC projects	-	208,941
Other	3,242,902	2,118,928
Total administrative expenses	**95,773,902**	**65,475,791**

30 Income tax

Income tax expense recorded in profit or loss for the year comprises the following:

(In thousands of Kazakhstani Tenge)	2022	2021
Current tax	44,012,108	31,142,039
Deferred tax	3,637,011	456,192
Income tax expense for the year	**(47,649,119)**	**31,598,231**

The income tax rate applicable to the Holding's 2022 income is 20% (2021: 20%).

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

(In thousands of Kazakhstani Tenge)	2022	2021
Profit before income tax	**428,274,688**	**142,478,284**
The estimated tax charges at statutory rate of 20% (2021: 20%).	85,654,938	28,495,657
- Non-taxable income on securities	(26,059,311)	(13,719,990)
- Other non-taxable income	(17,405,336)	(7,072,251)
- Taxable income from increase in value	6,504,372	-
- Non-deductible impairment losses on loans	902,028	6,101,442
- Other non-deductible expenses	435,976	2,028,353
- Change in unrecognised deferred tax assets	5,630,539	6,061,157
- Non-deductible loss on disposal of subsidiaries	-	2,799,288
- Non-taxable income from business combination	(6,055,330)	-
- Non-deductible expenses from revaluation of financial assets at fair value	1,300,953	5,188,653
- Adjustment of current income tax expense for prior years	2,023,723	106,722
- Other	(5,283,433)	1,609,200
Income tax expense for the year	**47,649,119**	**31,598,231**

Deferred tax assets have not been recognised in respect of the following items:

(In thousands of Kazakhstani Tenge)	31 December 2022	Change for the year	31 December 2021	Change for the year	At 1 January 2021
Finance lease receivables	1,254,797	-	1,254,797	168,098	1,086,699
Interest accrued at contractual rate and written off	64,664	-	64,664	-	64,664
Other financial assets at fair value through profit or loss	620,077	-	620,077	-	620,077
Investments in subsidiaries	-	-	-	(1,934,471)	1,934,471
Equity accounted investees	-	-	-	(446,912)	446,912
Other assets	27,760		27,760	-	27,760
Tax losses carry-forwards	44,435,023	(176,158)	44,611,181	44,154,447	456,734
Investment securities	5,843,538	5,843,538	-	-	-
Other liabilities	-	(36,841)	36,841	88,394	(51,553)
Net unrecognised deferred tax assets	**52,245,859**	**5,630,539**	**46,615,320**	**42,029,556**	**4,585,764**

Differences between IFRS and Kazakhstani statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases.

The tax effect of the movements in these temporary differences is detailed below, and is recorded at the rate of 20% (2021: 20%).

(In thousands of Kazakhstani Tenge)	1 January 2022	Recognised in profit or loss	Recognised directly in equity	Recognised as a result of merger	31 December 2022
Tax effect of deductible/(taxable) temporary differences					
Due from banks	45,510,518	16,983,151	-	-	62,493,669
Loans to customers	58,677,315	12,465,553	-	30,635,400	101,778,268
Finance lease receivables	4,745,639	(1,233,406)	-	-	3,512,233
Interest accrued at contractual rate and written off	64,664	-	-	-	64,664
Investment securities	83,165,352	7,549,152	-	-	90,714,504
Property, plant and equipment	(1,981,274)	(319,464)	-	(4,748,894)	(7,049,632)
Other assets	1,960,267	687,991	-	-	2,648,258
Tax losses carry-forwards	44,611,181	2,954,842	-	-	47,566,023
Debt securities issued and loans received	(349,935,379)	(72,642,889)	(7,362,018)	-	(429,940,286)
Government grants	147,817,831	73,101,053	-	-	220,918,884
Liabilities to the mortgage organisation	-	589,400	-	(30,635,400)	(30,046,000)
Other liabilities	5,677,092	(38,141,854)	-	4,160,346	(28,304,416)
Net deferred tax liability before recoverability assessment	**40,313,206**	**1,993,529**	**(7,362,018)**	**(588,548)**	**34,356,169**
Recognised deferred tax asset	33,955,310	(6,557,306)	-	-	27,398,004
Recognised deferred tax liability	(40,257,423)	2,920,295	(7,362,018)	(588,548)	(45,287,694)
Net deferred tax liability	**(6,302,113)**	**(3,637,011)**	**(7,362,018)**	**(588,548)**	**(17,889,690)**

(In thousands of Kazakhstani Tenge)	1 January 2021	Recognised in profit or loss	Recognised directly in equity	Recognised as a result of merger	Disposal	31 December 2021
Tax effect of deductible/(taxable) temporary differences						
Due from banks	47,906,783	(3,065,378)	-	669,113	-	45,510,518
Loans to customers	32,440,429	16,127,820	-	10,907,800	(798,734)	58,677,315
Finance lease receivables	3,483,165	1,007,597	-	254,877	-	4,745,639
Interest accrued at contractual rate and written off	64,664	-	-	-	-	64,664
Investment securities	55,325,633	(1,852,430)	-	29,692,149	-	83,165,352
Investment in subsidiaries	1,934,471	(1,934,471)	-	-	-	-
Equity accounted investees	386,349	(386,349)	-	-	-	-
Property, plant and equipment	(1,431,722)	(452,454)	-	(92,880)	(4,218)	(1,981,274)
Other assets	2,887,428	(274,314)	(736,692)	83,845	-	1,960,267
Tax losses carry-forwards	3,136,263	5,506,519	-	35,968,399	-	44,611,181
Debt securities issued and loans received	(281,646,882)	(43,319,528)	(13,031,757)	(11,937,212)	-	(349,935,379)
Government grants	114,656,828	33,161,003	-	-	-	147,817,831
Other liabilities	2,156,396	961,089	-	110,635	2,448,972	5,677,092
Net deferred tax liability/asset before recoverability assessment	**(18,700,195)**	**5,479,104**	**(13,768,449)**	**65,656,726**	**1,646,020**	**40,313,206**
Recognised deferred tax asset	10,429,868	(7,127,001)	-	31,455,395	(802,952)	33,955,310
Recognised deferred tax liability	(33,715,827)	6,670,809	(13,768,449)	(1,892,928)	2,448,972	(40,257,423)
Net deferred tax liability/asset	**(23,285,959)**	**(456,192)**	**(13,768,449)**	**29,562,467**	**1,646,020**	**(6,302,113)**

In the context of the Holding's current structure and Kazakhstani tax legislation, tax losses and current tax assets of different companies of the Holding may not be offset against current tax liabilities and taxable profits of other companies of the Holding and, accordingly, taxes may accrue even where there is a consolidated tax loss. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity and the same taxation authority.

The deductible temporary differences do not expire under current tax legislation of the Republic of Kazakhstan. Period of use of tax loss carried forward expires in 2023-2032.

31 Financial risk management

The risk management function within the Holding is carried out in respect to all key risks, including financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to achieve a balance between maximizing the use of opportunities in order to achieve strategic goals and minimizing losses.

Risk management rules and procedures of the Holding. The Holding's risk management policy has the following objectives: to identify, analyse and manage risks faced by the Holding, establish limits on risk levels and relevant controls, and continuously assess levels of risks and ensure that exposure to risks stays within the established limits. The risk management policy and procedures of the subsidiaries are regularly reviewed to reflect changes in the market conditions, proposed products and services and emerging best practices. The risk management policy of the Holding was approved in October 2013. The risk management rules were approved in May 2021.

The risk management policy has the following objectives:

- to establish the effective comprehensive system and integrated process of risk management as an element of the Holding's governance, and continuously improve the Holding's activities based on the unified standardised approach to the risk management methods and procedures;
- to define the retaining ability and provide for efficient management of accepted risks;
- to identify risks in a timely manner;
- to mitigate losses and reduce operating costs to cover potential losses.

Risk management structure. The risk management structure of the Holding comprises risk management at several levels with engagement of the following bodies and structural units of the Holding: Board of Directors, Management Board, Committee of Asset and Liability Management, Risk Management Department, Internal Audit Function, collective bodies and other structural units.

The Board of Directors. The first level of the risk management process is represented by the Board of Directors of the Holding. The Board of Directors takes full responsibility for proper operation of risk management control system, management of key risks and corporate risk management system. The Board of Directors defined the objectives of the Holding's activities and approves documents related to risk management.

Management Board. The second level of the risk management process is represented by the Management Board of the Holding. The Management Board is responsible for establishment of efficient risk management system and risk control structure to provide for compliance with the corporate policy requirements. The Management Board is liable for creation of "risk consciousness" culture which reflects risk management and risk management philosophy of the Holding. In addition, the Management Board also bears liability for implementation of the efficient risk management system where all employees have a clearly defined responsibility for risk management and are accountable for proper execution of their duties. The Management Board is authorised to execute a part of their functions in risk management area through establishment of respective committees.

The Audit Committee of the Board of Directors. The Audit Committee of the Board of Directors is a standing advisory body of the Holding's Board of Directors, established to enhance efficiency and quality of work of the Board of Directors through preparing recommendations for the Board of Directors related to establishment of the effective control system over the Holding's financial and economic operations (including completeness and accuracy of the consolidated financial statements), monitoring of reliability and efficiency of the internal control and risk management systems and execution of the documents related to corporate governance, and control of independence of the external audit and internal audit function.

Committee of Assets and Liabilities Management (the "CALM") The CALM is a permanent collective body of the Holding accountable to the Management Board which operates within the authorities as defined by the Management Board. The CALM has the following objectives: to provide for making timely and proper decisions in the sphere of management of the Holding's assets and liabilities; to attract investors for cooperation with the Holding, to maintain the adequate level of financial stability; to increase the Holding's profitability and mitigate risks at investment decision making.

Risk Management Department. The third level of the risk management process is represented by the Risk Management Department, which objectives include coordination of risk management and control over implementation of general principles and methods of identification, assessment, management of and reporting on financial and non-financial risks.

Internal Audit Service. In course of risk management, the Internal Audit Function of the Holding audits risk management procedures and risk assessment methods and develops proposals aimed at improvement of efficiency of risk management procedures. The Internal Audit provides reports on risk management system to the Board of Directors of the Holding and performs other functions in accordance with the approved regulatory documents.

Structural units. One of the key elements in in the risk management structure is structural units of the Holding which are represented by each employee. Structural units (risk owners) play the key role in the risk management process. The Holding's employees address and manage risks on a daily basis, and control the potential effect of risk on their business. Structural units are responsible for implementation of the risk management action plan, timely identification and communication of major risk in their business areas and development of proposals for risk management to be included into the action plan.

Credit risk. The Holding takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the lending and other transactions with counterparties of the Holding and its subsidiaries giving rise to financial assets.

The Holding's maximum exposure to credit risk is reflected in the carrying amounts of financial assets on the consolidated statement of financial position. For guarantees and commitments to extend credit, the maximum exposure to credit risk is the amount of the commitment. The credit risk is mitigated through a qualitative analysis of the creditworthiness of the counterparty, structuring of investment projects, diversification of assets, setting limits, collateral and other measures to improve the credit quality.

The subsidiaries of the Holding structure the levels of credit risk they undertake by placing limits on transactions with counterparties, including limits on the level of risk accepted in relation to one borrower, or groups of borrowers, based on the Risk Management Rules of the subsidiary and Baiterek National Managing Holding JSC, and other internal regulatory documents regulating credit risk of the Holding's subsidiaries. Limits on the level of credit risk by product and industry sector are approved regularly by management of the subsidiaries. Such risks are monitored on a revolving basis and subject to at least an annual review.

Loan applications originated by the relevant client relationship managers are passed on to the relevant credit committee of the subsidiary for approval of the credit limit. Exposure to credit risk is also managed, in part, by obtaining collateral and corporate and personal guarantees. In order to monitor credit risk exposures, regular reports are produced by the officers based on a structured analysis focusing on the customer's business and financial performance. Any significant exposure to customers with deteriorating creditworthiness are reported to, and analysed by authorised bodies of the Holding and/or its subsidiaries

The subsidiaries review the aging analysis of outstanding loans and follows up on past due balances. Management of the subsidiaries, therefore, considers it appropriate to provide aging and other information about credit risk to the Board of Directors of the subsidiaries and management of the Holding.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss as the result of another party to a financial instrument failing to perform in accordance with the terms of the contract. The subsidiaries of the Holding use the same credit policies in assuming conditional obligations as it does for on-balance sheet financial instruments, through established credit approvals, risk control limits and monitoring procedures.

Market risk. The Holding takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates and (c) equity products, all of which are exposed to general and specific market movements. Management of the Holding sets limits on the value of risk that may be accepted, which is monitored on a regular basis. The subsidiaries of the Holding set separate limits on the basis of the general limits established by the Holdings, and monitor their compliance on a regular basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Currency risk. The management of the Holding and its subsidiaries monitor the exposure of foreign exchange position, analyse the sensitivity of the financial result to fluctuations in foreign exchange rates and assess the level of foreign exchange risk. If necessary, limits can be set in relation to the level of accepted risk in the context of currencies and in general.

The table below summarises the Holding exposure to foreign currency exchange rate risk at 31 December 2022:

(In thousands of Kazakhstani Tenge)	**Tenge**	**US Dollar**	**Euro**	**Other currencies**	**Total**
ASSETS					
Cash and cash equivalents	2,051,066,762	31,428,068	53,876,755	157,601,610	2,293,973,195
Loans to banks and financial institutions	298,999,429	-	-	-	298,999,429
Deposits with banks and financial institutions	1,158,386	13,265,370	-	8,731,196	23,154,952
Financial instruments measured at fair value through profit or loss	2,348	1,893	-	-	4,241
Loans to customers	5,722,913,091	779,716,015	303,470	9,038,312	6,511,970,888
Investment securities measured at fair value through profit or loss	20,862,935	-	-	-	20,862,935
Investment securities measured at fair value through other comprehensive income	73,501,344	391,890,297	-	3,418,480	468,810,121
Investment securities measured at amortised cost	957,654,904	9,231,188	-	-	966,886,092
Finance lease receivables	1,072,649,277	-	-	-	1,072,649,277
Other financial assets	33,983,791	5,187,015	2,172,302	347,133	41,690,241
Total monetary financial assets	**10,232,792,267**	**1,230,719,846**	**56,352,527**	**179,136,731**	**11,699,001,371**
LIABILITIES					
Due to banks	8,055,858	-	-	-	8,055,858
Customer accounts	2,938,297,843	88,609,645	875,118	22,118,657	3,049,901,263
Debt securities issued	3,345,148,279	394,403,930	-	-	3,739,552,209
Subordinated debt	8,050,778	-	-	-	8,050,778
Loans from banks and other financial institutions	149,629,903	639,843,251	-	157,078,653	946,551,807
Loans from the Government of the Republic of Kazakhstan	776,259,146	386,689	-	-	776,645,835
Insurance contracts liabilities	57,101,232	1,197,260	82,349	303,182	58,684,023
Liability to a mortgage company	201,302,720	-	-	-	201,302,720
Other financial liabilities	85,525,776	28,521,969	3,124,324	49,077	117,221,146
Total monetary financial liabilities	**7,569,371,535**	**1,152,962,744**	**4,081,791**	**179,549,569**	**8,905,965,639**
Total net position	**2,663,420,732**	**77,757,102**	**52,270,736**	**(412,838)**	**2,793,035,732**

The table below summarises the Holding exposure to foreign currency exchange rate risk at 31 December 2021:

(In thousands of Kazakhstani Tenge)	Tenge	US Dollar	Euro	Other currencies	Total
ASSETS					
Cash and cash equivalents	1,388,213,017	76,919,312	6,622,991	1,089,903	1,472,845,223
Loans to banks and financial institutions	367,879,233	-	-	-	367,879,233
Deposits with banks and financial institutions	171,287,449	14,695,871	62,405	7,014,175	193,059,900
Financial instruments measured at fair value through profit or loss	2,348	1,767	-	-	4,115
Loans to customers	3,908,071,055	796,002,490	-	-	4,704,073,545
Investment securities measured at fair value through profit or loss	19,813,223	-	-	-	19,813,223
Investment securities at fair value through other comprehensive income	162,786,516	524,184,714	-	319,465	687,290,695
Investment securities measured at amortised cost	1,005,217,368	13,406,196	-	-	1,018,623,564
Finance lease receivables	929,926,219	-	-	-	929,926,219
Other financial assets	30,604,973	52,405	-	37,360	30,694,738
Total monetary financial assets	**7,983,801,401**	**1,425,262,755**	**6,685,396**	**8,460,903**	**9,424,210,455**
LIABILITIES					
Customer accounts	1,783,376,187	4,644,687	12	-	1,788,020,886
Debt securities issued	3,273,913,264	791,518,895	-	-	4,065,432,159
Subordinated debt	7,502,151	-	-	-	7,502,151
Loans from banks and other financial institutions	99,133,843	519,185,999	-	34,142,280	652,462,122
Loans from the Government of the Republic of Kazakhstan	577,067,510	360,905	-	-	577,428,415
Liabilities on insurance contracts	39,308,282	1,796,059	56,684	393,752	41,554,777
Other financial liabilities	72,148,435	120,661,376	7,241,835	137,248	200,188,894
Total monetary financial liabilities	**5,852,449,672**	**1,438,167,921**	**7,298,531**	**34,673,280**	**7,332,589,404**
Total net position	**2,131,351,729**	**(12,905,166)**	**(613,135)**	**(26,212,377)**	**2,091,621,051**

Derivatives presented above are monetary financial assets or monetary financial liabilities which reflect fair value of the respective currency at the end of the reporting period.

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

(In thousands of Kazakhstani Tenge)	31 December 2022	31 December 2021
US Dollar strengthening by 20% (2021: strengthening by 20%)	12,441,136	(2,064,827)
US Dollar weakening by 20% (2021: weakening by 20%)	(12,441,136)	2,064,827
Euro strengthening by 20% (2021: strengthening by 20%)	8,363,318	(98,102)
Euro weakening by 20% (2021: weakening by 20%)	(8,363,318)	98,102
Other currencies strengthening by 20% (2021: strengthening by 20%)	(66,054)	(4,193,980)
Other currencies weakening by 20% (2021: weakening by 20%)	66,054	4,193,980

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

Interest rate risk. The Holding takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may also reduce or create losses in the event that unexpected movements occur. Interest rate risk management by the subsidiaries is based on the principles of full coverage of costs: resulting interest income should cover costs for raising and placement of funds and provide for net profit generation and competitiveness.

Report on interest rate classifies assets, liabilities, off-balance sheet claims and liabilities which are sensitive to changes in interest rates, and groups them in economically homogeneous and significant items, by time period depending on their maturities (for fixed rates) or time to their next reprice (for floating rates). Time periods and items of recorded assets, liabilities, off-balance sheet claims and liabilities can be changed by the Holding's Management Board.

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

(In thousands of Kazakhstani Tenge)	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**More than 1 year**	**Non-interest bearing**	**Total**
31 December 2022						
Total financial assets	2,245,022,423	818,033,889	607,834,899	7,638,372,380	389,737,780	11,699,001,371
Total financial liabilities	(540,718,493)	(761,040,517)	(481,042,602)	(6,837,798,856)	(285,365,171)	(8,905,965,639)
Net interest sensitivity gap at 31 December 2022	**1,704,303,930**	**56,993,372**	**126,792,297**	**800,573,524**	**104,372,609**	**2,793,035,732**
31 December 2021						
Total financial assets	1,681,331,695	881,163,847	435,550,342	6,323,841,338	102,323,233	9,424,210,455
Total financial liabilities	(610,664,110)	(357,049,194)	(624,609,010)	(5,547,418,948)	(192,848,142)	(7,332,589,404)
Net interest sensitivity gap at 31 December 2021	**1,070,667,585**	**524,114,653**	**(189,058,668)**	**776,422,390**	**(90,524,909)**	**2,091,621,051**

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

Sensitivity analysis of profit or loss and equity (net of taxes) to changes in interest rates (interest rate risk) performed based on the conventional scenario of parallel shift in yield curve by 100 basis points upward or downward the interest rates and restated positions on interest-bearing assets and liabilities effective as of 31 December 2022 and 31 December 2021 is as follows:

(In thousands of Kazakhstani Tenge)	**2022**	**2021**
Parallel increase by 100 basis points (2021: 100 basis points)	13,642,877	10,800,317
Parallel decrease by 100 basis points (2021: 100 basis points)	(13,642,877)	(10,800,317)

The Holding monitors interest rates for its financial instruments. The table below summarises interest rates at the respective reporting date based on reports reviewed by key management personnel.

	31 December 2022			31 December 2021		
	Tenge	**US Dollar**	**Other**	**Tenge**	**US Dollar**	**Other**
Assets						
Cash and cash equivalents	14.13%	0.57%	5.76%	8.40%	0.05%	2.44%
Loans to banks and financial institutions	8.03%	-	-	6.42%	-	-
Deposits with banks and financial institutions	10.64%	0.87%	6.66%	8.55%	0.65%	3.16%
Loans to customers	10.30%	5.68%	10.29%	9.32%	5.98%	-
Investment securities at fair value through other comprehensive income	9.08%	1.65%	5.40%	8.53%	1.78%	5.38%
Investment securities measured at amortised cost	12.64%	3.61%	-	12.59%	3.48%	-
Finance lease receivables	9.50%	-	-	9.32%	-	-
Liabilities						
Customer accounts	4.32%	0.47%	2.07%	1.97%	-	-
Debt securities issued	10.63%	5.28%	-	10.33%	4.57%	-
Subordinated debt	7.67%	-	-	7.67%	-	-
Loans from banks and other financial institutions	11.76%	4.67%	9.37%	9.78%	4.43%	8.56%
Loans from the Government of the Republic of Kazakhstan	10.13%	-	-	9.54%	-	-
Amounts payable under repurchase agreements	-	-	-	-	0.75%	-

The Holding is exposed to prepayment risk through providing fixed or variable rate loans, including mortgages, which give the borrower a right to repay the loans earlier. The Holding's current year financial result and equity at the end of the current reporting period would not have been significantly impacted by changes in prepayment rates because such loans are carried at amortised cost and the prepayment right is at, or close to, the amortised cost of the loans and advances to customers (2021: no significant impact).

Liquidity risk. Liquidity risk is the risk that the Holding and its subsidiaries will encounter difficulty in attracting funds in order to discharge its liabilities. The liquidity risk arises when assets and liabilities maturities do not match which affects the Holding's and its subsidiaries availability of adequate liquid funds at acceptable price so that to incur its balance sheet and off-balance sheet liabilities in a timely manner. Matching and/or controlled mismatching of maturities and interest rates on assets and liabilities is a fundamental factor of management of the financial institutions, including the Holding. Due to variety of transactions under execution and related uncertainty, absolute maturity matching for assets and liabilities is not observed in the normal practice of financial institutions which allows increasing transaction profitability, however, increases the risk of loss.

The Holding and its subsidiaries manage liquidity risk to maintain cash resources required to discharge all liabilities as they fall due.

The Holding manages liquidity risk within the Risk Management Policy of the Holding, Risk Management Rules for Temporary Available Cash of the Holding, Risk Management Rules approved by the Board of Directors and Management Board. The documents specify the basic processes and procedure of liquidity risk management and establish functions and authorities of the Holding's business units involved in this process to manage liquidity risk effectively and maintain adequate funds of the Holding to cover all liabilities.

Within the described above documents, liquidity risk is assessed and controlled by the means of the following tools/analysis report: regulatory and contractual liquidity requirements; analysis of current liquidity balances, estimated inflows/outflows of liquidity, internal liquidity ratios; liquidity gaps ("gap analysis"). To avoid excess or deficiency of liquidity, the Committees of Asset and Liability Management of the Holding's subsidiaries control the activities for liquidity raising and use.

The Committees of Asset and Liability Management of the Holding's subsidiaries control liquidity risk by analysing levels of liquidity risk to take measures for mitigation of liquidity risk of the subsidiaries and the Holding. Current liquidity is managed by the Treasury Departments of the subsidiaries which perform transactions at the financial markets to maintain the current liquidity and optimise cash flows.

Procedures for liquidity risk management of the Holding include:

– cash flow forecasting in terms of key currencies and calculation of the related necessary level of liquid assets;
– maintenance of a diversified structure of funding sources;

- management of concentration and borrowings structure;
- development of debt financing plans;
- servicing of highly liquid assets portfolio which can be easily realised as a safeguard measure in case of cash liquidity gap;
- development of contingent plans to maintain liquidity and target level of funding;
- execution of control over conformity of the Holding's balance sheet liquidity ratios with the statutory criteria.

The Treasury Departments of the subsidiaries monitor liquidity at the financial markets. Under normal market conditions, the reports on liquidity situation of the Holding's subsidiaries are regularly provided to the senior management of the Holding. Decisions regarding liquidity management policy of the Holding are made by the Management Board and Committee of Asset and Liability Management of the Holding.

The table below shows liabilities at 31 December 2022 and 2021 by their remaining contractual maturity. The amounts of liabilities disclosed in the maturity table are the contractual undiscounted cash flows, including gross finance lease obligations (before deducting future finance charges), gross loan commitments and financial guarantees. Such undiscounted cash flows differ from the amount included in the consolidated statement of financial position because the amount in the consolidated statement of financial position is based on discounted cash flows. Financial derivatives are included at the contractual amounts to be paid or received, unless the Holding expects to close the derivative position before its maturity date in which case the derivatives are included based on the expected cash flows. For the purposes of the maturity analysis, embedded derivatives are not separated from hybrid (combined) financial instruments. When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

The maturity analysis of financial liabilities at 31 December 2022 is as follows:

(In thousands of Kazakhstani Tenge)	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**From 12 months to 5 years**	**More than 5 years**	**Total**
Liabilities						
Due to banks	8,055,858	-	-	-	-	8,055,858
Customer accounts*	171,240,070	249,814,335	372,228,657	867,781,476	1,955,388,762	3,616,453,300
Debt securities issued	72,863,980	233,597,068	210,942,522	2,343,295,791	4,184,527,320	7,045,226,681
Subordinated debt	-	5,743	5,743	45,944	115,226,884	115,284,314
Loans from banks, other financial institutions and the Government of the Republic of Kazakhstan	161,960,551	71,372,960	201,990,058	971,152,568	1,625,434,014	3,031,910,151
Liabilities on insurance contracts	11,030,490	21,973,015	8,012,963	16,917,392	750,163	58,684,023
Liability to a mortgage company	3,063,893	15,387,168	18,608,408	151,837,935	332,652,775	521,550,179
Other financial liabilities	87,664,152	6,431,485	8,416,200	9,556,462	5,152,847	117,221,146
Total potential future payments for financial liabilities	**515,878,994**	**598,581,774**	**820,204,551**	**4,360,587,568**	**8,219,132,765**	**14,514,385,652**
Loan commitments	434,357,159	-	-	-	-	434,357,159
Finance lease commitment	209,865,159	-	-	-	-	209,865,159
Guarantees, letters of credit and other commitments related to settlement operations	12,514,808	20,924,590	51,679,652	309,708,657	40,170,822	434,998,529
Investment related commitments	57,915,452	-	-	-	-	57,915,452

The maturity analysis of financial liabilities at 31 December 2021 is as follows:

(In thousands of Kazakhstani Tenge)	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**From 12 months to 5 years**	**More than 5 years**	**Total**
Liabilities						
Customer accounts*	295,792,272	76,953,614	44,647,320	431,133,565	1,232,994,023	2,081,520,794
Debt securities issued	50,247,202	138,655,997	753,165,059	2,407,925,714	4,351,438,943	7,701,432,915
Subordinated debt	-	5,743	5,743	45,944	115,238,370	115,295,800
Loans from banks, other financial institutions and the Government of the Republic of Kazakhstan	17,385,076	35,654,450	64,773,266	771,914,056	1,162,120,829	2,051,847,677
Liabilities on insurance contracts	1,155,081	18,370,239	6,436,275	15,264,974	328,208	41,554,777
Other financial liabilities	165,559,365	11,056,247	20,233,423	3,339,859	-	200,188,894
Total potential future payments for financial liabilities	**530,138,996**	**280,696,290**	**889,261,086**	**3,629,624,112**	**6,862,120,373**	**12,191,840,857**
Loan commitments	387,766,967	-	-	-	-	387,766,967
Finance lease commitments	150,816,737	-	-	-	-	150,816,737
Guarantees, letters of credit and other commitments related to settlement operations	6,956,232	6,718,219	18,328,661	239,392,267	34,812,914	306,208,293
Investment related commitments	66,186,714	-	-	-	-	66,186,714

*Term deposits of individuals and deposits that secure mortgage loans issued are not call deposits that depositors may withdraw at any time without losing accrued interest and state premiums.

The total outstanding contractual amount of commitments to extend credit as included in the above maturity table does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

Customer accounts are classified in the above analysis based on contractual maturities. However, in accordance with Kazakhstani legislation, depositors can withdraw their term deposits at any time, losing in most of the cases the accrued interest.
These deposits are classified in accordance with their stated maturity dates.

In the judgement of the Holding management, the matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the effective management of the Holding.

The following table provides an analysis, by expected maturities, of amounts recognised in the consolidated statement of financial position as at 31 December 2022 and 2021.

(In thousands of Kazakhstani Tenge)	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**From 1 to 5 years**	**More than 5 years**	**No maturity**	**Total**
31 December 2022							
Total assets	2,449,012,275	467,874,801	686,506,343	2,732,034,742	5,627,035,142	269,668,374	12,232,131,677
Total liabilities	(738,005,546)	(447,438,848)	(521,153,796)	(2,878,532,124)	(5,548,935,625)	-	(10,134,065,939)
Net position as at 31 December 2022	**1,711,006,729**	**20,435,953**	**165,352,547**	**(146,497,382)**	**78,099,517**	**269,668,374**	**2,098,065,738**
31 December 2021							
Total assets	1,802,083,397	886,063,780	504,475,814	2,187,752,042	4,295,842,911	193,657,417	9,869,875,361
Total liabilities	(764,303,751)	(418,138,909)	(658,438,896)	(2,674,053,335)	(3,685,388,243)	-	(8,200,323,134)
Net position as at 31 December 2021	**1,037,779,646**	**467,924,871**	**(153,963,082)**	**(486,301,293)**	**610,454,668**	**193,657,417**	**1,669,552,227**

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

Compliance with capital adequacy ratios set for the subsidiaries is monitored monthly with reports outlining their calculation reviewed and signed by the Chairman of the Management Board and considered by the Holding's Board of Directors.
The Holding treats the capital as net assets attributable to the Holding owners, which amount to Tenge 2,098,065,738 thousand (31 December 2021: Tenge 1,669,552,227 thousand). The Holding is not subject to regulatory capital requirements.

During 2022 and 2021 the Holding's subsidiaries complied with all externally imposed capital adequacy ratios by exceeding the minimum requirements.

32 Analysis by segment

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

- Strategical management (the Holding Company);
- Affordable housing (Otbasy Bank JSC and KHC JSC);
- Large business support (DBK JSC);
- Agro-industrial complex support (ACC JSC);
- SME support and development (Damu EDF JSC);
- Investments development (QIC JSC);
- Export insurance (KE JSC);
- Provision of second-tier bank services (Bereke Bank JSC).

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

Segment information for the main reportable segments for the years ended 31 December 2022 and 31 December 2021 is set out below:

(In thousands of Kazakhstani Tenge)	31 December 2022	31 December 2021
ASSETS		
Strategical management	4,204,926,324	3,774,702,804
Affordable housing	4,889,170,031	4,228,756,537
Large business support	3,944,992,298	3,743,911,218
Agro-industrial complex support	1,297,553,773	1,234,972,529
SME support and development	427,480,978	380,002,259
Investments development	257,411,499	249,834,271
Export insurance	149,846,288	139,397,883
Provision of second-tier bank services	1,536,013,833	-
Total assets	**16,707,395,024**	**13,751,577,501**
LIABILITIES		
Strategical management	2,892,956,783	2,594,439,748
Affordable housing	4,178,624,212	3,627,848,244
Large business support	3,328,444,572	3,185,001,119
Agro-industrial complex support	902,568,403	791,067,024
SME support and development	250,016,835	236,178,200
Investments development	55,195,518	56,532,258
Export insurance	36,837,149	25,183,941
Provision of second-tier bank services	1,406,073,721	-
Total liabilities	**13,050,717,193**	**10,516,250,534**
Reconciliations of reportable segment total assets and total liabilities:		
Total assets for reportable segments		
Total assets	16,707,395,024	13,751,577,501
Impact of consolidation	(4,475,263,347)	(3,881,702,140)
Total assets	**12,232,131,677**	**9,869,875,361**
Total liabilities for reportable segments		
Total liabilities	13,050,717,193	10,516,250,534
Impact of consolidation	(2,916,651,254)	(2,315,927,400)
Total liabilities	**10,134,065,939**	**8,200,323,134**

(In thousands of Kazakhstani Tenge)	**Strategic management**	**Affordable housing**	**Large business support**	**SME support and development**	**Investments development**	**Export insurance and other**	**Agro-industrial complex support**	**Provision of second-tier bank services**	**Total**
2022									
Interest income	252,021,685	397,127,588	317,893,609	35,551,827	7,973,449	12,736,176	176,405,609	74,801,399	1,274,511,342
Interest expense	(268,762,315)	(189,603,223)	(210,019,302)	(7,818,871)	(1,506,589)	-	(89,245,130)	(45,999,325)	(812,954,755)
Net interest income/(expense)	**(16,740,630)**	**207,524,365**	**107,874,307**	**27,732,956**	**6,466,860**	**12,736,176**	**87,160,479**	**28,802,074**	**461,556,587**
(Provision)/reversal of provision for loan portfolio impairment	-	15,493,558	(46,790,634)	(2,280,241)	(170,773)	-	(55,553,105)	(15,571,944)	(104,873,139)
Net fee and commission income/(expense)	-	(4,802,662)	253,586	24,853,961	-	56,661	-	6,051,405	26,412,951
Net (loss)/gain on assets measured at fair value through profit or loss	-	-	(866,611)	12,497	1,438,492	-	-	37,732,040	38,316,418
Net foreign exchange gain /(loss)	278,110	(2,388,604)	1,993,695	384,085	721,853	2,324,209	(557,501)	52,587,976	55,343,823
Net gain/(loss) on investment securities measured at fair value through profit or loss	2,163,145	1,475,366	(23,026,959)	-	-	11,681	-	-	(19,376,767)
Net insurance premiums earned	-	2,604,931	-	-	-	3,990,070	-	-	6,595,001
Net gain from derecognition of financial assets measured at amortized cost	-	-	8,744,373	32,793,975	-	(7,583)	-	-	41,530,765
Net insurance claims incurred and changes in insurance contract provisions	-	(6,307,198)	-	-	-	(13,285,344)	-	-	(19,592,542)
Other operating (expense)/income, net	74,077,109	(13,116,542)	9,209,819	(3,078,608)	(860,743)	(101,550)	(233,112)	214,802	66,111,175
Operating income/(expense)	**59,777,734**	**200,483,214**	**57,391,576**	**80,418,625**	**7,595,689**	**5,724,320**	**30,816,761**	**109,816,353**	**552,024,272**
(Provision)/reversal of provision for impairment of other financial assets and credit related commitments	7,372,435	(15,650,277)	2,218,160	(9,193,807)	10,021	(97,931)	(47,314)	2,744,560	(12,644,153)
Administrative expenses	(5,629,518)	(28,704,362)	(9,061,260)	(6,783,258)	(2,932,716)	(2,633,892)	(16,032,575)	(24,751,496)	(96,529,077)
Profit/(loss) before income tax	**61,520,651**	**156,128,575**	**50,548,476**	**64,441,560**	**4,672,994**	**2,992,497**	**14,736,872**	**87,809,417**	**442,851,042**
Income tax expense	3,228,090	(15,355,198)	(16,423,589)	(12,481,494)	(3,422,789)	(720,352)	(2,980,836)	507,049	(47,649,119)
Segment result	**64,748,741**	**140,773,377**	**34,124,887**	**51,960,066**	**1,250,205**	**2,272,145**	**11,756,036**	**88,316,466**	**395,201,923**

(In thousands of Kazakhstani Tenge)	Strategic management	Affordable housing	Large business support	SME support and development	Investments development	Export insurance and other	Agro-industrial complex support	Total
2021								
Interest income	203,485,758	301,753,505	242,264,476	25,535,269	6,134,452	8,941,798	122,577,076	910,692,334
Interest expense	(210,064,379)	(152,688,617)	(177,739,638)	(7,286,057)	(764,971)	(20,769)	(62,304,199)	(610,868,630)
Net interest income/(expense)	**(6,578,622)**	**149,064,888**	**64,524,838**	**18,249,212**	**5,369,481**	**8,921,029**	**60,272,877**	**299,823,704**
(Provision)/reversal of provision for loan portfolio impairment	-	(2,323,818)	(52,149,802)	(372,910)	-	-	2,664,949	(52,181,581)
Net fee and commission income/(expense)	-	(5,660,213)	12,324	17,479,186	12,545	13,643	1,588,349	13,445,834
Net (loss)/gain on assets measured at fair value through profit or loss	(299,098)	(27,082,475)	19,074,879	75,178	5,833,946	55,081	26,784	(2,315,705)
Net gain/(loss) on investment securities measured at fair value through profit or loss	-	19,587	49,046	-	(7,550)	-	-	61,083
Net insurance premiums earned	-	2,132,353	-	-	-	3,424,328	-	5,556,681
Net gain from derecognition of financial assets measured at amortized cost	-	-	9,961,491	6,544,684	-	-	63,559	16,569,734
Net insurance claims incurred and changes in insurance contract provisions	-	(3,982,815)	-	-	-	(8,363,313)	-	(12,346,128)
Other operating (expense)/income, net	(7,152,646)	(1,457,937)	4,275,942	(10,439,923)	750,209	414,711	(18,471,997)	(32,081,641)
Operating income/(expense)	**(14,030,366)**	**110,709,570**	**45,748,719**	**31,535,427**	**11,958,631**	**4,465,479**	**46,144,521**	**236,531,981**
(Provision)/reversal of provision for impairment of other financial assets and credit related commitments	3,673,728	851,940	(1,150,870)	4,862,159	202,441	16,619	790,533	9,246,549
Administrative expenses	(5,067,535)	(26,660,380)	(8,539,885)	(5,817,979)	(3,244,450)	(2,150,084)	(14,537,256)	(66,017,569)
Share of financial result of associates and joint ventures	-	-	-	-	7,663		(12,277)	(4,614)
Profit/(loss) before income tax	**(15,424,173)**	**84,901,130**	**36,057,963**	**30,579,607**	**8,924,285**	**2,332,014**	**32,385,521**	**179,756,347**
Income tax expense	(1,850,714)	(13,971,696)	(2,531,061)	(5,548,645)	(3,598,681)	(320,023)	(3,777,411)	(31,598,231)
Segment result	**(17,274,887)**	**70,929,434**	**33,526,902**	**25,030,962**	**5,325,604**	**2,011,991**	**28,608,110**	**148,158,116**

(In thousands of Kazakhstani Tenge)	2022	2021
Reconciliations of reportable segment revenues and profit or loss:		
Reportable segment net interest income	461,556,587	299,823,704
Other adjustments	1,694,899	(1,311,628)
Total net interest income	**463,251,486**	**298,512,076**
Reportable segment profit	395,201,923	148,158,116
The effect of consolidation	(14,576,354)	(37,278,063)
Total profit	**380,625,569**	**110,880,053**

33 Business combinations

On 1 September 2022, the Holding acquired control over Subsidiary Bank Sberbank of Russia Joint Stock Company (the "Bank") by purchasing 99.99% of the Bank's ordinary shares.

On 14 September 2022, the corporate name of the Bank was changed from "Subsidiary Bank Sberbank of Russia Joint Stock Company to Bereke Bank JSC.

Bereke Bank JSC provides retail and corporate banking services in the Republic of Kazakhstan, accepts deposits from the public, extends loans, makes transfers within Kazakhstan and abroad, exchanges currencies and provides other banking services to its corporate and retail customers. The Holding evaluates the significance of the bank for the national financial system as high. Modern infrastructure and technology of Bereke Bank JSC allow the bank to operate efficiently and continue providing financing to the real sector of economy of Kazakhstan. The transaction allowed the bank to be removed from the sanctions list "Special Designated Nationals and Blocked Persons List" (OFAC SDN List) and resume active full scale banking operations, attract deposits and make payments and continue to develop products and services for public and business.

From the date of acquisition to 31 December 2022, net interest income of Bereke Bank JSC was Tenge 28,802,074 thousand and net profit was Tenge 88,316,466 thousand.

According to management, should the acquisition of Bereke Bank JSC had occurred on 1 January 2022, the consolidated net interest income would have been Tenge 478,558,412 thousand, and consolidated profit for the year would have been Tenge 167,787,103 thousand. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2022.

Consideration transferred

The Holding purchased 99.99% ordinary shares of Subsidiary Bank Sberbank of Russia Joint Stock Company.

As part of the transaction of acquisition of subsidiary, on 25 August 2022 the Holding opened term deposits with the Bank for a total amount of Tenge 100,000,000 thousand maturing on 26 February 2024. The fair value of that financial liability of the Bank was determined by discounting the future contractual cash flows using a market interest rate. The Bank used the following assumptions to estimate the market interest rate at the date of initial recognition:

- yield curve of Kazakhstan government bonds in Tenge with respective maturity at the said date;
- the Bank's premium for credit risk.

The negative difference between the fair value and nominal value of these term deposits at the date of initial recognition of Tenge 14,311,988 thousand was recognised in consideration transferred.

Identifiable assets acquired and liabilities assumed

Recognised amounts of identifiable assets acquired and liabilities assumed were as follows:

(In thousands of Kazakhstani Tenge)	**At 1 September 2022**
Cash and cash equivalents	328,899,384
Loans and advances to customers	987,224,705
Investment securities	3,820,143
Property, plant and equipment	47,511,271
Intangible assets	20,135,658
Other financial assets	15,300,083
Other assets	19,299,870
Total assets	**1,422,191,114**
Amounts due to credit institutions	88,584,837
Customer accounts	902,553,977
Amounts due to a mortgage institution	211,477,673
Current corporate income tax liabilities	1,248,678
Deferred corporate income tax liabilities	588,548
Other financial liabilities	33,481,186
Other liabilities	9,245,576
Total liabilities	**1,247,180,475**
Contingent assets related legal proceedings	422,000
Deferred dividend payment liabilities	130,000,000
Net identifiable assets	**44,588,639**

Bargain purchase gain

Bargain purchase gain as a result of acquisition of Bereke Bank JSC recognised in the consolidated statement of profit or loss and other comprehensive income has been calculated as follows:

(In thousands of Kazakhstani Tenge)	
Fair value of net identifiable assets	44,588,639
Fair value of consideration transferred in cash	-
Fair value of consideration transferred in the form of discount on initial recognition	14,311,988
Total bargain purchase gain	**30,276,651**

Following inclusion of Subsidiary Bank Sberbank of Russia Joint Stock Company into the OFAC SDN list in April 2022, the Bank, being a subsidiary of Sberbank of Russia PJSC, faced the following problems: limitations imposed on banking transactions, withdrawal of the Bank credit rating, significant outflow of customer accounts, closing of correspondent accounts with other banks, liquidity shortage, breach of prudential requirements, including capital adequacy ratios. The Government of the RK started negotiations with Sberbank of Russia PJSC for acquisition of Subsidiary Bank Sberbank of Russia Joint Stock Company, the second largest bank in the RK, to support the national financial system. The consideration offered for the Bank was estimated based on conservative measurement of fair value of assets and liabilities of the Bank as at the acquisition date due to complicated situation of the Bank during transaction negotiation.

Fair value measurement

An independent valuer was engaged to measure fair value of acquired assets and assumed liabilities at the acquisition date.

The valuation techniques used for measuring the fair value of assets acquired were as follows.

Assets acquired	**Valuation technique**
Loans and advances to customers	*Discounted cash flows:* As part of measurement of fair value of loan portfolio, the portfolio has been segmented by type of borrowers, loan status, loan type, collateral type, and lending product. Interest rates of the issued performing loans have been analysed for their compliance with the market rates. Such analysis has been performed separately for standard bank loans, for loans under special-purpose programs, and those under individual terms. Fair value of loans to customers have been measured as present value of expected future contractual cash flows discounted at the average market effective interest rate for mortgage loans at the acquisition date.
Mortgage loans to customers issued under the state programme (“Baspana”)	*Discounted cash flows*: Interest rates of the mortgage loans issued under the state programme (“Baspana”) have been analysed for their compliance with the market rates. Fair value of loans to customers has been measured as present value of expected future contractual cash flows discounted at the average market effective interest rate for mortgage loans at the acquisition date.
Property, plant and equipment	*Market comparison technique* The valuation model uses inputs based on quoted market prices for similar items, considering the following criteria: location, square area, utility service connection, intended use. For the valuation purpose, the selected comparable items were adjusted to take account of a trade discount.

The valuation technique used to determine the fair value of material assumed liabilities is set out below:

Liabilities assumed	**Valuation technique**
Amounts due to credit institutions	*Discounted cash flows:* The valuation model considers the present value of expected future cash flows estimated according to the terms of deposit agreements with the Holding. A discount rate was based on the Tenge yield curve, taking account of a credit spread. Fair value of amounts due to credit institutions classified as “On demand” which comprised correspondent (loro) accounts with other banks have been measured at least at their face value at the acquisition date.
Amounts due to corporate and retail customers	*Analysis of weighted average interest rates on deposit sub-portfolios as to their matching the market rates* Fair value of liabilities classified as “On demand” (including current accounts and demand deposits from customers) have been measured at least at their face value at the acquisition date.
Amounts due to a mortgage institution	*Discounted cash flows:* The valuation model considers the present value of expected future cash flows estimated according to the contract terms. A discount rate was based on the Tenge yield curve, taking account of a credit spread.

The methods and assumptions used to determine the fair value of the Bank’ financial instruments at the acquisition date were substantially consistent with the fair value estimation techniques described in Note 37.

The related gross contract amounts and estimated uncollectible amounts attributable to them as at the date of acquisition are as follows:

- Loans and advances to customers – Tenge 1,343,109,000 thousand and Tenge 202,705,000 thousand;
- Other financial assets – Tenge 15,300,083 thousand.

34 Merger of KazAgro NMH JSC

At the end of 2020, as part of implementation of point 52 “Establishment of a single development institution through the merger of Baiterek NMH JSC and KazAgro NMH JSC with the double reduction of portfolio companies and corresponding adjustment of the staff size," the National Action Plan (hereinafter, the "NAP") on implementation of the Address of the Head of State “Kazakhstan in the New Reality: Time to Act” dated 1 September 2020, the Ministry of Agriculture of the Republic of Kazakhstan and the Ministry of Industry and Infrastructure Development of the Republic of Kazakhstan approved the Roadmap.

On 29 January 2021, based on the resolution of the absentee meeting of the Board of Directors of Baiterek NMH JSC, a decision was made to place the Holding's shares within the limits of the authorised number of shares - 199,591,261 - at the price of 1,075 tenge 87 tiyn in favour of the Sole Shareholder of KazAgro NMH JSC against payment for 100% of shares acquired by the Holding. The share capital of the Holding increased after the merger of KazAgro NMH JSC by Tenge 214,734,250 thousand. On 26 February 2021, in accordance with point 6 of the AP Roadmap, the agreement was concluded on merger of KazAgro NMH JSC with Baiterek NMH JSC, including the act of transfer and acceptance, under which Baiterek NMH JSC has accepted all property, rights and obligations of KazAgro NMH JSC in accordance with the procedure of universal legal succession. On 1 March 2021, after the transaction on placement of shares by the Holding was completed, KazAgro NMH JSC transferred all consolidated assets and liabilities, and the consolidated net assets on the transfer amounted to Tenge 102,752,257 thousand. As a result, the Holding recognised a negative difference of Tenge 111,981,993 thousand in retained earnings.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the merger date:

(In thousands of Kazakhstani Tenge)	**KazAgro NMH JSC**
Acquisition date	**1 March 2021**
Consolidated assets	
Cash and cash equivalents	375,993,158
Assets measured at fair value through profit or loss	2,768,501
Loans to banks and financial institutions	22,181,966
Deposits with banks and financial institutions	26,007,304
Loans to customers	589,494,555
Investment securities	37,253,676
Finance lease receivables	266,905,679
Equity-accounted investees	555,065
Investment property	4,817,916
Current income tax prepayment	5,925,929
Deferred income tax asset	31,455,395
Property, plant and equipment	2,582,915
Intangible assets	1,334,084
Government grants receivable	16,889,400
Non-current assets held for sale	3,568,789
Other financial assets	6,851,066
Other assets	20,179,440
Total assets	**1,414,764,838**
Consolidated liabilities	
Debt securities issued	973,863,002
Loans from banks and other financial institutions	45,852,105
Loans from the Government of the Republic of Kazakhstan	226,448,530
Deferred income tax liability	1,892,928
Other financial liabilities	13,970,862
Government grants	23.039, 754
Other liabilities	26,945,400
Total liabilities	**1,312,012,581**
Total net assets	**102,752,257**

35 Contingencies

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

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

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

Investment related commitments. The Holding purchases private equity funds liabilities to include in its portfolio. The Holding diversifies the investment portfolio by distributing investments among managers, relevant industries, territories and investment stages. As of 31 December 2022, the contingent capital commitments totalled Tenge 57,915,452 thousand (31 December 2021: Tenge 66,186,714 thousand). Under the constituent agreements of private equity funds, in case of default on capital commitments, after the manager issued a due claim, the Holding may be subject to sanctions, including moratorium on interest, cessation of profit distribution, temporary denial of right to participate in the corporate governance of the funds and forced sale of the Holding's share to co-investors and third parties. As at 31 December 2022 and 2021 the Holding did not have overdue investment commitments.

Compliance with covenants. The subsidiaries of the Holding are subject to certain covenants primarily relating to their borrowings. Non-compliance with these covenants may result in negative consequences for the Holding. The Holding was in compliance with covenants at 31 December 2022 and 31 December 2021.

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 Holding does not have full coverage for its premises and equipment, business interruption, or third-party liability in respect of property or environmental damage arising from accidents on its property or related to operations. Until the Holding obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on operations and consolidated financial position of the Holding.

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

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

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

(In thousands of Kazakhstani Tenge)	**31 December 2022**	**31 December 2021**
Commitments to extend credit that are irrevocable or revocable only in response to a material adverse change	82,610,900	32,357,889
Loan and credit line commitments	434,357,159	387,766,967
Finance lease commitments	209,865,159	150,816,737
Financial guarantees issued	434,998,529	306,208,293
Total credit related commitments less provision	**1,161,831,747**	**877,149,886**

The total outstanding contractual amount of undrawn credit lines, letters of credit, and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded. Credit related commitments are denominated in Tenge.

As at 31 December 2022, included in loan, credit line and finance lease and other commitments related to settlement operations is the amount of Tenge 72,126,376 thousand, related to eight borrowers (2021: related to settlement operations is the amount of Tenge 166,244,374 thousand, related to twelve borrowers), which, if aggregated with current amount of loans in the amount of Tenge 240,512,190 thousand (2021: Tenge 551,030,492 thousand) comprise a significant credit exposure.

As at 31 December 2022 loan and credit line commitments include revocable commitments of Tenge 137,081,456 thousand (31 December 2021: Tenge 155,298,995 thousand). The Loan Commitment Agreement provides for the right of the Holding to unilaterally withdraw from the agreement in the event of unfavourable conditions for the Holding, and in case of lack of resources for lending.

36 Offsetting financial assets and financial liabilities

The Holding has master netting arrangements of the International Swap and Derivatives Association ("ISDA"), and similar master netting agreements that do not meet offsetting criteria in the consolidated statement of financial position. The reason is that they create the right to offset recognised amounts that is legally effective only in case of default, insolvency, or bankruptcy of the Holding and its counteragents. In addition, the Holding and its counteragents do not intend to settle debt through offsetting or sell an asset and perform liability simultaneously.

Financial assets and liabilities subject to enforceable master netting and similar arrangements are as follows at 31 December 2022:

	Gross amounts before offsetting in the consolidated statement of financial position	Gross amounts set off in the consolidated statement of financial position	Net amount after offsetting in the consolidated statement of financial position	Amounts subject to master netting and similar arrangements not set off in the consolidated statement of financial position		Net amount of exposure
				Financial instruments	Cash collateral received	
(In thousands of Kazakhstani Tenge)	(a)	(b)	(c) = (a) - (b)	(d)	(f)	(c) - (d) + (f)
ASSETS						
Cash and cash equivalents	1,108,079,063	-	1,108,079,063	(1,107,057,086)	-	1,021,977
Loans to customers	114,645,710	-	114,645,710	-	(13,431,525)	101,214,185
TOTAL ASSETS SUBJECT TO OFFSETTING, MASTER NETTING AND SIMILAR ARRANGEMENT	**1,222,724,773**	**-**	**1,222,724,773**	**(1,107,057,086)**	**(13,431,525)**	**102,236,162**
LIABILITIES						
Customer accounts	(13,431,525)	-	(13,431,525)	13,431,525	-	-
TOTAL LIABILITIES SUBJECT TO OFFSETTING, MASTER NETTING AND SIMILAR ARRANGEMENT	**(13,431,525)**	-	**(13,431,525)**	**13,431,525**	-	-

Financial assets and liabilities subject to enforceable master netting and similar arrangements are as follows at 31 December 2021:

(In thousands of Kazakhstani Tenge)	Gross amounts before offsetting in the consolidated statement of financial position	Gross amounts set off in the consolidated statement of financial position	Net amount after offsetting in the consolidated statement of financial position	Amounts subject to master netting and similar arrangements not set off in the consolidated statement of financial position: Financial instruments	Amounts subject to master netting and similar arrangements not set off in the consolidated statement of financial position: Cash collateral received	Net amount of exposure
	(a)	(b)	(c) = (a) - (b)	(d)	(f)	(c) - (d) + (f)
ASSETS						
Cash and cash equivalents	440,146,200	-	440,146,200	(437,801,320)	-	2,344,880
Loans to customers	17,807,397	-	17,807,397	-	(162,372)	17,645,025
TOTAL ASSETS SUBJECT TO OFFSETTING, MASTER NETTING AND SIMILAR ARRANGEMENT	**457,953,597**	**-**	**457,953,597**	**(437,801,320)**	**(162,372)**	**19,989,905**
LIABILITIES						
Customer accounts	162,372	-	162,372	(162,372)	-	-
Amounts payable under repurchase agreements	43,189,663	-	43,189,663	(43,151,639)	-	38,024
TOTAL LIABILITIES SUBJECT TO OFFSETTING, MASTER NETTING AND SIMILAR ARRANGEMENT	**43,352,035**	**-**	**43,352,035**	**(162,372)**	**-**	**38,024**

The amount set off in the consolidated statement of financial position reported in column (b) is the lower of (i) the gross amount before offsetting reported in column (a) and (ii) the amount of the related instrument that is eligible for offsetting. Similarly, the amounts in columns (d) and (f) are limited to the exposure reported in column (c) for each individual instrument in order not to understate the ultimate net exposure.

37 Fair value

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

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

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

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

	31 December 2022				31 December 2021			
(In thousands of Kazakhstani Tenge)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
ASSETS AT FAIR VALUE								
Other assets measured at fair value through profit or loss	4,241	-	162,338,631	162,342,872	4,115	-	154,114,165	154,118,280
Investment securities	388,653,348	99,425,182	1,594,526	489,673,056	533,674,407	157,406,100	16,023,411	707,103,918
Loans to customers	-	-	208,974,921	208,974,921	-	-	234,731,679	234,731,679
Embedded derivative	-	-	-	-	-	-	1,267,117	1,267,117
TOTAL ASSETS AT FAIR VALUE	**388,657,589**	**99,425,182**	**372,908,078**	**860,990,849**	**533,678,522**	**157,406,100**	**406,136,372**	**1,097,220,994**

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

The Holding applies the discounted cash flow method for impaired investment securities measured at fair value through other comprehensive income and other assets measured at fair value through profit or loss for which fair value cannot be determined based on inputs from observable markets.

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

There were no changes in valuation techniques for level 2 recurring fair value measurements during the year ended 31 December 2022 (2021: none).

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

The Holding's investments in equity instruments categorised as level 3 comprise holdings in investment funds. These funds invest primarily in private equity through purchasing unlisted ordinary shares of businesses in emerging markets (predominantly the Republic of Kazakhstan). To determine fair value of investments in these funds, the Holding engaged an independent appraiser for the years ended 31 December 2022 and 31 December 2021. The approach followed by the appraiser was to estimate the fair value of the underlying portfolio investments (businesses) held by each fund, and then calculate the Holding's share of this business value. As a cross check, the appraiser also reviews fair values of investments as reported by each of the funds, and assesses the basis for material differences between the appraised fair value and fair values reported by the managers.

A number of valuation techniques were used by the appraiser to value the underlying portfolio investments, depending on the nature of the business concerned, the availability of market comparables, and the stage in the business's life cycle.

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

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

The table below provides information on significant unobservable inputs used at the year-end to value the most significant companies included in the portfolio of private equity funds categorised into Level 3 of the fair value hierarchy as at 31 December 2022, in addition to sensitivity analysis to changes in unobservable data, which the Holding thinks reasonably possible at the reporting date, assuming that all other variables remain unchanged.

Type of instrument	Company industries	Fair value of the Holding's interest In thousands of Kazakhstani Tenge	Valuation technique	Significant unobservable inputs	Unaudited Average value for the group	Effect from changes in significant unobservable inputs
	Transportation and logistics services	77,174,237	Income approach, discounted cash flows	EBITDA margin	10.97%-40.1%	Increase in EBIDTA margin would result in higher estimated fair value of investment
	Power engineering	24,501,300	Income approach, discounted cash flows	Credit risk margin	3.64%-4%	Increase in discount rate would result in lower estimated fair value of investment
	Agriculture	29,086,438	Income approach, discounted cash flows	EBITDA margin	20.3%-27%	Increase in EBIDTA margin would result in higher estimated fair value of investment
	Unconventional energy	12,512,944	Income approach, discounted cash flows	EBITDA margin	28.5%-83.06%	Increase in EBIDTA margin would result in higher estimated fair value of investment
	Venture capital funding	9,528,238	Adjusted NAV	Adjustment to NAV	-	Increase in net asset value would result in higher fair value of investment
	Education	2,224,571	Income approach, discounted cash flows	EBITDA margin	15.8%	Increase in EBIDTA margin and revenue growth would result in higher estimated fair value of investment
	Manufacturing	2,102,076	Income approach, discounted cash flows	EBITDA margin; Revenue growth	4.75%; 5%	Increase in EBIDTA margin and revenue growth would result in higher estimated fair value of investment
	Entertainment	1,662,199	Income approach, discounted cash flows	EBITDA margin	22.7%	Increase in EBIDTA margin and revenue growth would result in higher estimated fair value of investment
Unquoted equity instruments	Medical diagnostics	611,607	Income approach, discounted cash flows	EBITDA margin	12%-41.6%	Increase in EBIDTA margin would result in higher estimated fair value of investment
	Other	2,939,262				
Total		**162,342,872**				

The table below provides information on significant unobservable inputs used at the year-end to value the most significant companies included in the portfolio of private equity funds categorised into Level 3 of the fair value hierarchy as at 31 December 2021, in addition to sensitivity analysis to changes in unobservable data, which the Holding thinks reasonably possible at the reporting date, assuming that all other variables remain unchanged.

Type of instrument	Company industries	Fair value of the Holding's interest In thousands of Kazakhstani Tenge	Valuation technique	Significant unobservable inputs	Unaudited Average value for the group	Effect from changes in significant unobservable inputs
	Transportation and logistics services	67,799,139	Income approach, discounted cash flows	EBITDA margin	15.26%-43.64%	Increase in EBIDTA margin would result in higher estimated fair value of investment
	Power engineering	23,214,294	Income approach, discounted cash flows	Credit risk margin	5.77%	Increase in discount rate would result in lower estimated fair value of investment
	Agriculture	27,240,309	Income approach, discounted cash flows	EBITDA margin	18.33%-26.50%	Increase in EBIDTA margin would result in higher estimated fair value of investment
	Unconventional energy	15,669,035	Income approach, discounted cash flows	EBITDA margin	74.55%-87.22%	Increase in EBIDTA margin would result in higher estimated fair value of investment
	Venture capital funding	6,648,925	Adjusted NAV	Adjustment to NAV	-	Increase in net asset value would result in higher fair value of investment
	Manufacturing	3,720,642	Income approach, discounted cash flows	EBITDA margin; Revenue growth	6.74%; 5%	Increase in EBIDTA margin and revenue growth would result in higher estimated fair value of investment
Unquoted equity instruments	Medical diagnostics	1,883,226	Income approach, discounted cash flows	EBITDA margin	11.91%-24.32%	Increase in EBIDTA margin would result in higher estimated fair value of investment
	Other	7,938,595				
Total		**154,114,165**				

The valuation technique and inputs used in the fair value measurement for level 3 measurements of loans to customers, investment securities measured at fair value and related sensitivity to reasonably possible changes in those inputs as at 31 December 2022 are as follows:

(In thousands of Kazakhstani Tenge)	**Fair value**	**Valuation technique**	**Inputs used**	**Range of inputs (weighted average)**	**Sensitivity analysis of fair value to unobservable inputs**
Loans to customers measured at fair value through profit or loss	208,974,921	Discounted cash flows	Discount rate	US Dollar: 5.75%, Tenge: 14.84%-26.66%	Significant increase in discount rate would result in lower fair value
Debt securities measured at fair value	1,594,526	Discounted cash flows	Discount rate	17.91%	Significant increase in discount rate would result in lower fair value
	210,569,447				

The valuation technique and inputs used in the fair value measurement for level 3 measurements of investment securities measured at fair value and embedded instrument and related sensitivity to reasonably possible changes in those inputs as at 31 December 2021 are as follows:

(In thousands of Kazakhstani Tenge)	**Fair value**	**Valuation technique**	**Inputs used**	**Range of inputs (weighted average)**	**Sensitivity analysis of fair value to unobservable inputs**
Loans to customers measured at fair value through profit or loss	234,731,679	Discounted cash flows	Discount rate	US Dollar: 2.04%, Tenge: 12.97%-23.74%	Significant increase in discount rate would result in lower fair value
Embedded derivative	1,267,117	Option model	Volatility of foreign exchange rate	Rouble: 6.41%	Significant increase in volatility would result in higher fair value
Debt securities measured at fair value	16,023,411	Discounted cash flows	Discount rate	12.96%	Significant increase in discount rate would result in lower fair value
	252,022,207				

The above tables disclose sensitivity to valuation inputs for financial assets and financial liabilities, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly. For this purpose, significance was judged with respect to profit or loss, and total assets or total liabilities, or, when changes in fair value are recognised in comprehensive income, total equity.

The sensitivity of fair value measurement disclosed in the above table shows the direction that an increase or decrease in the respective input variables would have on the valuation result.

A reconciliation of movements in Level 3 of the fair value hierarchy by class of instruments for the year ended 31 December 2022 is as follows:

(In thousands of Kazakhstani Tenge)	**Other assets measured at fair value through profit or loss**	**Investment securities**	**Embedded derivatives**	**Loans to customers measured at fair value through profit or loss**
Fair value as at 1 January 2022	**154,114,165**	**16,023,411**	**1,267,117**	**234,731,679**
Gains or losses recognised in profit or loss for the year	13,073,390	2,339,081	(866,611)	(13,657,973)
Purchases	4,950,248	-	-	59,429,627
Transferred to instruments of Level 2	-	(16,213,452)	-	-
Repayment, contracts termination	-	(554,514)	(400,506)	(71,528,412)
Disposals	(9,799,172)	-	-	-
Fair value as at 31 December 2022	**162,338,631**	**1,594,526**	**-**	**208,974,921**

A reconciliation of movements in Level 3 of the fair value hierarchy by class of instruments for the year ended 31 December 2021 is as follows:

(In thousands of Kazakhstani Tenge)	Other assets measured at fair value through profit or loss	Investment securities	Embedded derivatives	Loans to customers measured at fair value through profit or loss
Fair value as at 1 January 2021	**127,756,307**	**2,941,430**	**2,617,752**	**100,580,983**
Gains or losses recognised in profit or loss for the year	4,965,642	1,735,065	(1,195,613)	(5,856,944)
Recognised as a result of business merger	2,768,501	14,055,653	-	-
Purchases	28,715,191	-	-	192,524,443
Repayment, contracts termination	-	(1,130,761)	(155,022)	(52,516,803)
Disposals	(10,091,476)	(1,577,976)	-	-
Fair value as at 31 December 2021	**154,114,165**	**16,023,411**	**1,267,117**	**234,731,679**

Although the Holding believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements of loans to customers and embedded derivatives in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects as at 31 December 2022 and as at 31 December 2021:

	Effect on fair value as at 31 December 2022		Effect on fair value as at 31 December 2021	
(In thousands of Kazakhstani Tenge)	**Favourable**	**Unfavourable**	**Favourable**	**Unfavourable**
Unquoted equity instruments				
Transportation and logistics services	5,577,002	(3,080,529)	1,595,563	(1,595,563)
Power engineering	421,742	(408,267)	661,461	(633,615)
Agriculture	592,784	(134,771)	1,309,048	(1,308,366)
Unconventional energy	718,964	(626,739)	166,258	(166,258)
Manufacturing (EBITDA margin)	1,062,937	(1,063,260)	780,814	(558,892)
Manufacturing (Revenue growth)	1,782,453	(1,552,585)	30,167	(359,350)
Venture capital funding	476,412	(476,412)	332,446	(332,446)
Entertainment	114,287	(104,176)	-	-
Education	223,707	(191,942)	-	-
Medical diagnostics	4,628	(4,413)	73,772	(73,479)
Total unquoted equity instruments	**10,974,916**	**(7,643,094)**	**4,949,529**	**(5,027,969)**

	2022 Effect on profit or loss		2021 Effect on profit or loss	
(In thousands of Kazakhstani Tenge)	**Favourable**	**Unfavourable**	**Favourable**	**Unfavourable**
Loans to customers	3,619,340	(3,386,630)	5,088,095	(4,759,588)
Finance lease receivables				
- Embedded derivative	-	-	403,775	(331,228)
Total	**3,619,340**	**(3,386,630)**	**5,491,870**	**(5,090,816)**

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

- for equity instruments measured at profit or loss decrease and increase in the discount rate by 1%;
- for venture funding adjustment to NAV by 5%;

- for investments measured at profit or loss, branches of manufacturing:
  - decrease and increase in the weighted average cost of capital by 1%;
  - decrease and increase in revenue growth rate by 5%.
- for loans to customers measured at fair value through profit or loss: decrease and increase in the discount rate by 1%.

Assets and liabilities not measured at fair value but for which fair value is disclosed. Fair values analysed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value at 31 December 2022 are as follows:

(In thousands of Kazakhstani Tenge)	Level 1	Level 2	Level 3	Total	Carrying amount
ASSETS					
Cash and cash equivalents	-	2,293,973,195	-	2,293,973,195	2,293,973,195
Loans to banks and financial institutions	-	205,732,894	2,057,015	207,789,909	298,999,429
Deposits with banks and financial institutions	-	23,154,952	-	23,154,952	23,154,952
Loans to customers	-	5,799,322,896	196,637,985	5,995,960,881	6,302,995,967
Investment securities	-	941,495,811	38,282,496	979,778,307	966,886,092
Finance lease receivables	-	831,693,183	42,501,538	874,194,721	1,072,649,277
TOTAL	**-**	**10,095,372,931**	**279,479,034**	**10,374,851,965**	**10,958,658,912**
LIABILITIES					
Due to banks	-	8,055,858	-	8,055,858	8,055,858
Customer accounts	-	3,007,141,718	-	3,007,141,718	3,049,901,263
Debt securities issued	371,625,174	2,744,177,300	-	3,115,802,474	3,739,552,209
Loans from banks and other financial institutions	-	965,059,797	-	965,059,797	946,551,807
Loans from the Government of the Republic of Kazakhstan	-	649,669,731	-	649,669,731	776,645,835
Subordinated debt	-	1,658,275	-	1,658,275	8,050,778
Liabilities to a mortgage company	-	201,302,720	-	201,302,720	201,302,720
TOTAL	**371,625,174**	**7,577,065,399**	**-**	**7,948,690,573**	**8,730,060,470**

Fair values analysed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value at 31 December 2021 are as follows:

(In thousands of Kazakhstani Tenge)	Level 1	Level 2	Level 3	Total	Carrying amount
ASSETS					
Cash and cash equivalents	-	1,472,845,223	-	1,472,845,223	1,472,845,223
Loans to banks and financial institutions	-	298,148,828	2,549,348	300,698,176	367,879,233
Deposits with banks and financial institutions	-	193,125,535	-	193,125,535	193,059,900
Loans to customers	-	4,086,494,463	245,928,467	4,332,422,930	4,469,341,866
Investment securities	-	999,206,879	36,200,511	1,035,407,390	1,018,623,564
Finance lease receivables (less embedded derivatives)	-	740,756,223	30,366,859	771,123,082	928,659,102
TOTAL	**-**	**7,790,577,151**	**315,045,185**	**8,105,622,336**	**8,450,408,888**
LIABILITIES					
Customer accounts	-	1,788,020,886	-	1,788,020,886	1,788,020,886
Debt securities issued	1,089,196,564	2,982,746,683	-	4,071,943,247	4,065,432,159
Loans from banks and other financial institutions	-	650,346,963	-	650,346,963	652,462,122
Loans from the Government of the Republic of Kazakhstan	-	529,120,609	-	529,120,609	577,428,415
Subordinated debt	-	2,612,147	-	2,612,147	7,502,151
TOTAL	**1,089,196,564**	**5,952,847,288**	**-**	**7,042,043,852**	**7,090,845,733**

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

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

- Discount rates of 5.82% to 10.16% p.a. for foreign currency loans and of 7.60% to 28.35% p.a. for Tenge loans (31 December 2021: 2.13% to 9.11% p.a. for foreign currency loans and of 7.57% to 24.79% p.a. for Tenge loans) are used for discounting future cash flows on loans to customers;

- Discount rates of 6.14% p.a. for US Dollar and 12.07% to 18.43% p.a. for Tenge (31 December 2021: 1.70% p.a. for US Dollar and 10.42% to 13.90% p.a. for Tenge) are used for discounting future cash flows on debt securities measured at amortised cost;

- Discount rates of 12.29% to 19.43% p.a. (31 December 2021: 11.00% to 15.03% p.a.) are used for discounting future cash flows on loans to banks;

- Discount rates of 12.73% to 28.35% p.a. (31 December 2021: 10.30% to 27.17% p.a.) are used for discounting future cash flows on finance lease receivables;

- Discount rates of 6.08% to 7.21% p.a. for US Dollar and 12.90% to 16.82% p.a. for Tenge (31 December 2021: 1.22% to 2.48% p.a. for US Dollar and 10.62% to 13.49% p.a. for Tenge) are used for discounting future cash flows on debt securities issued;

- Discount rates of 12.61% to 14.69% p.a. (31 December 2021: 10.58% to 10.81% p.a.) are used for discounting future cash flows from loans from the Government of the Republic of Kazakhstan;

- Discount rates of 12.07% to 13.49% p.a. (31 December 2021: 10.42% to 10.80% p.a.) are used for discounting future cash flows on subordinated debt;

- Discount rates of 6.08% to 8.17% p.a. for foreign currency loans and of 16.05% to 17.52% p.a. for Tenge loans (31 December 2021: 1.70% to 11.03% p.a. for foreign currency loans and of 10.62% to 12.94% p.a. for Tenge loans) are used for discounting future cash flows on loans from banks and other financial institutions;

- Discount rate of 14.28% p.a. (31 December 2021: 10.62% to 10.68% p.a.) is used for discounting future cash flows on loans from SWF “Samruk-Kazyna”.

38 Presentation of financial instruments by measurement category

As at 31 December 2022 and 2021 all financial liabilities of the Holding, other than derivatives, are carried at amortised cost. Derivative financial instruments are designated at fair value through profit or loss.

The following table provides a reconciliation of financial assets with these measurement categories as at 31 December 2022:

(In thousands of Kazakhstani Tenge)	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total carrying amount	Fair value
Financial assets measured at fair value					
Other assets measured at fair value through profit or loss	-	162,342,872	-	162,342,872	162,342,872
Loans to customers	-	208,974,921	-	208,974,921	208,974,921
Investment securities	-	20,862,935	468,810,121	489,673,056	489,673,056
	-	**392,180,728**	**468,810,121**	**860,990,849**	**860,990,849**
Financial assets not measured at fair value					
Cash and cash equivalents	2,293,973,195	-	-	2,293,973,195	2,293,973,195
Loans to banks and financial institutions	298,999,429	-	-	298,999,429	207,789,909
Deposits with banks and financial institutions	23,154,952	-	-	23,154,952	23,154,952
Loans to customers	6,302,995,967	-	-	6,302,995,967	5,995,960,881
Investment securities	966,886,092	-	-	966,886,092	979,778,307
Finance lease receivables (less embedded derivatives)	1,072,649,277	-	-	1,072,649,277	874,194,721
Other financial assets	41,690,241	-	-	41,690,241	41,690,241
	11,000,349,153	**-**	**-**	**11,000,349,153**	**10,416,542,206**
TOTAL FINANCIAL ASSETS	**11,000,349,153**	**392,180,728**	**468,810,121**	**11,861,340,002**	**11,277,533,055**

The following table provides a reconciliation of financial assets with these measurement categories as at 31 December 2021:

(In thousands of Kazakhstani Tenge)	**Amortised cost**	**Fair value through profit or loss**	**Fair value through other comprehensive income**	**Total carrying amount**	**Fair value**
Financial assets measured at fair value					
Other assets measured at fair value through profit or loss	-	154,118,280	-	154,118,280	154,118,280
Loans to customers	-	234,731,679	-	234,731,679	234,731,679
Investment securities	-	19,813,223	687,290,695	707,103,918	707,103,918
Embedded derivatives	-	1,267,117	-	1,267,117	1,267,117
	-	**409,930,299**	**687,290,695**	**1,097,220,994**	**1,097,220,994**
Financial assets not measured at fair value					
Cash and cash equivalents	1,472,845,223	-	-	1,472,845,223	1,472,845,223
Loans to banks and financial institutions	367,879,233	-	-	367,879,233	300,698,176
Deposits with banks and financial institutions	193,059,900	-	-	193,059,900	193,125,535
Loans to customers	4,469,341,866	-	-	4,469,341,866	4,332,422,930
Investment securities	1,018,623,564	-	-	1,018,623,564	1,035,407,390
Finance lease receivables (less embedded derivatives)	928,659,102	-	-	928,659,102	771,123,082
Other financial assets	30,675,712	-	-	30,675,712	30,675,712
	8,481,084,600	**-**	**-**	**8,481,084,600**	**8,136,298,048**
TOTAL FINANCIAL ASSETS	**8,481,084,600**	**409,930,299**	**687,290,695**	**9,578,305,594**	**9,233,519,042**

39 Related party transactions

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

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

At 31 December 2022, the outstanding balances with related parties and average nominal interest rates were as follows:

(In thousands of Kazakhstani Tenge)	Ultimate parent organisation	Associates and joint ventures	Transactions with state owned entities
ASSETS			
Cash and cash equivalents	39,909,189	-	1,922,546,086
Loans to customers (nominal interest rates: 0.40%-10.5%)	-	-	578,996,076
Other assets measured at fair value through profit or loss	-	86,408,980	2,200
Investment securities measured at fair value through other comprehensive income (nominal interest rates: 2.99%-15.35%)	62,371,288	-	18,292,448
Investment securities measured at fair value through profit or loss (nominal interest rates: 4.93%- 7.68%)	74,139	-	-
Investment securities measured at amortised cost (nominal interest rates: 2.98%-15.8%)	65,001,004	-	841,875,285
Finance lease receivables (nominal interest rate: 6.85%)	-	-	323,281,530
Equity-accounted investees	-	795,344	-
Current income tax prepayment	-	-	18,294,819
Deferred income tax asset	-	-	27,398,004
Other financial assets	11,915	-	1,815,033
Other assets	727,001	-	16,927,661
LIABILITIES			
Customer accounts	-	-	438,959,021
Debt securities issued (nominal interest rates: 0.01%-11.53%)	-	-	2,690,910,997
Subordinated debt (nominal interest rate: 0.01%)	-	-	8,050,778
Loans from banks and other financial institutions (nominal interest rates: 0.01% - 5.5%)	-	-	21,225,539
Loans from Government of the Republic of Kazakhstan (nominal interest rates: 0.01%-1.00%)	776,645,835	-	-
Deferred income tax liability	-	-	45,287,694
Current income tax liability	-	-	2,343,256
Other financial liabilities	175,713	-	8,119,029
Amounts due to a mortgage institution	-	-	201,302,720
Government grants	-	-	1,052,536,560
Other liabilities	-	-	22,298,170

The income and expense items on the related party transactions for 2022 were as follows:

(In thousands of Kazakhstani Tenge)	Ultimate parent organisation	Associates and joint ventures	Transactions with state-owned entities
Interest income calculated using effective interest rate method	10,781,774	-	310,886,784
Interest expense	(69,049,740)	-	(227,585,820)
Fee and commission income	625,600	-	1,031,755
Fee and commission expenses	-	-	(241,634)
Net income from trading securities	12,497	-	-
Net income from financial derivatives	-	-	37,732,040
Net foreign exchange gain	450,361	-	3,405,315
Net gain on assets measured at fair value through profit or loss	-	-	83,889
Provision for loan portfolio impairment	775	-	(14,906,191)
Provision for impairment of other financial assets and credit related commitments	1,799	-	(37,819)
Net expense on insurance benefits and changes in provisions	-	-	5,987,090
Administrative expenses			(2,066,836)
Other income	(48,494)	-	212,189,799
Income tax expense	-	-	(47,649,119)

The balances as at 31 December 2021 for transactions with related parties are as follows:

(In thousands of Kazakhstani Tenge)	Ultimate parent organisation	Associates and joint ventures	Transactions with state-owned entities
ASSETS			
Cash and cash equivalents	-	-	1,145,087,779
Loans to customers (nominal interest rates: 0.40%-9.57%)	-	-	380,578,434
Other assets measured at fair value through profit or loss	-	83,981,305	519,156
Investment securities measured at fair value through other comprehensive income (nominal interest rates: 0.77%-11.9%)	89,844,520	-	51,056,767
Investment securities measured at fair value through profit or loss (nominal interest rates: 4.93%- 7.68%)	934,811	-	2,200
Investment securities measured at amortised cost (nominal interest rates: 0.77%-11.90%)	47,261,531	-	917,050,306
Finance lease receivables (nominal interest rate: 8.32%)	-	-	273,051,962
Equity-accounted investees	-	555,065	-
Current income tax prepayment	-	-	25,359,231
Deferred income tax asset	-	-	30,664,096
Other financial assets	321	-	17,693
Other assets	361,152	-	27,400,015
LIABILITIES			
Customer accounts	-	-	429,389
Debt securities issued (nominal interest rates: 0.01%-10.31%)	-	-	2,636,021,344
Subordinated debt (nominal interest rate: 0.01%)	-	-	7,502,151
Loans from banks and other financial institutions (nominal interest rates: 0.30%-5.50%)	-	-	37,167,727
Loans from Government of the Republic of Kazakhstan (nominal interest rates: 0.01%-1.00%)	577,428,415	-	-
Deferred income tax liability	-	-	40,257,423
Current income tax liability	-	-	1,915,356
Other financial liabilities	2,235,059	-	53,631,157
Government grants	-	-	741,637,963
Other liabilities	14,450	-	15,428,513

The income and expense items on the related party transactions for 2021 were as follows:

(In thousands of Kazakhstani Tenge)	**Ultimate parent organisation**	**Associates and joint ventures**	**Transactions with state-owned entities**
Interest income calculated using effective interest rate method	13,736,243	79,517	124,283,061
Interest expense	(47,620,346)	-	(217,338,720)
Fee and commission income	715,369	-	1,874,098
Fee and commission expenses	-	-	(161,507)
Net gain on private equity and venture capital portfolios	-	4,965,642	-
Net income from trading securities	36,705	-	-
Net foreign exchange gain	64,259	-	145,949
Net gain on assets measured at fair value through profit or loss	-	-	110,730
Provision for loan portfolio impairment	1,392	-	(36,600,109)
Provision for impairment of other financial assets and credit related commitments	25,780	-	(8,565)
Administrative expenses	(69)	(1,475)	(1,718,921)
Share of financial result of equity accounted investees	-	(4,614)	-
Other income	-	-	127,665,673
Income tax expense	-	-	(31,598,231)

Key management compensation is presented below:

(In thousands of Kazakhstani Tenge)	**2022**	**2021**
Members of the Board of Directors and the Management Board	696,287	657,839
Total	**696,287**	**657,839**

Short-term bonuses fall due in full within twelve months after the end of the period in which management rendered the related services.

40 Subsequent events

In January 2023 the Holding fully repaid, ahead of schedule, the loan from Eurasian Development Bank of Russian Rouble 20,000,000 thousand (equivalent to Tenge 148,000,000 thousand).

In February 2023 the Holding took actions to accrue compensation of 10% for a total amount exceeding Tenge 115 billion on accounts of 883,072 depositors. The compensations to depositors were transferred to their deposits within 2 working days after receipt of funds by the Holding.

In February 2023 the Holding issued bonds for the amount of Tenge 15,000,000 thousand bearing an interest rate of 0.50% p.a. and maturing in February 2035.

On 8 March 2023 the United States Congress removed Bereke Bank from the SDN sanctions list.

In March 2023 the Holding issued the first block of “green” (ESG) bonds for a total amount of Tenge 10,000,000 thousand bearing a floating rate TONIA + 2.00% and maturing in March 2026.

In 2023 the Holding received a loan from the Ministry of Finance of the RK of Tenge 20,000,000 thousand bearing an interest rate of 0.10% p.a. and maturing in 2048.

In April 2023 the Holding received a loan from the Ministry of Finance of the RK of Tenge 140,000,000 thousand bearing an interest rate of 0.01% p.a. and maturing in November 2024.

Baiterek National Managing Holding Joint Stock Company

International Financial Reporting Standards Consolidated Financial Statements and Independent Auditors' Report

31 December 2023

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Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Baiterek National Managing Holding Joint Stock Company and its subsidiaries (the "Holding"), 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 Holding 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 Holding 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 for loans to customers and finance lease receivables

Please refer to the Notes 3 (Impairment), 5 10 and 12 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 represent 49% and 9% of total assets, respectively. Loans to customers and finance lease receivables are stated net of allowance for expected credit losses ('ECL') that is estimated on a regular basis and is sensitive to assumptions used. The Holding 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 and finance lease receivables (allocation between stages 1, 2 and 3 in accordance with the IFRS Accounting Standards 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 future cash flows 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 the related estimation uncertainty, this area is a key audit matter.	We analysed the key aspects of the Holding's methodology and policies related to the ECL estimate for compliance with the requirements of IFRS Accounting Standards IFRS 9, with the involvement of financial risk management specialists. We tested the principle of operation of the respective models used by the Holding. To analyse the adequacy of professional judgement and assumptions used by the Holding in relation to the allowance for the ECL estimate, we performed the following: - We tested the design and implementation of the 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 a potential changes in ECL estimate may have a significant impact on the consolidated financial statements, we tested whether stages are correctly assigned by the Holding by analysing financial and non-financial information, as well as assumptions and professional judgements, applied by the Holding; - 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 Holding 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 included in relevant categories; - 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 Holding to value the amount and timing of future cash flows. We compared assumptions used by the Holding 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 Holding'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 Holding for the year 2023, but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report of the Holding 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 Holding'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 Holding or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Holding'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 Holding'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 Holding'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 Holding 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 Holding 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 License to conduct audit #0000021 dated 6 December 2006 issued by the Ministry of Finance of the Republic of Kazakhstan

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

19 April 2024

(In thousands of Kazakhstani Tenge)	Note	31 December 2023	31 December 2022
ASSETS			
Cash and cash equivalents	6	2,214,953,148	2,293,973,195
Other assets at fair value through profit or loss	7	169,749,712	162,342,872
Loans to banks and financial institutions	8	338,446,725	298,999,429
Deposits with banks and financial institutions	9	23,861,103	23,154,952
Loans to customers	10	5,721,511,807	6,511,970,888
Investment securities	11	1,492,262,540	1,456,559,148
Finance lease receivables	12	1,212,130,428	1,036,255,264
Equity-accounted investees		434,037	795,344
Investment property		9,186,979	9,653,324
Current income tax prepaid		41,301,861	18,294,819
Deferred income tax asset	31	36,870,714	27,398,004
Property, plant and equipment		20,747,218	65,770,527
Intangible assets		9,885,998	30,120,799
Non-current assets held for sale	13	1,874,913,825	5,028,981
Other financial assets		25,679,451	41,690,241
Other assets	14	428,484,447	249,222,839
TOTAL ASSETS		**13,620,419,993**	**12,231,230,626**
LIABILITIES			
Due to banks		16,288,508	8,055,858
Customer accounts	15	2,551,442,404	3,049,901,263
Debt securities issued	16	3,801,898,128	3,739,552,209
Subordinated debt		8,640,755	8,050,778
Loans from banks and other financial institutions	17	856,365,177	946,551,807
Loans from the Government of the Republic of Kazakhstan	18	795,421,453	776,645,835
Liabilities to the mortgage organisation	19	-	201,302,720
Current income tax liability		306,316	2,343,256
Deferred income tax liability	31	51,538,452	45,287,694
Insurance contracts liabilities		57,873,965	58,684,023
Liabilities directly associated with the disposal groups classified as held for sale	13	1,480,414,887	-
Other financial liabilities	20	156,763,872	117,221,146
Government grants	21	1,034,690,361	1,052,536,560
Other liabilities	22	143,270,811	127,031,739
TOTAL LIABILITIES		**10,954,915,089**	**10,133,164,888**
EQUITY			
Share capital	23	1,521,238,962	1,366,238,962
Fair value reserve (investment securities)		(49,796,105)	(65,072,162)
Business combination reserve and additional paid-in capital		292,555,754	241,088,410
Hedging reserve		(993,164)	-
Other reserves		26,950,799	31,125,936
Retained earnings		875,548,658	524,684,592
TOTAL EQUITY		**2,665,504,904**	**2,098,065,738**
TOTAL LIABILITIES AND EQUITY		**13,620,419,993**	**12,231,230,626**

Approved for issue and signed by management on 19 April 2024.

Yersain Yerbulatovich Khamitov
Deputy Chairman of the Board

Kuralay Damirovna Yessengarayeva
Chief Accountant

(In thousands of Kazakhstani Tenge)	Note	2023	2022
Interest income calculated using the effective interest method	24	970,387,891	796,820,603
Other interest income	24	170,423,661	142,243,377
Interest expense	24	(588,404,948)	(525,436,399)
Net interest income	**24**	**552,406,604**	**413,627,581**
Impairment allowance for loan portfolio and finance lease receivables	10,12	42,162,861	(89,301,195)
Net interest income less impairment allowance for loan portfolio		**594,569,465**	**324,326,386**
Fee and commission income	25	35,446,999	29,216,722
Fee and commission expense	25	(8,133,760)	(8,811,479)
Net fee and commission income	**25**	**27,313,239**	**20,405,243**
Net gain/(loss) on assets at fair value through profit or loss	26	6,167,236	(848,569)
Net foreign exchange gain	27	7,014,791	2,755,847
Net gain/(loss) on financial assets at fair value through other comprehensive income		5,027,919	(18,533,034)
Net gain on derecognition of financial assets measured at amortised cost		3,051,214	41,530,765
Net insurance premiums earned		8,453,480	6,410,408
Net expenses on insurance indemnity payments and changes in insurance contract provisions		(14,724,045)	(19,592,542)
Other operating (expenses)/income, net	28	(71,047,445)	4,005,169
Operating income		**565,825,854**	**360,459,673**
Impairment allowance for other financial assets and credit related commitments	29	(4,568,776)	(70,478)
Gain on a bargain purchase	34	-	30,276,651
Administrative expenses	30	(81,147,769)	(71,022,476)
Profit before income tax		**480,109,309**	**319,643,370**
Income tax expense	31	(73,390,482)	(48,156,168)
Profit from continuing operations		**406,718,827**	**271,487,202**
Discontinued operation			
Profit from a disposal group classified as held-for-sale (net of income tax)	13	927,960	109,138,367
PROFIT FOR THE PERIOD		**407,646,787**	**380,625,569**
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Change in hedging reserve:			
Cash flow hedges - effective portion of changes in the fair value		(993,164)	-
Fair value reserve (investment securities):			
- Net change in fair value		15,148,926	(69,552,585)
- Net change in fair value transferred to profit or loss		127,131	21,034,711
Other comprehensive income/(loss) for the year		**14,282,893**	**(48,517,874)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**421,929,680**	**332,107,695**

(In thousands of Kazakhstani Tenge)	Share capital	Fair value reserve (investment securities)	Business combination reserve and additional paid-in capital	Other reserves	Hedging reserve	Retained earnings	Total
Balance at 1 January 2023	**1,366,238,962**	**(65,072,162)**	**241,088,410**	**31,125,936**	**-**	**524,684,592**	**2,098,065,738**
Profit for the year	-	-	-	-	-	407,646,787	407,646,787
Other comprehensive income	-	15,276,057	-	-	(993,164)	-	14,282,893
Total comprehensive income for the year	**-**	**15,276,057**	**-**	**-**	**(993,164)**	**407,646,787**	**421,929,680**
Issue of shares – cash contribution (Note 23)	155,000,000	-	-	-	-	-	155,000,000
Dividends declared and paid (Note 23)	-	-	-	-	-	(58,616,338)	(58,616,338)
The recognised effect of the early repayment of loans from the Government of the Republic of Kazakhstan, net of tax effect of Tenge 585,379 thousand (Note 18)	-	-	-	-	-	(2,341,520)	(2,341,520)
Recognition of discount on loans from the Government of the Republic of Kazakhstan, net of taxes of Tenge 12,866,836 thousand (Note 18)	-	-	51,467,344	-	-	-	51,467,344
Transfer from reserve capital	-	-	-	(4,175,137)	-	4,175,137	-
Balance at 31 December 2023	**1,521,238,962**	**(49,796,105)**	**292,555,754**	**26,950,799**	**(993,164)**	**875,548,658**	**2,665,504,904**

(In thousands of Kazakhstani Tenge)	**Share capital**	**Fair value reserve (investment securities)**	**Business combination reserve and additional paid-in capital**	**Other reserves**	**Retained earnings**	**Total**
Balance at 1 January 2022	**1,266,238,962**	**(16,554,288)**	**211,640,338**	**32,466,050**	**175,761,165**	**1,669,552,227**
Profit for the year	-	-	-	-	380,625,569	380,625,569
Other comprehensive income	-	(48,517,874)	-	-	-	(48,517,874)
Total comprehensive income for the year	**-**	**(48,517,874)**	**-**	**-**	**380,625,569**	**332,107,695**
Issue of shares – cash contribution (Note 23)	100,000,000	-	-	-	-	100,000,000
Dividends declared and paid (Note 23)	-	-	-	-	(33,042,256)	(33,042,256)
Recognition of discount on loans from the Government of the Republic of Kazakhstan, net of taxes of Tenge 7,362,018 thousand (Note 18)	-	-	29,448,072	-	-	29,448,072
Transfer from reserve capital	-	-	-	(1,340,114)	1,340,114	-
Balance at 31 December 2022	**1,366,238,962**	**(65,072,162)**	**241,088,410**	**31,125,936**	**524,684,592**	**2,098,065,738**

The notes set out on pages 7 to 115 form an integral part of these consolidated financial statements.

(In thousands of Kazakhstani Tenge)	**Note**	**2023**	**2022**
Cash flows from operating activities			
Interest receipts		1,204,867,555	828,518,704
Interest payments		(550,193,641)	(402,428,492)
Fee and commission receipts		44,467,452	47,519,073
Fee and commission payments		(14,351,189)	(9,472,510)
Net realised gain on derivative financial instruments		-	37,732,040
Net foreign exchange gain		24,456,665	27,032,516
Net insurance premiums written		7,357,058	4,801,449
Net insurance claims paid		(4,996,040)	(8,085,986)
Other operating income receipts		9,153,734	4,859,309
Dividends received		108,153	516,709
Administrative expenses and other operating expenses payments		(143,724,604)	(86,368,254)
Income tax paid		(111,312,291)	(37,188,558)
Cash flows from operating activities before changes in operating assets and liabilities		**465,832,852**	**407,436,000**
Net (increase)/decrease in:			
- assets at fair value through profit or loss		(512,255)	(4,950,248)
- loans to banks and financial institutions		(46,057,495)	(6,657,949)
- deposits with banks and other financial institutions		(2,307,548)	(30,082,421)
-loans to customers		(252,472,239)	(823,959,646)
- finance lease receivables		146,654,645	165,573,601
- other financial assets		1,307,242	(1,077,551)
-other assets*		(505,375,588)	(313,866,878)
Net (increase)/decrease in:			
- customer accounts		328,403,316	495,246,214
- other financial liabilities		46,764,082	57,806,045
- other liabilities		29,534,994	19,744,588
Net cash from/(used in) operating activities		**211,772,006**	**(34,788,245)**
Cash flows from investing activities			
Acquisition of investment securities		(2,084,050,023)	(1,317,368,018)
Proceeds from sale and redemption of investment securities		2,034,274,270	1,556,765,805
Acquisition of property, plant and equipment and intangible assets		(22,255,901)	(9,073,438)
Proceeds from sale of property, plant and equipment		58,160	335,827
Proceeds from sale of investment property		-	223,700
Proceeds from disposal of associates and joint ventures		89,416	644,522
Proceeds from a business combination	33	-	328,899,384
Dividends paid as a result of a business combination	33	-	(130,000,000)
Net cash (used in)/from investing activities		**(71,884,078)**	**430,427,782**

*Including the offset amounts of accounts payable to suppliers of leased items and advances paid under finance lease agreements totalling Tenge 244,969,287 thousand (2022: Tenge 132,166,104 thousand).

(In thousands of Kazakhstani Tenge)	**Note**	**2023**	**2022**
Cash flows from financing activities			
Loans from banks and other financial institutions	17	197,799,500	550,938,691
Repayment of loans from banks and other financial institutions	17	(274,803,103)	(264,052,098)
Receipts of loans from the Government of the Republic of Kazakhstan	18	288,377,781	639,427,760
Repayment of loans from the Government of the Republic of Kazakhstan	18	(220,243,607)	(112,735,535)
Proceeds from issue of ordinary shares	23	155,000,000	100,000,000
Proceeds from issue of debt securities*	16	498,052,426	41,622,825
Redemption/repurchase of debt securities issued	16	(112,706,110)	(458,320,473)
Dividends paid	23	(58,616,338)	(33,042,256)
Net cash from financing activities		**472,860,549**	**463,838,914**
Effect of exchange rate fluctuations on cash and cash equivalents		3,779,324	(38,469,063)
Effect of movements in impairment allowance		(39,111)	118,584
Net increase in cash and cash equivalents		**616,488,690**	**821,127,972**
Cash and cash equivalents at the beginning of the year	6	2,293,973,195	1,472,845,223
Cash and cash equivalents	6	**2,214,953,148**	**2,293,973,195**
Cash and cash equivalents included in non-current assets held for sale	13	**695,508,737**	**-**
Total at the end of the year		**2,910,461,885**	**2,293,973,195**

*During 2022, the Holding issued Eurobonds for a total of USD 500,000 thousand (equivalent to Tenge 221,305,000 thousand). Proceeds from the issue, net of expenses, have been offset against the Holding's liabilities on partial early redemption of the bonds issued in 2012, for a total of USD 700,000 thousand (equivalent to Tenge 309,827,000 thousand).

1 Introduction

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

The Holding was incorporated in accordance with the Decree of the President of the Republic of Kazakhstan No. 571 "On some measures for optimisation of the management system of development institutions and financial organisations, and development of the national economy" dated 22 May 2013 and the Decree of the Government of the Republic of Kazakhstan No. 516 "About measures for implementation of the Decree of the President of the Republic of Kazakhstan No. 571 dated 22 May 2013" dated 25 May 2013. As at 31 December 2023 and 2022, the ultimate controlling party of the Holding is the Government of the Republic of Kazakhstan.

Principal activity

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

The Holding is actively involved in completing national strategic and social tasks through development institutions, through the implementation of Nurly-Zhol State Programme for Infrastructure Development for 2020-2025, Nurly Zher Housing Construction Programme for 2020-2025, State Programme of the Industrial and Innovative Development of the Republic of Kazakhstan for 2020-2025, Unified Programme for Business Support and Development "Business Road Map – 2025", the National Project for the Development of the Agro-Industrial Complex of the Republic of Kazakhstan for 2021-2025, the Programme "Economics of Simple Things", the National Project for the Development of Entrepreneurship for 2021 -2025, the State Programme for the Development of Regions in 2020-2025, the Comprehensive Privatization Plan for 2021-2025, the State Programme for the Support of Domestic Producers, the State Programme for the Financing of Small and Medium Businesses in Manufacturing Industry, the programme "Leaders of Competitiveness - National Champions 2.0", and President of the Republic of Kazakhstan Programme "National Plan - 100 Specific Steps". The Holding's main goals and objectives are as follows:

- implementing an efficient risk management system;
- increasing transparency and public confidence in the economy;
- providing synergies from subsidiaries' activities;
- improving the subsidiaries' economic performance/ break-even principle;
- attracting additional investments;
- maintaining business relationship with the private sector.

As at 31 December 2023, the Holding's structure comprises eight subsidiaries (31 December 2022: eight subsidiaries) engaged in the implementation of the State policy and State programmes, having the following areas of activity pursuant to the Holding's strategy:

- Development institutions include Development Bank of Kazakhstan JSC, Export Insurance Company "KazakhExport" JSC, Damu Entrepreneurship Development Fund JSC, and Qazaqstan Investment Corporation JSC (former Kazyna Capital Management JSC). The objective of these institutions is to provide credit, investment and other financial and non-financial support to investment projects in priority sectors of economy, aimed to diversify the economy and development of the secondary sector, export of Kazakhstani products, development of innovations and development of small and medium business.
- Financial institutions comprise Otbasy Bank JSC, Kazakhstan Housing Company JSC. These institutions are tasked with raising capital, providing long-term financing for mortgages, and reducing related borrowing costs and participating in the implementation of a state housing construction policy.
- Agrarian Credit Corporation JSC is a financial institution established to promote the sustainable development of, and provide technical equipment to, the agro-industrial complex of the Republic of Kazakhstan through formation of an accessible and effective financing arrangement and enhancing competencies of entities operating in agro-industrial complex.
- Bereke Bank JSC is a financial institution involved in banking, and in providing professional services to legal entities and individuals.

On 29 May 2013, the Holding and "Samruk-Kazyna" National Welfare Fund Joint Stock Company ("Samruk-Kazyna NWF") signed an agreement for the transfer of shares of Development Bank of Kazakhstan JSC (the "DBK JSC"), Investment Fund of Kazakhstan JSC (the "IFK JSC"), KazExport Export Insurance Company JSC ("KE JSC"), Damu Entrepreneurship Development Fund JSC ("Damu EDF JSC"), and Qazaqstan Investment Corporation JSC (the "QIC JSC") in trust management without the right of subsequent repurchase, whereby the Holding acted as a trust manager. During August and October 2013, Samruk-Kazyna NWF transferred shares of the above-mentioned entities to the Committee for State Property and Privatisation in exchange for blocks of shares of other joint stock companies and property.

On 17 June 2013, the Holding and Committee for State Property and Privatisation of the Ministry of Finance of the Republic of Kazakhstan (the "Committee for State Property and Privatisation") signed an agreement on transfer of government shares of QazTech Ventures JSC the "QTV JSC"), Housing Construction Savings Bank "Otbasy Bank" JSC (the "Otbasy Bank JSC"), Kazakhstan Housing Company JSC (the "KHC JSC"), Housing Construction Guarantee Fund JSC (the "HCGF JSC") and Baiterek Development JSC (the "BD JSC") in trust management without the right of subsequent repurchase, whereby the Holding acted as a trust manager.

As part of the implementation of the Decree of the President of the Republic of Kazakhstan Kassym-Zhomart Tokayev dated 2 September 2019 as to reduce the number of operators of housing programmes, and by the Order of the Ministry of Industry and Infrastructural Development of the Republic of Kazakhstan dated 20 March 2020 No. 156, a decision was made to reorganise KHC JSC and BD JSC and HCGF JSC by merging BD JSC and HCGF JSC and establishing KHC JSC. According to the deeds of transfer dated 30 July 2020 and 16 November 2020, the assets and liabilities of BD JSC and HCGF JSC were transferred to KHC JSC accordingly.

In August and October 2013, the Committee for State Property and Privatisation made a contribution to the share capital of the Holding with shareholdings in the ten aforementioned entities in exchange for ordinary shares in the Holding totalling Tenge 632,615,460 thousand and made a cash contribution of Tenge 30,486,550 thousand, which the Holding subsequently contributed to the share capital of DBK JSC and of QIC JSC.

In accordance with the Order No.964 of the Committee for State Property and Privatisation dated 2 October 2014, the Investment Committee of the Ministry of Industry and New Technologies of the Republic of Kazakhstan transferred 26.00% of shares in KHC JSC to the Holding as a contribution to share capital. The transaction value was Tenge 10,216,702 thousand, whereby total number of shares transferred was 10,216,701 with a par value of Tenge 1,000 per share and one (1) share with a par value of Tenge 608 per share.

On 15 March 2021, the Holding, as a part of the implementation of Clause 52 of the National Action Plan on Implementation of the Address of the Head of State of 1 September 2020 "Kazakhstan in the New Reality: Time to Act" established a single development institution through the takeover of the KazAgro National Managing Holding JSC ("KazAgro NMH JSC"), as part of which the Holding acquired three subsidiaries: KazAgroFinance JSC ("KAF JSC"), Agrarian Credit Corporation JSC ("ACC JSC") and Fund for Financial Support of Agriculture JSC ("FAGRI JSC").

On 31 May 2021, a decision was made to transfer 100% of ordinary shares of QTV JSC to QIC JSC.

On 2 July 2021, a 97.7% of interests of the Holding in KPPF LLP was transferred to QIC JSC.

On 17 August 2021, an online increasing-price auction was held on the web portal, www.gosreestr.kz, of the Register of State Property of Information and Accounting Center JSC of the Ministry of Finance of the Republic of Kazakhstan. In accordance with the Protocol of the online auction results of 17 August 2021, on 27 August 2021, the Holding concluded a purchase and sale contract with a buyer to sell one hundred percent of the IFK JSC's shares. On 5 October 2021, 100% of shares of IFK JSC were written off from the Holding's account and credited to the buyer's account with Central Securities Depository JSC.

On 13 December 2021, in accordance with the decision of the Board of Directors of the Holding, FAGRI JSC and ACC JSC were reorganised through takeover of FAGRI JSC by ACC JSC. On 13 December 2021, a deed of transfer was approved to transfer all property, assets and liabilities, rights and obligations of FAGRI JSC to ACC JSC, which is a legal successor to FAGRI JSC for all its assets and liabilities.

In pursuance of the instructions of the Head of the State, on 25 July 2022, the Holding transferred 100% of shares of KAF JSC to ACC JSC.

In September 2022, the Holding acquired 99.9977% of shares of SB of Sberbank JSC in Kazakhstan (Note 34).

In September 2022, SB of Sberbank JSC in Kazakhstan was re-registered in connection with a change of its name to Bereke Bank JSC.

In November 2022, the Holding realised its claim and purchased 248 voting shares in Bereke Bank JSC from minority shareholders of Bereke Bank JSC.

On 23 February 2023, the Holding purchased shares of Bereke Bank JSC, previously owned by minority shareholders, 6 shares in number, for a total of Tenge 3,417. On 18 August 2023, the Holding purchased shares of Bereke Bank JSC, previously owned by Greenwich Capital Management LLP, 34 shares in number, for a total of Tenge 19,364. Thus, as at 18 August 2023, the Holding's shareholding in the shareholders' register of Bereke Bank JSC is 100%.

The following table provides details of the major direct subsidiaries included into these consolidated financial statements of the Holding:

Name of a subsidiary	Abbreviated name	Country of incorporation	Ownership interest, % 31 December 2023	31 December 2022
Development Bank of Kazakhstan JSC	DBK JSC	The Republic of Kazakhstan	100.00	100.00
Export Insurance Company “KazakhExport” JSC	KE JSC	The Republic of Kazakhstan	100.00	100.00
Damu Entrepreneurship Development Fund JSC	Damu EDF JSC	The Republic of Kazakhstan	100.00	100.00
Qazaqstan Investment Corporation JSC	QIC JSC	The Republic of Kazakhstan	100.00	100.00
Otbasy Bank JSC	Otbasy Bank JSC	The Republic of Kazakhstan	100.00	100.00
Kazakhstan Housing Company JSC	KHC JSC	The Republic of Kazakhstan	100.00	100.00
Agrarian Credit Corporation JSC	ACC JSC	The Republic of Kazakhstan	100.00	100.00
Bereke Bank JSC	Bereke Bank JSC	The Republic of Kazakhstan	100.00	99.99

DBK JSC was incorporated in 2001 in accordance with the Law of the Republic of Kazakhstan “On Development Bank of Kazakhstan” No. 178-II dated 25 April 2001. DBK JSC is a national development institution, the principal activity of which is improving state investing activities and enhancing its efficiency, facilitating the development of production infrastructure, processing industry, and assisting with attraction of external and internal investments in national economy.

KE JSC was incorporated in accordance with the Decree of the Government of the Republic of Kazakhstan dated 12 May 2003 No. 442. It is the only specialised insurance organisation that performs the functions of an export and credit agent of the Republic of Kazakhstan.

Damu EDF JSC was incorporated in accordance with the Decree of the Government of the Republic of Kazakhstan dated 26 April 1997 No. 665. The principal activity of Damu EDF JSC is to provide financing to small and medium-sized businesses and microfinancing organisations through commercial banks. Credit risk of ultimate borrowers is transferred to commercial banks.

QIC JSC was incorporated on 7 March 2007 by the Government of the Republic of Kazakhstan in accordance with the laws of the Republic of Kazakhstan. The principal activity of QIC JSC is creating and participating in investment funds and investing in financial instruments.

Otbasy Bank JSC was established in accordance with the Decree of the Government of the Republic of Kazakhstan dated 16 April 2003 No. 364 for the purposes of development of residential construction savings system in the Republic of Kazakhstan. Otbasy Bank JSC is involved in attracting funds of customers to accumulate residential construction savings, providing various residential mortgage loans to its customers, and in trading in securities and placing funds with banks.

KHC JSC was established on 29 December 2000 in accordance with the Resolution No. 469 of the National Bank of the Republic of Kazakhstan (the “NBRK”) dated 20 December 2000. The principal activity of KHC JSC is providing mortgage loans under a licence granted by regulatory authorities as well as conducting trust management, factoring, forfeiting and leasing operations.

ACC JSC was established in accordance with the Decree of the Government of the Republic of Kazakhstan No. 137 dated 25 January 2001. The principal activity of ACC JSC is implementation of the government programmes to support the agricultural sector; attraction of domestic and foreign investments to implement its own projects in the agro-industrial complex; development and implementation of projects in the agro-industrial complex; sale of pledged properties and agricultural products received as repayment of funds granted; bank lending operations on the basis of the relevant licence, leasing activities, and other activities not prohibited by the legislative acts.

Bereke Bank JSC was established in 1993 in accordance with the laws of the Republic of Kazakhstan. The principal activity of Bereke Bank JSC is carrying on banking operations in the Republic of Kazakhstan. Bereke Bank JSC carries on its activities in accordance with the licence to conduct banking and other operations and engage in activities on securities market, No.1.2.199/93/31 issued on 20 September 2022 by the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market, which substitute the licences that were granted previously.

The Holding‘s registered address and place of business. The Holding’s legal address and place of business is 55a Mangilik Yel Avenue, Yessil district, Astana, Republic of Kazakhstan.

Presentation currency. These consolidated financial statements are presented in thousands of the Kazakhstan Tenge (“Tenge”), unless otherwise stated.

Operating environment of the Holding.

The Holding's operations are primarily located in Kazakhstan. Consequently, the Holding 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. Depreciation of the Kazakhstan Tenge and volatility in the global price of oil also increases 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 consolidated financial position of the Holding. The future business environment may differ from management's assessment.

2 Basis of preparation

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

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

Going concern Management of the Holding has prepared these consolidated financial statements on a going concern basis.

Functional and presentation currency. The functional currency of the Holding is the Kazakhstani tenge ("Tenge") as, being the national currency of the Republic of Kazakhstan, it reflects the economic substance of the majority of underlying events and circumstances relevant to the Holding.

Tenge is also the presentation currency for the purposes of this consolidated financial information.

All financial information presented in Tenge has been rounded to the nearest thousand, unless otherwise stated.

Comparative information. The Holding 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 Holding changed its presentation of finance lease receivables in the consolidated statement of financial position and provided an individual caption 'Value-added tax receivable' included in 'other assets'.

The following table summarises the impacts on the Holding's consolidated financial statements.

(In thousands of Kazakhstani Tenge)	**As previously reported**	**Adjustments**	**As restated**
Consolidated statement of financial position as at 31 December 2022			
Finance lease receivables	1,072,649,277	(36,394,013)	1,036,255,264
Other assets	213,729,877	35,492,962	249,222,839
Other liabilities	127,932,790	(901,051)	127,031,739

3 Material accounting policies

The Holding has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

In addition, the Holding 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 consolidated 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.

Consolidated financial statements. Subsidiaries are those investees, including structured entities, that the Holding Company controls because the Holding Company (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Holding Company has power over another entity.

For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Holding Company may have power over an investee even when it holds less than majority of voting power in an investee.

In such a case, the Holding Company assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of investee's activities or apply only in exceptional circumstances, do not prevent the Holding Company from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Holding Company and are deconsolidated from the date on which control ceases, except for the subsidiaries acquired from the parties under common control.

The acquisition method of accounting is used to include subsidiaries to the consolidated financial statements with an exception of purchase of subsidiaries from entities under common control. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest when acquisition method is applied.

The Holding measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held by the Holding immediately before the acquisition date. Any negative amount ("negative goodwill") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed, and reviews appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt securities are deducted from its carrying amount and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances and unrealised gains on transactions between the Holding and its subsidiaries are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Holding Company and all its subsidiaries use uniform accounting policies consistent with the Holding's policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Holding. Non-controlling interest forms a separate component of the Holding's equity.

Purchases and sales of non-controlling interests. The Holding applies the economic entity model to account for transactions with owners of non-controlling interest. Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity. The Holding recognises the difference between sales consideration and carrying amount of non-controlling interest sold as a capital transaction in the consolidated statement of changes in equity.

Accounting for business combinations under common control. A merger of entities under common control is a business combination in which all of the combined entities are ultimately controlled by the same party or parties, both before, and after the combination, and that control is not transitory.

The effect of combination of entities under common control is accounted for by the Holding using 'equity interest combination' method provided that: assets and liabilities of the combining companies are measured at their carrying amount at the combination date, combination-related transaction costs are expensed in the consolidated statement of profit or loss and other comprehensive income, mutual balances are eliminated; any difference between the purchase price paid/transferred and the value of acquired net assets (at their carrying amount as disclosed in the consolidated financial statements), and is recognised in the acquirer's equity.

Interests in associates and joint ventures. Associates are those entities in which the Holding has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Holding holds between 20% and 50% of the voting power of another entity.

A joint venture is an arrangement in which the Holding has joint control, whereby the Holding has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Holding applies exemption provided by IAS 28, which allows not to apply the equity accounting method to account for investments in associates and joint ventures, which are directly (or indirectly) held by an entity that is a venture capital organisation. Such entities have a right to account for their investments in said associates and joint ventures at fair value through profit or loss in accordance with IFRS 9. The Holding believes that the Holding's subsidiary, QIC JSC, conforms to the status of entities specialising in investment in new ventures as QIC JSC meets the following criteria:

- The principal activity of QIC JSC is investing of funds to generate the operating income, capital gains or both.
- The QIC JSC's investing activity may be clearly and objectively separated from any other activities.
- Investees represent the independent business units operating independently (on a stand-alone basis) of an investor.

Thus, interests in associates and joint ventures of QIC JSC are accounted for as financial instruments at fair value through profit or loss in accordance with the scope exemption in IAS 28 *Investments in Associates and Joint Ventures*.

Disposals of subsidiaries, associates or joint ventures. When the Holding ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in comprehensive income in respect of that entity, are accounted for as if the Holding had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in comprehensive income are reclassified to profit or loss, where appropriate.

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 Holding 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 amounts paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount. The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' measured at amortised cost is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense. The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

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 'Financial assets and financial liabilities' section (iv) below.

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 and interest on debt instruments measured at FVOCI.

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 investments in finance leases.

Interest expense presented in the consolidated statement of profit or loss and other comprehensive income includes interest expense on financial liabilities measured at amortised cost and on non-derivative financial liabilities measured at FVTPL.

Financial assets and financial liabilities

(i) Classification of financial instruments

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated 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 fair value through other comprehensive income is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

On initial recognition of an equity investment that is not held for trading, the Holding may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis. Gains or losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of investment, in which case they are recognised in other comprehensive income. Cumulative gains and losses recognised in other comprehensive income are transferred to retained earnings on disposal of an investment.

All other financial assets are classified as measured at fair value through profit or loss.

In addition, on initial recognition the Holding 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 Holding 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 Holding's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Holding's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Holding 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 Holding considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Holding's claim to cash flows from specified assets (e.g. non-recourse features);
- 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 Holding that are secured by collateral of the borrower limit the Holding's claim to cash flows of the underlying collateral (non-recourse loans). The Holding applies judgement in assessing whether the non-recourse loans meet the SPPI criterion.

The Holding 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 Holding'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 Holding 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 Holding changes its business model for managing financial assets.

Financial liabilities

The Holding classifies its financial liabilities, other than financial guarantees, as measured at amortised cost or FVTPL.

Reclassification. Financial liabilities are not reclassified subsequent to their initial recognition.

(ii) Derecognition

Financial assets. The Holding 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 Holding 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.

any cumulative gain/loss recognised in other comprehensive income in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities.

The Holding enters into transactions whereby it transfers assets recognised in 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 Holding 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 Holding 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 Holding 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 Holding evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as 'substantial modification'), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

Changes in cash flows on existing financial assets or financial liabilities are not considered as modification, if they result from existing contractual terms.

The Holding 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 Holding assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In making this evaluation the Holding analogises to the guidance on the derecognition of financial liabilities.

The Holding concludes that the modification is substantial as a result of the following qualitative factors:

- change of the currency of the financial asset;
- change in collateral or other credit enhancement;
- change of terms of the 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 Holding 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 Holding 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 Holding 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 Holding derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss. The consideration paid includes non-financial assets transferred, if any, and the liabilities assumed, including the new modified financial liability.

The Holding 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 Holding concludes that the modification is substantial as a result of the following qualitative factors:

- change of the currency of the financial liability;
- change in collateral or other credit enhancement;

- inclusion of conversion option;
- change in the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(iv) Impairment loss

See also Note 5.

The Holding 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 investment in finance lease;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

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

The Holding measures loss allowances at an amount equal to lifetime ECLs, except for the following, for which they are measured as 12-month ECLs:

- debt investment securities that are determined to have moderate credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition (see Note 5).

12-month expected credit losses (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 a financial instrument. Financial instruments, for which a lifetime ECL is recognised are referred to as ‘Stage 2’ financial instruments (if the credit risk has increased significantly since 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 (ECL). ECLs 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 Holding in accordance with the contract and the cash flows that the Holding 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 Holding if the commitment is drawn down and the cash flows that the Holding expects to receive; and
- *financial guarantee contracts*: the present value of expected payments to reimburse the holder less any amounts that the Holding expects to recover. See Note 5.

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 ECLs are measured as follows:

- If the expected restructuring does not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

- If the expected restructuring results in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets. At each reporting date, the Holding assesses whether financial assets carried at amortised cost and debt financial assets 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 being past due;
- the restructuring of a loan or advance on terms that the Holding would not consider otherwise;
- it is becoming 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 was usually considered to be credit-impaired unless there was evidence that the risk of not receiving contractual cash flows had reduced significantly and there were no other indicators of impairment.

In making an assessment of whether an investment in sovereign debt (other financial assets) is credit-impaired, the Holding 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;
- *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 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. This is generally the case when the Holding 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 'provision for loan portfolio impairment' and 'provision for impairment on other assets and credit related commitments' in the consolidated statement of profit or loss and other comprehensive income.

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

Financial guarantees and loan commitments. Financial guarantees are contracts that require the Holding 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 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.

The Holding has issued no loan commitments that are measured at FVTPL. For other loan commitments the Holding recognises a loss allowance. Liabilities arising from financial guarantees and loan commitments are included within other liabilities.

Non-current assets held for sale. Non-current assets and disposal groups, which may include both non-current and current assets, are classified in the consolidated statement of financial position as 'non-current assets held for sale' if their carrying amount will be recovered principally through a sale transaction, including loss of control of a subsidiary holding the assets, within twelve months after the end of the reporting period. Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Holding's management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is expected within one year and (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn. Non-current assets or disposal groups classified as held for sale in the current period's consolidated statement of financial position are not reclassified or re-presented in the comparative consolidated statement of financial position to reflect the classification at the end of the current period.

A disposal group is a group of assets (current and non-current) to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. Goodwill is included if the disposal group includes an operation within a cash-generating unit to which goodwill has been allocated on acquisition. Non-current assets are assets that include amounts expected to be recovered or collected more than in twelve months after the end of the reporting period. If reclassification is required, both the current and non-current portions of an asset are reclassified.

Held for sale disposal groups are generally measured at the lower of their carrying amount and fair value less cost to sell. Held for sale property, plant and equipment, investment properties and intangible assets are not depreciated or amortised.

Liabilities directly associated with disposal groups that will be transferred in the disposal transaction are reclassified and presented separately in the consolidated statement of financial position.

Discontinued operation. A discontinued operation is a component of the Holding that either has been disposed of, or that is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale. Earnings and cash flows of discontinued operations, if any, are disclosed separately from continuing operations with comparatives being re-presented.

Government grants. Government grants are assistance by the Government, Government agencies and state-owned entities in the form of transfers of resources to the Holding in return for past or future compliance with certain conditions relating to the operating activities of the Holding. Government grants are not recognised until there is reasonable assurance that the Holding 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 where the government does not act as a shareholder. 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 the Holding recognises as expenses the related costs which the grants are intended to compensate.

There are two principal approaches to account for government grants: the capital approach, under which a grant is recognised outside profit or loss, and the income approach, under which a grant is recognised in income/expense over one or more periods.

Where the government acts as a lender - i.e. in the same way as an unrelated lender - then a government grant is recognised in profit or loss. If the loan is from the government acting in the capacity of a shareholder, then the government grant received is recorded in equity.

Income tax. Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted using tax rates and provision of law or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in comprehensive income or directly in equity.

Current tax comprises the expected tax payable or receivable from tax authorities on the taxable income or loss for the reporting and previous periods. The taxable income or loss are based on estimates, if the consolidated financial statements are approved prior to submission of tax returns. Taxes, other than on income, are recorded within administrative and other expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax assets and liabilities are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets and liabilities are offset only within the individual components of the Holding.

Deferred tax assets are recognised for deductible temporary differences and carry-forward tax losses, to the extent that it is probable that future taxable profits will be available which may be reduced by such deducted amounts.

Deferred income tax is not recognised on post-acquisition retained earnings and other post-acquisition movements in reserves of subsidiaries where the Holding controls the subsidiary's dividend policy, and it is probable that the difference will not reverse through dividends or otherwise in the foreseeable future.

Uncertain tax positions. The Holding's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions of the Holding were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

Share capital. Ordinary shares and non-redeemable preference shares with discretionary dividends are both classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Dividends. Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared and authorised before or on the reporting date. Any dividends recommended prior to the end of the reporting period and recommended or declared after the end of the reporting period but before the consolidated financial statements are authorised for issue are disclosed in the consolidated financial statements.

Additional paid-in capital. The Holding and its subsidiaries receive funding from the Government of the Republic of Kazakhstan, "National Welfare Fund "Samruk-Kazyna" JSC (the "NWF Samruk Kazyna JSC") or public bodies responsible for various state programmes, in the form of loans and subordinated bonds at a low interest rate. At initial recognition, this financing is recognised at fair value, which is estimated using appropriate market interest rates to discount contractual future cash flows. The difference between the fair value and the funding received is recognised as additional paid-in capital, except for the loans issued with specific conditions on return of the undisbursed portion of the funds. Difference between the fair value of the loans issued with the payback claim and funds received is recognised as deferred income, which is transferred to profit or loss during the loan term.

Presentation of the consolidated statement of financial position in the order of liquidity. The Holding does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the consolidated statement of financial position. Instead, analysis of assets and liabilities by their expected and contractual maturities are presented in Note 32.

New standards and interpretations not yet adopted. A number of new standards and amendments to standards are effective for annual periods beginning on 1 January 2024 and earlier application if permitted; however, the Holding has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following new and amended standards are not expected to have a significant impact on the Holding'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 interpretations to the Standards effective from 1 January 2023

A number of new interpretations are effective for annual periods beginning after 1 January 2023. Application of these interpretations have not had significant impact on the Holding's consolidated financial statements.

4 Critical accounting estimates and judgements in applying accounting policies

The Holding makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are reviewed on an ongoing basis, based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements in the process of applying the accounting policies. Judgments that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Impairment of financial instruments. Assessment of whether credit risk on the financial asset has increased significantly since initial recognition; assessment of probability of default (PD) and loss given default (LGD); assessment of expected cash flows forecast for financial instruments classified as Stage 3 instruments and incorporation of forward-looking information in the measurement of ECL – Note 5.

Tax legislation. Kazakhstani tax, currency and customs legislation is subject to varying interpretations (Note 35).

Initial recognition of related party transactions. In the ordinary course of business, the Holding transacts with its related parties. Under IFRS 9, financial instruments on initial recognition are measured at fair value. Where there is no active market for such transactions, management applies judgement in determining whether transactions are priced at market or non-market interest rates. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analysis. Terms and conditions of related party balances are disclosed in Note 39.

Determining the fair value of financial instruments in emerging stock market in the Republic of Kazakhstan. In determining the fair value of financial instruments, the Holding uses quotes from the Kazakhstan Stock Exchange ("KASE") as the most reliable source of information in an active market.

The Holding's management analyses the frequency of operations conducted on the KASE in respect of securities in the portfolio and securities that are traded with sufficient frequency and sufficient volume are classified as Level 1 securities. The remaining securities that are listed on the KASE are classified as Level 2 securities.

If the Holding has investments in unquoted assets, the fair value of such assets is determined based on valuation techniques such as discounted cash flow model as well as models based on data from similar operations performed on market conditions.

Management of the Holding believes that it used every possible and the most complete and accurate sources of fair value to measure reliably the fair value of these financial instruments.

Initial recognition of the borrowings and investments at the rates below market rates under the state development programmes. Approach to accounting for and evaluation of borrowings and loans made under the state programmes to support economic development and approach to accounting for amortisation and utilisation of government grants are disclosed in notes 8, 10, 11, 12, 16, 18, 20, 21 and 28.

5 Financial risk review

This note presents information about the Holding's exposure to financial risks. For information on the Holding's financial risk management framework, see Note 32.

Credit risk - Amounts arising from ECL

See accounting policy in Note 3 (iv).

Significant increase in credit risk. When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Holding 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 Holding's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Holding uses 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 Holding 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 a 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 counterparty files – e.g. audited financial statements, management accounts, budgets and projections;
- Payment record – this includes overdue status;
- 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 the political, regulatory and technological environment of the counterparty or the issuer 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 on loans to corporate customers. The Holding collects performance and default information about its credit risk exposures analysed by jurisdiction or region, type of product and borrower as well as by credit risk grading. For some portfolios of financial assets measured on an individual basis, information purchased from external credit reference agencies may also be used.

To determine the internal credit rating of a counterparty who does not have external credit rating from international agencies Standard & Poor's, Fitch Ratings and Moody's Investors Service, the Holding uses expert judgement to determine ratings with taking into account the specific characteristics of the counterparty, consisting of 10 categories, such as profitability, liquidity, leverage, country risk, industry characteristics, specific activities of the enterprise, risk of concentration, legal regulation, internal data and debt.

The Holding 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.

For portfolios of financial assets measured on a collective basis, the Holding mainly uses statistical migration models built using Markov chain, given the impact of macroeconomic information. The Holding uses historical statistics on defaults for the last 5 years.

Determining whether credit risk has increased significantly. The Holding 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 vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

The Holding 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 Holding’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 Holding considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. 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 Holding 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 Holding considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Holding in full, without recourse by the Holding to actions such as realising security (if any is held);
- the borrower is past due more than 90 days on any material credit obligation to the Holding; 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 Holding considers indicators that are:

- qualitative – e.g. breaches of covenant;
- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer/borrower to the Holding, a decrease in the credit rating to D; 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.

Incorporating forward-looking information. The Holding 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 Holding 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 Holding operates, such international organisations as the OECD, International Monetary Fund.

A base scenario is the most likely to occur and it is aligned with information used by the Holding for other purposes. Other are less likely to occur scenarios where some are upside and other downside scenarios.

The Holding has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic 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 updated on a regular basis and used in assessment of credit risks.

Modified financial assets and finance leases. The contractual terms of a financial instrument may be modified for a number of reasons, including changing market conditions, and other factors not related to a current or potential credit deterioration of the counterparty. An existing financial asset whose terms have been modified may be derecognised and the renegotiated asset recognised as a new financial asset at fair value in accordance with the accounting policy set out in Note 3 (iii).

If the modification is not a separate lease and the lease would not have been classified as an operating lease if the modification had been in effect at the inception date, then the lessor accounts for a modification to a finance lease applying IFRS 9 requirements.

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 is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Holding renegotiates loans to customers in financial difficulties (referred to as ‘forbearance activities’) to maximise collection opportunities and minimise the risk of default. Under the Holding’s forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants.

For financial assets modified as part of the Holding’s forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Holding’s ability to collect interest and principal and the Holding’s previous experience of similar forbearance action. As part of this process, the Holding evaluates the borrower’s payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired in default. 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 ECLs. 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. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

The methodology of estimating PDs is discussed above under the heading “Generating the term structure of PD”.

The Holding 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 is equal to 70%, if a counterparty is the Kazakhstani bank.

For collateralised financial assets, the Holding applies reduction factors ranging from 15.0% to 70.0% to the estimated value of collateral in case of sale, with a delay of 12 to 60 months in receiving proceeds from the sale of collateral, depending on the type of collateral. For portfolios of non-collateralised financial assets (including retail loans), LGDs are determined on the basis of the funds repayment statistics on average over the last 5 years.

For loans to large corporates included in DBK JSC's portfolio, the Holding uses the methodology for determining LGD that was developed by the international company S&P Global Market Intelligence for loans classified to Stages 1 and 2. This 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.

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.

Exposure at default represents the expected exposure in the event of a default.

The Holding derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EAD is potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the guarantee exposure when the financial guarantee becomes payable.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Holding 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 Holding considers a longer period. The maximum contractual period extends to the date at which the Holding has the right to require repayment of an advance or terminate a loan commitment or guarantee.

For portfolios in respect of which the Holding 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.

<table>
<tr><th></th><th></th><th colspan="2">External benchmarks used</th></tr>
<tr><th>(In thousands of Kazakhstani Tenge)</th><th>An exposure as at 31 December 2023</th><th>PD</th><th>LGD</th></tr>
<tr><td>Cash and cash equivalents</td><td>2,211,866,801</td><td rowspan="4">S&P/Moody's default study</td><td rowspan="4">For exposures with banks within Kazakhstan, LGD is based on historical recovery studies of defaulted financial institutions (70%)/ for other exposures, LGD is based on Moody's recovery studies</td></tr>
<tr><td>Loans to banks and financial institutions</td><td>338,446,725</td></tr>
<tr><td>Deposits with banks and financial institutions</td><td>23,861,103</td></tr>
<tr><td>Investment securities</td><td>1,491,016,249</td></tr>
</table>

Credit quality analysis. The following table sets out information about the credit quality of financial assets measured at amortised cost, FVOCI debt instruments as at 31 December 2023. 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.

	31 December 2023				
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL – not credit-impaired**	**Stage 3 Lifetime ECL – credit-impaired**	**POCI**	**Total**
Cash and cash equivalents					
NBRK, unrated	1,018,876,661	-	-	-	1,018,876,661
- rated from AA- to AA+	14,838,664	-	-	-	14,838,664
- rated from A- to A+	165,015,959	-	-	-	165,015,959
- rated from BBB- to BBB+	133,706,530	-	-	-	133,706,530
- rated from BB- to BB+	52,404,639	153,089	-	-	52,557,728
- rated from B- to B+	1,211	-	20,588	-	21,799
- not rated	1,400,954	-	109	-	1,401,063
Receivables under reverse repurchase agreements with original maturities of less than three months, not overdue	825,588,944	-	-	-	825,588,944
	2,211,833,562	**153,089**	**20,697**	**-**	**2,212,007,348**
Loss allowance	(129,143)	(6)	(11,398)	-	(140,547)
Total cash and cash equivalents	**2,211,704,419**	**153,083**	**9,299**	**-**	**2,211,866,801**
Deposits with banks and financial institutions					
- rated from BBB- to BBB+	14,743,472	-	-	-	14,743,472
- rated from BB- to BB+	9,200,901	-	-	-	9,200,901
- D rated	-	-	15,684,276	-	15,684,276
- not rated	-	-	390,451	-	390,451
	23,944,373	**-**	**16,074,727**	**-**	**40,019,100**
Loss allowance	(83,270)	-	(16,074,727)	-	(16,157,997)
Total deposits with banks and financial institutions	**23,861,103**	**-**	**-**	**-**	**23,861,103**
Loans to banks and financial institutions					
With externally rated credit risk					
- rated from BBB- to BBB+	128,861,393	-	3,579,489	-	132,440,882
- rated from BB- to BB+*	159,756,497	9,424,391	-	2,034,156	171,215,044
- rated from B- to B+	20,802,758	5,371,721	773,848	-	26,948,327
- D rated	-	-	30,622,044	-	30,622,044
With internally rated credit risk					
- excellent rating	332,101	-	-	-	332,101
- stable rating	9,883,895	-	-	-	9,883,895
- satisfactory rating	7,756,298	-	-	-	7,756,298
	327,392,942	**14,796,112**	**34,975,381**	**2,034,156**	**379,198,591**
Loss allowance	(2,167,152)	(4,359,860)	(34,224,854)	-	(40,751,866)
Total loans to banks and financial institutions	**325,225,790**	**10,436,252**	**750,527**	**2,034,156**	**338,446,725**

*This category includes a loan with a gross carrying amount of Tenge 39,408,665 thousand (31 December 2022: Tenge 43,808,301 thousand) issued to a bank with an external credit rating from S&P of BBB-. The Holding classified this loan in the category "from BB- to BB+" (December 31, 2022: "from B- to B+"), using the external credit rating of BB (December 31, 2022: B+) of the ultimate borrower, who received these borrowed funds. In the event of default of the ultimate borrower, the rights of claim under the loan issued by the bank to the ultimate borrower are transferred to the Holding to repay the bank's loan obligations to the Holding.

	31 December 2023				
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL – not credit-impaired**	**Stage 3 Lifetime ECL – credit-impaired**	**POCI**	**Total**
Loans to customers measured at amortised cost					
With externally and internally rated credit risk					
- rated from BBB- to BBB+	246,128,138	-	-	-	246,128,138
- rated from BB- to BB+	652,063,568	-	-	-	652,063,568
- rated from B- to B+	582,692,019	15,171,820	-	3,223,564	601,087,403
- rated from CCC- to CCC+	2,581,058	121,538,156	-	10,540,108	134,659,322
- rated from CC- to CC+	3,251,706	-	-	-	3,251,706
- D rated	-	-	191,031,689	2,889,588	193,921,277
- not rated*	3,356,414,684	348,719,676	350,217,148	16,556,676	4,071,908,184
	4,843,131,173	**485,429,652**	**541,248,837**	**33,209,936**	**5,903,019,598**
Loss allowance	(31,318,742)	(66,603,068)	(267,635,109)	(4,278,150)	(369,835,069)
Total loans to customers measured at amortised cost	**4,811,812,431**	**418,826,584**	**273,613,728**	**28,931,786**	**5,533,184,529**
Finance lease receivables					
Corporate customers					
With externally rated credit risk					
- rated from BBB- to BBB+	225,798,874	-	-	-	225,798,874
- 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	12,517,712	18,863,479	32,686,664	-	64,067,855
- rated D	-	-	2,360,169	-	2,360,169
	563,761,919	**29,827,378**	**45,517,056**	**-**	**639,106,353**
Loss allowance	(5,113,374)	(2,220,149)	(15,949,553)	-	(23,283,076)
Total corporate customers	**558,648,545**	**27,607,229**	**29,567,503**	**-**	**615,823,277**
Agribusiness customers					
- not overdue	342,744,619	9,069,658	42,035,279	23,627	393,873,183
- overdue less than 30 days	23,718,616	6,213,690	15,194,337	-	45,126,643
- overdue more than 31 days and less than 90 days	-	14,301,047	7,258,120	-	21,559,167
- overdue more than 91 days and less than 360 days	-	-	10,379,402	-	10,379,402
- overdue more than 1 year	-	-	30,644,614	-	30,644,614
	366,463,235	**29,584,395**	**105,511,752**	**23,627**	**501,583,009**
Loss allowance	(3,057,318)	(3,955,479)	(37,097,795)	(8,207)	(44,118,799)
Total agribusiness customers	**363,405,917**	**25,628,916**	**68,413,957**	**15,420**	**457,464,210**

*Loans to customers measured at amortised cost not rated consist of mortgage loans and loans to agribusinesses.

	31 December 2023				
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL - not credit-impaired**	**Stage 3 Lifetime ECL - credit-impaired**	**POCI**	**Total**
Retail customers and individuals					
- not overdue	114,970,288	8,583,844	3,393,996	-	126,948,128
- overdue less than 30 days	2,240,552	944,926	662,812	-	3,848,290
- overdue more than 31 days and less than 90 days	-	2,530,666	1,310,601	-	3,841,267
- overdue more than 91 days and less than 360 days	-	-	3,555,655	-	3,555,655
- overdue more than 1 year	-	-	1,001,996	-	1,001,996
	117,210,840	**12,059,436**	**9,925,060**	**-**	**139,195,336**
Loss allowance	(48,839)	(83,425)	(220,131)	-	(352,395)
Total retail customers and individuals	**117,162,001**	**11,976,011**	**9,704,929**	**-**	**138,842,941**
Total finance lease receivables	**1,039,216,463**	**65,212,156**	**107,686,389**	**15,420**	**1,212,130,428**
Investment securities measured at fair value through other comprehensive income					
- rated from AAA- to AAA+	8,887,266	-	-	-	8,887,266
- rated from AA- to AA+	126,354,840	-	-	-	126,354,840
- rated from A- to A+	126,399,616	-	-	-	126,399,616
- rated from BBB- to BBB+	185,627,951	-	-	-	185,627,951
- rated from B- to B+	599,963	-	-	-	599,963
	447,869,636	**-**	**-**	**-**	**447,869,636**
Loss allowance	-	-	-	-	-
Gross carrying amount	**447,869,636**	**-**	**-**	**-**	**447,869,636**
Total investment securities measured at fair value through other comprehensive income	**447,869,636**	**-**	**-**	**-**	**447,869,636**
Investment securities measured at amortised cost					
- rated from AAA	48,288,029	-	-	-	48,288,029
- rated from BBB- to BBB+	919,192,532	-	-	-	919,192,532
- rated from BB- to BB+	13,943,066	-	-	47,606,642	61,549,708
- rated from B- to B+	4,367,724	8,434,238	-	-	12,801,962
- not rated	4,564,644	-	1,293,509	-	5,858,153
	990,355,995	**8,434,238**	**1,293,509**	**47,606,642**	**1,047,690,384**
Loss allowance	(769,148)	(771,319)	(1,293,509)	(1,711,973)	(4,545,949)
Total investment securities at amortised cost	**989,586,847**	**7,662,919**	**-**	**45,894,669**	**1,043,144,435**

(In thousands of Kazakhstani Tenge)	31 December 2023 Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	Total
Other financial assets				
- not overdue	23,568,303	2,027,728	15,242	25,611,273
- overdue less than 30 days	42,157	2,757	432,633	477,547
- overdue more than 31 days and less than 90 days	10,316	-	2,250	12,566
- overdue more than 91 days and less than 360 days	38,793	19,589	79,496	137,878
- overdue more than 1 year	91,677	377,194	15,316,604	15,785,475
	23,751,246	**2,427,268**	**15,846,225**	**42,024,739**
Loss allowance	(1,357,924)	(447,684)	(14,539,680)	(16,345,288)
Total other financial assets	**22,393,322**	**1,979,584**	**1,306,545**	**25,679,451**
Financial guarantee contracts				
- rated from BBB- to BBB+	140,379,802	-	-	140,379,802
- rated from BB- to BB+	56,567,500	-	-	56,567,500
- rated from B- to B+ (assigned)	207,067,500	-	-	207,067,500
not rated				
- not overdue	368,466,982	14,834,667	1,549,667	384,851,316
- overdue less than 30 days	7,534,265	1,200,723	220,067	8,955,055
- overdue more than 31 days and less than 60 days	-	1,781,038	281,897	2,062,935
- overdue more than 61 days and less than 90 days	-	1,190,054	372,814	1,562,868
- overdue more than 91 days and less than 180 days	-	-	4,604,050	4,604,050
	780,016,049	**19,006,482**	**7,028,495**	**806,051,026**
Loss allowance	**(26,162,848)**	**(3,455,244)**	**(6,719,241)**	**(36,337,333)**
Loan commitments				
With internally rated credit risk				
- rated from BB- to BB+	49,349,575	-	-	49,349,575
- rated from B- to B+	144,227,976	-	-	144,227,976
- not rated	2,550,000	-	-	2,550,000
- not rated loan commitments to individuals	36,637,739	-	-	36,637,739
- not rated loan commitments to agribusinesses	156,028,243	-	-	156,028,243
	388,793,533	**-**	**-**	**388,793,533**
Loss allowance	**(2,466,541)**	**-**	**-**	**(2,466,541)**

The following table sets out information about overdue status of loans to customers at amortised cost by credit quality stages:

	31 December 2023				
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL – not credit-impaired**	**Stage 3 Lifetime ECL – credit-impaired**	**POCI**	**Total**
Mortgage loans (not rated)					
- not overdue	2,918,020,846	181,390,097	7,542,859	168,710	3,107,122,512
- overdue less than 30 days	6,870,464	23,711,925	713,137	43,088	31,338,614
- overdue more than 31 days and less than 90 days	-	11,134,011	1,568,077	5,868	12,707,956
- overdue more than 91 days and less than 180 days	-	-	1,956,398	2,603	1,959,001
- overdue more than 181 days and less than 1 year	-	-	558,830	4,727	563,557
- overdue more than 1 year	-	-	876,473	16,323	892,796
	2,924,891,310	**216,236,033**	**13,215,774**	**241,319**	**3,154,584,436**
Loss allowance	(2,613,218)	(930,226)	(3,366,076)	(7,249)	(6,916,769)
Total mortgage loans at amortised cost	**2,922,278,092**	**215,305,807**	**9,849,698**	**234,070**	**3,147,667,667**
Loans to agribusiness companies (not rated)					
- not overdue	404,409,626	100,618,374	169,792,370	13,384,208	688,204,578
- overdue less than 30 days	26,095,087	9,001,603	35,468,603	2,035,705	72,600,998
- overdue more than 31 days and less than 90 days	-	22,730,561	23,897,706	770,504	47,398,771
- overdue more than 91 days and less than 180 days	-	-	8,038,408	13,196	8,051,604
- overdue more than 181 days and less than 1 year	-	-	13,819,932	85,954	13,905,886
- overdue more than 1 year	-	-	79,614,046	25,791	79,639,837
	430,504,713	**132,350,538**	**330,631,065**	**16,315,358**	**909,801,674**
Loss allowance	(17,626,943)	(14,829,529)	(153,792,487)	(5,508,752)	(191,757,711)
Total loans to agribusiness companies at amortised cost	**412,877,770**	**117,521,009**	**176,838,578**	**10,806,606**	**718,043,963**

	31 December 2023				
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL – not credit-impaired**	**Stage 3 Lifetime ECL – credit-impaired**	**POCI**	**Total**
Loans to customers, except mortgage loans and loans to agribusiness companies					
- not overdue	1,487,734,933	134,956,796	142,414,693	13,763,671	1,778,870,093
- overdue less than 30 days	217	1,885,461	48,836,294	-	50,721,972
- overdue more than 31 days and less than 90 days	-	824	-	-	824
- overdue more than 91 days and less than 180 days	-	-	1,707	-	1,707
- overdue more than 181 days and less than 1 year	-	-	13,466	-	13,466
- overdue more than 1 year	-	-	6,135,838	2,889,588	9,025,426
	1,487,735,150	**136,843,081**	**197,401,998**	**16,653,259**	**1,838,633,488**
Loss allowance	(11,078,581)	(50,843,313)	(110,476,546)	1,237,851	(171,160,589)
Total loans to customers, except mortgage loans and loans to agribusiness companies at amortised cost	**1,476,656,569**	**85,999,768**	**86,925,452**	**17,891,110**	**1,667,472,899**

(In thousands of Kazakhstani Tenge)	**31 December 2022** **Stage 1 12-month ECL**	**Stage 2 Lifetime ECL – not credit-impaired**	**Stage 3 Lifetime ECL – credit-impaired**	**POCI**	**Total**
Cash and cash equivalents					
NBRK, unrated	871,506,686	-	-	-	871,506,686
- rated from AA- to AA+	4,458,559	-	-	-	4,458,559
- rated from A- to A+	52,364,132	-	-	-	52,364,132
- rated from BBB- to BBB+	134,581,479	-	-	-	134,581,479
- rated from BB- to BB+	17,147,136	-	-	-	17,147,136
- rated from B- to B+	6,987,821	160,093	5,502	-	7,153,416
- not rated	46,149,237	-	91	-	46,149,328
Receivables under reverse repurchase agreements with original maturities of less than three months, not overdue	1,108,079,063	-	-	-	1,108,079,063
	2,241,274,113	**160,093**	**5,593**	**-**	**2,241,439,799**
Loss allowance	(98,312)	(7)	(3,117)	-	(101,436)
Total cash and cash equivalents	**2,241,175,801**	**160,086**	**2,476**	**-**	**2,241,338,363**

(In thousands of Kazakhstani Tenge)	**31 December 2022** **Stage 1 12-month ECL**	**Stage 2 Lifetime ECL – not credit-impaired**	**Stage 3 Lifetime ECL – credit-impaired**	**POCI**	**Total**
Deposits with banks and financial institutions					
- rated from BBB- to BBB+	8,252,048	-	-	-	8,252,048
- rated from BB- to BB+	4,741,002	-	-	-	4,741,002
- rated from B- to B+	10,316,193	-	-	-	10,316,193
- D rated	-	-	14,843,236	-	14,843,236
- not rated	-	-	391,807	-	391,807
	23,309,243	**-**	**15,235,043**	**-**	**38,544,286**
Loss allowance	(154,291)	-	(15,235,043)	-	(15,389,334)
Total deposits with banks and financial institutions	**23,154,952**	**-**	**-**	**-**	**23,154,952**
Loans to banks and financial institutions					
With externally rated credit risk					
- rated from BBB- to BBB+	117,363,801	-	3,579,489	-	120,943,290
- rated from BB- to BB+	31,395,836	-	-	-	31,395,836
- rated from B- to B+	114,917,562	15,403,357	1,707,386	1,906,540	133,934,845
- D rated	-	-	30,705,564	-	30,705,564
With internally rated credit risk					
- stable rating	12,816,698	-	-	-	12,816,698
- satisfactory rating	12,365,512	-	-	-	12,365,512
	288,859,409	**15,403,357**	**35,992,439**	**1,906,540**	**342,161,745**
Loss allowance	(3,915,644)	(4,884,797)	(34,361,875)	-	(43,162,316)
Total loans to banks and financial institutions	**284,943,765**	**10,518,560**	**1,630,564**	**1,906,540**	**298,999,429**
Loans to customers measured at amortised cost					
With externally and internally rated credit risk					
- rated from BBB- to BBB+	341,955,365	-	-	-	341,955,365
- rated from BB- to BB+	744,488,358	-	-	-	744,488,358
- rated from B- to B+	534,777,798	21,646,523	-	-	556,424,321
- rated from CCC- to CCC+	86,752,262	107,424,423	5,362,707	8,043,755	207,583,147
- rated D	-	-	202,417,936	9,523,330	211,941,266
- not rated*	3,999,908,511	274,258,977	337,871,039	56,285,545	4,668,324,072
	5,707,882,294	**403,329,923**	**545,651,682**	**73,852,630**	**6,730,716,529**
Loss allowance	(41,259,479)	(56,767,516)	(328,318,820)	(1,374,748)	(427,720,563)
Total loans to customers measured at amortised cost	**5,666,622,815**	**346,562,407**	**217,332,862**	**72,477,882**	**6,302,995,966**

*Loans to customers measured at amortised cost not rated consist of mortgage loans, loans to agribusinesses and retail loans to the commercial sector.

(In thousands of Kazakhstani Tenge)	31 December 2022 Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	POCI	Total
Finance lease receivables					
Corporate customers					
With externally rated credit risk					
- rated from BBB- to BBB+	179,761,277	-	-	-	179,761,277
- rated from B- to B+	70,297	-	-	-	70,297
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	13,356,436	-	36,145,875
- rated from CCC- to CCC	28,595,389	7,871,972	435,348	-	36,902,709
- D rated	-	-	23,013,993	-	23,013,993
	455,052,514	**26,424,438**	**37,194,809**	**-**	**518,671,761**
Loss allowance	(4,597,003)	(1,185,859)	(17,971,442)	-	(23,754,304)
Total corporate customers	**450,455,511**	**25,238,579**	**19,223,367**	**-**	**494,917,457**
Agribusiness customers					
- not overdue	346,855,319	8,301,464	19,812,337	26,536	374,995,656
- overdue less than 30 days	8,169,644	876,285	2,967,254	-	12,013,183
- overdue more than 31 days and less than 90 days	-	2,070,960	3,867,551	-	5,938,511
- overdue more than 91 days and less than 360 days	-	-	5,524,248	-	5,524,248
- overdue more than 1 year	-	-	28,474,084	-	28,474,084
	355,024,963	**11,248,709**	**60,645,474**	**26,536**	**426,945,682**
Loss allowance	(4,096,308)	(1,480,811)	(29,281,533)	(10,975)	(34,869,627)
Total agribusiness customers	**350,928,655**	**9,767,898**	**31,363,941**	**15,561**	**392,076,055**
Retail customers and individuals					
- not overdue	120,993,668	5,814,674	2,860,303	-	129,668,645
- overdue less than 30 days	2,951,069	1,984,192	928,031	-	5,863,292
- overdue more than 31 days and less than 90 days	-	2,325,126	1,408,615	-	3,733,741
- overdue more than 91 days and less than 360 days	-	-	4,791,014	-	4,791,014
- overdue more than 1 year	-	-	5,404,052	-	5,404,052
	123,944,737	**10,123,992**	**15,392,015**	**-**	**149,460,744**
Loss allowance	(45,628)	(8,460)	(148,350)	-	(202,438)
Total retail customers and individuals	**123,899,109**	**10,115,532**	**15,243,665**	**-**	**149,258,306**
Total finance lease receivables	**925,283,275**	**45,125,455**	**65,830,973**	**15,561**	**1,036,255,264**

(In thousands of Kazakhstani Tenge)	31 December 2022 Stage 1 12-month ECl	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	POCI	Total
Investment securities measured at fair value through other comprehensive income					
NBRK, unrated	49,676	-	-	-	49,676
- rated from AAA- to AAA+	9,761,115	-	-	-	9,761,115
- rated from AA- to AA+	127,046,622	-	-	-	127,046,622
- rated from A- to A+	134,487,409	-	-	-	134,487,409
- rated from BBB- to BBB+	196,369,448	-	-	-	196,369,448
- rated from BB- to BB+	538,415	-	-	-	538,415
- rated from B- to B+	604,254	-	-	-	604,254
- not rated	2,400	-	-	-	2,400
	468,859,339	**-**	**-**	**-**	**468,859,339**
Loss allowance	(50,965)	-	-	-	(50,965)
Gross carrying amount	**468,859,339**	**-**	**-**	**-**	**468,859,339**
Total investment securities measured at fair value through other comprehensive income	**468,808,374**	**-**	**-**	**-**	**468,808,374**
Investment securities measured at amortised cost					
- rated from AAA	2,699,717	-	-	-	2,699,717
- rated from BBB- to BBB+	899,368,541	-	-	-	899,368,541
- rated from B- to B+	11,799,742	10,543,056	-	41,302,242	63,645,040
- not rated	4,615,597	-	1,117,796	-	5,733,393
	918,483,597	**10,543,056**	**1,117,796**	**41,302,242**	**971,446,691**
Loss allowance	(500,476)	(1,079,064)	(1,117,796)	(1,863,263)	(4,560,599)
Total investment securities at amortised cost	**917,983,121**	**9,463,992**	**-**	**39,438,979**	**966,886,092**

(In thousands of Kazakhstani Tenge)	31 December 2022 Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit- impaired	Stage 3 Lifetime ECL – credit-impaired	Total
Other financial assets				
- not overdue	29,010,823	12,380,841	364,079	41,755,743
- overdue less than 30 days	193	7,643,679	-	7,643,872
- overdue more than 31 days and less than 90 days	36,513	249,586	5,751	291,850
- overdue more than 91 days and less than 360 days	199,577	1,583	1,368,867	1,570,027
- overdue more than 1 year	23,603	388,875	15,492,367	15,904,845
	29,270,709	**20,664,564**	**17,231,064**	**67,166,337**
Loss allowance	(1,558,204)	(8,876,218)	(15,041,674)	(25,476,096)
Total other financial assets	**27,712,505**	**11,788,346**	**2,189,390**	**41,690,241**

(In thousands of Kazakhstani Tenge)	31 December 2022 Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit- impaired	Stage 3 Lifetime ECL – credit-impaired	Total
Financial guarantee contracts				
- rated from BB- to BB+	6,625,126	904,960	1,407,696	8,937,782
- rated from B- to B+	14,901,869	254,644	-	15,156,513
not rated				
- not overdue	352,202,128	34,170,676	9,232,727	395,605,531
- overdue less than 30 days	4,592,201	1,235,246	813,455	6,640,902
- overdue more than 31 days and less than 60 days	32,543.00	1,997,660	210,646	2,240,849
- overdue more than 61 days and less than 90 days	-	843,102	78,896	921,998
- overdue more than 91 days and less than 180 days	-	-	5,494,954	5,494,954
	378,353,867	**39,406,288**	**17,238,374**	**434,998,529**
Loss allowance	**(14,961,638)**	**(5,723,657)**	**(15,795,664)**	**(36,480,959)**
Loan commitments				
With internally rated credit risk				
- 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+	64,196,349	-	-	64,196,349
- not rated	3,455,217	-	-	3,455,217
- not rated loan commitments to individuals	82,610,900	-	-	82,610,900
- not rated loan commitments to the commercial entities	144,418,192	-	-	144,418,192
- not rated loan commitments to agribusinesses	137,081,456	-	-	137,081,456
	516,968,059	**-**	**-**	**516,968,059**
Loss allowance	**(10,395,484)**	**-**	**-**	**(10,395,484)**

The following table sets out information about overdue status of loans to customers at amortised cost by credit quality stages:

(In thousands of Kazakhstani Tenge)	**31 December 2022** **Stage 1 12-month ECL**	**Stage 2 Lifetime ECL – not credit-impaired**	**Stage 3 Lifetime ECL – credit-impaired**	**POCI**	**Total**
Mortgage loans (not rated)					
- not overdue	2,738,177,395	151,001,993	9,276,750	176,280	2,898,632,418
- overdue less than 30 days	5,072,082	21,299,803	730,826	68,152	27,170,863
- overdue more than 31 days and less than 90 days	-	9,723,911	688,463	18,678	10,431,052
- overdue more than 91 days and less than 180 days	-	-	2,482,533	66,740	2,549,273
- overdue more than 181 days and less than 1 year	-	-	943,902	18,942	962,844
- overdue more than 1 year	-	-	3,652,255	-	3,652,255
	2,743,249,477	**182,025,707**	**17,774,729**	**348,792**	**2,943,398,705**
Loss allowance	(2,981,020)	(983,382)	(6,154,746)	(17,072)	(10,136,220)
Total mortgage loans at amortised cost	**2,740,268,457**	**181,042,325**	**11,619,983**	**331,720**	**2,933,262,485**
Loans to agribusiness companies (not rated)					
- not overdue	510,306,049	38,800,622	133,796,811	12,418,834	695,322,316
- overdue less than 30 days	14,011,491	3,380,809	28,932,821	1,909	46,327,030
- overdue more than 31 days and less than 90 days	-	5,447,831	32,241,434	62,457	37,751,722
- overdue more than 91 days and less than 180 days	-	-	5,562,172	12,303	5,574,475
- overdue more than 181 days and less than 1 year	-	-	15,913,798	-	15,913,798
- overdue more than 1 year	-	-	68,487,219	886,668	69,373,887
	524,317,540	**47,629,262**	**284,934,255**	**13,382,171**	**870,263,228**
Loss allowance	(16,768,358)	(2,110,591)	(178,289,959)	(1,357,676)	(198,526,584)
Total loans to agribusiness companies at amortised cost	**507,549,182**	**45,518,671**	**106,644,296**	**12,024,495**	**671,736,644**

(In thousands of Kazakhstani Tenge)	**31 December 2022** **Stage 1 12-month ECL**	**Stage 2 Lifetime ECL – not credit-impaired**	**Stage 3 Lifetime ECL – credit-impaired**	**POCI**	**Total**
Loans to commercial entities					
- not overdue	893,331,698	41,019,092	12,234,668	26,043,678	972,629,136
- overdue less than 30 days	12,299,739	6,814,560	5,931,390	5,052,140	30,097,829
- overdue more than 31 days and less than 90 days	553,563	8,455,754	1,256,719	2,515,047	12,781,083
- overdue more than 91 days and less than 180 days	-	4,026,453	7,434,238	4,243,907	15,704,598
- overdue more than 181 days and less than 1 year	-	36,009	3,570,970	7,129,402	10,736,381
	906,185,000	**60,351,868**	**30,427,985**	**44,984,174**	**1,041,949,027**
Loss allowance	(5,964,288)	(4,596,506)	(8,675,831)	-	(19,236,625)
Total mortgage loans at amortised cost	**900,220,712**	**55,755,362**	**21,752,154**	**44,984,174**	**1,022,712,402**
Loans to customers, except mortgage loans, loans to agribusiness companies and loans to commercial entities					
- not overdue	1,534,109,650	113,321,658	134,225,641	12,019,232	1,793,676,181
- overdue less than 30 days	20,627	-	-	-	20,627
- overdue more than 31 days and less than 90 days	-	1,428	22,687,531	-	22,688,959
- overdue more than 91 days and less than 180 days	-	-	232,878	-	232,878
- overdue more than 181 days and less than 1 year	-	-	82,630	-	82,630
- overdue more than 1 year	-	-	55,286,033	3,118,263	58,404,296
	1,534,130,277	**113,323,086**	**212,514,713**	**15,137,495**	**1,875,105,571**
Loss allowance	(15,545,813)	(49,077,037)	(135,198,284)	-	(199,821,134)
Total loans to customers, except mortgage loans and loans to agribusiness companies at amortised cost	**1,518,584,464**	**64,246,049**	**77,316,429**	**15,137,495**	**1,675,284,437**

6 Cash and cash equivalents

(In thousands of Kazakhstani Tenge)	31 December 2023	31 December 2022
Receivables under reverse repurchase agreements with original maturities of less than three months	825,588,944	1,108,079,063
Cash balances with the NBRK	739,320,953	726,809,316
Notes of the NBRK with maturity of less than three months	273,434,412	109,629,698
Current accounts	181,020,662	151,397,356
Correspondent accounts and overnight placements with other banks	186,521,081	110,456,694
Mandatory reserves with the NBRK	6,121,296	35,067,672
Cash on hand	3,086,347	52,634,832
Total cash and cash equivalents before impairment allowance	**2,215,093,695**	**2,294,074,631**
Less: impairment allowance	(140,547)	(101,436)
Total cash and cash equivalents	**2,214,953,148**	**2,293,973,195**

The credit quality of cash and cash equivalents balances may be summarised based on Standard and Poor's ratings or Moody's or Fitch ratings as follows at 31 December 2023:

(In thousands of Kazakhstani Tenge)	Cash balances with the NBRK, including mandatory reserves	Current accounts	Notes of NBRK maturing within three months	Correspondent accounts and overnight placements	Total
- NBRK (unrated)	745,442,249	-	273,434,412	-	1,018,876,661
- AA- to AA+ rated	-	-	-	14,838,664	14,838,664
- A- to A+ rated	-	-	-	165,015,959	165,015,959
- BBB - to BBB+ rated	-	127,077,010	-	6,629,520	133,706,530
- BB- to BB+ rated	-	52,551,971	-	5,757	52,557,728
- B- to B+ rated	-	21,799	-	-	21,799
- unrated (Citibank Kazakhstan JSC)	-	1,353,224	-	749	1,353,973
- unrated (Other banks)	-	16,658	-	30,432	47,090
Total cash and cash equivalents, excluding cash on hand and receivables under reverse repurchase agreements before impairment allowance	**745,442,249**	**181,020,662**	**273,434,412**	**186,521,081**	**1,386,418,404**
Less: impairment allowance	(72,169)	(54,172)	(10,015)	(2,294)	(138,650)
Total cash and cash equivalents, excluding cash on hand and receivables under reverse repurchase agreements after impairment allowance	**745,370,080**	**180,966,490**	**273,424,397**	**186,518,787**	**1,386,279,754**

The credit quality of cash and cash equivalents balances may be summarised based on Standard and Poor's ratings or Moody's or Fitch ratings as follows at 31 December 2022:

(In thousands of Kazakhstani Tenge)	**Cash balances with the NBRK, including mandatory reserves**	**Current accounts**	**Notes of NBRK maturing within three months**	**Correspondent accounts and overnight placements**	**Total**
- NBRK (unrated)	761,876,988	-	109,629,698	-	871,506,686
- AA- to AA+ rated	-	-	-	4,458,559	4,458,559
- A- to A+ rated	-	-	-	52,364,132	52,364,132
- BBB - to BBB+ rated	-	101,203,938	-	33,377,541	134,581,479
- BB- to BB+ rated	-	17,146,641	-	495	17,147,136
- B- to B+ rated	-	7,153,416	-	-	7,153,416
- unrated (Citibank Kazakhstan JSC)	-	22,677,744	-	-	22,677,744
- unrated (Sberbank PJSC, Gazprombank PJSC)	-	3,215,617	-	20,255,967	23,471,584
Total cash and cash equivalents, excluding cash on hand and receivables under reverse repurchase agreements before impairment allowance	**761,876,988**	**151,397,356**	**109,629,698**	**110,456,694**	**1,133,360,736**
Less: impairment allowance	(35,628)	(36,287)	(3,489)	(4)	(75,408)
Total cash and cash equivalents, excluding cash on hand and receivables under reverse repurchase agreements after impairment allowance	**761,841,360**	**151,361,069**	**109,626,209**	**110,456,690**	**1,133,285,328**

As at 31 December 2023 and 31 December 2022, the Holding entered into reverse repurchase agreements on the Kazakhstan Stock Exchange. The subject of these agreements were treasury notes of the Ministry of Finance of the Republic of Kazakhstan, notes of the National Bank of the Republic of Kazakhstan, debt obligations of Kazakhstan Sustainability Fund JSC and debt obligations of International Finance Corporation. The carrying amount of those agreements and fair value of securities pledged amounted to Tenge 825,588,944 thousand and Tenge 824,825,199 thousand, respectively (31 December 2022: Tenge 1,108,079,063 thousand and Tenge 1,107,057,086 thousand, respectively).

At 31 December 2023 the Holding had one counterparty bank (31 December 2022: one counterparty bank) whose total cash and cash equivalent balances exceed 10% of equity. The total aggregate amount of these balances at 31 December 2023 was Tenge 1,018,876,661 thousand (31 December 2022: Tenge 871,506,686 thousand) or 45.99% of cash and cash equivalents (31 December 2022: 37.99%).

Interest rate analysis of cash and cash equivalents is disclosed in Note 32. Information on related party transactions is disclosed in Note 39.

During 2023 the Holding accrued an impairment allowance for cash and cash equivalents in the amount of Tenge 26,533 thousand (Note 29) (2022: recovery of impairment allowance in the amount of Tenge 118,584 thousand).

7 Other assets measured at fair value through profit or loss

(In thousands of Kazakhstani Tenge)	**31 December 2023**	**31 December 2022**
Investments in joint ventures	64,545,153	55,362,132
Investments in associates	31,907,356	31,046,848
Other equity investments	70,678,170	75,929,651
Other financial assets	2,619,033	4,241
Total assets measured at fair value through profit or loss	**169,749,712**	**162,342,872**

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

(In thousands of Kazakhstani Tenge)	**2023**	**Share of equity, %**	**2022**	**Share of equity, %**
Investments in joint ventures				
AstanaGas KMG JSC	40,276,183	50.00	40,252,118	50.00
Baikonyr Solar LLP	6,052,722	49.00	4,361,323	49.00
KTK Service LLP	4,817,617	49.00	4,653,045	49.00
EPG PROMETHEUS SCHOOL LLP	2,786,273	26.60	2,224,571	26.60
PC Unicorn Feed (option)	2,293,410	34.70	-	-
Medical Centre Iclinic Atyrau LLP	2,212,000	47.00	-	-
Makinsky thermal insulation plant LLP	1,804,301	49.00	1,680,668	49.00
Kazakhstan hot-dip galvanizing plant LLP (option agreement)	1,215,000	49.00	-	-
Arnau Agro LLP	1,076,583	49.00	1,100,598	49.00
Kaspi Munay Kapital LLP	1,000,000	39.00	-	-
Kazakhstan Pipeline Systems LLP	650,000	34.00	-	-
Best Meat LLP	318,603	49.00	282,406	49.00
Kazakhstan Hungarian Investment Private Equity Fund	42,461	49.50	807,403	49.50
	64,545,153		**55,362,132**	
Investments in associates				
CITIC-KAZYNA Investment L.P.	13,496,480	49.90	14,449,989	49.90
EMC Agro LLP	5,867,542	24.47	4,312,933	24.47
Alit Holding LLP	3,300,000	49.00	-	-
ADM KCRF L.P.	2,694,941	49.50	2,499,300	49.50
KazMyaso LLP	2,538,820	49.00	2,284,919	49.00
Kazakhstan Growth Fund L.P.	2,046,417	49.50	3,979,009	49.50
PC KazrostEngineering Ltd	1,102,999	32.00	3,066,109	32.00
Temirbeton-1 LLP	715,770	22.00	338,755	22.00
Burundaisky mineral water LLP	144,387	45.30	115,834	45.30
	31,907,356		**31,046,848**	
Other equity investments				
Kazakhstan Infrastructure Fund C.V.	37,237,089	95.20	39,297,529	95.20
AITAS LUX S.A.R.L	18,514,319	13.99	19,036,228	19.50
500 Startups V, L.P.	5,418,718	7.50	5,584,415	7.10
Quest Ventures Asia Fund II L.P.	4,179,705	33.80	3,943,823	30.70
Continental Logistic LLP	3,263,696	18.45	3,676,963	18.45
BRBAPK LLP	993,234	8.30	841,667	8.30
Wellington Partners Ventures III Fund L.P.	668,532	5.10	174,079	5.13
TTS Astana-2007 K LLP	183,699	17.20	156,256	7.20
Da Vinci Emerging Technologies GP Limited	151,368	12.50	-	-
Private Company BGlobal Ventures Ltd.	67,502	100.00	-	-
Flagship Ventures Fund 2004 L.P.	308	6.60	16,427	6.60
CAEPCO JSC	-	-	3,119,611	1.50
Mining Chemical Company LLP	-	-	82,653	7.00
	70,678,170		**75,929,651**	

Investment in AstanaGas KMG JSC

In October 2018, the Holding acquired 50% of ordinary voting shares of AstanaGas KMG JSC for the amount of Tenge 121 thousand, and replenished additionally the charter capital for Tenge 40,150,000 thousand on 30 October 2018. AstanaGas KMG JSC was established to implement the project of gas infrastructure development in Astana and northern region of the Republic of Kazakhstan, as well as other gas industry development programmes. This entity is considered to be joint venture.

The Holding financed the acquisition by issuing 40,150,000 bonds with par value of Tenge 1,000 per bond, which mature on demand and have a coupon interest of 0.01% p.a. According to the agreement concluded with the seller of the shares, the Holding has a 'put' option enabling the Holding to sell its share in equity investment AstanaGas KMG JSC in the amount of Tenge 40,150,000 thousand, with a yield of 0.01% p.a. upon expiry of 15 years and, if demanded so by holders of the bonds issued by the Holding, buy back issued bonds.

Investment in Kazakhstan Infrastructure Fund C.V.

In February 2017, to appoint new general partner to Kazakhstan Infrastructure Fund C.V. ("KIF"), the Holding and Verno Pe Eurasia GP Limited (hereinafter- the "General Partner") signed a limited partnership agreement (hereinafter - "LPA"). Under the terms and conditions of LPA, the amount of liabilities related to investment in KIF was allocated between the partners as follows:

- QIC JSC (USD 100 mln) - the 95.24% ownership interest;
- VERNO PE EURASIA GP (USD 5 mln) - the 4.76 % ownership interest.

The main purpose to have established KIF is investing in share capital of corporates whose principal activities are development of infrastructure projects in target areas. KIF’s operations are primarily located in Kazakhstan, while the country of incorporation is the Netherlands.

Nature and extent of the Holding’s involvement

The Holding holds a 95% interest in KIF, and being a limited liability partner under the LPA, is not involved in the decision-making process related to KIF’s investing activities.

KIF’s management company is the General Partner who is responsible for making investing decisions, and governed by the Investment Policy in accordance with the LPA. 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.

In accordance with the LPA, the Company may to re-appoint a fund’s manager, the General Partner, to protect its interests with regard to investees and KIF’ operations. Under the terms of the LPA, there are certain conditions which are attached to the reappointment of the General Manager, including:

- imposing a pecuniary penalty in the amount of 2% of total investment liabilities;
- searching for a new general partner who is prepared for buy-out of the predecessor General Partner's rights and obligations.

These conditions make the general partner‘s reappointment process more difficult.

In accordance with the above, under IFRS 10 *Consolidated Financial Statements*, the Holding has no control over KIF as at 31 December 2023 and 31 December 2022.

The table below summarizes the financial information as at 30 September 2023 (unaudited) and 31 December 2022 (unaudited) on significant investments in associates and joint ventures, as presented in their own financial statements of these enterprises:

In thousands of Kazakhstani Tenge	**AstanaGas KMG JSC**	**Baikonyr Solar LLP**	**KTK Service LLP**	**EPG PROMETHEUS SCHOOL LLP**
	50.0%	49.0%	49.0%	26.6%
Share of equity, %	Joint venture	Joint venture	Joint venture	Joint venture
Country of incorporation and operation	Republic of Kazakhstan	Republic of Kazakhstan	Republic of Kazakhstan	Republic of Kazakhstan
At 30 September 2023 (unaudited)				
Non-current assets	234,225,581	21,178,461	5,223,039	5,078,751
Current assets	17,433,643	23,104,989	4,357,907	773,815
- including cash and cash equivalents	3,322,782	966,261	127,834	185,442
Non-current liabilities	(170,546,560)	-	(669,065)	(3,619,964)
- including non-current financial liabilities	(165,852,018)	-	(671,863)	(3,216,564)
Current liabilities	(30,399,823)	(14,866,079)	(7,448,936)	(1,432,126)
For the 9 months ended 30 September 2023 (unaudited):				
Revenue	25,205,261	3,291,795	3,755,811	1,473,072
Net profit/(loss)	1,734,929	447,222	(1,110,671)	45,476
Total comprehensive income/(loss) for the period	1,734,929	447,222	(1,110,671)	45,476
At 31 December 2022 (unaudited)				
Non-current assets	244,150,466	22,210,267	5,383,385	4,917,664
Current assets	11,198,166	23,153,926	4,847,542	448,538
- including cash and cash equivalents	7,123,293	417,884	128,082	63,272
Non-current liabilities	(175,951,965)	-	(269,811)	(3,667,357)
- including non-current financial liabilities	(171,485,141)	-	-	(3,263,957)
Current liabilities	(30,418,755)	(15,362,236)	(6,426,800)	(810,747)
For the 12 months ended 31 December 2022 (unaudited):				
Revenue	33,739,019	3,274,422	3,752,373	1,110,385
Net profit/(loss)	671,861	(495,366)	61,358	(103,242)
Total comprehensive income/(loss) for the period	671,861	(495,366)	61,358	(103,242)

In thousands of Kazakhstani Tenge	**Unicorn Feed PC**	**Medical Centre Iclinic Atyrau LLP**	**CITIC KAZYNA Investment Fund L.P.**	**EMC Agro LLP**
Share of equity, %	34.7%	47%	49.9%	24.47%
	Joint venture	Joint venture	Associate	Associate
Country of incorporation	Republic of Kazakhstan	Republic of Kazakhstan	Cayman Islands	Republic of Kazakhstan
Place of business	Republic of Kazakhstan	Republic of Kazakhstan	China/Republic of Kazakhstan	Republic of Kazakhstan
At 30 September 2023 (unaudited):				
Non-current assets	1,259,769	2,390,533	31,089,464	22,375,332
Current assets	6,286,109	337,066	1,357,879	10,197,057
- including cash and cash equivalents	4,595,762	20,800	894,505	5,137,860
Non-current liabilities	(2,316,776)	862,835	(930,804)	(11,822,530)
- including non-current financial liabilities	-	862,835	-	(10,959,086)
Current liabilities	(1,350,923)	969,481	-	(2,981,456)
For the 9 months ended 30 September 2023 (unaudited):				
Revenue	-	1,734,581	(15,795)	9,647,007
Net (loss)/profit	(146,950)	764,613	(53,749)	1,049,406
Other comprehensive income/(loss)	(146,950)	764,613	(53,749)	1,049,406
At 31 December 2022 (unaudited):				
Non-current assets	5,075,153	1,536,940	32,679,733	18,492,683
Current assets	63,407	649,655	15,117,785	10,273,025
- including cash and cash equivalents	33	101	13,699,912	5,107,659
Non-current liabilities	(4,707,683)	(168,602)	(15,088,794)	(8,495,266)
- including non-current financial liabilities	(4,707,683)	(168,602)	-	(7,631,821)
Current liabilities	(683,748)	(1,015,933)	-	(5,553,984)
For the 12 months ended 31 December 2022 (unaudited):				
Revenue	11,777	-	2,280,722	11,546,247
Net (loss)/profit	(330,815)	(202,247)	2,059,746	4,074,369
Other comprehensive income/(loss)	(330,815)	(202,247)	2,059,746	4,074,369

In thousands of Kazakhstani Tenge	Alit Holding LLP	ADM KCRF L.P	KazMyaso LLP	Kazakhstan Growth Fund L.P.
Share of equity, %	49%	49.5%	49.0%	49.5%
	Associate	Associate	Associate	Associate
Country of incorporation and operation	Republic of Kazakhstan	Netherlands Republic of Kazakhstan	Republic of Kazakhstan	Netherlands Republic of Kazakhstan
At 30 September 2023 (unaudited):				
Non-current assets	950	5,589,724	4,913,880	7,111,388
Current assets	3,427,212	1,000,689	4,999,648	639,490
- including cash and cash equivalents	3,373,668	999,893	438,420	149,136
Non-current liabilities	118,824	-	(1,974,123)	-
- including non-current financial liabilities	-	-	(1,959,135)	-
Current liabilities	8,827	(907,623)	(6,522,254)	(43,959)
Revenue	-	948,940	226,848	42
Net (loss)/profit	568,476	934,191	596,199	(41,457)
Other comprehensive income/(loss)	568,476	934,191	596,199	(41,457)
At 31 December 2022 (unaudited):				
Non-current assets	-	5,885,838	3,980,416	-
Current assets	-	104,575	4,072,723	8,376,158
- including cash and cash equivalents	-	103,833	1,114	988,735
Non-current liabilities	-	-	(1,922,927)	--
- including non-current financial liabilities	-	(6,541)	(1,907,938)	(29,244)
Current liabilities	-	5,885,838	(4,097,309)	-
Revenue	-	-	166,502	11
Net (loss)/profit	-	(1,156,305)	2,055,458	(3,116,489)
Other comprehensive income/(loss)	-	(1,156,305)	2,055,458	(3,116,489)

The main activity of the Holding is investing in order to generate income and capital gains. The Holding has an exit strategy for each of its investments. The Holding's investment activities are carried out through subsidiaries of the Holding. The Holding has an established monitoring and reporting system in relation to investment activities. The Holding also has an investment department and a risk management department, whose functions include managing the investment activities of the Holding, including reporting to the Holding Management and the Board of Directors. In addition, the Holding's investment objects are independent business entities in the operating activities of which the Holding takes a limited part, having no control over the investment objects.

Therefore, the Holding believes that it meets the definition of an organisation specialising in venture capital investments and uses the exemption from the need to use the equity method to account for investments in associates and joint ventures.

Refer to Note 37 for the estimated fair value of each class of other assets measured at fair value.

8 Loans to banks and financial institutions

(In thousands of Kazakhstani Tenge)	31 December 2023	31 December 2022
Loans to banks and financial institutions		
- BBB- to BBB+ rated	132,440,882	120,943,290
- BB- to BB+ rated	171,215,044	31,395,836
- B- to B+ rated	26,948,327	133,934,845
- D rated	30,622,044	30,705,564
- not rated	17,972,294	25,182,210
Gross loans to banks and financial institutions	**379,198,591**	**342,161,745**
Less: impairment allowance	(40,751,866)	(43,162,316)
Total loans to banks and financial institutions	**338,446,725**	**298,999,429**

The Holding uses the following assumptions to estimate the market interest rates for determination of the fair value of financial instruments:

- Yield on long-term bonds issued by the Ministry of Finance of the Republic of Kazakhstan;
- The credit risk premium of the Republic of Kazakhstan;

During the year ended 31 December 2022 the Holding issued loans totalling Tenge 100,000,000 thousand to four second-tier banks, using funds received from Zhasyl Damu JSC, the loans bear an interest rate of 1% p.a. (Note 20). The loans were initially recognised at their fair values, which were determined using market rates varying from 12.34% to 16.12% p.a., and the discount on initial recognition was Tenge 91,174,625 thousand.

Amounts due from banks are not collateralised. Movements in the provision for impairment of loans to banks and other financial institutions are as follows:

	2023			
(In thousands of Kazakhstani Tenge)	Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	Total
Balance at 1 January	**3,915,644**	**4,884,797**	**34,361,875**	**43,162,316**
Impairment allowance recovery during the year (Note 29)	(1,759,278)	(524,937)	(137,021)	(2,421,236)
Other changes	10,786	-	-	10,786
Balance at 31 December	**2,167,152**	**4,359,860**	**34,224,854**	**40,751,866**

	2022			
(In thousands of Kazakhstani Tenge)	Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	Total
Balance at 1 January	**4,361,062**	**7,030,568**	**34,253,726**	**45,645,356**
Transfer to Stage 2	(309,551)	309,551	-	-
Impairment allowance (recovery)/charge during the year (Note 29)	(132,465)	(2,455,322)	108,149	(2,479,638)
Other changes	(3,402)	-	-	(3,402)
Balance at 31 December	**3,915,644**	**4,884,797**	**34,361,875**	**43,162,316**

At 31 December 2023 and 2022 the Holding had no outstanding balances of loans to banks and financial institutions whose total balances exceed 10% of equity.

Refer to Note 37 for the estimated fair value of each class of amounts due from banks. An interest rate analysis of due from banks is disclosed in Note 32. Information on related party transactions is disclosed in Note 39.

9 Deposits with banks and financial institutions

(In thousands of Kazakhstani Tenge)	**31 December 2023**	**31 December 2022**
Deposits with banks and financial institutions		
- BBB - to BBB+ rated	14,743,472	8,252,048
- BB- to BB+ rated	9,200,901	4,741,002
- B- to B+ rated	-	10,316,193
- D rated	15,684,276	14,843,236
- not rated	390,451	391,807
Gross deposits with banks and financial institutions	**40,019,100**	**38,544,286**
Less: impairment allowance	(16,157,997)	(15,389,334)
Total deposits with banks and financial institutions	**23,861,103**	**23,154,952**

Movements in the provision for impairment of deposits with banks and financial institutions are as follows:

	2023			
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL – not credit-impaired**	**Stage 3 Lifetime ECL – credit-impaired**	**Total**
Balance at 1 January	**154,291**	**-**	**15,235,043**	**15,389,334**
Impairment allowance recovery during the year (Note 29)	(54,187)	-	(1,356)	(55,543)
Effect of changes in foreign exchange rates		-	841,040	841,040
Other changes	(16,834)	-	-	(16,834)
Balance at 31 December	**83,270**	**-**	**16,074,727**	**16,157,997**

	2022			
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL – not credit-impaired**	**Stage 3 Lifetime ECL – credit-impaired**	**Total**
Balance at 1 January	**530,714**	**-**	**15,254,033**	**15,784,747**
Impairment allowance recovery during the year (Note 29)	(180,990)	-	-	(180,990)
Other changes	(195,433)	-	(18,990)	(214,423)
Balance at 31 December	**154,291**	**-**	**15,235,043**	**15,389,334**

As at 31 December 2023 and 2022 the Holding had no outstanding balances of deposits with banks and financial institutions whose total balances exceed 10% of equity.

Refer to Note 37 for the estimated fair value of each class of deposits with banks and financial institutions. An interest rate analysis of due from banks is disclosed in Note 32. Information on related party transactions is disclosed in Note 39.

10 Loans to customers

(In thousands of Kazakhstani Tenge)	31 December 2023	31 December 2022
Loans to customers measured at amortised cost		
Loans to corporate customers	1,831,111,413	2,292,633,216
Mortgage loans	3,154,584,436	3,227,159,403
Loans issued to agribusiness companies	909,801,674	870,263,228
Loans issued to small and medium entities ("SME")	7,522,075	7,464,469
Consumer and other loans to individuals	-	207,670,108
Car loans to individuals	-	125,526,106
Gross loans to customers measured at amortised cost	**5,903,019,598**	**6,730,716,530**
Less impairment allowance for loans	(369,835,069)	(427,720,563)
Total net loans to customers measured at amortised cost	**5,533,184,529**	**6,302,995,967**
Loans to customers measured at fair value through profit or loss	**188,327,278**	**208,974,921**
Total loans to customers	**5,721,511,807**	**6,511,970,888**

In determining the fair value of loans to customers measured at fair value through profit or loss, management made assumptions that the following market rates are appropriate for the Holding: from 14.01% to 26.67% (2022: from 14.84% to 28.35% in Tenge and 2.04% in US Dollar). Loans to customers measured at fair value through profit or loss are not past due.

During the year ended 31 December 2023, the Holding did not acquire mortgage loan portfolios (2022: the Holding did not acquire mortgage loan portfolios). As at 31 December 2023 mortgage loans portfolio consisted of mortgage loans issued directly in the amount of Tenge 3,120,453,506 thousand (2022: Tenge 3,182,691,644 thousand) and of mortgage loans purchased from commercial banks in the amount of Tenge 34,130,930 thousand (2022: Tenge 44,467,759 thousand).

Significant changes in the gross carrying amount of loans measured at amortised cost were as follows:

	2023				
(In thousands of Kazakhstani Tenge)	Stage 1 12-month ECL	Stage 2 Lifetime ECL - not credit-impaired	Stage 3 Lifetime ECL - credit-impaired	Credit-impaired assets on initial recognition	Total
Balance at 1 January	5,707,882,295	403,329,923	545,651,682	73,852,630	6,730,716,530
Transfer to Stage 1	110,759,317	(87,852,175)	(22,907,142)	-	-
Transfer to Stage 2	(341,097,929)	356,268,428	(15,170,499)	-	-
Transfer to Stage 3	(94,839,358)	(23,095,453)	117,934,811	-	-
Transfer to assets held for sale	(905,733,580)	(60,351,869)	(30,427,984)	(44,984,171)	(1,041,497,604)
New financial assets originated or purchased	1,842,199,541	13,189	1,009,297	6,930,109	1,850,152,136
Financial assets that have been derecognised	(1,316,502,255)	(108,613,276)	(61,357,052)	(6,586,541)	(1,493,059,124)
Amortisation of discount on present value of ECLs	-	-	27,611,515	-	27,611,515
Other changes*	(145,015,746)	5,956,309	(20,383,013)	3,990,230	(155,452,220)
Effect of changes in foreign exchange rates	(14,521,112)	(225,424)	(712,778)	7,679	(15,451,635)
Balance at 31 December	**4,843,131,173**	**485,429,652**	**541,248,837**	**33,209,936**	**5,903,019,598**

	2022				
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL - not credit-impaired**	**Stage 3 Lifetime ECL - credit-impaired**	**Credit-impaired assets on initial recognition**	**Total**
Balance at 1 January	3,360,261,786	833,019,386	567,583,671	16,015,426	4,776,880,269
Recognised as a result of acquisition of Bereke Bank JSC	918,070,892	-	-	69,153,813	987,224,705
Transfer to Stage 1	633,414,892	(546,781,319)	(86,633,573)	-	-
Transfer to Stage 2	(223,746,550)	253,038,473	(29,291,923)	-	-
Transfer to Stage 3	(98,505,507)	(34,252,720)	132,758,227	-	-
New financial assets originated or purchased	2,162,190,088	28,082	824,497	14,268,008	2,177,310,675
Financial assets that have been derecognised	(946,557,408)	(96,167,333)	(56,475,982)	(25,865,425)	(1,125,066,148)
Amortisation of discount on present value of ECLs	-	-	18,826,954	-	18,826,954
Other changes*	(148,856,366)	(6,734,553)	(4,570,697)	1,278,693	(158,882,923)
Effect of changes in foreign exchange rates	51,610,468	1,179,907	2,630,508	(997,885)	54,422,998
Balance at 31 December	**5,707,882,295**	**403,329,923**	**545,651,682**	**73,852,630**	**6,730,716,530**

* The movement comprise, mainly, repayments and accrual of interest income.

Movement in loss allowance for loans for the years ended 31 December 2023 and 2022 is as follows:

	2023				
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL - not credit-impaired**	**Stage 3 Lifetime ECL - credit-impaired**	**Credit-impaired assets on initial recognition**	**Total**
Balance at 1 January	**41,259,479**	**56,767,516**	**328,318,820**	**1,374,748**	**427,720,563**
Transfer to Stage 1	8,845,455	(1,486,495)	(7,358,960)	-	-
Transfer to Stage 2	(5,865,884)	10,578,987	(4,713,103)	-	-
Transfer to Stage 3	(4,310,518)	(2,179,110)	6,489,628	-	-
Transfer to assets held for sale	(5,896,398)	(4,596,506)	(8,675,831)	4,267,938	(14,900,797)
Net remeasurement of loss allowance	(11,789,178)	8,433,229	(61,057,701)	(5,905,176)	(70,318,826)
New financial assets originated or purchased	10,238,224	-	57,121	-	10,295,345
Amortisation of discount on present value of ECLs	-	-	27,611,515	-	27,611,515
Effect of changes in foreign exchange rates	(135,612)	(9,370)	(562,549)	-	(707,531)
Other changes	(1,026,826)	(905,183)	(12,473,831)	4,540,640	(9,865,200)
Balance at 31 December	**31,318,742**	**66,603,068**	**267,635,109**	**4,278,150**	**369,835,069**

	2022				
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL - not credit-impaired**	**Stage 3 Lifetime ECL - credit-impaired**	**Credit-impaired assets on initial recognition**	**Total**
Balance at 1 January	**21,094,770**	**46,495,760**	**235,054,154**	**4,893,719**	**307,538,403**
Transfer to Stage 1	9,054,505	(7,591,875)	(1,462,630)	-	-
Transfer to Stage 2	(1,178,985)	4,724,046	(3,545,061)	-	-
Transfer to Stage 3	(2,221,317)	(2,665,875)	4,887,192	-	-
Net remeasurement of loss allowance	(887,442)	13,720,086	84,410,166	(5,696,254)	91,546,556
New financial assets originated or purchased	15,570,387	2,060,208	-	6,837	17,637,432
Amortisation of discount on present value of ECLs	-	-	18,826,954	-	18,826,954
Effect of changes in foreign exchange rates	309,430	55,030	1,711,443	(922)	2,074,981
Other changes	(481,869)	(29,864)	(11,563,398)	2,171,368	(9,903,763)
Balance at 31 December	**41,259,479**	**56,767,516**	**328,318,820**	**1,374,748**	**427,720,563**

Analysis of collateral

The following tables provide information on collateral and other credit enhancements securing loans to corporate customers and loans issued to agribusiness companies, net of loss allowance, by types of collateral:

31 December 2023 *(In thousands of Kazakhstani Tenge)*	**Carrying amount of loans to customers**	**Fair value of collateral - for collateral assessed as of reporting date**	**Fair value of collateral - for collateral assessed before reporting date**
Stage 1 (12-month expected credit losses)			
Cash and deposits	3,984,469	3,981,385	3,084
Government guarantees	5,424,205	5,424,205	-
Bank guarantees and guarantees received from legal entities (rated from B- to BBB+)	206,502,969	-	-
Bank guarantees and guarantees received from legal entities (not rated)	268,508,454	-	-
Land plots	17,259,573	-	17,259,573
Vehicles	33,842,098	28,228,643	5,613,455
Real estate	378,629,187	157,364,991	221,264,196
Equipment	57,332,271	15,149,055	42,183,216
Equity shares	317,029,934	112,123,165	204,906,769
Goods in turnover	12,036,709	12,036,709	-
Insurance contracts	76,208,829	-	-
Other collateral	5,779,548	5,779,548	-
No collateral or other credit enhancement	55,772,083	-	-
Future assets	260,268,000	45,316,065	214,951,935
Total Stage 1 (12-month expected credit losses)	**1,698,578,329**	**385,403,766**	**706,182,228**
Stage 2 (Lifetime ECL for assets not credit-impaired)			
Cash and deposits	2,302,450	2,302,450	-
Bank guarantees and guarantees received from legal entities (not rated)	17,577,164	-	-
Land plots	26,511,149	-	26,511,149
Vehicles	36,746,550	36,568,873	177,677
Real estate	86,672,451	8,242,830	78,429,621
Equipment	8,014,599	-	8,014,599
Equity shares	9,332,226	-	9,332,226
Goods in turnover	3,644,203	3,644,203	-
Other collateral	559,726	559,726	-
No collateral or other credit enhancement	5,501,758	-	-
Total Stage 2 (Lifetime ECL for assets not credit-impaired)	**196,862,276**	**51,318,082**	**122,465,272**

31 December 2023 *(In thousands of Kazakhstani Tenge)*	**Carrying amount of loans to customers**	**Fair value of collateral - for collateral assessed as of reporting date**	**Fair value of collateral - for collateral assessed before reporting date**
Stage 3 (Lifetime ECL for assets credit-impaired)			
Cash and deposits	1,582,581	1,582,581	-
Bank guarantees and guarantees received from legal entities (rated from B- to BBB+)	49,950,593	-	-
Land plots	24,549,629	-	24,549,629
Vehicles	23,896,807	23,642,451	254,356
Real estate	107,966,800	50,285,977	57,680,823
Equipment	7,951,313	249	7,951,064
Goods in turnover	7,758,075	7,758,075	-
Other collateral	66,386	66,386	-
No collateral or other credit enhancement	6,184,220	-	-
Total Stage 3 (Lifetime ECL for assets credit-impaired)	**229,906,404**	**83,335,719**	**90,435,872**
POCI-assets			
Cash and deposits	70,498	70,498	-
Land plots	929,235	-	929,235
Vehicles	2,383,749	2,192,939	190,810
Real estate	18,484,340	4,655,677	13,828,663
Equipment	514,811	-	514,811
Goods in turnover	92,933	92,933	-
No collateral or other credit enhancement	105,687	-	-
Total POCI-assets	**22,581,253**	**7,012,047**	**15,463,519**

31 December 2022 *(In thousands of Kazakhstani Tenge)*	**Carrying amount of loans to customers**	**Fair value of collateral - for collateral assessed as of reporting date**	**Fair value of collateral - for collateral assessed before reporting date**
Stage 1 (12-month expected credit losses)			
Cash and deposits	17,101,755	17,101,755	-
Government guarantees	19,239,459	19,239,459	-
Bank guarantees and guarantees received from legal entities (rated from B- to BBB+)	300,973,851	-	-
Bank guarantees and guarantees received from legal entities (not rated)	345,216,582	-	-
Land plots	42,182,989	2,551,327	39,631,662
Vehicles	96,630,064	25,986,698	70,643,366
Real estate	508,529,612	181,467,006	327,062,606
Equipment	69,762,238	47,921,261	21,840,977
Equity shares	218,488,574	-	218,488,574
Goods in turnover	32,903,604	17,124,324	15,779,280
Insurance contracts	78,966,792	-	-
Other collateral	35,955,454	30,513,819	5,441,635
No collateral or other credit enhancement	144,778,248	-	-
Future assets	271,030,756	43,411,174	227,619,582
Total Stage 1 (12-month expected credit losses)	**2,181,759,978**	**385,316,823**	**926,507,682**

31 December 2022 *(In thousands of Kazakhstani Tenge)*	**Carrying amount of loans to customers**	**Fair value of collateral - for collateral assessed as of reporting date**	**Fair value of collateral - for collateral assessed before reporting date**
Stage 2 (Lifetime expected credit losses on assets not credit-impaired)			
Cash and deposits	1,953,839	1,953,839	-
Bank guarantees and guarantees received from legal entities (not rated)	11,837,710	-	-
Land plots	4,186,234	-	4,186,234
Vehicles	11,388,027	925,665	10,462,362
Real estate	80,359,465	17,843,363	62,516,102
Equipment	12,281,816	1,269,913	11,011,903
Goods in turnover	3,221,791	-	3,221,791
Other collateral	2,032,900	102,952	1,929,948
No collateral or other credit enhancement	3,461,700	-	-
Total Stage 2 (Lifetime expected credit losses on assets not credit-impaired)	**130,723,482**	**22,095,732**	**93,328,340**
Stage 3 (Lifetime expected credit losses on credit-impaired assets)			
Cash and deposits	802,789	802,789	-
Bank guarantees and guarantees received from legal entities (rated from B- to BBB+)	39,647,120	-	-
Bank guarantees and guarantees received from legal entities (not rated)	1,881,690	-	-
Land plots	18,722,237	-	18,722,237
Vehicles	5,269,659	97,754	5,171,905
Real estate	76,164,445	6,855,307	69,309,138
Equipment	5,829,372	1,987,594	3,841,778
Goods in turnover	7,451,183	-	7,451,183
Insurance contracts	1,090,786	-	-
No collateral or other credit enhancement	4,176,674	-	-
Total Stage 3 (Lifetime expected credit losses on credit-impaired assets)	**161,035,955**	**9,743,444**	**104,496,241**
POCI-assets			
Cash and deposits	34,622	34,622	-
Bank guarantees and guarantees received from legal entities (rated from B- to BBB+)	10,319	-	-
Bank guarantees and guarantees received from legal entities (not rated)	1,092,885	-	-
Land plots	6,033,621	399,351	5,634,270
Vehicles	6,862,248	4,647,331	2,214,917
Real estate	36,431,545	14,565,919	21,865,626
Equipment	2,614,521	1,100,463	1,514,058
Equity shares	200	200	-
Goods in turnover	838,206	16,747	821,459
Other collateral	3,262,487	-	3,262,487
No collateral or other credit enhancement	20,239	-	-
Total POCI-assets	**57,200,893**	**20,764,633**	**35,312,817**

The tables above are presented excluding overcollateralisation.

For loans secured by multiple types of collateral, collateral that is most relevant for impairment assessment is disclosed. Certain guarantees and sureties received from individuals, such as shareholders of borrowers, are not considered for impairment assessment purposes.

The recoverability of credit-unimpaired loans to corporate customers is primarily dependent on the creditworthiness of the borrowers rather than the value of collateral, and the Holding does not necessarily update the valuation of collateral as at each reporting date.

For mortgage loans with recourse to the seller the commercial banks-partners are responsible for monitoring of collateral on a periodic basis according to the requirements of the NBRK. The recoverability of these loans is primarily dependent on the creditworthiness of the borrowers and commercial banks-partners rather than the value of collateral, and the current value of the collateral does not impact the impairment assessment.

The fair value of residential real estate collateral on mortgage loans at the end of the reporting period was estimated by indexing the values determined by the Holding subsidiaries' internal credit department staff at the time of loan inception for the average changes in residential real estate prices by city and region. The Holding may also obtain a specific individual valuation of collateral at each reporting date. The fair value of other real estate and other assets was determined by the Holding subsidiaries' credit department by considering the condition and location of the assets accepted as collateral.

The fair value of collateral exceeded the carrying amount less impairment allowance by mortgage loans as at 31 December 2023 and 2022.

Economic sector risk concentrations within the loan portfolio are as follows:

(In thousands of Kazakhstani Tenge)	31 December 2023 Amount	31 December 2023 %	31 December 2022 Amount	31 December 2022 %
Loans to corporate customers				
Agro-industrial complex	939,276,983	15.42	897,833,943	12.94
Mining, metallurgical industry and mineral resources	818,683,542	13.44	813,416,607	11.72
Oil and gas industry	375,090,388	6.16	451,313,202	6.50
Power energy and electricity distribution	157,837,590	2.59	178,963,568	2.58
Food processing	115,675,954	1.90	200,841,219	2.89
Machinery manufacturing	114,011,805	1.87	127,809,552	1.84
Real estate	105,944,667	1.74	155,858,201	2.25
Transport and warehousing	85,596,231	1.41	135,377,145	1.95
Chemical industry	67,423,299	1.11	44,561,983	0.64
The arts, entertainment and leisure industry	55,161,207	0.91	65,346,926	0.94
Construction	43,600,368	0.72	88,675,859	1.28
Telecommunications	30,996,143	0.51	42,888,305	0.62
Other sectors of processing industry	5,676,741	0.09	23,716,594	0.34
Wholesale and retail trade	2,541,623	0.04	100,623,678	1.45
Education	186,979	0.00	10,093,569	0.15
Other	19,058,920	0.30	34,649,687	0.50
Loans to retail customers				
Mortgage loans	3,154,584,436	51.79	3,227,159,403	46.50
Consumer loans	-	-	215,035,905	3.10
Auto loans	-	-	125,526,105	1.81
Gross loans to customers	**6,091,346,876**	**100.00**	**6,939,691,451**	**100.00**
Less: impairment allowance	(369,835,069)		(427,720,563)	
Total loans to customers	**5,721,511,807**		**6,511,970,888**	

Significant credit exposures As at 31 December 2023, the Holding has 2 borrowers (31 December 2022: 2 borrowers) with the total amount issued to each borrower in excess of 10% of capital of the Holding. The net value of these loans was Tenge 482,163,232 thousand (31 December 2022: Tenge 549,230,469 thousand) or 8.43% of loan portfolio less impairment allowance (31 December 2022: 8.43%). The outstanding debt of entities guaranteed by the state, subsidiaries of government entities or large commercial corporations listed on international stock markets or with a high-credit ratings comprised Tenge 261,877,767 thousand as at 31 December 2023 (31 December 2022: Tenge 359,860,430 thousand).

Refer to Note 37 for the estimated fair value of each class of loans to customers. Interest rate analysis of loans to customers is disclosed in Note 32. Information on related party transactions is disclosed in Note 39.

11 Investment securities

(In thousands of Kazakhstani Tenge)	31 December 2023	31 December 2022
Investment securities measured at amortised cost	1,043,144,435	966,886,092
Investment securities measured at fair value through other comprehensive income	447,871,814	468,810,121
Investment securities measured at fair value through profit or loss	1,246,291	20,862,935
Total investment securities	**1,492,262,540**	**1,456,559,148**

Information on credit quality of securities portfolio is disclosed in Note 5.

Investment securities measured at amortised cost

(In thousands of Kazakhstani Tenge)	31 December 2023	31 December 2022
Bonds of local executive authorities	808,980,135	811,205,688
Corporate bonds	63,011,973	30,737,985
Bonds of the Ministry of Finance of the Republic of Kazakhstan	55,086,787	65,011,794
Bonds of foreign banks and financial institutions	51,253,402	4,169,410
Bonds of Kazakhstani banks (POCI-asset)	47,606,642	41,302,242
Bonds of Kazakhstani banks	13,110,689	10,968,793
Bonds of NWF “Samruk-Kazyna” JSC and its subsidiaries	8,640,756	8,050,779
Investment securities measured at amortised cost before impairment allowance	**1,047,690,384**	**971,446,691**
Less: impairment allowance	(4,545,949)	(4,560,599)
Total investment securities measured at amortised cost	**1,043,144,435**	**966,886,092**

Bonds of local executive authorities ("LEA"). During 2023 the Holding purchased 139,568,819 bonds issued by the local executive authorities at the value of Tenge 1,000 per one bond, which mature in 2024-2025. Bond coupon rate is 0.35% and 4.25% p.a. Bonds were recognised at fair value of Tenge 115,692,340 thousand calculated using the market interest rates ranging from 13.28% to 16.27% p.a. Loss from discount on initial recognition of Tenge 23,876,479 thousand was recognised in other operating expenses in the consolidated statement of profit or loss and other comprehensive income (Note 28) and partially compensated by decrease in government grant liabilities, which was received to purchase the bonds in the amount of Tenge 1,567,918 thousand (Note 21). During reporting year ended 31 December 2023, local executive authorities repaid bonds in the amount of Tenge 161,233,464 thousand. The discount recalculated due to the partial/full early redemption of bonds of the local executive authorities for the amount of Tenge 69,723,364 thousand amounted to Tenge 1,020,131 thousand and was recognised as government grants (Note 21).

Corporate bonds. Corporate bonds represent interest-bearing securities issued by local companies. These securities are in free circulation on Kazakhstan Stock Exchange, except for some bonds, which are included in the "buffer category" in accordance with KASE requirements due to non-compliance with listing requirements.

Investment securities measured at fair value through other comprehensive income

(In thousands of Kazakhstani Tenge)	31 December 2023	31 December 2022
Bonds of other states*	373,804,860	375,083,760
Bonds of the Ministry of Finance of the Republic of Kazakhstan	47,677,316	62,371,289
Bonds of banks from OECD countries	11,825,618	12,524,290
Bonds of NWF "Samruk-Kazyna" JSC	9,184,603	10,845,528
Corporate bonds	2,688,130	4,752,620
Bonds of local executive authorities	2,689,109	2,647,022
Bonds of Kazakhstani banks	-	534,189
NBRK notes	-	49,676
Total debt investment securities measured at fair value through other comprehensive income	**447,869,636**	**468,808,374**
Corporate shares	2,178	1,747
Total investment securities measured at fair value through other comprehensive income	**447,871,814**	**468,810,121**

* As at 31 December 2023 debt securities of the Ministry of Finance of the Kingdom of Saudi Arabia, measured at fair value through other comprehensive income with carrying amount of Tenge 36,229,851 thousand were pledged as collateral for repurchase agreements.

During 2022 the Holding 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 Holding recognised net expense of Tenge 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 16).

Investment securities measured at fair value through profit or loss

(In thousands of Kazakhstani Tenge)	31 December 2023	31 December 2022
Corporate bonds	1,172,773	17,807,978
Bonds of the Ministry of Finance of the Republic of Kazakhstan	73,518	74,139
Bonds of Kazakhstani banks	-	2,980,818
Total investment securities measured at fair value through profit or loss	**1,246,291**	**20,862,935**

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

	2023				
(In thousands of Kazakhstani Tenge)	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	POCI	Total
Balance at 1 January	**500,476**	**1,079,064**	**1,117,796**	**1,863,263**	**4,560,599**
Impairment allowance (recovery)/charge during the year (Note 29)	268,672	(307,745)	(4,064)	(151,290)	(194,427)
Other	-	-	179,777	-	179,777
Balance at 31 December	**769,148**	**771,319**	**1,293,509**	**1,711,973**	**4,545,949**

(In thousands of Kazakhstani Tenge)	2022 Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	POCI	Total
Balance at 1 January	**1,536,012**	**-**	**1,117,796**	**1,801,321**	**4,455,129**
Transfer from Stage 1 to Stage 2	(379,064)	379,064	-	-	-
Impairment allowance (recovery)/charge during the year (Note 29)	(643,377)	700,000	-	61,942	118,565
Other	(13,095)	-	-	-	(13,095)
Balance at 31 December	**500,476**	**1,079,064**	**1,117,796**	**1,863,263**	**4,560,599**

Interest rate analysis of debt investment securities is disclosed in Note 32. Information on debt investment securities available for sale to related parties is disclosed in Note 39.

12 Finance lease receivables

The components of net investments in finance lease as at 31 December 2023 and 2022 are as follows:

(In thousands of Kazakhstani Tenge)	31 December 2023	31 December 2022
Less than 1 year	296,643,649	236,833,106
From 1 to 2 years	271,040,605	205,102,934
From 2 to 3 years	260,611,755	206,697,347
From 3 to 4 years	221,450,444	188,495,025
From 4 to 5 years	202,687,095	152,699,613
More than 5 years	810,839,694	626,122,343
Minimum lease payments	**2,063,273,242**	**1,615,950,368**
Less unearned finance income:		
Less than 1 year	(55,544,639)	(39,655,887)
From 1 year to 5 years	(378,671,987)	(253,580,362)
More than 5 years	(349,171,918)	(227,635,932)
Less unearned finance income, total	**(783,388,544)**	**(520,872,181)**
Loss allowance	(67,754,270)	(58,822,923)
Finance lease receivables	**1,212,130,428**	**1,036,255,264**

As at 31 December 2023 the Holding has 6 lessees or 3 groups of related lessees whose balances make over 41% of total carrying amount of the finance lease receivables. As at 31 December 2023 the total carrying amount of receivables from these lessees is Tenge 251,982,876 thousand (31 December 2022: 7 lessees or 3 groups of related lessees, the total carrying amount of receivables from these lessees was Tenge 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 Tenge 225,637,292 thousand (31 December 2022: 93% for the total amount of Tenge 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 by KTZh are categorised into Stage 1 for the purpose of estimate of expected credit losses. As at 31 December 2023 KTZh has no overdue debt.

(In thousands of Kazakhstani Tenge)	31 December 2023	31 December 2022
Finance leases to large corporates	372,109,416	260,929,998
Leases to small- and medium-sized companies	266,996,937	257,741,763
Leases to individuals	139,195,336	149,460,744
Leases to agro-industrial entities	501,583,009	426,945,682
Loss allowance	(67,754,270)	(58,822,923)
Finance lease receivables	**1,212,130,428**	**1,036,255,264**

Key assumptions and judgments used in estimation of loss allowance for finance lease receivables

The significant assumptions used by management in determining loss allowance for finance lease receivables of corporate customers include:

- 12-month PD for lessees allocated to Stage 1 of credit quality ranges from 0.20% to 51.00%; Lifetime PD allocated to Stage 2 of credit quality ranged from 2.30% to 51.00%;
- LGD value for lessees allocated to Stage 1 and Stage 2 is 23% in average.

Significant assumptions used by management to estimate the amount of loss allowance for finance lease receivables to the enterprises operating in agro-industrial complex includes the following:

- PD value related to finance lease receivables allocated to Stage 1 of credit quality varied from 4.42% to 22.70%, and for those allocated to Stage 2 - from 24.70% to 65.00%, depending on the segment and number of years to maturity of the loan;
- LGD value for finance lease receivables allocated to Stage 1 is 10.00% in average, for those allocated to Stage 2 is 9.50% in average and for those allocated to Stage 3 is 25.45% in average.

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

			2023		
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**POCI**	**Total**
Balance at 1 January	**8,738,938**	**2,671,685**	**47,401,325**	**10,975**	**58,822,923**
Transfer to Stage 1	2,466,140	(2,284,413)	(181,727)	-	-
Transfer to Stage 2	(3,465,266)	7,128,471	(3,663,205)	-	-
Transfer to Stage 3	(322,883)	(4,798,951)	5,121,834	-	-
Impairment allowance (recovery)/charge during the year	802,602	3,542,261	5,883,003	(2,768)	10,225,098
Recovery of previously written-off amounts	-	-	28,011	-	28,011
Write-off	-	-	(924,252)	-	(924,252)
Other changes	-	-	(397,510)	-	(397,510)
Balance at 31 December	**8,219,531**	**6,259,053**	**53,267,479**	**8,207**	**67,754,270**

			2022		
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**POCI**	**Total**
Balance at 1 January	**14,029,256**	**6,389,775**	**43,166,798**	**-**	**63,585,829**
Transfer to Stage 1	3,744,835	(3,504,584)	(240,251)	-	-
Transfer to Stage 2	(1,555,766)	3,762,641	(2,206,875)	-	-
Transfer to Stage 3	(68,045)	(1,847,082)	1,915,127	-	-
Impairment allowance (recovery)/charge during the year	(7,396,069)	(2,125,620)	5,199,864	10,975	(4,310,850)
Recovery of previously written-off amounts	-	-	1,083	-	1,083
Write-off	-	-	(103,881)	-	(103,881)
Other changes	(15,273)	(3,445)	(330,540)	-	(349,258)
Balance at 31 December	**8,738,938**	**2,671,685**	**47,401,325**	**10,975**	**58,822,923**

Analysis of movements in gross carrying amount of corporate customers finance lease receivables

Increase in financing of lease transactions for 2023 caused increase in gross carrying amount of lease portfolio for the total amount of Tenge 238,186,289 thousand and appropriate increase in loss allowance for the portfolio by Tenge 15,056,942 thousand, including by stages:

- Stage 1: increase in gross carrying amount of lease portfolio by Tenge 196,827,833 thousand and increase in loss allowance by Tenge 6,104,966 thousand;
- Stage 2: increase in gross carrying amount of lease portfolio by Tenge 24,604,439 thousand resulted in increase in loss allowance by Tenge 1,420,055 thousand;
- Stage 3: increase in gross carrying amount of lease portfolio by Tenge 16,754,017 thousand and increase in loss allowance by Tenge 7,531,921 thousand.

Decrease in the receivables of gross carrying amount of Tenge 142,393,940 thousand resulted in decrease in loss allowance for the portfolio by Tenge 11,663,372 thousand, including by stages:

- Stage 1: decrease in gross carrying amount of lease portfolio by Tenge 112,760,671 thousand and decrease in loss allowance Tenge 4,099,668 thousand;
- Stage 2: decrease in gross carrying amount of lease portfolio by Tenge 21,201,499 thousand and decrease in loss allowance by Tenge 1,238,210 thousand;
- Stage 3: decrease in gross carrying amount of lease portfolio by Tenge 8,431,770 thousand and decrease in loss allowance by Tenge 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 Tenge 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 Tenge 172,729,274 thousand, respective net increase in the portfolio loss allowance by Tenge 14,593,098 thousand, including that by stages:

- Stage 1: increase in the portfolio gross carrying amount by Tenge 142,526,716 thousand and increase in loss allowance by Tenge 4,036,149 thousand;
- Stage 2: increase in the portfolio gross carrying amount by Tenge 9,544,727 thousand and increase in the loss allowance by Tenge 638,752 thousand;
- Stage 3: increase in the portfolio gross carrying amount by Tenge 20,657,831 thousand and increase in loss allowance by Tenge 9,918,197 thousand.

Decrease in the receivable with gross carrying amount of Tenge 103,193,120 thousand resulted in decrease of portfolio loss allowance for expected credit losses by Tenge 12,921,109 thousand, including that by stages:

- Stage 1: decrease in the portfolio gross carrying amount by Tenge 58,292,168 thousand and decrease in the loss allowance for expected credit losses by Tenge 1,165,843 thousand;
- Stage 2: decrease in the portfolio gross carrying amount by Tenge 38,597,070 thousand and decrease in the loss allowance for expected credit losses by Tenge 1,741,951 thousand;
- Stage 3: decrease in the portfolio gross carrying amount by Tenge 6,303,882 thousand and decrease in loss allowance for expected credit losses by Tenge 4,155,577 thousand.

Analysis of movements in gross carrying amount of finance lease receivables to agro-industrial entities

Increase in financing of leasing operations for 2023 has caused growth of the portfolio gross carrying amount by the total amount of Tenge 140,575,098 thousand (31 December 2022: Tenge 103,501,523 thousand) and respective increase in the portfolio loss allowance by Tenge 1,847,904 thousand (31 December 2022: Tenge 2,049,297 thousand).

Repayment of finance lease receivables of Stage 3 in the amount of Tenge 5,445,608 thousand (31 December 2022: Tenge 3,445,448 thousand) resulted in a decrease of Tenge 2,004,089 thousand in the allowance for expected credit losses (31 December 2022: Tenge 43,970 thousand).

Transfer of finance lease receivables to Stage 3 in the amount of Tenge 62,430,047 thousand (31 December 2022: Tenge 6,667,934 thousand) resulted in an increase of Tenge 7,112,847 thousand in the allowance for expected credit losses (31 December 2022: Tenge 1,498,835 thousand).

Transfer of finance lease receivables from Stage 3 to Stage 2 in the amount of Tenge 12,060,094 thousand (31 December 2022: Tenge 4,104,654 thousand) resulted in a decrease of Tenge 1,489,955 thousand in the allowance for expected credit losses (31 December 2022: Tenge 1,295,421 thousand).

Transfer of finance lease receivables from Stage 1 to Stage 2 in the amount of Tenge 49,009,423 thousand (31 December 2022: Tenge 3,163,355 thousand) resulted in an increase of Tenge 2,291,324 thousand in the allowance for expected credit losses (31 December 2022: Tenge 49,971 thousand).

Credit quality of finance lease portfolio

The following table provides information on the credit quality of the finance lease portfolio as at 31 December 2023 and 31 December 2022:

(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**POCI**	**Total**
Not overdue	1,020,685,451	42,596,274	71,881,780	23,627	1,135,187,132
- overdue less than 30 days	26,750,543	9,712,387	19,249,199	-	55,712,129
- overdue more than 30 days and less than 90 days	-	19,162,548	21,881,052	-	41,043,600
- overdue more than 90 days and less than 360 days	-	-	14,205,186	-	14,205,186
- overdue more than 1 year	-	-	33,736,651	-	33,736,651
Gross finance lease	**1,047,435,994**	**71,471,209**	**160,953,868**	**23,627**	**1,279,884,698**
Loss allowance	(8,219,531)	(6,259,053)	(53,267,479)	(8,207)	(67,754,270)
Total finance leases	**1,039,216,463**	**65,212,156**	**107,686,389**	**15,420**	**1,212,130,428**

(In thousands of Kazakhstani Tenge)	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	POCI	Total
Not overdue	921,542,351	25,567,091	36,464,002	26,536	983,599,980
- overdue less than 30 days	12,479,863	3,891,119	3,895,707	-	20,266,689
- overdue more than 30 days and less than 90 days	-	18,338,929	5,665,198	-	24,004,127
- overdue more than 90 days and less than 360 days	-	-	31,300,208	-	31,300,208
- overdue more than 1 year	-	-	35,907,183	-	35,907,183
Gross finance lease	**934,022,214**	**47,797,139**	**113,232,298**	**26,536**	**1,095,078,187**
Loss allowance	(8,738,938)	(2,671,685)	(47,401,325)	(10,975)	(58,822,923)
Total finance leases	**925,283,276**	**45,125,454**	**65,830,973**	**15,561**	**1,036,255,264**

As at 31 December 2022, all projects overdue from 30 days to 90 days were classified to Stage 2, overdue more than 90 days - to Stage 3.

Analysis of collateral. The following tables provides information on collateral, leased assets and other credit enhancements related to finance lease receivables (net of loss allowance and excluding embedded financial derivative instrument) as at 31 December 2023, by types of collateral:

(In thousands of Kazakhstani Tenge)	Finance lease receivables, carrying amount	Fair value of collateral - for collateral assessed as of reporting date
Lease under which ECL are measured on the basis of 12-month ECL:		
Real estate	130,224,155	129,752,695
Vehicles	730,551,334	730,551,334
Equipment	117,241,830	117,241,830
Guarantees from legal entities (rated from BB- to BBB-)	50,895,674	-
No collateral or other credit enhancement	9,944,207	-
Other assets	359,263	286,869
Total lease under which ECL are measured on the basis of 12-month ECL:	**1,039,216,463**	**977,832,728**
Lease under which ECL are measured on the basis of lifetime ECL for not credit-impaired assets:		
Real estate	14,532,505	14,384,893
Vehicles	45,455,991	45,455,991
Equipment	2,413,281	2,413,281
No collateral or other credit enhancement	2,810,379	-
Lease under which ECL are measured on the basis of lifetime ECL for not credit-impaired assets:	**65,212,156**	**62,254,165**
Lease under which ECL are measured on the basis of lifetime ECL for credit-impaired assets:		
Real estate	15,260,291	13,030,205
Vehicles	73,399,765	53,350,433
Equipment	13,572,243	9,912,083
Other assets	4,758,519	1,906,667
Guarantees from legal entities (rated from BB- to BBB-)	265,608	-
No collateral or other credit enhancement	429,963	-
Lease under which ECL are measured on the basis of lifetime ECL for credit-impaired assets	**107,686,389**	**78,199,388**
Purchased credit-impaired assets on initial recognition:		
Vehicles	15,420	15,420
Total finance lease receivables	**1,212,130,428**	**1,118,286,281**

The following table provides information on collateral, leased assets and other credit enhancements securing finance lease receivables, net of impairment allowance, by types of collateral as at 31 December 2022:

(In thousands of Kazakhstani Tenge)	**Finance lease receivables, carrying amount**	**Fair value of collateral - for collateral assessed as of reporting date**
Lease under which ECL are measured on the basis of 12-month ECL:		
Real estate	134,630,290	134,355,438
Vehicles	660,051,437	660,051,437
Equipment	88,936,835	88,936,835
Other assets	374,426	374,426
Guarantees from legal entities (rated from BB- to BBB-)	37,331,713	-
No collateral or other credit enhancement	3,958,574	-
Total lease under which ECL are measured on the basis of 12-month ECL:	**925,283,275**	**883,718,136**
Lease under which ECL are measured on the basis of lifetime ECL for not credit-impaired assets:		
Real estate	12,082,230	11,141,234
Vehicles	28,545,009	28,545,009
Equipment	150,247	150,247
Other assets	3,295,188	131,176
No collateral or other credit enhancement	1,052,781	-
Total lease under which ECL are measured on the basis of lifetime ECL for not credit-impaired assets	**45,125,455**	**39,967,666**
Lease under which ECL are measured on the basis of lifetime ECL for credit-impaired assets:		
Real estate	20,734,962	18,600,970
Vehicles	25,159,169	25,091,576
Equipment	13,749,468	13,749,468
Other assets	5,353,756	2,563,036
Guarantees from legal entities (rated from BB- to BBB-)	292,222	-
No collateral or other credit enhancement	541,396	-
Lease under which ECL are measured on the basis of lifetime ECL for credit-impaired assets:	**65,830,973**	**60,005,050**
Purchased credit-impaired assets on initial recognition:		
Vehicles	15,561	15,561
Total finance lease receivables	**1,036,255,264**	**983,706,413**

The tables above exclude overcollateralisation.

The Holding has no finance lease receivables, for which the fair value of collateral was assessed at the loan inception date and it was not updated for further changes, and finance lease receivables for which the fair value of collateral is not determined. Information on the valuation of collateral is based on when this estimate was made, if any.

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. Accordingly, such finance lease receivables and unsecured portions of partially secured exposures are presented as lease 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, and the Holding does not necessarily update the valuation of collateral as at each reporting date.

Foreclosed leased assets

During the year ended 31 December 2022, the Holding has foreclosed the leased items in the amount of Tenge 3,404,892 thousand (2022: Tenge 1,174,387 thousand).

13 Non-current assets held for sale

(In thousands of Kazakhstani Tenge)	31 December 2023	31 December 2022
Disposal group held for sale (Bereke Bank JSC)	1,869,174,501	-
Other non-current assets held for sale	5,739,324	5,028,981
Non-current assets held for sale	**1,874,913,825**	**5,028,981**

(In thousands of Kazakhstani Tenge)	31 December 2023	31 December 2022
Liabilities directly related to a disposal group held for sale (Bereke Bank JSC)	1,480,414,887	-

Disposal groups held for sale

In May 2023, the Holding's management committed to sell shares of Bereke Bank JSC, which represents a separate major line of the Holding's business - provision of second-tier commercial bank services. Accordingly, the assets and liabilities of Bereke Bank are presented as a disposal group held for sale. Necessary arrangements for the sale of this disposal group have been initiated and its sale is expected to occur during 2024.

An impairment loss of Tenge 70,268,860 thousand on the remeasurement of the disposal group to the lower of its carrying amount and its fair value less costs to sell, limited to the carrying amount of assets within the disposal group to which the measurement requirements of IFRS 5 apply has been recognised as the impairment loss on remeasurement of disposal group in the consolidated statement of profit or loss. The impairment losses have been allocated to reduce the carrying amount of property, plant and equipment, intangible assets and other assets within the disposal group.

As at 31 December 2023, this disposal group included the following assets and liabilities:

(In thousands of Kazakhstani Tenge)	31 December 2023
Cash and cash equivalents	695,508,737
Loans to banks and financial institutions	11,156,524
Loans to customers	1,098,818,044
Investment securities	47,017,404
Other financial assets	12,768,319
Other assets	3,905,473
Total assets	**1,869,174,501**
Due to banks	1,946,839
Customer accounts	833,595,934
Debt securities issued	420,246,575
Liabilities to the mortgage organisation (Note 19)	187,915,949
Current income tax liability	7,067,104
Deferred income tax liability	1,454,809
Other financial liabilities	12,008,141
Other liabilities	16,179,536
Total liabilities	**1,480,414,887**

Cash and cash equivalents

(In thousands of Kazakhstani Tenge)	Stage 1 12-month ECL
Cash	35,020,425
NBRK, not rated	483,713,592
- rated from A- to A+	11,913,691
- rated from BBB- to BBB+	819,364
- rated from BB- to BB+	272,655
- not rated	28,632,530
Amount receivables under reverse repurchase agreements with original maturities of less than three months, not overdue	135,136,480
	695,508,737

Loans to customers

(In thousands of Kazakhstani Tenge)	31 December 2023				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
With internally rated credit risk					
- rated from BB- to BB+	29,394,788	35,845	-	-	29,430,633
- rated from B- to B+	136,826,015	3,052,937	359,873	-	140,238,825
- rated from CCC- to CCC+	51,476,326	16,130,917	1,851,733	-	69,458,976
- rated from CC- to CC+	-	11,251,773	189,993	-	11,441,766
- rated from C- to C+	-	2,386,887	9,980,931	-	12,367,818
- rated D	-	-	1,798,242	12,130,401	13,928,643
- not rated*	707,320,175	58,066,453	59,217,816	26,093,809	850,698,253
	925,017,304	**90,924,812**	**73,398,588**	**38,224,210**	**1,127,564,914**
Loss allowance	(15,554,290)	(8,451,088)	(14,306,449)	9,564,957	(28,746,870)
Total loans to customers measured at amortised cost	**909,463,014**	**82,473,724**	**59,092,139**	**47,789,167**	**1,098,818,044**

The following table sets out information about overdue status of loans to customers at amortised cost by credit quality stages:

(In thousands of Kazakhstani Tenge)	31 December 2023				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
- not overdue	901,937,088	45,682,933	19,497,599	7,487,221	974,604,841
- overdue less than 30 days	23,080,216	3,482,410	2,061,366	482,068	29,106,060
- overdue more than 31 days and less than 90 days	-	41,759,469	2,211,276	620,283	44,591,028
- overdue more than 91 days and less than 180 days	-	-	8,639,229	8,711,627	17,350,856
- overdue more than 181 days and less than 1 year	-	-	9,912,668	742,904	10,655,572
- overdue more than 1 year	-	-	31,076,450	20,180,107	51,256,557
	925,017,304	**90,924,812**	**73,398,588**	**38,224,210**	**1,127,564,914**
Loss allowance	(15,554,290)	(8,451,088)	(14,306,449)	9,564,957	(28,746,870)
Total loans to customers measured at amortised cost	**909,463,014**	**82,473,724**	**59,092,139**	**47,789,167**	**1,098,818,044**

Assets and liabilities not measured at fair value but for which fair value is disclosed. Fair values analysed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value at 31 December 2023 are as follows:

(In thousands of Kazakhstani Tenge)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Carrying amount**
ASSETS					
Cash and cash equivalents	-	695,508,737	-	695,508,737	695,508,737
Loans to banks and financial institutions	-	11,156,524	-	11,156,524	11,156,524
Loans to customers	-	872,308,527	105,532,510	977,841,037	1,098,818,044
TOTAL	**-**	**1,578,973,788**	**105,532,510**	**1,684,506,298**	**1,805,483,305**
LIABILITIES					
Due to banks	-	1,946,839	-	1,946,839	1,946,839
Customer accounts	-	833,595,934	-	833,595,934	833,595,934
Debt securities issued	-	418,658,000	-	418,658,000	420,246,575
Liabilities to the mortgage organisation	-	187,915,949	-	187,915,949	187,915,949
TOTAL	**-**	**1,442,116,722**	**-**	**1,442,116,722**	**1,443,705,297**

Bereke Bank JSC performance for the year is provided below:

(In thousands of Kazakhstani Tenge)	**2023**	**2022**
Interest income calculated using the effective interest method	289,593,806	74,740,732
Interest expense	(160,441,642)	(25,116,827)
Net interest income	**129,152,164**	**49,623,905**
Impairment allowance for loan portfolio and finance lease receivables	305,783	(15,571,944)
Net interest income after deduction of impairment allowance for loan portfolio	**129,457,947**	**34,051,961**
Fee and commission income	9,810,559	6,686,516
Fee and commission expense	(6,403,957)	(635,111)
Net fee and commission income	**3,406,602**	**6,051,405**
Net gain on assets at fair value through profit or loss	1,554,856	37,732,040
Net foreign exchange gain	17,608,330	52,587,976
Other operating income, net	2,847,183	214,802
Impairment loss on disposal group accounted for as held for sale	(70,268,860)	-
Operating income	**84,606,058**	**130,638,184**
Impairment (charge)/reversal for other financial assets and credit related commitments	(39,587)	2,744,560
Administrative expenses	(79,754,292)	(24,751,426)
Profit before income tax	**4,812,179**	**108,631,318**
Income tax expense	(3,884,219)	507,049
Profit for the year	**927,960**	**109,138,367**

Net cash flows of Bereke Bank JSC are presented as follows:

(In thousands of Kazakhstani Tenge)	**2023**	**2022**
Operating activities	(68,715,734)	59,332,523
Investing activities	(57,002,215)	(4,128,651)
Financing activities	398,856,550	(130,000,000)
Effect of movements in exchange rates on cash and cash equivalents	551,136	(12,609,343)
Net cash flows for the year	**273,689,737**	**(87,405,471)**

14 Other assets

(In thousands of Kazakhstani Tenge)	**31 December 2023**	**31 December 2022**
Advances for equipment to be transferred under finance lease agreements	342,673,733	180,825,499
Value added tax receivable	40,554,943	35,492,962
Assets to be transferred under finance lease agreements	30,080,776	12,214,942
Prepayments to suppliers for goods and services	8,745,777	5,861,435
Inventories and consumables	1,273,032	1,909,811
Foreclosed assets under finance lease	1,788,064	1,370,987
Repossessed collateral	817,700	9,010,600
Prepayment of taxes other than income tax	656,188	655,231
Construction in progress	217,206	188,007
Prepayment for construction in progress	1,081	1,081
Other	3,319,167	5,993,829
Other assets before impairment allowance	**430,127,667**	**253,524,384**
Less: impairment allowance	(1,643,220)	(4,301,545)
Total other assets	**428,484,447**	**249,222,839**

Advances for equipment to be transferred under finance lease agreements The sum of advances for equipment to be transferred under finance lease agreements comprises the advances paid to suppliers in the amount of Tenge 295,284,042 thousand (2022: Tenge 99,244,627 thousand) and cash deposited under irrevocable letters of credit in the amount of Tenge 47,389,691 thousand (2022: Tenge 81,580,872 thousand).

Movements in the impairment allowance for other financial assets during 2022 and 2022 are as follows:

(In thousands of Kazakhstani Tenge)	**2023**	**2022**
Balance at 1 January	**4,301,545**	**2,561,222**
Recognised as a result of acquisition of Bereke Bank JSC	-	2,249,495
Net (charge)/recovery of impairment allowance	537,734	(381,772)
Amounts written off as bad assets during the year	(739,985)	(408,518)
Transfer to assets held for sale	(2,450,281)	-
Other	(5,793)	281,118
Impairment allowance at 31 December	**1,643,220**	**4,301,545**

15 Customer accounts

(In thousands of Kazakhstani Tenge)	**31 December 2023**	**31 December 2022**
State and public organisations		
- Term deposits	-	426,491,464
- Current accounts	198,758	10,590,214
- Advances received as collateral for customer commitments	3,084	1,402,553
Other legal entities		
- Term deposits	73,157,065	158,205,608
- Current accounts	47,501,683	46,765,835
- Advances received as collateral for customer commitments	2	8,969,774
Individuals		
- Deposits	1,261,175,214	1,203,897,645
- Deposits received as collateral for customer commitments	1,101,625,246	1,105,339,797
- Current accounts/on demand accounts	67,781,352	88,238,373
Total customer accounts	**2,551,442,404**	**3,049,901,263**

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

16 Debt securities issued

(In thousands of Kazakhstani Tenge)	**31 December 2023**	**31 December 2022**
Other Tenge-denominated bonds	3,178,934,038	3,016,497,642
US dollar-denominated Eurobonds	388,386,301	394,403,930
Tenge-denominated Eurobonds	166,268,201	267,330,621
Mortgage bonds	61,494,162	61,320,016
Other US dollar-denominated bonds*	6,815,426	-
Total debt securities issued	**3,801,898,128**	**3,739,552,209**

*On 22 December 2023, the Holding's subsidiary - DBK JSC issued the first issue of green bonds on the AIX in the amount of USD 15,000,000 thousand certified under the international Climate Bonds Initiative standards at an interest rate of 5.65% p.a., maturing on 22 December 2024.

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

- medium-term bonds with nominal value of USD 500,000 thousand issued on 12 May 2022 at coupon rate of 5.75% p.a., which mature in May 2025;
- long-term bonds with nominal value of USD 97,416 thousand issued on 23 March 2006 at coupon rate of 6.00% p.a., which mature in March 2026;
- medium-term bonds with nominal value of USD 500,000 thousand issued on 6 May 2021 at coupon rate of 2.95% p.a., which mature in May 2031.

On 12 May 2022 the Holding partially redeemed, ahead of schedule, the bonds for the total amount of USD 700,000 thousand, a part of which were redeemed through the Eurobonds issued for the amount of USD 500,000 thousand. In July 2022 the Holding partially redeemed, ahead of schedule, the bonds for the total amount of USD 42,074 thousand. In December 2022 the Holding fully repaid bonds for the total amount of USD 500,530 thousand. In October 2022 the Holding partially redeemed, ahead of schedule, the bonds placed in 2021 for the total amount of USD 245,477 thousand. As a result of transactions for early redemption of the bonds during 2022, the Holding recognised income of Tenge 21,065,319 thousand due to which the effect of partial sale of debt securities measured at fair value through other comprehensive income of USD 232,819 thousand was offset (Note 11).

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

- bonds with nominal value of Tenge 100,000,000 thousand issued on 6 May 2021 at coupon rate of 10.95% p.a. and maturing in May 2026.
- bonds with nominal value of Tenge 62,500,000 thousand issued on 12 February 2020 at coupon rate of 10.75% p.a. and maturing in February 2025.

On 3 May 2023 the Holding fully repaid Eurobonds issued in 2018 in the amount of Tenge 100,000,000 thousand.

Mortgage bonds. Mortgage bonds comprise debt securities issued by KHC JSC denominated in Tenge. These bonds have fixed coupon rates varying from 0.10% to 10.50% p.a. (effective interest rates vary from 10.30% to 12.41% p.a.). They will be redeemed during 2027-2051. Bonds are secured by customer loan agreements and relevant real estate which is the collateral for these loans.

During the year ended 31 December 2022, in accordance with the Programme for Refinancing Mortgage Housing Loans (Mortgage Loans) approved by the Resolution No.69 of the Management Board of the National Bank of Kazakhstan dated 24 April 2015, the Holding placed coupon bonds in the amount of Tenge 39,332 thousand at coupon rate of 0.1% and 2.99% p.a. (2022: Tenge 3,349,923 at coupon rate of 0.1% p.a.). The bonds were recognised at fair value of Tenge 1,182 thousand (2022: Tenge 276,798 thousand), calculated using the market rate of 13.80% (2022: 11.94–13.18% p.a.), and the difference between the nominal value and fair value of Tenge 38,150 thousand (2022: Tenge 3,073,125 thousand) was recognised as a government grant (Note 21).

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

(In thousands of Kazakhstani Tenge)	Placement date	Maturity date	Nominal value 31 December 2023	Nominal value 31 December 2022	Carrying amount 31 December 2023	Carrying amount 31 December 2022
KZ2C00004547	29.11.2018	29.11.2033	450,000,000	450,000,000	453,875,000	453,875,000
KZ2C00006666	09.04.2020	09.04.2024	180,000,000	180,000,000	178,583,753	168,241,843
KZ2C00006716	25.06.2020	24.06.2030	200,000,000	200,000,000	147,421,412	141,846,880
KZ2C00006724	14.08.2020	14.08.2031	200,000,000	200,000,000	143,089,370	138,406,182
KZ2C00004323	29.06.2018	29.06.2028	120,000,000	120,000,000	130,407,500	125,731,667
KZ2C0Y20F251	25.03.2016	25.03.2036	202,000,000	202,000,000	86,800,104	81,081,059
KZP01Y20E920	13.03.2015 31.03.2015	13.03.2035	170,000,000	170,000,000	83,957,646	78,883,131
KZ2C00007847	27.10.2021	27.10.2031	100,000,000	100,000,000	83,060,627	81,607,148
KZ2C0Y15G093	20.12.2018	27.12.2033	77,700,000	77,700,000	81,452,263	81,452,263
KZ2C00007250	29.12.2020	29.12.2032	100,000,000	100,000,000	76,509,618	74,677,113
KZ2C00003226	20.05.2015	20.05.2025	74,337,634	74,337,634	74,998,413	74,998,413
KZ2C00006732	21.10.2020	21.10.2032	100,000,000	100,000,000	68,807,663	66,812,169
KZ2C00006740	21.10.2020	21.10.2032	100,000,000	100,000,000	68,807,663	66,812,169
KKZ2C00003580	25.05.2016	25.05.2026	65,000,000	65,000,000	65,888,153	65,891,778
KZ2C00008332	21.12.2021	21.12.2031	55,000,000	55,000,000	58,193,056	58,193,056
KZ2C0Y20E676	15.04.2014	15.04.2034	100,000,000	100,000,000	52,655,954	49,502,301
KZ2C00008514	28.07.2022	28.07.2029	50,000,000	38,209,780	52,514,871	40,600,054
KZ2C00006864	28.07.2020	28.07.2025	50,000,000	50,000,000	52,489,001	52,487,462
KZ2C00009397	18.04.2023	18.04.2024	50,000,000	-	51,506,215	-
KZ2C00007052	11.11.2020	11.11.2030	50,000,000	50,000,000	50,769,028	50,769,028
KZ2C00008217	12.11.2021	12.11.2028	50,000,000	50,000,000	50,763,823	50,763,574
KZ2C0Y20E775	10.12.2014	10.12.2034	100,000,000	100,000,000	50,619,845	47,596,721
KZ2C00007078	09.12.2020	09.12.2030	50,000,000	50,000,000	50,329,583	50,329,583
KZ2C00007383	18.03.2021	19.03.2031	47,000,000	47,000,000	48,450,472	48,450,472
KZ2C00007060	09.12.2020	09.12.2027	45,000,000	45,000,000	45,296,625	45,296,625
KZ2C00006708	09.04.2021	09.04.2041	90,000,000	90,000,000	43,714,191	42,796,189
KZPO4M87F618	28.12.2018 21.01.2019	12.03.2026	50,295,700	50,295,700	42,248,512	39,033,191
KZ2C00005916	16.07.2019	16.07.2024	40,000,000	40,000,000	41,875,299	41,875,671
KZ2C00004927	18.02.2009	18.02.2041	120,000,000	120,000,000	41,845,126	39,200,568
KZ2C00004133	17.07.2019 30.04.2021	17.07.2026	40,000,000	39,677,026	41,615,672	41,537,037
KZ2C00006161	10.10.2019	10.10.2026	39,475,017	39,475,017	40,413,755	40,411,419
KZ2C0Y15F871	25.10.2018	25.10.2033	40,150,000	40,150,000	40,150,736	40,150,736
KZ2C00003812	23.12.2016	23.12.2031	37,100,000	37,100,000	39,990,708	39,990,708
KZ2C00007862	20.08.2021	20.08.2028	35,000,000	25,513,687	36,395,469	26,517,606
KZ2C00006690	27.07.2020	27.07.2040	90,000,000	90,000,000	36,136,273	35,238,111
KZ2C00006922	26.08.2020	26.08.2030	30,496,202	30,496,202	31,582,623	31,583,999
KZ2C00002988	29.12.2014	29.12.2024	30,000,000	30,000,000	31,206,667	31,206,667
KZ2C00004190	03.12.2019	03.12.2029	29,500,000	29,500,000	29,722,864	29,723,633
KZ2C00003911	06.06.2017	06.06.2024	28,000,000	28,000,000	28,191,779	28,189,749
KZ2C0Y20E742	30.10.2014	30.10.2034	50,000,000	50,000,000	25,138,615	23,607,346
KZP01Y30E879	21.01.2015 16.02.2015	21.01.2045	92,500,000	92,500,000	23,863,693	22,420,116
KZ2C00005908	18.06.2019	18.06.2026	23,484,000	23,484,000	23,559,642	23,559,190
KZ2C00009843	12.07.2023	12.07.2030	20,000,000	-	21,774,763	-
KZ2C00003002	29.12.2014	29.12.2024	20,000,000	20,000,000	20,004,241	20,004,459
KZ2C00006781	17.06.2020	24.12.2024	20,000,000	16,422,594	19,868,067	16,154,843
KZ2C00003648	01.08.2016	01.08.2026	17,500,000	17,500,000	18,506,816	18,507,342
KZP01Y09F615	29.09.2017	29.03.2026	21,100,000	21,100,000	17,458,956	16,046,744
KZ2C00003713	28.07.2016	28.07.2031	15,000,000	15,000,000	15,946,485	15,947,680
KZ2C00006682	09.04.2021	09.04.2041	30,000,000	30,000,000	14,571,397	14,265,396
KZ2C00004273	18.06.2020	18.06.2030	13,593,638	13,593,638	12,612,563	12,517,659
KZPO3M89F616	16.10.2018	12.03.2026	15,004,300	15,004,300	12,430,757	11,411,587
KZP02Y20E738	26.03.2015	16.03.2035	38,095,125	38,095,125	12,310,336	11,148,611
KZ2C00006385	24.12.2019	24.12.2024	11,885,802	11,885,802	11,770,630	11,661,811
KZ2C00006120	27.05.2021	27.05.2026	9,350,000	9,350,000	9,451,551	9,451,551
KZ2C00004018	23.08.2017	23.08.2030	8,836,000	8,836,000	9,182,237	9,182,620
KZ2C00004000	22.08.2017	22.08.2032	8,836,000	8,836,000	9,180,903	9,181,221
KZ2C00004026	24.08.2017	23.08.2028	8,836,000	8,836,000	9,171,132	9,171,341
KZPO2M92F612	12.07.2018	12.03.2026	10,600,000	10,600,000	8,908,153	8,229,550
KZ2C00009637	29.03.2023	29.03.2026	10,000,000	-	8,438,189	-
KZP01Y20E730	15.07.2014	15.07.2034	23,000,000	23,000,000	7,957,605	7,204,371
KZP02Y20E928	29.09.2015	29.09.2035	15,000,000	15,000,000	7,089,946	6,656,498
KZ2C0Y20F236	03.02.2016	03.02.2036	15,000,000	15,000,000	6,828,552	6,403,252
KZP02Y30E877	29.01.2016	29.01.2046	22,500,000	22,500,000	5,855,164	5,519,228
KZP03Y20E736	09.03.2016	09.03.2036	15,000,000	15,000,000	5,802,923	5,373,491
KZ2C00006286	07.10.2019	07.10.2039	20,000,000	20,000,000	4,284,947	3,908,257
KZ2C00006765	14.05.2020	14.05.2040	20,000,000	20,000,000	2,370,068	2,097,482
KZ2C00007045	16.11.2020	16.11.2024	1,316,432	1,114,515	1,220,117	1,117,733
KZ2C00008068	15.09.2021	15.09.2026	1,000,000	1,000,000	1,035,039	1,035,039
KZ2C00003820	22.12.2016	22.12.2026	3,000	3,000	3.219	3.219
KZX000000492	13.08.2020	11.08.2023	-	200,000	-	209,139
KZ2C00003747	08.11.2018	08.11.2023	-	11,421,360	-	11,615,891
KZ2C00002749	16.07.2014	16.01.2023	-	1,064,750	-	1,103,380
KZ2C00002731	20.08.2014	20.02.2023	-	20,000	-	20,620
			4,063,494,850	**3,970,822,130**	**3,178,934,038**	**3,016,497,642**

Debt securities (KZ2C00004927) issued in 2009 and quoted debt securities (KZ2C00002988, KZ2C00002731) issued in 2014, debt securities (KZ2C00003226) issued in 2015, (KZ2C00003812) issued in 2016, debt securities (KZ2C00004323, KZ2C00004547, KZ2C00003747) issued in 2018, (KZ2C00006385, KZ2C00006161) issued in 2019, (KZ2C00006781, KZ2C00006922) issued in 2020 were recognised as a result of merging with KazAgro MNH JSC.

On 29 March 2023, the Holding issued green bonds in the amount of Tenge 10,000,000 thousand (KZ2C00009637) at a floating interest rate of TONIAcomp + 2.0% 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 Holding issued commercial bonds totalling Tenge 50,000,000 thousand (KZ2C00009397) at an interest rate of 15.25% p.a. and with maturity on 18 April 2024.

To cover the need for financing, on 16 June 2023, the bonds (KZ2C00008514) with a nominal value of Tenge 9,832,756 thousand were additionally placed among a wide range of market investors.

On 12 July 2023 the Holding issued coupon bonds with a nominal value of Tenge 20,000,000 thousand (KZ2C00009843) bearing an interest rate of 19.25% p.a. and maturing before 12 July 2030. Debt securities were issued to finance harvesting operations under the concluded finance lease agreements.

In 2022 the Holding issued other Tenge-denominated bonds for the total amount of Tenge 38,272,902 thousand comprising unsecured coupon bonds with nominal value of Tenge 38,272,902 thousand (KZ2C00008514), bearing a coupon rate of 16.85% p.a. and maturing in 7 years.

During 2022 the Holding redeemed the debt securities issued (KZ2C00003747, KZX000000492, KZ2C00002731, KZ2C00002749) for the total amount of Tenge 12,706,110 thousand.

During 2022 Holding redeemed the debt securities issued (KZ2C00003903) for the amount of Tenge 20,000,000 thousand.

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

(In thousands of Kazakhstani Tenge)	**2023**	**2022**
Balance at 1 January	**3,739,552,209**	**4,065,432,159**
Changes from financing cash flows		
Proceeds from debt securities issued	498,052,426	41,622,825
Repurchase/repayment of debt securities issued	(112,706,110)	(458,320,473)
Total changes from financing cash flows	**385,346,316**	**(416,697,648)**
Other changes		
Transfer to liabilities directly related to disposal groups held for sale	(400,894,666)	-
Interest expense (Note 24)	374,992,932	367,324,588
Effect of movements in foreign exchange rates	(6,882,270)	47,152,707
Interest paid	(303,669,316)	(299,521,153)
Discount at initial recognition and substantial modification recognised in government grants (Note 21)	(38,150)	(3,073,125)
Income on repurchase of own debt securities issued	-	(21,065,319)
Other changes	13,491,073	-
Balance at 31 December	**3,801,898,128**	**3,739,552,209**

17 Loans from banks and other financial institutions

(In thousands of Kazakhstani Tenge)	**31 December 2023**	**31 December 2022**
Loans from SWF "Samruk-Kazyna" JSC	2,000,944	21,750,760
Loans with fixed interest rate		
Loans from non-OECD banks and other financial institutions	169,278,169	82,437,574
Loans with floating interest rate		
Loans from OECD banks and other financial institutions	47,712,260	53,743,972
Loans from non-OECD banks and other financial institutions	657,484,166	813,350,911
	705,196,426	**867,094,883**
Less unamortised portion of borrowing costs	(20,110,362)	(24,731,410)
	856,365,177	**946,551,807**

During the year ended 31 December 2023, the Holding fully repaid, ahead of schedule, a loan from a foreign bank in the total amount of RUB 3,886,689 thousand. During the year ended 31 December 2022, the Holding partially repaid, ahead of schedule, a loan from a foreign bank in the total amount of USD 50,000 thousand.

During 2023, the Holding recognised expenses on early repayment of loans from banks and other financial institutions in the amount of Tenge 2,912,957 thousand (2022: Tenge 4,543,471 thousand) (Note 28).

During the year ended 31 December 2023 the Holding attracted an interbank deposit of USD 250,000 thousand, which matures in April 2024. On initial recognition of the deposit the Holding recognised gain of Tenge 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 2023, the Holding repaid the outstanding balance of a loan from Eurasian Development Bank in the total amount of RUB 20,000,000 thousand (equivalent to Tenge 133,960,000 thousand).

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 Holding raised a loan of USD 100,000 from China Construction Bank Corporation Astana Branch maturing in October 2025.

During the year ended 31 December 2022, the Holding 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.

In 2022 the Holding raised a loan from Eurasian Development Bank in the total amount of RUB 40,000,000 thousand bearing an interest rate of 9.40% p.a. and maturing in December 2022 and with a right to extend the maturity date of Tenge 20,000,000 thousand till February 2023. During 2022 the Holding repaid a loan of Russian Rouble 20,000,000 thousand from Eurasian Development Bank.

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

(In thousands of Kazakhstani Tenge)	**2023**	**2022**
Balance at 1 January	**946,551,807**	**652,462,122**
Changes from financing cash flows		
Receipt of loans from banks and other financial institutions	197,799,500	550,938,691
Repayment of loans from banks and other financial institutions	(274,803,103)	(264,052,098)
Total changes from financing cash flows	**(77,003,603)**	**286,886,593**
Other changes		
Interest expense (Note 24)	70,840,030	51,259,108
Effect of movements in foreign exchange rates	(17,261,973)	(4,317,795)
Interest paid	(66,380,216)	(39,645,524)
Discount on initial recognition	(380,868)	(92,697)
Balance at 31 December	**856,365,177**	**946,551,807**

18 Loans from the Government of the Republic of Kazakhstan

(In thousands of Kazakhstani Tenge)	**31 December 2023**	**31 December 2022**
Loans from the Government of the Republic of Kazakhstan	795,421,453	776,645,835
	795,421,453	**776,645,835**

During 2023, the Holding received loans from the Ministry of Finance of the Republic of Kazakhstan in the total amount of Tenge 288,377,781 thousand, including Tenge 220,193,601 thousand for implementation of the state programmes (2022: Tenge 639,427,760 thousand, including Tenge 577,298,898 thousand for implementation of the state programmes) with the following terms and contractual interest rates:

During 2023 the following loans were received:

- a loan of Tenge 14,400,000 thousand was received at the interest rate of 0.10% p.a. and with maturity in 15 years. The borrowed funds will be used to provide lease financing of legal entities and individual entrepreneurs that purchase, under the lease agreements, motor vehicles and special-purpose automotive equipment, except for the agricultural equipment produced in Kazakhstan*;
- a loan of Tenge 20,000,000 thousand was received at the interest rate of 0.10% p.a. and with maturity in 11 years. The borrowed funds will be used to finance large projects in processing industry*
- a loan of: Tenge 140,000,000 thousand was received at the rate of 0.01% p.a. And maturing on 15 December 2023 and 30 November 2024. The borrowed funds will be used as part of Ken-Dala state programme aimed at supporting enterprises in their spring field and harvesting works*;

- a loan of Tenge 1,000,000 thousand was received at the interest rate of 1% p.a. and with maturity in 5 years. The borrowed funds will be used as part of the state programme of support to small- and medium-sized companies in the rural areas through lending of the end borrowers, including lending of startup projects in Atyrau Region*;
- a loan of Tenge 500,000 thousand was received at the interest rate of 0.01% p.a. and with maturity in 10 years. The borrowed funds will be used to lend the entities operating in agro-industrial complex of Ulytau Region for subsequent purchase of new agricultural machinery and equipment*;
- the loans of Tenge 3,850,000 thousand were received at the rate of Interest 0.01% p.a. and with maturity in 5-7 years. All borrowed funds will be used to finance small and medium-size entities;
- a loan of Tenge 33,641,876 thousand was received at the interest rate of 0.01% p.a. and with maturity in 25 years. The borrowed funds will be used to provide preliminary and bridging housing loans to participants in the "Bakytty Otbasy" State Programme*;
- loans of Tenge 17,324,000 thousand was received at the interest rate of 0.01% p.a. and with maturity in 8-15 years. The borrowed funds will be used to provide preliminary and bridging housing loans as part of the social programme of local executive authorities**;
- a loan of Tenge 39,700,000 thousand was received at the interest rate of 0.15% p.a. and with maturity in 20 years. The borrowed funds will be used to provide preliminary and bridging housing loans**;
- a loan of Tenge 17,961,905 thousand was received at the interest rate of 0.01% and with maturity in 25 years. The borrowed funds will be used to provide preliminary and bridging housing loans **.

During 2022 the following loans were received:

- a loan of Tenge 46,422,400 thousand was received at the interest rate of 0.10% p.a. and with maturity in 20 years. The borrowed funds will be used to finance manufacturing of tyres in the city of Saran, Karaganda Region**;
- a loan of Tenge 46,776,498 thousand was received at the interest rate of 0.10% p.a. and with maturity in 20 years. The borrowed funds will be used to finance manufacturing of leading axle rear drives for heavy-load vehicles*;
- a loan of Tenge 10,000,000 thousand was received at the interest rate of 0.10% p.a. and with maturity in 20 years. The borrowed funds will be issued to provide financing under lease agreements to legal entities and individual entrepreneurs that lease motor vehicles and special-purpose automotive equipment, except for the agricultural equipment produced in Kazakhstan*;
- a loan of Tenge 200,000,000 thousand was received at the interest rate of 0.10% p.a. and with maturity in 20 years. The borrowed funds will be used to finance projects in the processing industry*;
- a loan of Tenge 4,000,000 thousand was received at the interest rate of 0.10% p.a. and with maturity in 20 years. The borrowed funds will be used for long-term lease financing as part of the State Programme of Industrial and Innovative Development of the Republic of Kazakhstan for 2021-2025**;
- a loan of Tenge 3,500,000 thousand was received at the interest rate of 0.10% p.a. and with maturity in 20 years. The borrowed funds will be used to sell tractors and harvesters under the lease agreements*;
- a loan of Tenge 55,000,000 000's was received at the interest rate of 0.10% p.a. and with maturity in 20 years. The borrowed funds will be used to implement a project aimed at increase of the level of localisation of leading axle rear drives for heavy-load vehicles*;
- a loan of Tenge 5,300,000 thousand was received at an interest rate of 0.05% p.a. and with maturity in 20 years. The borrowed funds will be used to finance renewal of passenger car fleet*;
- a loan of Tenge 51,000,000 thousand was received at the interest rate of 0.01% p.a. and with maturity in 25 years. The borrowed funds will be used to provide preliminary and bridging housing loans to participants in the "Bakytty Otbasy" State Programme*;
- a loan of Tenge 70,000,000 thousand was received at an interest rate of 0.01% p.a. and with maturity in 1 year. The borrowed funds will be used to carry out activities for support of entities operating in agro-industrial complex*;
- a loan of Tenge 40,000,000 thousand was received at an interest rate of 0.01% p.a. and with maturity in 2 years. The borrowed funds will be used to carry out activities for support of entities operating in agro-industrial complex*
- a loan of Tenge 15,000,000 thousand was received at an interest rate of 0.01% p.a. and with maturity in 2 years. The borrowed funds will be used to carry out activities for support of entities operating in agro-industrial complex*;
- a loan of Tenge 15,000,000 thousand was received at an interest rate of 0.01% p.a. and with maturity in 2 years. The borrowed funds will be used to carry out activities for support of entities operating in agro-industrial complex*;
- the loans of Tenge 31,428,726 thousand were received at an interest rate of 0.10% p.a. and with maturity in 7 years. The borrowed fund will be used for microlending in rural settlements and towns;

- the loans of Tenge 4,366,600 thousand were received at the rates in the range of 0.01%-0.10% p.a. and with maturity in 5-7 years. All borrowed funds are intended to finance small and medium-size entities;
- a loan of Tenge 24,943,536 thousand was received at an interest rate of 0.01% and with maturity in 25 years. The borrowed fund will be used to provide preliminary and bridging housing loans;
- a loan of Tenge 5,100,000 thousand was received at an interest rate of 0.15% p.a. and with maturity in 20 years. The borrowed funds will be used to provide preliminary and bridging housing loans**;
- a loan of Tenge 5,100,000 thousand was received at an interest rate of 0.15% p.a. and with maturity in 20 years. The borrowed funds will be used to provide preliminary and bridging housing loans**;
- a loan of Tenge 5,100,000 thousand was received at an interest rate of 0.15% p.a. and with maturity in 20 years. The borrowed funds will be used to provide preliminary and bridging housing loans**;
- a loan of Tenge 1,300,000 thousand was received at the interest rate of 0.15% p.a. and with maturity in 8 years. The borrowed funds will be used to provide preliminary and bridging housing loans**.

*In 2023, discount on initial recognition of Tenge 84,765,772 thousand (2022: Tenge 358,781,690 thousand) was recognised as a government grant (Note 21) in the consolidated statement of financial position. The Holding used estimated market interest rates from 13.55% to 18.25% p.a. (2022: 11.78%-12.72% p.a.) to measure the fair value of the loans received from the Government of the Republic of Kazakhstan on initial recognition by discounting their future contractual cash flows.

**During 2023, discount on initial recognition of Tenge 64,334,180 thousand (2022: Tenge 36,810,090 thousand) was recognised directly in equity as an additional paid-in capital (less effect of the respective income tax of Tenge 12,866,836 thousand (2022: Tenge 7,362,018 thousand), as management determined that the Government acted in the capacity of a shareholder when providing the Holding with said financing instruments at interest rates below market rates, without any additional conditions. The Holding used estimated market interest rates ranging from 12.54% to 14.75% p.a. (2022: 12.54%-13.38% p.a.) to measure the fair value of the loans received from the Government of the Republic of Kazakhstan at initial recognition by discounting their future contractual cash flows.

During 2023 the Holding fully repaid, ahead of schedule, the loans provided by the Government of the Republic of Kazakhstan in the amount of Tenge 29,717,949 thousand, as a result of such early repayment a loss of in the amount of unamortised portion of the discount of Tenge 2,926,899 thousand was recognised directly in equity as a transaction with a shareholder (net of effect of related income tax of Tenge 585,379 thousand).

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

(In thousands of Kazakhstani Tenge)	**2023**	**2022**
Balance at 1 January	**776,645,835**	**577,428,415**
Changes from financing cash flows		
Receipt of loans from the Government of the Republic of Kazakhstan	288,377,781	639,427,760
Repayment of loans from the Government of the Republic of Kazakhstan	(220,243,607)	(112,735,535)
Total changes from financing cash flows	**68,134,174**	**526,692,225**
Other changes		
Discount on initial recognition	(149,099,952)	(395,591,780)
Interest expense (Note 24)	96,064,331	69,049,740
Interest paid	(1,290,064)	(972,801)
Effect of partial early repayment	2,046,991	-
Effect of full early repayment	2,926,900	-
Effect of movements in foreign exchange rates	(6,762)	40,036
Balance at 31 December	**795,421,453**	**776,645,835**

19 Liabilities to the mortgage organisation

In 2022, as a result of taking control over Subsidiary Bank “Sberbank of Russia” Joint Stock Company (hereafter, the “Bank”) through purchase of 99.99% ordinary shares of the Bank, as at 31 December 2022 the Holding recognised liability to the mortgage organisation.

In 2018, the NBRK approved the residential mortgage programme “7-20-25”. “New Opportunities for Each Family to Procure Housing” (the “Program”).

Main objective of the “7-20-25” programme is to provide opportunity to population to buy primary housing and encouraging banks to provide related financing for the Program. According to the terms of “7-20-25” Program, loans are issued in Tenge, bear an annual interest rate of 7% and mature in 25 years; a down payment is 20%. No loan origination and service fee is charged.

As part of the "7-20-25" programme the Holding issued mortgage loans to customers and transferred these loans to Mortgage Organization "Baspana" JSC (the "Operator") in exchange for consideration in cash in the amount of the loans' nominal value. The Holding acts as an agent under this Programme and receives a commission fee of 4% p.a. of the interest receipts. Under the conditions of transfer of assets to the Operator, if the transferred loans have defaulted, the Holding is obligated to repurchase the transferred loans from the Operator. Therefore, the Holding is exposed to the credit risk in relation to loans transferred.

The Holding believes that it is exposed to all significant risks related to the loans transferred, therefore, the Holding recognises these loans in its consolidated statement of financial position and recognises funds received from the Operator as part of the "7-20-25" programme as a liability.

20 Other financial liabilities

Other financial liabilities comprise the following:

(In thousands of Kazakhstani Tenge)	**31 December 2023**	**31 December 2022**
Provision for credit related commitments	74,372,900	47,805,089
Amounts payable under REPO agreements	27,362,351	-
Funds placed by customers as security for letters of credit	14,781,372	28,772,909
Loans from Zhasyl Damu JSC	9,021,681	4,423,859
Commitments under the government grant programmes	6,642,330	8,302,069
Payables for mortgage loans acquired	3,867,715	3,523,915
Other payables	3,862,575	6,561,194
Liabilities under the programme of micro-lending of young people	3,502,034	-
Payables to suppliers for property to be transferred under finance leases	3,295,074	2,954,350
Payables on banking activity	2,597,244	4,662,913
Trade payables to suppliers and contractors	1,316,554	665,882
Accrued commission expenses	1,285,913	988,162
Liabilities on rural mortgage	195,404	3,015,774
Other	4,660,725	5,545,030
Total other financial liabilities	**156,763,872**	**117,221,146**

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

Loans received from Zhasyl Damu JSC. During 2023 the Holding received loans from Zhasyl Damu JSC for a total amount of Tenge 20,000,000 thousand (2022: Tenge 160,000,000 thousand). Initially the loans were recognised at fair value that was determined using the market rate of 15.15% p.a. (2022: 14.39% -15.00% p.a.). The difference of Tenge 16,846,775 thousand (2022: Tenge 155,809,925 thousand) between the fair value and amounts received was recognised as a government grant due to the obligation of the Holding to distribute benefits to ultimate borrowers through financing of the second-tiers banks and leasing companies for subsequent financing of individuals who buy the locally produced passenger cars as well as for financing of the projects in the processing industry (Note 21).

Amounts payable under repurchase agreements. As at 31 December 2023, bonds issued by the Ministry of Finance of the Kingdom of Saudi Arabia measured at fair value through other comprehensive income with a carrying amount of Tenge 36,229,851 thousand were pledged as collateral under repurchase agreements.

21 Government grants

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

Subsequent to initial recognition, the Holding charged to profit or loss an amount corresponding to the renegotiated debt provided to the borrowers on favourable terms upon fulfilment of the conditions of the state programmes (Notes 8, 10, 11 and 12). The Holding is responsible for allocation benefits to ultimate borrowers through low interest loans.

(In thousands of Kazakhstani Tenge)	**31 December 2023**	**31 December 2022**
Balance at beginning of the year	**1,052,536,560**	**741,637,963**
Government grants received from the Government of the Republic of Kazakhstan by means of loans from the Government of the Republic of Kazakhstan (Note 18)	84,765,772	358,781,690
Government grants for loans received from Zhasyl Damu JSC (Note 20)	16,846,775	155,809,925
Government grants received from the Government of the Republic of Kazakhstan by means of issue of debt securities (Note 16)	38,150	3,073,125
Recovery of the previously recognised amount of the government grant	932,523	15,815,440
Discount recalculated due to partial early repayment of loans	5,667,718	4,877,291
Discount recalculated due to partial early redemption of bonds by the regional executive bodies (Note 11)	1,020,131	1,520,389
Utilisation of government grants upon issuance of low interest loans to commercial banks*	(536,457)	(91,455,289)
Utilisation of government grant for purchase the bonds issued by regional executive authorities (Note 11)*	(1,567,918)	(24,409,037)
Utilisation of government grant to issue loans to customer-borrowers under Enbek Government Programme*	(2,750,618)	(2,833,242)
Early repayment of loans received	(3,094,585)	-
Utilisation of government grant after issue of loans to other borrowers from agro-industrial sector*	(4,093,728)	(21,269,689)
Utilisation of government grant to issue loans to banks under Ken-Dala Government Programme*	(6,765,769)	(3,541,142)
Utilisation of government grant to issue loans under the Bakytty Otbasy State Programme*	(12,993,395)	(11,623,720)
Utilisation of government grant to issue loans to customer-borrowers under Ken-Dala Government Programme*	(13,431,629)	(9,253,952)
Utilisation of the government grant under the concluded finance lease agreements (Note 24)	(21,451,778)	(21,040,493)
Amortisation for the year*	(30,034,039)	(19,543,870)
Utilisation of government grant upon issuance of loans to borrowers under the State Programme of Industrial-Innovative Development of the Republic of Kazakhstan*	(30,397,352)	(24,008,829)
Balance at the end of the year	**1,034,690,361**	**1,052,536,560**

*During the year ended 31 December 2023 the government grants transferred to profit or loss (Note 28) amounted to Tenge 102,570,905 thousand (2022: Tenge 207,938,770 thousand) and were included in operating income.

During the year ended 31 December 2022, the reversed amount of the government grant includes the amount of recovery of Tenge 15,815,440 thousand recognised as a result of the early repayment of loans to banks issued by the Holding in previous periods. The Holding decided to recover a government grant liability in respect of these amounts, as the Holding is obliged to reinvest these funds under the state programmes.

22 Other liabilities

Other liabilities comprise the following items:

(In thousands of Kazakhstani Tenge)	**31 December 2023**	**31 December 2022**
Advances received under finance lease agreements	69,712,450	46,678,316
Deferred income on guarantees	44,555,056	41,442,008
Payables to suppliers	9,058,497	7,630,061
Accrued employee benefit costs	6,980,822	13,200,395
Short-term liability on subsidised funds	5,039,296	1,752,176
Taxes payable other than on income	2,065,122	8,198,202
Prepayments	1,607,098	1,529,626
Deferred income	1,564,895	1,563,915
Other	2,687,575	5,037,040
Total other liabilities	**143,270,811**	**127,031,739**

23 Share capital

(In thousands of Kazakhstani Tenge, except for number of shares)	31 December 2023	31 December 2022
Authorised ordinary shares	5,000,086,550	5,000,086,550
Authorised but not issued	(3,493,990,577)	(3,648,990,577)
Total shares issued and paid at nominal value of Tenge 1,000 per share	**1,306,504,712**	**1,151,504,712**
Total shares issued and paid at nominal value of Tenge 1,076 per share*	**199,591,261**	**199,591,261**
Issued share capital paid	**1,521,238,962**	**1,366,238,962**

*During 2021, the Holding's share capital increased upon merger of KazAgro NMH JSC by Tenge 214,734,250 thousand - 199,591,261 shares at the price of 1,075 tenge 87 tiyn.

Each ordinary share carries one vote.

In 2023, the Holding issued shares for the total nominal amount of Tenge 155,000,000 thousand (2022: Tenge 100,000,000 thousand).

In 2023 the Holding declared and paid dividends in the amount of Tenge 58,616,338 thousand (2022: Tenge 33,042,256 thousand). Dividends per ordinary share are Tenge 38.92 (in 2022: Tenge 26.41)

Net assets per ordinary share. According to the Rules of Listing of the Kazakh Stock Exchange (the Rules), the Holding disclosed net assets per ordinary share calculated in accordance with these Rules:

(In Kazakhstani Tenge)	**2023**	**2022**
Net assets per ordinary share	1,763.25	1,530.57

As at 31 December 2023 net assets per ordinary share was determined by dividing amount of consolidated equity of Tenge 2,665,504,904 thousand (31 December 2022: Tenge 2,098,065,738 thousand) decreased by the carrying amount of intangible assets of Tenge 9,885,998 thousand (31 December 2022: Tenge 30,120,799 thousand), which the Holding will not be able to sell to third parties, by a total number of outstanding shares - 1,506,095,973 (31 December 2022: 1,351,095,973 outstanding shares).

24 Interest income and expense

(In thousands of Kazakhstani Tenge)	**2023**	**2022**
Interest income calculated using effective interest method		
Loans to customers	525,446,528	455,883,793
Cash and cash equivalents	234,728,200	148,083,810
Investment securities measured at amortised cost	158,931,857	138,459,882
Loans to banks and financial institutions	35,962,628	27,278,374
Investment securities measured at fair value through other comprehensive income	13,571,621	19,604,167
Deposits with banks and financial institutions	441,684	4,479,109
Other	1,305,373	3,031,468
Total interest income calculated using the effective interest method	**970,387,891**	**796,820,603**
Other interest income		
Finance lease receivables	151,001,530	122,399,333
Loans to customers	18,966,028	19,366,673
Financial instruments at fair value through profit or loss	456,103	477,371
Total other interest income	**170,423,661**	**142,243,377**
Interest expense		
Debt securities issued	(374,992,932)	(367,324,588)
Loans from the Government of the Republic of Kazakhstan	(96,064,331)	(69,049,740)
Loans from banks and other financial institutions	(70,840,030)	(51,259,108)
Customer accounts	(44,803,488)	(36,891,030)
Subordinated debt	(601,463)	(560,114)
Other	(1,102,704)	(351,819)
Total interest expense	**(588,404,948)**	**(525,436,399)**
Net interest income	**552,406,604**	**413,627,581**

Included within various line items under interest income for the year ended 31 December 2023 is a total of Tenge 21,451,778 thousand (2022: Tenge 21,040,493 thousand) of government grant amortisation (Note 21).

25 Fee and commission income and expense

(In thousands of Kazakhstani Tenge)	**2023**	**2022**
Fee and commission receipts		
Fee and commission income arising from financial assets not measured at fair value through profit or loss:		
- Performance guarantees	29,534,174	24,272,989
- Other fee and commission income from banking activity	3,063,027	1,582,846
- Transfer services	1,712,647	1,273,581
- Agency services	625,600	625,600
- Reservation commission on undrawn part of loan	370,453	1,194,643
- Cash operations	137,512	162,955
- Letters of credit	951	29,156
- Other	2.6	74,952
Total fee and commission income	**35,446,999**	**29,216,722**
Fee and commission expense		
Fee and commission income arising from financial assets not measured at fair value through profit or loss:		
- Agency services	(4,785,965)	(5,345,829)
- Transfer services	(2,428,190)	(2,674,345)
- Securities transactions	(796,362)	(363,351)
- Eurobonds issue	(485)	(46,698)
- Maintenance of current accounts	(8,403)	(67,508)
- Custodial services	(25,523)	(570)
- Credit card management	-	(238,745)
- Commission for early repayment of loan	-	(21,335)
- Other	(88,832)	(53,098)
Total fee and commission expense	**(8,133,760)**	**(8,811,479)**
Net fee and commission income	**27,313,239**	**20,405,243**

26 Net gain/(loss) on assets measured at fair value through profit or loss

(In thousands of Kazakhstani Tenge)	2023	2022
Gains less losses on other assets measured at fair value through profit or loss	4,441,628	13,073,390
Gain/(loss) on revaluation of loans to customers at fair value through profit or loss	1,679,402	(13,657,973)
Dividend income from financial instruments measured at fair value through profit or loss	108,153	516,709
(Losses less gains)/gains less losses on trading securities	(968)	85,916
Losses less gains on embedded financial derivative instruments	(60,979)	(866,611)
Total net gain/(loss) on financial assets measured at fair value through profit or loss	**6,167,236**	**(848,569)**

27 Net foreign exchange gain

(In thousands of Kazakhstani Tenge)	2023	2022
Gains less losses arising from foreign currency translation	533,918	4,699,034
Gains less losses/(losses less gains) arising from foreign currency translation	6,480,873	(1,943,187)
Total net foreign exchange gain	**7,014,791**	**2,755,847**

28 Other operating (expense)/income, net

(In thousands of Kazakhstani Tenge)	2023	2022
Other income from utilisation of government grants (Note 21)	102,570,905	207,938,770
Income from significant modification of other financial assets	2,095,641	-
Profit from early repayment of loans issued	908,323	-
Gain less losses on sales of non-current assets held for sale	735,665	34,480
Fines and penalties	733,857	503,471
income from initial recognition of debt liabilities raised	334,520	1,284,716
Rental income on investment property	235,523	243,633
Profit/(loss) on derecognition of finance lease receivables	173,330	(479,568)
Revenue from services provided	121,730	502,301
Income less expense from repurchase of own debt securities issued	-	21,065,319
(Charge)/reversal of impairment allowance for other assets and assets held for sale	(504,266)	737,029
Expense on modification of the terms of financial assets measured at amortised cost	(2,761,488)	-
Loss from early repayment of loans from banks and other financial institutions (Note 17)	(2,912,957)	(4,543,471)
Loss on modification of financial liabilities	(3,628,085)	-
Loss on initial recognition of the bonds of local executive authorities purchased at below-market rate (Note 11)	(23,876,479)	(28,737,225)
Expenses on valuation of liabilities to provide loans at below market rates	(35,567,734)	(872,166)
Expenses in the form of negative adjustment of value of the loans issued	(109,935,988)	(195,369,924)
Other operating income, net	230,058	1,697,804
Total other operating (expenses)/income, net	**(71,047,445)**	**4,005,169**

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 (Note 21).

In 2023 the Holding recognised expense of Tenge 35,567,734 thousand (2022: Tenge 872,166 thousand) upon initial recognition of the fair value of commitments to extend loans at below market rates.

In 2023 the Holding recognised expense of Tenge 109,935,988 thousand (2022: Tenge 195,369,924 thousand) in the form of negative adjustment of value of the loan issued at below market rates. This amount includes expense of Tenge 12,079,140 thousand arising on initial recognition of loans to banks (2022: Tenge 92,901,972 thousand) and expense of Tenge 97,856,848 thousand arising on initial recognition of loans to customers (2022: Tenge 102,467,952 thousand).

During 2023, loss on initial recognition of loans banks arose from issuance of loans at a nominal interest rate of 2.00% p.a., the market interest rates of which ranged from 14.61% to 17.22% p.a. (2022: at the nominal rates ranging from 1.00% to 2.00%, the market rates on which ranged from 12.78% to 18.10% p.a.).

During 2023, loss on initial recognition of loans to customers arose from issuance of loans with a nominal interest rate ranging from 2% to 14.40% p.a., markets interest rates of which ranged from 7.25% to 23.20% p.a. (2022: a nominal interest rate ranging from 2.00% to 15.00% p.a., markets rates of which ranged from 7.25% to 27.37% p.a.).

29 Impairment allowance for other financial assets and credit related commitments

(In thousands of Kazakhstani Tenge)	**2023**	**2022**
Loans to banks and financial institutions (Note 8)	2,421,236	2,479,638
Other financial assets	(1,806,559)	1,497,358
Cash and cash equivalents (Note 6)	(26,533)	118,584
Investment securities measured at amortised cost (Note 11)	194,427	(118,565)
Deposits with banks and other financial institutions (Note 9)	55,543	180,990
Contingent liabilities	(6,376,118)	(3,433,793)
Investment securities measured at fair value through other comprehensive income	969,228	(794,690)
Total impairment allowance for other financial assets and credit related commitments	**(4,568,776)**	**(70,478)**

30 Administrative expenses

(In thousands of Kazakhstani Tenge)	**2023**	**2022**
Personnel costs	46,820,325	40,720,358
Professional services	6,146,559	5,076,848
Repair and technical equipment	5,477,799	5,137,586
Depreciation of property, plant and equipment	3,483,421	3,186,791
Amortisation of software and other intangibles	2,910,777	2,595,942
Taxes other than income tax	2,127,059	2,211,265
Communication services	2,124,791	1,967,201
Expenses on realisation of Damu EDF JSC programmes	1,778,577	1,219,306
Operating lease expenses	1,776,815	1,617,370
Advertising and marketing services	1,049,198	923,921
Business trips	1,040,743	820,791
Information services	884,352	787,222
Administrative expenses of the Board of Directors	759,783	968,939
Employee training	639,951	428,023
Transportation services	554,677	435,947
Security services	416,509	433,060
Materials	248,992	243,882
Charity and sponsorship	148,071	162,515
Insurance	102,651	112,858
Utilities	68,260	77,997
Other	2,588,459	1,894,654
Total administrative expenses	**81,147,769**	**71,022,476**

Administrative expenses (Notes 30 and 13) for 2023 include expenses for audit services and non-audit services provided by a single supplier in the amount of Tenge 722,636 thousand and Tenge 198,480 thousand, respectively.

31 Income tax

Income tax expense recorded in profit or loss for the year comprises the following:

(In thousands of Kazakhstani Tenge)	**2023**	**2022**
Current tax	84,695,091	44,802,046
Deferred tax	(11,304,609)	3,354,122
Income tax expense for the year	**73,390,482**	**48,156,168**

The income tax rate applicable to the Holding's 2023 income is 20% (2022: 20%).

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

(In thousands of Kazakhstani Tenge)	**2023**	**2022**
Profit before income tax	**480,109,309**	**319,643,370**
The estimated tax charges at statutory rate of 20% (2022: 20%).	96,021,862	63,928,674
- Non-taxable income on securities	(23,406,198)	(17,633,324)
- Other non-taxable income	(11,161,135)	(7,762,391)
- Taxable income from increase in value	-	6,504,372
- Non-deductible impairment losses on loans	3,010,804	902,028
- Other non-deductible expenses	8,802,878	435,976
- Change in unrecognised deferred tax assets	(6,963,894)	5,630,539
- Non-taxable income from business combination	-	(6,055,330)
- Non-deductible expenses from revaluation of financial assets at fair value	1,610,662	1,300,953
- Adjustment of current income tax expense for prior years	(2,154,366)	2,023,723
- Income tax withheld at the source of payment	3,547,202	2,693,021
- Other	4,082,667	(3,812,073)
Income tax expense for the year	**73,390,482**	**48,156,168**

Deferred tax assets have not been recognised in respect of the following items:

(In thousands of Kazakhstani Tenge)	**31 December 2023**	**Change for the year**	**31 December 2022**	**Change for the year**	**1 January 2022**
Finance lease receivables	1,254,797	-	1,254,797	-	1,254,797
Interest accrued at contractual rate and written off	64,664	-	64,664	-	64,664
Other financial assets at fair value through profit or loss	620,077	-	620,077	-	620,077
Other assets	27,760	-	27,760		27,760
Tax losses carry-forwards	37,471,129	(6,963,894)	44,435,023	(176,158)	44,611,181
Investment securities	5,843,538	-	5,843,538	5,843,538	-
Other liabilities	-	-	-	(36,841)	36,841
Net unrecognised deferred tax assets	**45,281,965**	**(6,963,894)**	**52,245,859**	**5,630,539**	**46,615,320**

Differences between IFRS and Kazakhstani statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases.

The tax effect of the movements in these temporary differences is detailed below, and is recorded at the rate of 20% (2022: 20%).

(In thousands of Kazakhstani Tenge)	**1 January 2023**	**Recognised in profit or loss**	**Recognised directly in equity**	**Disposal group held for sale**	**31 December 2023**
Tax effect of deductible/(taxable) temporary differences					
Due from banks	62,493,669	(1,219,896)	-	-	61,273,773
Loans to customers	101,778,268	(4,384,234)	-	(30,046,000)	67,348,034
Finance lease receivables	3,512,233	(3,653,829)	-	-	(141,596)
Interest accrued at contractual rate and written off	64,664	-	-	-	64,664
Investment securities	90,714,504	(3,072,733)	-	-	87,641,771
Property, plant and equipment	(7,049,632)	(265,774)	-	4,812,214	(2,503,192)
Other assets	2,648,258	(452,320)	-	-	2,195,938
Tax losses carry-forwards	47,566,023	6,036,106	-	(3,131,000)	50,471,129
Debt securities issued and loans received	(429,940,286)	15,917,472	(12,281,457)	-	(426,304,271)
Government grants	220,918,884	(6,346,264)	-	-	214,572,620
Liabilities to the mortgage organisation	(30,046,000)	-	-	30,046,000	-
Other liabilities	(28,304,416)	1,782,187	-	2,517,586	(24,004,643)
Net deferred tax liability before recoverability assessment	**34,356,169**	**4,340,715**	**(12,281,457)**	**4,198,800**	**30,614,227**
Recognised deferred tax asset	27,398,004	5,273,910	-	4,198,800	36,870,714
Recognised deferred tax liability	(45,287,694)	6,030,699	(12,281,457)	-	(51,538,452)
Net deferred tax liability	**(17,889,690)**	**11,304,609**	**(12,281,457)**	**4,198,800**	**(14,667,738)**

(In thousands of Kazakhstani Tenge)	1 January 2022	Recognised in profit or loss	Recognised directly in equity	Recognised as a result of merger	31 December 2022
Tax effect of deductible/(taxable) temporary differences					
Due from banks	45,510,518	16,983,151	-	-	62,493,669
Loans to customers	58,677,315	12,465,553	-	30,635,400	101,778,268
Finance lease receivables	4,745,639	(1,233,406)	-	-	3,512,233
Interest accrued at contractual rate and written off	64,664	-	-	-	64,664
Investment securities	83,165,352	7,549,152	-	-	90,714,504
Property, plant and equipment	(1,981,274)	(319,464)	-	(4,748,894)	(7,049,632)
Other assets	1,960,267	687,991	-	-	2,648,258
Tax losses carry-forwards	44,611,181	2,954,842	-	-	47,566,023
Debt securities issued and loans received	(349,935,379)	(72,642,889)	(7,362,018)	-	(429,940,286)
Government grants	147,817,831	73,101,053	-	-	220,918,884
Liabilities to the mortgage organisation	-	589,400	-	(30,635,400)	(30,046,000)
Other liabilities	5,677,092	(38,141,854)	-	4,160,346	(28,304,416)
Net deferred tax liability before recoverability assessment	**40,313,206**	**1,993,529**	**(7,362,018)**	**(588,548)**	**34,356,169**
Recognised deferred tax asset	33,955,310	(6,557,306)	-	-	27,398,004
Recognised deferred tax liability	(40,257,423)	2,920,295	(7,362,018)	(588,548)	(45,287,694)
Net deferred tax liability	**(6,302,113)**	**(3,637,011)**	**(7,362,018)**	**(588,548)**	**(17,889,690)**

In the context of the Holding's current structure and Kazakhstani tax legislation, tax losses and current tax assets of different companies of the Holding may not be offset against current tax liabilities and taxable profits of other companies of the Holding and, accordingly, taxes may accrue even where there is a consolidated tax loss. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity and the same taxation authority.

The deductible temporary differences do not expire under current tax legislation of the Republic of Kazakhstan. Period of use of tax loss carried forward expires in 2024-2033.

32 Financial risk management

The risk management function within the Holding is carried out in respect to all key risks, including financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to achieve a balance between maximising the use of opportunities in order to achieve strategic goals and minimising losses.

Risk management rules and procedures of the Holding. The Holding's risk management policy has the following objectives: to identify, analyse and manage risks faced by the Holding, establish limits on risk levels and relevant controls, and continuously assess levels of risks and ensure that exposure to risks stays within the established limits. The risk management policy and procedures of the subsidiaries are regularly reviewed to reflect changes in the market conditions, proposed products and services and emerging best practices. The risk management policy of the Holding was approved in October 2013. The risk management rules were approved in May 2021.

The risk management policy has the following objectives:

- to establish the effective comprehensive system and integrated process of risk management as an element of the Holding's governance, and continuously improve the Holding's activities based on the unified standardised approach to the risk management methods and procedures;
- to define the retaining ability and provide for efficient management of accepted risks;
- to identify risks in a timely manner;
- to mitigate losses and reduce operating costs to cover potential losses.

Risk management structure. The risk management structure of the Holding comprises risk management at several levels with engagement of the following bodies and structural units of the Holding: Board of Directors, Management Board, Committee of Asset and Liability Management, Risk Management Department, Internal Audit Function, collective bodies and other structural units.

The Board of Directors. The first level of the risk management process is represented by the Board of Directors of the Holding. The Board of Directors takes full responsibility for proper operation of risk management control system, management of key risks and corporate risk management system. The Board of Directors defined the objectives of the Holding's activities and approves documents related to risk management.

The Management Board. The second level of the risk management process is represented by the Management Board of the Holding. The Management Board is responsible for establishment of efficient risk management system and risk control structure to provide for compliance with the corporate policy requirements. The Management Board is liable for creation of "risk consciousness" culture which reflects risk management and risk management philosophy of the Holding. In addition, the Management Board also bears liability for implementation of the efficient risk management system where all employees have a clearly defined responsibility for risk management and are accountable for proper execution of their duties. The Management Board is authorised to execute a part of their functions in risk management area through establishment of respective committees.

The Audit Committee of the Board of Directors. The Audit Committee of the Board of Directors is a standing advisory body of the Holding's Board of Directors, established to enhance efficiency and quality of work of the Board of Directors through preparing recommendations for the Board of Directors related to establishment of the effective control system over the Holding's financial and economic operations (including completeness and accuracy of the consolidated financial statements), monitoring of reliability and efficiency of the internal control and risk management systems and execution of the documents related to corporate governance, and control of independence of the external audit and internal audit function.

The Committee of Assets and Liabilities Management (the "CALM") is a permanent collective body of the Holding accountable to the Management Board which operates within the authorities as defined by the Management Board. The CALM has the following objectives: to provide for making timely and proper decisions in the sphere of management of the Holding's assets and liabilities; to attract investors for cooperation with the Holding, to maintain the adequate level of financial stability; to increase the Holding's profitability and mitigate risks at investment decision making.

The Risk Management Department. The third level of the risk management process is represented by the Risk Management Department, which objectives include coordination of risk management and control over implementation of general principles and methods of identification, assessment, management of and reporting on financial and non-financial risks.

The Internal Audit Service. In course of risk management, the Internal Audit Function of the Holding audits risk management procedures and risk assessment methods and develops proposals aimed at improvement of efficiency of risk management procedures. The Internal Audit provides reports on risk management system to the Board of Directors of the Holding and performs other functions in accordance with the approved regulatory documents.

Structural units. One of the key elements in in the risk management structure is structural units of the Holding which are represented by each employee. Structural units (risk owners) play the key role in the risk management process. The Holding's employees address and manage risks on a daily basis, and control the potential effect of risk on their business. Structural units are responsible for implementation of the risk management action plan, timely identification and communication of major risk in their business areas and development of proposals for risk management to be included into the action plan.

Credit risk. The Holding takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the lending and other transactions with counterparties of the Holding and its subsidiaries giving rise to financial assets.

The Holding's maximum exposure to credit risk is reflected in the carrying amounts of financial assets on the consolidated statement of financial position. For guarantees and commitments to extend credit, the maximum exposure to credit risk is the amount of the commitment. The credit risk is mitigated through a qualitative analysis of the creditworthiness of the counterparty, structuring of investment projects, diversification of assets, setting limits, collateral and other measures to improve the credit quality.

The subsidiaries of the Holding structure the levels of credit risk they undertake by placing limits on transactions with counterparties, including limits on the level of risk accepted in relation to one borrower, or groups of borrowers, based on the Risk Management Rules of the subsidiary and Baiterek National Managing Holding JSC, and other internal regulatory documents regulating credit risk of the Holding's subsidiaries. Limits on the level of credit risk by product and industry sector are approved regularly by management of the subsidiaries. Such risks are monitored on a revolving basis and subject to at least an annual review.

Loan applications originated by the relevant client relationship managers are passed on to the relevant credit committee of the subsidiary for approval of the credit limit. Exposure to credit risk is also managed, in part, by obtaining collateral and corporate and personal guarantees. In order to monitor credit risk exposures, regular reports are produced by the officers based on a structured analysis focusing on the customer's business and financial performance. Any significant exposure to customers with deteriorating creditworthiness are reported to, and analysed by authorised bodies of the Holding and/or its subsidiaries.

The subsidiaries review the aging analysis of outstanding loans and follows up on past due balances. Management of the subsidiaries, therefore, considers it appropriate to provide aging and other information about credit risk to the Board of Directors of the subsidiaries and management of the Holding.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss as the result of another party to a financial instrument failing to perform in accordance with the terms of the contract. The subsidiaries of the Holding use the same credit policies in assuming conditional obligations as it does for on-balance sheet financial instruments, through established credit approvals, risk control limits and monitoring procedures.

Market risk. The Holding takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates and (c) equity products, all of which are exposed to general and specific market movements. Management of the Holding sets limits on the value of risk that may be accepted, which is monitored on a regular basis. The subsidiaries of the Holding set separate limits on the basis of the general limits established by the Holdings, and monitor their compliance on a regular basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Currency risk. The management of the Holding and its subsidiaries monitor the exposure of foreign exchange position, analyse the sensitivity of the financial result to fluctuations in foreign exchange rates and assess the level of foreign exchange risk. If necessary, limits can be set in relation to the level of accepted risk in the context of currencies and in general.

The table below summarises the Holding exposure to foreign currency exchange rate risk at 31 December 2023:

(In thousands of Kazakhstani Tenge)	**Tenge**	**US Dollar**	**Euro**	**Other currencies**	**Total**
ASSETS					
Cash and cash equivalents	2,009,651,939	82,431,265	74,809,980	48,059,964	2,214,953,148
Loans to banks and financial institutions	338,446,725	-	-	-	338,446,725
Deposits with banks and financial institutions	13,814,935	9,999,997	-	46,171	23,861,103
Financial instruments measured at fair value through profit or loss	2,617,173	1,860	-	-	2,619,033
Loans to customers	4,931,532,511	789,979,296	-	-	5,721,511,807
Investment securities measured at fair value through profit or loss	1,246,291	-	-	-	1,246,291
Investment securities measured at fair value through other comprehensive income	58,727,771	388,862,593	-	281,450	447,871,814
Investment securities measured at amortised cost	1,031,336,593	11,807,842	-	-	1,043,144,435
Finance lease receivables	1,212,130,428	-	-	-	1,212,130,428
Other financial assets	25,661,605	15,555	2,291	-	25,679,451
Total monetary financial assets	**9,625,165,971**	**1,283,098,408**	**74,812,271**	**48,387,585**	**11,031,464,236**
LIABILITIES					
Due to banks	16,288,508	-	-	-	16,288,508
Customer accounts	2,477,055,693	74,386,698	13	-	2,551,442,404
Debt securities issued	3,406,696,402	395,201,726	-	-	3,801,898,128
Subordinated debt	8,640,755	-	-	-	8,640,755
Loans from banks and other financial institutions	153,687,547	687,407,725	-	15,269,905	856,365,177
Loans from the Government of the Republic of Kazakhstan	795,041,526	379,927	-	-	795,421,453
Insurance contracts liabilities	57,872,592	289	-	1,084	57,873,965
Other financial liabilities	111,190,202	44,306,824	1,220,352	46,494	156,763,872
Total monetary financial liabilities	**7,026,473,225**	**1,201,683,189**	**1,220,365**	**15,317,483**	**8,244,694,262**
Total net position	**2,598,692,746**	**81,415,219**	**73,591,906**	**33,070,102**	**2,786,769,974**

The table below summarises the Holding exposure to foreign currency exchange rate risk at 31 December 2022:

(In thousands of Kazakhstani Tenge)	Tenge	US Dollar	Euro	Other currencies	Total
ASSETS					
Cash and cash equivalents	2,051,066,762	31,428,068	53,876,755	157,601,610	2,293,973,195
Loans to banks and financial institutions	298,999,429	-	-	-	298,999,429
Deposits with banks and financial institutions	1,158,386	13,265,370	-	8,731,196	23,154,952
Financial instruments measured at fair value through profit or loss	2,348	1,893	-	-	4,241
Loans to customers	5,722,913,091	779,716,015	303,470	9,038,312	6,511,970,888
Investment securities measured at fair value through profit or loss	20,862,935	-	-	-	20,862,935
Investment securities measured at fair value through other comprehensive income	73,501,344	391,890,297	-	3,418,480	468,810,121
Investment securities measured at amortised cost	957,654,904	9,231,188	-	-	966,886,092
Finance lease receivables	1,036,255,264	-	-	-	1,036,255,264
Other financial assets	33,983,791	5,187,015	2,172,302	347,133	41,690,241
Total monetary financial assets	**10,196,398,254**	**1,230,719,846**	**56,352,527**	**179,136,731**	**11,662,607,358**
LIABILITIES					
Due to banks	8,055,858	-	-	-	8,055,858
Customer accounts	2,938,297,843	88,609,645	875,118	22,118,657	3,049,901,263
Debt securities issued	3,345,148,279	394,403,930	-	-	3,739,552,209
Subordinated debt	8,050,778	-	-	-	8,050,778
Loans from banks and other financial institutions	149,629,903	639,843,251	-	157,078,653	946,551,807
Loans from the Government of the Republic of Kazakhstan	776,259,146	386,689	-	-	776,645,835
Insurance contracts liabilities	57,101,232	1,197,260	82,349	303,182	58,684,023
Liabilities to the mortgage organisation	201,302,720	-	-	-	201,302,720
Other financial liabilities	85,525,776	28,521,969	3,124,324	49,077	117,221,146
Total monetary financial liabilities	**7,569,371,535**	**1,152,962,744**	**4,081,791**	**179,549,569**	**8,905,965,639**
Total net position	**2,627,026,719**	**77,757,102**	**52,270,736**	**(412,838)**	**2,756,641,719**

Derivatives presented above are monetary financial assets or monetary financial liabilities which reflect fair value of the respective currency at the end of the reporting period.

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

(In thousands of Kazakhstani Tenge)	31 December 2023	31 December 2022
US Dollar strengthening by 20% (2022: strengthening by 20%)	13,026,435	12,441,136
US Dollar weakening by 20% (2022: weakening by 20%)	(13,026,435)	(12,441,136)
Euro strengthening by 20% (2022: strengthening by 20%)	11,774,705	8,363,318
Euro weakening by 20% (2022: weakening by 20%)	(11,774,705)	(8,363,318)
Other currencies strengthening by 20% (2022: strengthening by 20%)	5,291,216	(66,054)
Other currencies weakening by 20% (2022: weakening by 20%)	(5,291,216)	66,054

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

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

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

(In thousands of Kazakhstani Tenge)	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**More than 1 year**	**Non-interest bearing**	**Total**
31 December 2023						
Total financial assets	2,116,362,537	981,640,693	425,927,494	7,042,576,250	464,957,262	11,031,464,236
Total financial liabilities	(387,276,831)	(923,809,726)	(431,626,981)	(6,262,171,338)	(239,809,386)	(8,244,694,262)
Net interest sensitivity gap at 31 December 2023	**1,729,085,706**	**57,830,967**	**(5,699,487)**	**780,404,912**	**225,147,876**	**2,786,769,974**
31 December 2022						
Total financial assets	2,245,022,423	818,033,889	607,834,899	7,638,372,380	389,737,780	11,699,001,371
Total financial liabilities	(540,718,493)	(761,040,517)	(481,042,602)	(6,837,798,856)	(285,365,171)	(8,905,965,639)
Net interest sensitivity gap at 31 December 2022	**1,704,303,930**	**56,993,372**	**126,792,297**	**800,573,524**	**104,372,609**	**2,793,035,732**

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

Sensitivity analysis of profit or loss and equity (net of taxes) to changes in interest rates (interest rate risk) performed based on the conventional scenario of parallel shift in yield curve by 100 basis points upward or downward the interest rates and restated positions on interest-bearing assets and liabilities effective as of 31 December 2023 and 31 December 2022 is as follows:

(In thousands of Kazakhstani Tenge)	**2023**	**2022**
Parallel increase by 100 basis points (2022: 100 basis points)	13,572,634	13,642,877
Parallel decrease by 100 basis points (2022: 100 basis points)	(13,572,634)	(13,642,877)

The Holding monitors interest rates for its financial instruments. The table below summarises interest rates at the respective reporting date based on reports reviewed by key management personnel.

	31 December 2023			31 December 2022		
	Tenge	US Dollar	Other	Tenge	US Dollar	Other
Assets						
Cash and cash equivalents	13.76%	2.57%	0.33%	14.13%	0.57%	5.76%
Loans to banks and financial institutions	12.59%	-	-	8.03%	-	-
Deposits with banks and financial institutions	13.24%	2.24%	4.60%	10.64%	0.87%	6.66%
Loans to customers	10.04%	6.20%	-	10.30%	5.68%	10.29%
Investment securities measured at fair value through other comprehensive income	10.46%	1.64%	3.85%	9.08%	1.65%	5.40%
Investment securities measured at amortised cost	12.91%	3.28%	-	12.64%	3.61%	-
Finance lease receivables	9.91%	-	-	9.50%	-	-
Liabilities						
Customer accounts	1.95%	0.24%	-	4.32%	0.47%	2.07%
Debt securities issued	10.28%	5.29%	-	10.63%	5.28%	-
Subordinated debt	7.67%	-	-	7.67%	-	-
Loans from banks and other financial institutions	13.42%	5.35%	7.50%	11.76%	4.67%	9.37%
Loans from the Government of the Republic of Kazakhstan	9.51%	-	-	10.13%	-	-
Amounts payable under repurchase agreements	-	5.93%	-	-	-	-

The Holding is exposed to prepayment risk through providing fixed or variable rate loans, including mortgages, which give the borrower a right to repay the loans earlier. The Holding's current year financial result and equity at the end of the current reporting period would not have been significantly impacted by changes in prepayment rates because such loans are carried at amortised cost and the prepayment right is at, or close to, the amortised cost of the loans and advances to customers (2022: the Holding's current year financial result and equity at the end of the current reporting period would not have been significantly impacted by changes in prepayment rates because such loans are carried at amortised cost and the prepayment right is at, or close to, the amortised cost of the loans and advances to customers).

Liquidity risk. Liquidity risk is the risk that the Holding and its subsidiaries will encounter difficulty in attracting funds in order to discharge its liabilities. The liquidity risk arises when assets and liabilities maturities do not match which affects the Holding's and its subsidiaries availability of adequate liquid funds at acceptable price so that to incur its balance sheet and off-balance sheet liabilities in a timely manner. Matching and/or controlled mismatching of maturities and interest rates on assets and liabilities is a fundamental factor of management of the financial institutions, including the Holding. Due to variety of transactions under execution and related uncertainty, absolute maturity matching for assets and liabilities is not observed in the normal practice of financial institutions which allows increasing transaction profitability, however, increases the risk of loss.

The Holding and its subsidiaries manage liquidity risk to maintain cash resources required to discharge all liabilities as they fall due.

The Holding manages liquidity risk within the Risk Management Policy of the Holding, Risk Management Rules for Temporary Available Cash of the Holding, Risk Management Rules approved by the Board of Directors and Management Board. The documents specify the basic processes and procedure of liquidity risk management and establish functions and authorities of the Holding's business units involved in this process to manage liquidity risk effectively and maintain adequate funds of the Holding to cover all liabilities.

Within the described above documents, liquidity risk is assessed and controlled by the means of the following tools/analysis report: regulatory and contractual liquidity requirements; analysis of current liquidity balances, estimated inflows/outflows of liquidity, internal liquidity ratios; liquidity gaps ("gap analysis"). To avoid excess or deficiency of liquidity, the Committees of Asset and Liability Management of the Holding's subsidiaries control the activities for liquidity raising and use.

The Committees of Asset and Liability Management of the Holding's subsidiaries control liquidity risk by analysing levels of liquidity risk to take measures for mitigation of liquidity risk of the subsidiaries and the Holding. Current liquidity is managed by the Treasury Departments of the subsidiaries which perform transactions at the financial markets to maintain the current liquidity and optimise cash flows.

Procedures for liquidity risk management of the Holding include:

– cash flow forecasting in terms of key currencies and calculation of the related necessary level of liquid assets;

- maintenance of a diversified structure of funding sources;
- management of concentration and borrowings structure;
- development of debt financing plans;
- servicing of highly liquid assets portfolio which can be easily realised as a safeguard measure in case of cash liquidity gap;
- development of contingent plans to maintain liquidity and target level of funding;
- execution of control over conformity of the Holding's balance sheet liquidity ratios with the statutory criteria.

The Treasury Departments of the subsidiaries monitor liquidity at the financial markets. Under normal market conditions, the reports on liquidity situation of the Holding's subsidiaries are regularly provided to the senior management of the Holding. Decisions regarding liquidity management policy of the Holding are made by the Management Board and Committee of Asset and Liability Management of the Holding.

The table below shows liabilities at 31 December 2023 and 2022 by their remaining contractual maturity. The amounts of liabilities disclosed in the maturity table are the contractual undiscounted cash flows, including gross finance lease obligations (before deducting future finance charges), gross loan commitments and financial guarantees. Such undiscounted cash flows differ from the amount included in the consolidated statement of financial position because the amount in the consolidated statement of financial position is based on discounted cash flows. Financial derivatives are included at the contractual amounts to be paid or received, unless the Holding expects to close the derivative position before its maturity date in which case the derivatives are included based on the expected cash flows. For the purposes of the maturity analysis, embedded derivatives are not separated from hybrid (combined) financial instruments. When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

The maturity analysis of financial liabilities at 31 December 2023 is as follows:

(In thousands of Kazakhstani Tenge)	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**From 12 months to 5 years**	**More than 5 years**	**Total**
Liabilities						
Due to banks	16,288,508	-	-	-	-	16,288,508
Customer accounts*	88,345,824	99,646,649	114,141,152	579,691,350	2,035,194,194	2,917,019,169
Debt securities issued	73,177,210	376,365,098	337,743,545	2,179,155,208	3,836,727,674	6,803,168,735
Subordinated debt	-	5,743	5,743	45,944	115,215,398	115,272,828
Loans from banks, other financial institutions and the Government of the Republic of Kazakhstan	25,300,203	144,866,057	203,844,606	940,525,902	1,597,374,266	2,911,911,034
Insurance contracts liabilities	7,582,402	21,685,683	8,775,870	16,455,649	3,374,361	57,873,965
Other financial liabilities	72,633,562	40,672,673	3,336,705	1,293,013	38,827,919	156,763,872
Total potential future payments for financial liabilities	**283,327,709**	**683,241,903**	**667,847,621**	**3,717,167,066**	**7,626,713,812**	**12,978,298,111**
Loan commitments	352,155,794	-	-	-	-	352,155,794
Finance lease commitments	444,298,535	-	-	-	-	444,298,535
Guarantees, letters of credit and other commitments related to settlement operations	404,941,298	20,091,663	40,529,625	295,655,315	44,833,125	806,051,026
Investment related commitments	11,159,266	-	-	-	-	11,159,266

The maturity analysis of financial liabilities at 31 December 2022 is as follows:

(In thousands of Kazakhstani Tenge)	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**From 12 months to 5 years**	**More than 5 years**	**Total**
Liabilities						
Due to banks	8,055,858	-	-	-	-	8,055,858
Customer accounts*	171,240,070	249,814,335	372,228,657	867,781,476	1,955,388,762	3,616,453,300
Debt securities issued	72,863,980	233,597,068	210,942,522	2,343,295,791	4,184,527,320	7,045,226,681
Subordinated debt	-	5,743	5,743	45,944	115,226,884	115,284,314
Loans from banks, other financial institutions and the Government of the Republic of Kazakhstan	161,960,551	71,372,960	201,990,058	971,152,568	1,625,434,014	3,031,910,151
Insurance contracts liabilities	11,030,490	21,973,015	8,012,963	16,917,392	750,163	58,684,023
Liability to the mortgage organisation	3,063,893	15,387,168	18,608,408	151,837,935	332,652,775	521,550,179
Other financial liabilities	87,664,152	6,431,485	8,416,200	9,556,462	5,152,847	117,221,146
Total potential future payments for financial liabilities	**515,878,994**	**598,581,774**	**820,204,551**	**4,360,587,568**	**8,219,132,765**	**14,514,385,652**
Loan commitments	434,357,159	-	-	-	-	434,357,159
Finance lease commitments	228,119,469	-	-	-	-	228,119,469
Guarantees, letters of credit and other commitments related to settlement operations	12,514,808	20,924,590	51,679,652	309,708,657	40,170,822	434,998,529
Investment related commitments	12,995,414	-	-	-	-	12,995,414

*Term deposits of individuals and deposits that secure mortgage loans issued are not call deposits that depositors may withdraw at any time without losing accrued interest and state premiums.

The total outstanding contractual amount of commitments to extend credit as included in the above maturity table does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

Customer accounts are classified in the above analysis based on contractual maturities. However, in accordance with Kazakhstani legislation, depositors can withdraw their term deposits at any time, losing in most of the cases the accrued interest.
These deposits are classified in accordance with their stated maturity dates.

In the judgement of the Holding management, the matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the effective management of the Holding.
The following table provides an analysis, by expected maturities, of amounts recognised in the consolidated statement of financial position as at 31 December 2023 and 2022.

(In thousands of Kazakhstani Tenge)	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**From 1 to 5 years**	**More than 5 years**	**No maturity**	**Total**
31 December 2023							
Total assets	2,371,477,609	728,695,789	2,511,720,586	2,544,771,076	5,255,096,367	208,658,566	13,620,419,993
Total liabilities	(412,532,607)	(668,304,866)	(2,019,368,962)	(2,597,985,997)	(5,256,722,658)	-	(10,954,915,089)
Net position as at 31 December 2023	**1,958,945,002**	**60,390,923**	**492,351,624**	**(53,214,921)**	**(1,626,291)**	**208,658,566**	**2,665,504,903**
31 December 2022							
Total assets	2,449,012,275	467,874,801	686,506,343	2,732,034,742	5,626,134,091	269,668,374	12,231,230,626
Total liabilities	(595,303,002)	(447,438,848)	(521,153,796)	(3,021,234,668)	(5,548,034,574)	-	(10,133,164,888)
Net position as at 31 December 2022	**1,853,709,273**	**20,435,953**	**165,352,547**	**(289,199,926)**	**78,099,517**	**269,668,374**	**2,098,065,738**

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

Compliance with capital adequacy ratios set for the subsidiaries is monitored monthly with reports outlining their calculation reviewed and signed by the Chairman of the Management Board and considered by the Holding's Board of Directors.

The Holding treats the capital as net assets attributable to the Holding owners, which amount to Tenge 2,665,504,904 thousand (31 December 2022: Tenge 2,098,065,738 thousand). The Holding is not subject to regulatory capital requirements.

During 2023 and 2022 the Holding's subsidiaries complied with all externally imposed capital adequacy ratios by exceeding the minimum requirements.

33 Analysis by segment

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

- Strategical management (the Holding Company);
- Affordable housing (Otbasy Bank JSC and KHC JSC);
- Large business support (DBK JSC);
- Agro-industrial complex support (ACC JSC);
- SME support and development (Damu EDF JSC);
- Investments development (QIC JSC);
- Export insurance (KE JSC);
- Provision of second-tier bank services (Bereke Bank JSC).

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

Segment information for the main reportable segments for the years ended 31 December 2023 and 31 December 2022 is set out below:

(In thousands of Kazakhstani Tenge)	**31 December 2023**	**31 December 2022**
ASSETS		
Strategical management	4,374,576,193	4,204,926,324
Affordable housing	5,482,254,407	4,889,170,031
Large business support	4,312,766,658	3,944,992,298
Agro-industrial complex support	1,412,101,316	1,297,553,773
SME support and development	424,610,777	427,480,978
Investments development	283,646,344	257,411,499
Export insurance	153,386,752	149,846,288
Provision of second-tier bank services (disposal group)	1,935,962,361	1,536,013,833
Total assets	**18,379,304,808**	**16,707,395,024**
LIABILITIES		
Strategical management	2,838,722,583	2,892,956,783
Affordable housing	4,636,952,550	4,178,624,212
Large business support	3,424,229,282	3,328,444,572
Agro-industrial complex support	961,252,774	902,568,403
SME support and development	221,563,293	250,016,835
Investments development	54,559,540	55,195,518
Export insurance	35,860,261	36,837,149
Provision of second-tier bank services (disposal group)	1,481,471,887	1,406,073,721
Total liabilities	**13,654,612,170**	**13,050,717,193**
Reconciliations of reportable segment total assets and total liabilities:		
Total assets for reportable segments		
Total assets	18,379,304,808	16,707,395,024
Consolidation effect	(4,758,884,815)	(4,475,263,347)
Total assets	**13,620,419,993**	**12,232,131,677**
Total liabilities for reportable segments		
Total liabilities	13,654,612,170	13,050,717,193
Consolidation effect	(2,699,697,081)	(2,916,651,254)
Total liabilities	**10,954,915,089**	**10,134,065,939**

(In thousands of Kazakhstani Tenge)	Strategic management	Affordable housing	Large business support	SME support and development	Investments development	Export insurance and other	Agro-industrial complex support	Provision of second-tier bank services	Total
2023									
Interest income	272,389,700	469,725,520	413,728,801	38,705,150	13,704,546	17,162,537	216,280,932	-	1,441,697,186
Interest expense	(288,474,925)	(217,155,891)	(228,992,815)	(8,088,073)	(1,194,315)	-	(112,219,659)	-	(856,125,678)
Net interest income/(expense)	**(16,085,225)**	**252,569,629**	**184,735,986**	**30,617,077**	**12,510,231**	**17,162,537**	**104,061,273**	**-**	**585,571,508**
Provision for loan portfolio impairment	-	1,267,294	40,464,724	(1,673,333)	(542,603)	-	(48,684,826)	-	(9,168,744)
Net fee and commission income/(expense)	-	(2,540,133)	49,975	29,756,451	-	-	-	-	27,266,293
Net loss on assets measured at fair value through profit or loss	-	(60,979)	-	(968)	(3,538,425)	-	-	-	(3,600,372)
Net foreign exchange gain /(loss)	(39,374)	4,752,168	5,153,175	(49,384)	5,819,661	(2,270,455)	(429,477)	-	12,936,314
Net gain/(loss) on investment securities measured at fair value through profit or loss	1,999,168	5,618,901	3,582,909	-	(6,628,115)	37,767	2,096,691	-	6,707,321
Net insurance premiums earned	-	1,634,103	-	-	-	6,917,231	-	-	8,551,334
Net gain from derecognition of financial assets measured at amortised cost	-	-	1,579,700	1,471,514	-	-	-	-	3,051,214
Net insurance claims incurred and changes in insurance contract provisions	-	(1,531,168)	-	-	-	(13,200,265)	-	-	(14,731,433)
Other operating (expense)/income, net	149,835,296	(34,247,454)	(9,764,077)	(18,564,133)	(1,779,229)	(13,588)	6,831,126	-	92,297,941
Operating income	**135,709,865**	**227,462,361**	**225,802,392**	**41,557,224**	**5,841,520**	**8,633,227**	**63,874,787**	**-**	**708,881,376**
Provision for impairment of other financial assets and credit related commitments	(12,135,205)	16,105,661	2,226,438	13,877,113	20,615	54,085	(3,258,505)	-	16,890,202
Administrative expenses	(6,029,675)	(32,110,086)	(10,292,351)	(8,122,890)	(3,502,775)	(2,172,994)	(19,573,127)	-	(81,803,898)
Profit before tax	**117,544,985**	**211,457,936**	**217,736,479**	**47,311,447**	**2,359,360**	**6,514,318**	**41,043,155**	**-**	**643,967,680**
Income tax benefit/(expense)	12,296,944	(22,080,248)	(37,718,499)	(8,719,430)	(4,120,802)	(1,560,434)	(11,488,013)	-	(73,390,482)
Profit of disposal groups recorded as held for sale	-	-	-	-	-	-	-	37,351,886	37,351,886
Segment result	**129,841,929**	**189,377,688**	**180,017,980**	**38,592,017**	**(1,761,442)**	**4,953,884**	**29,555,142**	**37,351,886**	**607,929,084**

(In thousands of Kazakhstani Tenge)	**Strategic management**	**Affordable housing**	**Large business support**	**SME support and development**	**Investments development**	**Export insurance and other**	**Agro-industrial complex support**	**Provision of second-tier bank services**	**Total**
2022									
Interest income	252,021,685	397,127,588	317,893,609	35,551,827	7,973,449	12,736,176	176,405,609	74,801,399	1,274,511,342
Interest expense	(268,762,315)	(189,603,223)	(210,019,302)	(7,818,871)	(1,506,589)	-	(89,245,130)	(45,999,325)	(812,954,755)
Net interest income/(expense)	**(16,740,630)**	**207,524,365**	**107,874,307**	**27,732,956**	**6,466,860**	**12,736,176**	**87,160,479**	**28,802,074**	**461,556,587**
(Provision)/reversal of provision for loan portfolio impairment	-	15,493,558	(46,790,634)	(2,280,241)	(170,773)	-	(55,553,105)	(15,571,944)	(104,873,139)
Net fee and commission income/(expense)	-	(4,802,662)	253,586	24,853,961	-	56,661	-	6,051,405	26,412,951
Net (loss)/gain on assets measured at fair value through profit or loss	-	-	(866,611)	12,497	1,438,492	-	-	37,732,040	38,316,418
Net foreign exchange gain /(loss)	278,110	(2,388,604)	1,993,695	384,085	721,853	2,324,209	(557,501)	52,587,976	55,343,823
Net gain/(loss) on investment securities measured at fair value through profit or loss	2,163,145	1,475,366	(23,026,959)	-	-	11,681	-	-	(19,376,767)
Net insurance premiums earned	-	2,604,931	-	-	-	3,990,070	-	-	6,595,001
Net gain from derecognition of financial assets measured at amortised cost	-	-	8,744,373	32,793,975	-	(7,583)	-	-	41,530,765
Net insurance claims incurred and changes in insurance contract provisions	-	(6,307,198)	-	-	-	(13,285,344)	-	-	(19,592,542)
Other operating (expense)/income, net	74,077,109	(13,116,542)	9,209,819	(3,078,608)	(860,743)	(101,550)	(233,112)	214,802	66,111,175
Operating income	**59,777,734**	**200,483,214**	**57,391,576**	**80,418,625**	**7,595,689**	**5,724,320**	**30,816,761**	**109,816,353**	**552,024,272**
(Provision)/reversal of provision for impairment of other financial assets and credit related commitments	7,372,435	(15,650,277)	2,218,160	(9,193,807)	10,021	(97,931)	(47,314)	2,744,560	(12,644,153)
Administrative expenses	(5,629,518)	(28,704,362)	(9,061,260)	(6,783,258)	(2,932,716)	(2,633,892)	(16,032,575)	(24,751,496)	(96,529,077)
Profit before tax	**61,520,651**	**156,128,575**	**50,548,476**	**64,441,560**	**4,672,994**	**2,992,497**	**14,736,872**	**87,809,417**	**442,851,042**
Income tax benefit/(expense)	3,228,090	(15,355,198)	(16,423,589)	(12,481,494)	(3,422,789)	(720,352)	(2,980,836)	507,049	(47,649,119)
Segment result	**64,748,741**	**140,773,377**	**34,124,887**	**51,960,066**	**1,250,205**	**2,272,145**	**11,756,036**	**88,316,466**	**395,201,923**

(In thousands of Kazakhstani Tenge)	**2023**	**2022**
Reconciliations of reportable segment revenues and profit or loss:		
Reportable segment net interest income	585,571,508	461,556,587
Other adjustments	(33,164,904)	1,694,899
Total net interest income	**552,406,604**	**463,251,486**
Reportable segment profit	607,929,086	395,201,923
Consolidation effect	(200,282,299)	(14,576,354)
Total profit	**407,646,787**	**380,625,569**

34 Business combinations

On 1 September 2022, the Holding acquired control over Subsidiary Bank Sberbank of Russia Joint Stock Company (the “Bank”) by purchasing 99.99% of the Bank's ordinary shares.

On 14 September 2022, the corporate name of the Bank was changed from “Subsidiary Bank Sberbank of Russia Joint Stock Company to Bereke Bank JSC.

Bereke Bank JSC provides retail and corporate banking services in the Republic of Kazakhstan, accepts deposits from the public, extends loans, makes transfers within Kazakhstan and abroad, exchanges currencies and provides other banking services to its corporate and retail customers. The Holding evaluates the significance of the bank for the national financial system as high. Modern infrastructure and technology of Bereke Bank JSC allow the bank to operate efficiently and continue providing financing to the real sector of economy of Kazakhstan. The transaction allowed the bank to be removed from the sanctions list “Special Designated Nationals and Blocked Persons List” (OFAC SDN List) and resume active full scale banking operations, attract deposits and make payments and continue to develop products and services for public and business.

From the date of acquisition to 31 December 2022, net interest income of Bereke Bank JSC was Tenge 28,802,074 thousand and net profit was Tenge 88,316,466 thousand.

According to management, should the acquisition of Bereke Bank JSC had occurred on 1 January 2022, the consolidated net interest income would have been Tenge 478,558,412 thousand, and consolidated profit for the year would have been Tenge 167,787,103 thousand. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2022.

Consideration transferred

The Holding purchased 99.99% ordinary shares of Subsidiary Bank Sberbank of Russia Joint Stock Company.

As part of the transaction of acquisition of subsidiary, on 25 August 2022 the Holding opened term deposits with the Bank for a total amount of Tenge 100,000,000 thousand maturing on 26 February 2024. The fair value of that financial liability of the Bank was determined by discounting the future contractual cash flows using a market interest rate. The Bank used the following assumptions to estimate the market interest rate at the date of initial recognition:

- yield curve of Kazakhstan government bonds in Tenge with respective maturity at the said date;
- the Bank's premium for credit risk.

The negative difference between the fair value and nominal value of these term deposits at the date of initial recognition of Tenge 14,311,988 thousand was recognised in consideration transferred.

Identifiable assets acquired and liabilities assumed

Recognised amounts of identifiable assets acquired and liabilities assumed were as follows:

(In thousands of Kazakhstani Tenge)	**At 1 September 2022**
Cash and cash equivalents	328,899,384
Loans and advances to customers	987,224,705
Investment securities	3,820,143
Property, plant and equipment	47,511,271
Intangible assets	20,135,658
Other financial assets	15,300,083
Other assets	19,299,870
Total assets	**1,422,191,114**
Amounts due to credit institutions	88,584,837
Customer accounts	902,553,977
Liabilities to the mortgage organisation	211,477,673
Current corporate income tax liabilities	1,248,678
Deferred corporate income tax liabilities	588,548
Other financial liabilities	33,481,186
Other liabilities	9,245,576
Total liabilities	**1,247,180,475**
Contingent assets related legal proceedings	422,000
Deferred dividend payment liabilities	130,000,000
Net identifiable assets	**44,588,639**

Bargain purchase gain

Bargain purchase gain as a result of acquisition of Bereke Bank JSC recognised in the consolidated statement of profit or loss and other comprehensive income has been calculated as follows:

(In thousands of Kazakhstani Tenge)	
Fair value of net identifiable assets	44,588,639
Fair value of consideration transferred in cash	-
Fair value of consideration transferred in the form of discount on initial recognition	14,311,988
Total bargain purchase gain	**30,276,651**

Following inclusion of Subsidiary Bank Sberbank of Russia Joint Stock Company into the OFAC SDN list in April 2022, the Bank, being a subsidiary of Sberbank of Russia PJSC, faced the following problems: limitations imposed on banking transactions, withdrawal of the Bank credit rating, significant outflow of customer accounts, closing of correspondent accounts with other banks, liquidity shortage, breach of prudential requirements, including capital adequacy ratios. The Government of the RK started negotiations with Sberbank of Russia PJSC for acquisition of Subsidiary Bank Sberbank of Russia Joint Stock Company, the second largest bank in the RK, to support the national financial system. The consideration offered for the Bank was estimated based on conservative measurement of fair value of assets and liabilities of the Bank as at the acquisition date due to complicated situation of the Bank during transaction negotiation.

Fair value measurement

An independent valuer was engaged to measure fair value of acquired assets and assumed liabilities at the acquisition date.

The valuation techniques used for measuring the fair value of assets acquired were as follows.

Assets acquired	Valuation technique
Loans and advances to customers	*Discounted cash flows:* As part of measurement of fair value of loan portfolio, the portfolio has been segmented by type of borrowers, loan status, loan type, collateral type, and lending product. Interest rates of the issued performing loans have been analysed for their compliance with the market rates. Such analysis has been performed separately for standard bank loans, for loans under special-purpose programmes, and those under individual terms. Fair value of loans to customers have been measured as present value of expected future contractual cash flows discounted at the average market effective interest rate for mortgage loans at the acquisition date.
Mortgage loans to customers issued under the state programme (“Baspana”)	*Discounted cash flows*: Interest rates of the mortgage loans issued under the state programme (“Baspana”) have been analysed for their compliance with the market rates. Fair value of loans to customers has been measured as present value of expected future contractual cash flows discounted at the average market effective interest rate for mortgage loans at the acquisition date.
Property, plant and equipment	*Market comparison technique:* The valuation model uses inputs based on quoted market prices for similar items, considering the following criteria: location, square area, utility service connection, intended use. For the valuation purpose, the selected comparable items were adjusted to take account of a trade discount.

The valuation technique used to determine the fair value of material assumed liabilities is set out below:

Liabilities assumed	Valuation technique
Amounts due to credit institutions	*Discounted cash flows:* The valuation model considers the present value of expected future cash flows estimated according to the terms of deposit agreements with the Holding. A discount rate was based on the Tenge yield curve, taking account of a credit spread. Fair value of amounts due to credit institutions classified as “On demand” which comprised correspondent (loro) accounts with other banks have been measured at least at their face value at the acquisition date.
Amounts due to corporate and retail customers	*Analysis of weighted average interest rates on deposit sub-portfolios as to their matching the market rates* Fair value of liabilities classified as “On demand” (including current accounts and demand deposits from customers) have been measured at least at their face value at the acquisition date.
Liabilities to the mortgage organisation	*Discounted cash flows:* The valuation model considers the present value of expected future cash flows estimated according to the contract terms. A discount rate was based on the Tenge yield curve, taking account of a credit spread.

The methods and assumptions used to determine the fair value of the Bank’ financial instruments at the acquisition date were substantially consistent with the fair value estimation techniques described in *Note* 37.

The related gross contract amounts and estimated uncollectible amounts attributable to them as at the date of acquisition are as follows:

- Loans and advances to customers – Tenge 1,343,109,000 thousand and Tenge 202,705,000 thousand,
- Other financial assets – Tenge 15,300,083 thousand.

35 Contingencies

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

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

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

Investment related commitments. The Holding purchases private equity funds liabilities to include in its portfolio. The Holding diversifies the investment portfolio by distributing investments among managers, relevant industries, territories and investment stages. As of 31 December 2023 the contingent capital commitments totalled Tenge 11,159,414 thousand (31 December 2022: Tenge 12,995,414 thousand). Under the constituent agreements of private equity funds, in case of default on capital commitments, after the manager issued a due claim, the Holding may be subject to sanctions, including moratorium on interest, cessation of profit distribution, temporary denial of right to participate in the corporate governance of the funds and forced sale of the Holding's share to co-investors and third parties. As at 31 December 2023 and 2022 the Holding did not have overdue investment commitments.

Compliance with covenants. The subsidiaries of the Holding are subject to certain covenants primarily relating to their borrowings. Non-compliance with these covenants may result in negative consequences for the Holding. The Holding was in compliance with covenants at 31 December 2023 and 31 December 2022.

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 Holding does not have full coverage for its premises and equipment, business interruption, or third-party liability in respect of property or environmental damage arising from accidents on its property or related to operations. Until the Holding obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on operations and consolidated financial position of the Holding.

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

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

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

(In thousands of Kazakhstani Tenge)	**31 December 2023**	**31 December 2022**
Commitments to extend credit that are irrevocable or revocable only in response to a material adverse change	36,637,739	82,610,900
Loan and credit line commitments	352,155,794	434,357,159
Finance lease commitments	444,298,535	209,865,159
Financial guarantees issued	806,051,026	434,998,529
Total credit related commitments less provision	**1,639,143,094**	**1,161,831,747**

The total outstanding contractual amount of undrawn credit lines, letters of credit, and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded. Credit related commitments are denominated in Tenge.

As at 31 December 2023, included in loan, credit line and finance lease and other commitments related to settlement operations is the amount of Tenge 85,727,002 thousand, related to eight borrowers (2022: related to settlement operations is the amount of Tenge 72,126,376 thousand, related to twelve borrowers), which, if aggregated with current amount of loans in the amount of Tenge 178,095,250 thousand (2022: Tenge 240,512,190 thousand) comprise a significant credit exposure.

As at 31 December 2023 loan and credit line commitments include revocable commitments of Tenge 156,028,243 thousand (31 December 2022: Tenge 118,827,146 thousand). The Loan Commitment Agreement provides for the right of the Holding to unilaterally withdraw from the agreement in the event of unfavourable conditions for the Company, and in case of lack of resources for lending.

36 Offsetting financial assets and financial liabilities

The Holding has master netting arrangements of the International Swap and Derivatives Association ("ISDA"), and similar master netting agreements that do not meet offsetting criteria in the consolidated statement of financial position. The reason is that they create the right to offset recognised amounts that is legally effective only in case of default, insolvency, or bankruptcy of the Holding and its counteragents. In addition, the Holding and its counteragents do not intend to settle debt through offsetting or sell an asset and perform liability simultaneously.

Financial assets and liabilities subject to enforceable master netting and similar arrangements are as follows at 31 December 2023:

				Amounts subject to master netting and similar arrangements not set off in the consolidated statement of financial position		
(In thousands of Kazakhstani Tenge)	Gross amounts before offsetting in the consolidated statement of financial position (a)	Gross amounts set off in the consolidated statement of financial position (b)	Net amount after offsetting in the consolidated statement of financial position (c) = (a) - (b)	Financial instruments (d)	Cash collateral received (f)	Net amount of exposure (c) - (d) + (f)
ASSETS						
Cash and cash equivalents	825,588,944	-	825,588,944	(824,825,199)	-	763,745
Loans to customers	573,099	-	573,099	-	(3,086)	570,013
TOTAL ASSETS SUBJECT TO OFFSETTING, MASTER NETTING AND SIMILAR ARRANGEMENT	**826,162,043**	**-**	**826,162,043**	**(824,825,199)**	**(3,086)**	**1,333,758**
LIABILITIES						
Customer accounts	(3,086)	-	(3,086)	3,086	-	-
Amounts payable under repurchase agreements	(27,362,351)	-	(27,362,351)	31,368,459	-	4,006,108
TOTAL LIABILITIES SUBJECT TO OFFSETTING, MASTER NETTING AND SIMILAR ARRANGEMENT	**(27,365,437)**	**-**	**(27,365,437)**	**31,371,545**	**-**	**4,006,108**

Financial assets and liabilities subject to enforceable master netting and similar arrangements are as follows at 31 December 2022:

(In thousands of Kazakhstani Tenge)	Gross amounts before offsetting in the consolidated statement of financial position (a)	Gross amounts set off in the consolidated statement of financial position (b)	Net amount after offsetting in the consolidated statement of financial position (c) = (a) - (b)	Amounts subject to master netting and similar arrangements not set off in the consolidated statement of financial position		Net amount of exposure (c) - (d) + (f)
				Financial instruments (d)	Cash collateral received (f)	
ASSETS						
Cash and cash equivalents	1,108,079,063	-	1,108,079,063	(1,107,057,086)	-	1,021,977
Loans to customers	114,645,710	-	114,645,710	-	(13,431,525)	101,214,185
TOTAL ASSETS SUBJECT TO OFFSETTING, MASTER NETTING AND SIMILAR ARRANGEMENT	**1,222,724,773**	**-**	**1,222,724,773**	**(1,107,057,086)**	**(13,431,525)**	**102,236,162**
LIABILITIES						
Customer accounts	(13,431,525)	-	(13,431,525)	13,431,525	-	-
TOTAL LIABILITIES SUBJECT TO OFFSETTING, MASTER NETTING AND SIMILAR ARRANGEMENT	**(13,431,525)**	-	**(13,431,525)**	**13,431,525**	-	-

The amount set off in the consolidated statement of financial position reported in column (b) is the lower of (i) the gross amount before offsetting reported in column (a) and (ii) the amount of the related instrument that is eligible for offsetting. Similarly, the amounts in columns (d) and (f) are limited to the exposure reported in column (c) for each individual instrument in order not to understate the ultimate net exposure.

37 Fair value

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

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

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

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

	31 December 2023				**31 December 2022**			
(In thousands of Kazakhstani Tenge)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
ASSETS AT FAIR VALUE								
Other assets measured at fair value through profit or loss	4,208	-	169,745,504	169,749,712	4,241	-	162,338,631	162,342,872
Investment securities	385,500,569	62,444,763	1,172,773	449,118,105	388,653,348	99,425,182	1,594,526	489,673,056
Loans to customers	-	-	188,327,278	188,327,278	-	-	208,974,921	208,974,921
TOTAL ASSETS AT FAIR VALUE	**385,504,777**	**62,444,763**	**359,245,555**	**807,195,095**	**388,657,589**	**99,425,182**	**372,908,078**	**860,990,849**

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

The Holding applies the discounted cash flow method for impaired investment securities measured at fair value through other comprehensive income and other assets measured at fair value through profit or loss for which fair value cannot be determined based on inputs from observable markets.

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

There were no changes in valuation techniques for level 2 recurring fair value measurements during the year ended 31 December 2023 (2022: none).

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

The Holding's investments in equity instruments categorised as level 3 comprise holdings in investment funds. These funds invest primarily in private equity through purchasing unlisted ordinary shares of businesses in emerging markets (predominantly the Republic of Kazakhstan). To determine fair value of investments in these funds, the Holding engaged an independent appraiser for the years ended 31 December 2023 and 31 December 2022. The approach followed by the appraiser was to estimate the fair value of the underlying portfolio investments (businesses) held by each fund, and then calculate the Holding's share of this business value. As a cross check, the appraiser also reviews fair values of investments as reported by each of the funds, and assesses the basis for material differences between the appraised fair value and fair values reported by the managers.

A number of valuation techniques were used by the appraiser to value the underlying portfolio investments, depending on the nature of the business concerned, the availability of market comparables, and the stage in the business's life cycle.

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

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

The table below provides information on significant unobservable inputs used at the year-end to value the most significant companies included in the portfolio of private equity funds categorised into Level 3 of the fair value hierarchy as at 31 December 2023, in addition to sensitivity analysis to changes in unobservable data, which the Holding thinks reasonably possible at the reporting date, assuming that all other variables remain unchanged.

Type of instrument	Company industries	Fair value of the Holding's interest In thousands of Kazakhstani Tenge	Valuation technique	Significant unobservable inputs	Range of values for the group	Effect from changes in significant unobservable inputs
	Transport and logistics	81,613,847	Income approach, discounted cash flows, put option and adjusted NAV	EBITDA margin	14.59%-24.12%	Increase in EBIDTA margin would result in higher estimated fair value of investment
	Power engineering	8,691,865	Income approach, discounted cash flows	EBITDA margin	21.00%	Increase in EBIDTA margin and revenue growth would result in higher estimated fair value of investment
	Agriculture	17,635,896	Income approach, discounted cash flows	EBITDA margin	10.08%-22.24%	Increase in discount rate would result in lower estimated fair value of investment
	Unconventional energy	13,609,874	Income approach, discounted cash flows	EBITDA margin	66.38%	Increase in EBIDTA margin would result in higher estimated fair value of investment
	Venture capital funding	9,125,608	Adjusted NAV	Adjustment to NAV		Increase in net asset value would result in higher fair value of investment
	Manufacturing	27,712,119	Income approach, discounted cash flows	EBITDA margin	17.64%	Increase in EBIDTA margin would result in higher estimated fair value of investment
	Education	2,937,641	Income approach, discounted cash flows	EBITDA margin	50.28%	Increase in EBIDTA margin and revenue growth would result in higher estimated fair value of investment
	Medical diagnostics	2,356,387	Income approach, discounted cash flows	EBITDA margin; Revenue growth		Increase in EBIDTA margin and revenue growth would result in higher estimated fair value of investment
Unquoted equity instruments	Entertainment	1,989,006	Income approach, discounted cash flows	EBITDA margin	14.15%	Increase in EBIDTA margin would result in higher estimated fair value of investment
	Other	4,073,261				
Total		**169,745,504**				

The table below provides information on significant unobservable inputs used at the year-end to value the most significant companies included in the portfolio of private equity funds categorised into Level 3 of the fair value hierarchy as at 31 December 2022, in addition to sensitivity analysis to changes in unobservable data, which the Holding thinks reasonably possible at the reporting date, assuming that all other variables remain unchanged.

Type of instrument	Company industries	Fair value of the Holding's interest In thousands of Kazakhstani Tenge	Valuation technique	Significant unobservable inputs	Range of values for the group	Effect from changes in significant unobservable inputs
	Transport and logistics	72,561,937	Income approach, discounted cash flows	EBITDA margin	10.97%-40.1%	Increase in EBIDTA margin would result in higher estimated fair value of investment
	Power engineering	24,501,300	Income approach, discounted cash flows	Credit risk margin	3.64%-4%	Increase in discount rate would result in lower estimated fair value of investment
	Agriculture	29,086,438	Income approach, discounted cash flows	EBITDA margin	20.3%-27%	Increase in EBIDTA margin would result in higher estimated fair value of investment
	Unconventional energy	12,512,944	Income approach, discounted cash flows	EBITDA margin	28.5%-83.06%	Increase in EBIDTA margin would result in higher estimated fair value of investment
	Venture capital funding	9,528,238	Adjusted NAV	Adjustment to NAV	-	Increase in net asset value would result in higher fair value of investment
	Education	2,224,571	Income approach, discounted cash flows	EBITDA margin	15.8%	Increase in EBIDTA margin and revenue growth would result in higher estimated fair value of investment
	Manufacturing	6,714,376	Income approach, discounted cash flows	EBITDA margin; Revenue growth	18	Increase in EBIDTA margin and revenue growth would result in higher estimated fair value of investment
	Entertainment	1,662,199	Income approach, discounted cash flows	EBITDA margin	22.7%	Increase in EBIDTA margin and revenue growth would result in higher estimated fair value of investment
Unquoted equity instruments	Medical diagnostics	611,607	Income approach, discounted cash flows	EBITDA margin	18%	Increase in EBIDTA margin would result in higher estimated fair value of investment
	Other	2,935,021				
Total		**162,338,631**				

The valuation technique and inputs used in the fair value measurement for level 3 measurements of loans to customers, investment securities measured at fair value and related sensitivity to reasonably possible changes in those inputs as at 31 December 2023 are as follows:

(In thousands of Kazakhstani Tenge)	**Fair value**	**Valuation technique**	**Inputs used**	**Range of inputs (weighted average)**	**Sensitivity analysis of fair value to unobservable inputs**
Loans to customers measured at fair value through profit or loss	188,327,278	Discounted cash flow	Discount rate	14.01%-26.67%	Increase in discount rate would result in lower fair value
Debt securities measured at fair value	1,172,773	Discounted cash flow	Discount rate	15.63%	Increase in discount rate would result in lower fair value
	189,500,051				

The valuation technique and inputs used in the fair value measurement for level 3 measurements of investment securities measured at fair value and embedded instrument and related sensitivity to reasonably possible changes in those inputs as at 31 December 2022 are as follows:

(In thousands of Kazakhstani Tenge)	**Fair value**	**Valuation technique**	**Inputs used**	**Range of inputs (weighted average)**	**Sensitivity analysis of fair value to unobservable inputs**
Loans to customers measured at fair value through profit or loss	208,974,921	Discounted cash flows	Discount rate	US Dollar 5.75%, Tenge 14.84%-26.66%	Significant increase in discount rate would result in lower fair value
Debt securities measured at fair value	1,594,526	Discounted cash flows	Discount rate	17.91%	Significant increase in discount rate would result in lower fair value
	210,569,447				

The above tables disclose sensitivity to valuation inputs for financial assets and financial liabilities, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly. For this purpose, significance was judged with respect to profit or loss, and total assets or total liabilities, or, when changes in fair value are recognised in comprehensive income, total equity.

The sensitivity of fair value measurement disclosed in the above table shows the direction that an increase or decrease in the respective input variables would have on the valuation result.

A reconciliation of movements in Level 3 of the fair value hierarchy by class of instruments for the year ended 31 December 2023 is as follows:

(In thousands of Kazakhstani Tenge)	**Other assets measured at fair value through profit or loss**	**Investment securities**	**Loans to customers measured at fair value through profit or loss**
Fair value as at 1 January 2023	**162,338,631**	**1,594,526**	**208,974,921**
Gains or losses recognised in profit or loss for the year	4,441,628	206,660	1,679,402
Purchases	16,881,149	-	33,159,060
Repayment, contracts termination	-	(628,413)	(55,486,105)
Disposals	(13,915,904)	-	-
Fair value at 31 December 2023	**169,745,504**	**1,172,773**	**188,327,278**

A reconciliation of movements in Level 3 of the fair value hierarchy by class of instruments for the year ended 31 December 2022 is as follows:

(In thousands of Kazakhstani Tenge)	**Other assets measured at fair value through profit or loss**	**Investment securities**	**Embedded derivatives**	**Loans to customers measured at fair value through profit or loss**
Fair value as at 1 January 2022	**154,114,165**	**16,023,411**	**1,267,117**	**234,731,679**
Gains or losses recognised in profit or loss for the year	13,073,390	2,339,081	(866,611)	(13,657,973)
Purchases	4,950,248	-	-	59,429,627
Transferred to instruments of Level 2		(16,213,452)	-	-
Repayment, contracts termination	-	(554,514)	(400,506)	(71,528,412)
Disposals	(9,799,172)	-	-	-
Fair value at 31 December 2022	**162,338,631**	**1,594,526**	**-**	**208,974,921**

Although the Holding believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements of loans to customers and embedded derivatives in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects as at 31 December 2023 and as at 31 December 2022:

	Effect on fair value as at 31 December 2023		**Effect on fair value as at 31 December 2022**	
(In thousands of Kazakhstani Tenge)	**Favourable**	**Unfavourable**	**Favourable**	**Unfavourable**
Unquoted equity instruments				
Transport and logistics	7,928,006	(6,355,286)	5,577,002	(3,080,529)
Power engineering	1,350,922	(1,152,270)	421,742	(408,267)
Agriculture	1,178,779	(1,035,579)	592,784	(134,771)
Unconventional energy	999,341	(852,894)	718,964	(626,739)
Manufacturing	1,788,570	(1,735,874)	2,845,390	(2,615,845)
Venture capital funding	513,363	(513,363)	476,412	(476,412)
Entertainment	99,450	(99,450)	114,287	(104,176)
Education	269,330	(232,421)	223,707	(191,942)
Medical diagnostics	4,567	(4,389)	4,628	(4,413)
Total unquoted equity instruments	**14,132,328**	**(11,981,526)**	**10,974,916**	**(7,643,094)**

	2023 Effect on profit or loss		**2022 Effect on profit or loss**	
(In thousands of Kazakhstani Tenge)	**Favourable**	**Unfavourable**	**Favourable**	**Unfavourable**
Loans to customers	3,984,020	(3,742,361)	3,619,340	(3,386,630)
Total	**3,984,020**	**(3,742,361)**	**3,619,340**	**(3,386,630)**

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

- for equity instruments measured at profit or loss decrease and increase in the discount rate by 1%;
- for venture funding adjustment to NAV by 5%;
- for investments measured at profit or loss, branches of manufacturing:
  - decrease and increase in the weighted average cost of capital by1%;
  - decrease and increase in revenue growth rate by 5%.
- for loans to customers measured at fair value through profit or loss: decrease and increase in the discount rate by 1 %.

Assets and liabilities not measured at fair value but for which fair value is disclosed. Fair values analysed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value at 31 December 2023 are as follows:

(In thousands of Kazakhstani Tenge)	Level 1	Level 2	Level 3	Total	Carrying amount
ASSETS					
Cash and cash equivalents	-	2,214,953,148	-	2,214,953,148	2,214,953,148
Loans to banks and financial institutions	-	283,583,152	2,439,085	286,022,237	338,446,725
Deposits with banks and financial institutions	-	23,861,103	-	23,861,103	23,861,103
Loans to customers	-	5,199,064,069	177,725,838	5,376,789,907	5,533,184,529
Investment securities	-	1,036,745,422	7,448,812	1,044,194,234	1,043,144,435
Finance lease receivables	-	945,392,460	87,938,963	1,033,331,423	1,212,130,428
TOTAL	**-**	**9,703,599,354**	**275,552,698**	**9,979,152,052**	**10,365,720,368**
LIABILITIES					
Due to banks	-	16,288,508	-	16,288,508	16,288,508
Customer accounts	-	2,551,442,404	-	2,551,442,404	2,551,442,404
Debt securities issued	376,670,963	2,883,971,302	-	3,260,642,265	3,801,898,128
Loans from banks and other financial institutions	-	855,157,243	-	855,157,243	856,365,177
Loans from the Government of the Republic of Kazakhstan	-	679,969,545	-	679,969,545	795,421,453
Subordinated debt	-	1,336,515	-	1,336,515	8,640,755
TOTAL	**376,670,963**	**6,988,165,517**	**-**	**7,364,836,480**	**8,030,056,425**

Fair values analysed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value at 31 December 2022 are as follows:

(In thousands of Kazakhstani Tenge)	Level 1	Level 2	Level 3	Total	Carrying amount
ASSETS					
Cash and cash equivalents	-	2,293,973,195	-	2,293,973,195	2,293,973,195
Loans to banks and financial institutions	-	205,732,894	2,057,015	207,789,909	298,999,429
Deposits with banks and financial institutions	-	23,154,952	-	23,154,952	23,154,952
Loans to customers	-	5,799,322,896	196,637,985	5,995,960,881	6,302,995,967
Investment securities	-	973,003,508	6,774,799	979,778,307	966,886,092
Finance lease receivables	-	814,522,861	42,082,623	856,605,484	1,036,255,264
TOTAL	**-**	**10,109,710,306**	**247,552,422**	**10,357,262,728**	**10,922,264,899**
LIABILITIES					
Due to banks	-	8,055,858	-	8,055,858	8,055,858
Customer accounts	-	3,007,141,718	-	3,007,141,718	3,049,901,263
Debt securities issued	371,625,174	2,744,177,300	-	3,115,802,474	3,739,552,209
Loans from banks and other financial institutions	-	965,059,797	-	965,059,797	946,551,807
Loans from the Government of the Republic of Kazakhstan	-	649,669,731	-	649,669,731	776,645,835
Subordinated debt	-	1,658,275	-	1,658,275	8,050,778
Liabilities to the mortgage organisation	-	201,302,720	-	201,302,720	201,302,720
TOTAL	**371,625,174**	**7,577,065,399**	**-**	**7,948,690,573**	**8,730,060,470**

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

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

- Discount rates of 5.46% to 17.17% p.a. for foreign currency loans and of 7.87% to 27.76% p.a. for Tenge loans (31 December 2022: 5.82% to 10.16% p.a. for foreign currency loans and of 7.60% to 28.35% p.a. for Tenge loans) are used for discounting future cash flows on loans to customers;
- Discount rates of 5.90% p.a. for US Dollar and 13.09% to 17.73% p.a. for Tenge (31 December 2022: 6.14% p.a. for US Dollar and 12.07% to 18.43% p.a. for Tenge) are used for discounting future cash flows on debt securities measured at amortised cost;
- Discount rates of 13.36% to 16.40% p.a. (31 December 2022: 12.29% to 19.43% p.a.) are used for discounting future cash flows on loans to banks;
- Discount rates of 13.29% to 28.48% p.a. (31 December 2022: 12.73% to 28.35% p.a.) are used for discounting future cash flows on finance lease receivables;
- Discount rates of 5.72% to 7.21% p.a. for US Dollar and 13.31% to 16.91% p.a. for Tenge (31 December 2022: 6.08% to 7.21% p.a. for US Dollar and 12.90% to 16.82% p.a. for Tenge) are used for discounting future cash flows on debt securities issued;
- Discount rates of 13.28% to 14.23% p.a. (31 December 2022: 12.61% to 14.69% p.a.) are used for discounting future cash flows from loans from the Government of the Republic of Kazakhstan;
- Discount rates of 13.09% to 13.88% p.a. (31 December 2022: 1207% to 13.49% p.a.) are used for discounting future cash flows on subordinated debt;
- Discount rates of 5.72% to 7.61% p.a. for foreign currency loans and of 15.56% to 15.75% p.a. for Tenge loans (31 December 2022: 6.08% to 8.17% p.a. for foreign currency loans and of 16.05% to 17.52% p.a. for Tenge loans) are used for discounting future cash flows on loans from banks and other financial institutions;
- Discount rate of 14.16% p.a. (31 December 2022: 14.28% p.a.) is used for discounting future cash flows on loans from SWF "Samruk-Kazyna".

38 Presentation of financial instruments by measurement category

As at 31 December 2023 and 2022 all financial liabilities of the Holding, other than derivatives, are carried at amortised cost. Derivative financial instruments are designated at fair value through profit or loss.

The following table provides a reconciliation of financial assets with these measurement categories as at 31 December 2023:

(In thousands of Kazakhstani Tenge)	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total carrying amount	Fair value
Financial assets measured at fair value					
Other assets measured at fair value through profit or loss	-	169,749,712	-	169,749,712	169,749,712
Loans to customers	-	188,327,278	-	188,327,278	188,327,278
Investment securities	-	1,246,291	447,871,814	449,118,105	449,118,105
	-	**359,323,281**	**447,871,814**	**807,195,095**	**807,195,095**
Financial assets not measured at fair value					
Cash and cash equivalents	2,214,953,148	-	-	2,214,953,148	2,214,953,148
Loans to banks and financial institutions	338,446,725	-	-	338,446,725	286,022,237
Deposits with banks and financial institutions	23,861,103	-	-	23,861,103	23,861,103
Loans to customers	5,533,184,529	-	-	5,533,184,529	5,376,789,907
Investment securities	1,212,130,428	-	-	1,212,130,428	1,044,194,234
Finance lease receivables	1,043,144,435	-	-	1,043,144,435	1,033,331,423
Other financial assets	25,679,451	-	-	25,679,451	25,679,451
	10,391,399,819	**-**	**-**	**10,391,399,819**	**10,004,831,503**
TOTAL FINANCIAL ASSETS	**10,391,399,819**	**359,323,281**	**447,871,814**	**11,198,594,914**	**10,812,026,598**

The following table provides a reconciliation of financial assets with these measurement categories as at 31 December 2022:

(In thousands of Kazakhstani Tenge)	**Amortised cost**	**Fair value through profit or loss**	**Fair value through other comprehensive income**	**Total carrying amount**	**Fair value**
Financial assets measured at fair value					
Other assets measured at fair value through profit or loss	-	162,342,872	-	162,342,872	162,342,872
Loans to customers	-	208,974,921	-	208,974,921	208,974,921
Investment securities	-	20,862,935	468,810,121	489,673,056	489,673,056
	-	**392,180,728**	**468,810,121**	**860,990,849**	**860,990,849**
Financial assets not measured at fair value					
Cash and cash equivalents	2,293,973,195	-	-	2,293,973,195	2,293,973,195
Loans to banks and financial institutions	298,999,429	-	-	298,999,429	207,789,909
Deposits with banks and financial institutions	23,154,952	-	-	23,154,952	23,154,952
Loans to customers	6,302,995,967	-	-	6,302,995,967	5,995,960,881
Investment securities	966,886,092	-	-	966,886,092	979,778,307
Finance lease receivables	1,036,255,264	-	-	1,036,255,264	856,605,484
Other financial assets	41,690,241	-	-	41,690,241	41,690,241
	10,963,955,140	**-**	**-**	**10,963,955,140**	**10,398,952,969**
TOTAL FINANCIAL ASSETS	**10,963,955,140**	**392,180,728**	**468,810,121**	**11,824,945,989**	**11,259,943,818**

39 Related party transactions

Parties are generally considered to be related if the parties are under common control, or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Government of the Republic of Kazakhstan has control over the Holding as the Government of the Republic of Kazakhstan is an ultimate controlling party of the Holding. The Holding decided to apply the exemption from disclosure of individually insignificant transactions and balances with the state-owned entities.

At 31 December 2023, the outstanding balances with related parties and average nominal interest rates were as follows:

(In thousands of Kazakhstani Tenge)	**Ultimate parent organisation**	**Associates and joint ventures**	**Transactions with state-owned entities**
ASSETS			
Cash and cash equivalents (nominal interest rates: 0.40%-16.57%)	17,030,846	-	1,848,788,325
Loans to customers (nominal interest rates: 0.40%-12.00%)	-	925,242	511,232,917
Other assets measured at fair value through profit or loss	-	96,452,509	2,200
Investment securities measured at fair value through other comprehensive income (nominal interest rates: 5.00-19.40%)	47,677,316	-	14,561,840
Investment securities measured at fair value through profit or loss (nominal interest rates: 5.50%- 7.68%)	73,518	-	-
Investment securities measured at amortised cost (nominal interest rates: 4.87%-19.40%)	55,031,116	-	872,751,032
Finance lease receivables (nominal interest rate: 7.57%)	-	-	360,904,295
Equity-accounted investees	-	434,037	-
Current income tax prepayment	-	-	41,301,861
Deferred income tax asset	-	-	36,870,714
Other financial assets	11,763	-	376,681
Other assets	562,090	-	74,273,228
Non-current assets held for sale	19,102,080	3,222,780	658,361,541
LIABILITIES			
Customer accounts	-	-	1,070,135
Debt securities issued (nominal interest rates: 0.01%-11.81%)	-	-	2,829,113,515
Subordinated debt (nominal interest rate: 0.01%)		-	8,640,755
Loans from banks and other financial institutions (nominal interest rates: 0.20%)	-	-	2,276,907
Loans from Government of the Republic of Kazakhstan (nominal interest rates: 0.01%-1.00%)	795,421,453	-	-
Deferred income tax liability	-	-	51,538,443
Current income tax liability	-	-	306,316
Other financial liabilities	209,591	-	12,943,810
Government grants	-	-	1,034,690,361
Other liabilities	970,706	-	22,108,898
Liabilities directly related to disposal groups held for sale	-	-	674,400,094

The income and expense items on the related party transactions for 2023 were as follows:

(In thousands of Kazakhstani Tenge)	**Ultimate parent organisation**	**Associates and joint ventures**	**Transactions with state-owned entities**
Interest income calculated using effective interest method	28,596,002	-	399,818,911
Interest expense	(94,229,069)	-	(291,201,403)
Fee and commission income	625,600	-	378,503
Fee and commission expense	-	-	(513,969)
Net income from trading securities	(968)	-	(127,887)
Net foreign exchange gain	(131,650)	-	(3,258,022)
Net gain on assets measured at fair value through profit or loss	-	4,441,628	46,205
Provision for loan portfolio impairment	-	-	9,105,026
Provision for impairment of other financial assets and credit related commitments	(53,494)	-	(860,744)
Net expense on insurance benefits and changes in provisions	-	-	226,601
Administrative expenses	-	-	(1,744,008)
Other (expense)/income	(78,326)	-	70,124,330
Income tax expense	-	-	(73,390,482)
Profit from discontinued operation (net of income tax)	-	-	6,306,486

The balances as at 31 December 2022 for transactions with related parties are as follows:

(In thousands of Kazakhstani Tenge)	**Ultimate parent organisation**	**Associates and joint ventures**	**Transactions with state-owned entities**
ASSETS			
Cash and cash equivalents	39,909,189	-	1,922,546,086
Loans to customers (nominal interest rates: 0.40%-10.5%)	-	-	578,996,076
Other assets measured at fair value through profit or loss	-	86,408,980	2,200
Investment securities measured at fair value through other comprehensive income (nominal interest rates: 2.99%-15.35%)	62,371,288	-	18,292,448
Investment securities measured at fair value through profit or loss (nominal interest rates: 4.93%- 7.68%)	74,139	-	-
Investment securities measured at amortised cost (nominal interest rates: 2.98%-15.8%)	65,001,004	-	841,875,285
Finance lease receivables (nominal interest rate: 6.85%)	-	-	323,281,530
Equity-accounted investees	-	795,344	-
Current income tax prepaid	-	-	18,294,819
Deferred income tax asset	-	-	27,398,004
Other financial assets	11,915	-	1,815,033
Other assets	727,001	-	16,927,661
LIABILITIES			
Customer accounts	-	-	438,959,021
Debt securities issued (nominal interest rates: 0.01%-11.53%)	-	-	2,690,910,997
Subordinated debt (nominal interest rate: 0.01%)	-	-	8,050,778
Loans from banks and other financial institutions (nominal interest rates: 0.01% - 5.5%)	-	-	21,225,539
Loans from Government of the Republic of Kazakhstan (nominal interest rates: 0.01%-1.00%)	776,645,835	-	-
Deferred income tax liability	-	-	45,287,694
Current income tax liability	-	-	2,343,256
Other financial liabilities	175,713	-	8,119,029
Liabilities to the mortgage organisation	-	-	201,302,720
Government grants	-	-	1,052,536,560
Other liabilities	-	-	22,298,170

The income and expense items on the related party transactions for 2022 were as follows:

(In thousands of Kazakhstani Tenge)	**Ultimate parent organisation**	**Associates and joint ventures**	**Transactions with state-owned entities**
Interest income calculated using effective interest method	10,781,774	-	310,886,784
Interest expense	(69,049,740)	-	(227,585,820)
Fee and commission income	625,600	-	1,031,755
Fee and commission expense	-	-	(241,634)
Net income from trading securities	12,497	-	-
Net income from financial derivatives	-	-	37,732,040
Net foreign exchange gain	450,361	-	3,405,315
Net gain on assets measured at fair value through profit or loss	-	-	83,889
Provision for loan portfolio impairment	775	-	(14,906,191)
Provision for impairment of other financial assets and credit related commitments	1,799	-	(37,819)
Net expense on insurance benefits and changes in provisions	-	-	5,987,090
Administrative expenses			(2,066,836)
Other income	(48,494)	-	212,189,799
Income tax expense	-	-	(47,649,119)

Key management compensation is presented below:

(In thousands of Kazakhstani Tenge)	**2023**	**2022**
Members of the Board of Directors and the Management Board	442,069	696,287
Total	**442,069**	**696,287**

Short-term bonuses fall due in full within twelve months after the end of the period in which management rendered the related services.

40 Subsequent events

In January 2024, the Holding issued bonds in the amount of Tenge 190,000,000 thousand with an interest rate of 13.00% and with a maturity date in January 2039 on Kazakhstan Stock Exchange (KASE).

In January 2024, the Holding issued debt securities KZ2C00010841 (KAFIpp4) with nominal amount of Tenge 15,000,000 thousand and debt securities KZ2C00010908 (KAFIpp5) with nominal amount of Tenge 10,000,000 thousand with maturity date until 30 January 2028 and an interest rate of 15.75% p.a. Funds are to ensure the operational activities of the Holding and the purchase of agricultural machinery for further leasing.

In March 2024, the Holding entered into a purchase and sale agreement with a foreign investor to sell 100% of the shares of Bereke Bank JSC with suspensive conditions. Accordingly, the agreement will be executed after the completion of all suspensive conditions, including the investor's obtaining of approval from the regulatory authorities of the Republic of Kazakhstan. As at the date of the issue of these financial statements, the Holding owns 100% of the shares of Bereke Bank JSC (for more details refer to Note 13).

From the beginning of the year until 1 March 2024, the Holding received the planned repayment of the remaining amount of debt on the principal related to loans issued to Halyk Bank of Kazakhstan JSC and Bank CenterCredit JSC for the total amount of Tenge 30,205,539 thousand.

During January-March 2024, the Holding received loans in the amount of Tenge 110,000,000 thousand from the Ministry of Finance of the Republic of Kazakhstan with nominal rate of 0.01% and maturity in November 2024 and December 2025 for the purpose of financing the spring field and harvesting works.

During January-March 2024, local executive bodies repaid bonds for a total amount of Tenge 98,244,000 thousand.

On 31 March 2024, the Holding redeemed bonds KZ2C00010049 (BERKb14) in the amount of Tenge 100,000,000 thousand.

On 15 April 2024, the Holding issued Eurobonds in the amount of USD 500,000 thousand with an interest rate of 5.50% per annum for 3 years and made the first issue of Eurobonds for sustainable development in the amount of Tenge 100,000,000 thousand with an interest rate of 13.00% for 3 years.

Baiterek National Managing Holding Joint Stock Company

International Financial Reporting Standards Consolidated Financial Statements and Independent Auditors' Report

31 December 2024

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Independent Auditors' Report

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

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Holding 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.

<table>
<tr><th colspan="2">Expected credit losses for loans to customers and finance lease receivables</th></tr>
<tr><td colspan="2">Please refer to the Notes 3 (Impairment), 5, 10 and 12 in the consolidated financial statements.</td></tr>
<tr><td>Key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Loans to customers measured at amortised cost and finance lease receivables represent 44% and 11% of total assets, respectively. Loans to customers and finance lease receivables are stated net of allowance for expected credit losses (ECL) that is estimated on a regular basis and is sensitive to assumptions used.

The Holding 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 and finance lease receivables (allocation between stages 1, 2 and 3 in accordance with IFRS 9 Financial Instruments);
– assessment of probability of default (PD) and loss given default (LGD);
– assessment of expected future cash flows 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 the related estimation uncertainty, this area is a key audit matter.</td><td>We analysed the key aspects of the Holding's methodology and policies related to the ECL estimate for compliance with the requirements of IFRS 9, with the involvement of internal financial risk management specialists.

To analyse the adequacy of professional judgement and assumptions used by the Holding in relation to the allowance for the ECL estimate, we performed the following:
- We evaluated the design and implementation of the controls used to assign the internal credit ratings to the counterparties with regard to loans to customers and finance lease receivables. For a sample of loans to customers and finance lease receivables we tested overall adequacy of the internal credit ratings assigned by the Holding to counterparties by assessing independently financial and non-financial information, as well as other available market information about the activities of these borrowers and debtors.
- For a sample of loans to customers and finance lease receivables, for which a potential changes in ECL estimate may have a significant impact on the consolidated financial statements, we conducted a detailed testing of whether credit risk stages are correctly assigned by the Holding.
- For a sample of loans to customers and finance lease receivables allocated to Stage 1 and Stage 2 we tested the principle of operation of related PD и LGD models, and reconciled inputs used in the models to the source documents. We challenged the assumptions used by the Holding in estimation of the amount and timing of cash flows in the LGD model, based on our knowledge and available market information.
- 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 on an individual basis, and which comprise loans and finance leases provided to legal entities, we critically assessed the assumptions used</td></tr>
</table>

	by the Holding to estimate the amount and timing of future cash flows. We compared assumptions used by the Holding 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 conducted a detailed testing of the accuracy of input data in the estimation of expected credit losses, including information on historical default rates and other relevant information. - We also reviewed the mathematical accuracy of estimates of expected credit losses. We also assessed whether the consolidated financial statements disclosures appropriately reflect the Holding'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 Holding for 2024, but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report of the Holding for 2024 is expected to be made available to us after the date of this auditors' report.

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

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Holding'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 Holding or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Holding'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 Holding'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 Holding'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 Holding to cease to continue as a going concern.

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

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

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

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

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

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

Madina Magomedova
Certified Auditor
of the Republic of Kazakhstan
Auditor's Qualification Certificate
№ МФ-0000594 of 24 May 2018

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

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

15 April 2025

(In thousands of Kazakhstani Tenge)	Note	31 December 2024	31 December 2023
ASSETS			
Cash and cash equivalents	6	2,633,384,266	2,214,953,148
Other assets at fair value through profit or loss	7	172,935,405	169,749,712
Loans to banks and financial institutions	8	434,371,612	338,446,725
Deposits with banks and financial institutions	9	303,606,110	23,861,103
Loans to customers	10	6,575,246,869	5,721,511,807
Investment securities	11	1,862,476,249	1,492,262,540
Finance lease receivables	12	1,578,562,791	1,212,130,428
Equity-accounted investees		-	434,037
Investment property		6,148,617	9,186,979
Current income tax prepaid		45,802,310	41,301,861
Deferred income tax asset	30	42,067,430	36,870,714
Property, plant and equipment		23,746,687	20,747,218
Intangible assets		11,101,549	9,885,998
Government grants receivables	20	37,619,033	-
Receivables from the Government for reimbursement of premium on customer accounts	15	55,026,392	-
Assets held for sale	13	2,827,982	1,874,913,825
Other financial assets		41,942,451	25,679,451
Other assets	14	611,370,802	428,484,447
TOTAL ASSETS		**14,438,236,555**	**13,620,419,993**
LIABILITIES			
Due to banks		6,585,186	16,288,508
Customer accounts	15	2,691,969,890	2,551,442,404
Debt securities issued	16	5,197,698,088	3,801,898,128
Subordinated debt		9,277,065	8,640,755
Loans from banks and other financial institutions	17	989,856,038	865,386,858
Loans from the Government of the Republic of Kazakhstan	18	820,138,732	795,421,453
Current income tax liability		2,856,812	306,316
Deferred income tax liability	30	57,624,427	51,538,452
Insurance contracts liabilities		73,675,873	57,873,965
Liabilities directly associated with the disposal groups classified as held for sale	13	-	1,480,414,887
Other financial liabilities	19	189,634,574	147,742,191
Government grants	20	1,221,909,358	1,034,690,361
Other liabilities	21	175,388,996	143,270,811
TOTAL LIABILITIES		**11,436,615,039**	**10,954,915,089**
EQUITY			
Share capital	22	1,521,238,962	1,521,238,962
Fair value reserve (investment securities)		(40,881,166)	(49,796,105)
Business combination reserve and additional paid-in capital		329,762,504	292,555,754
Hedging reserve		6,948,338	(993,164)
Other reserves		38,738,721	26,950,799
Retained earnings		1,145,814,157	875,548,658
TOTAL EQUITY		**3,001,621,516**	**2,665,504,904**
TOTAL LIABILITIES AND EQUITY		**14,438,236,555**	**13,620,419,993**

Approved for issue and signed by management on 15 April 2025.

Yersain Yerbulatovich Khamitov
Deputy Chairman of the Board

Kuralay Damirovna Yessengarayeva
Chief Accountant

The notes set out on pages 7 to 97 form an integral part of these consolidated financial statements.

(In thousands of Kazakhstani Tenge)	**Note**	**2024**	**2023**
Interest income calculated using the effective interest method	23	1,064,655,359	970,387,891
Other interest income	23	220,978,620	170,423,661
Interest expense	23	(668,893,342)	(588,404,948)
Net interest income	**23**	**616,740,637**	**552,406,604**
Impairment allowance for loan portfolio and finance lease receivables	10,12	(58,098,034)	42,162,861
Net interest income less impairment allowance for loan portfolio		**558,642,603**	**594,569,465**
Fee and commission income	24	42,819,234	35,446,999
Fee and commission expense	24	(9,383,619)	(8,133,760)
Net fee and commission income	**24**	**33,435,615**	**27,313,239**
Net gain on assets at fair value through profit or loss	25	1,090,245	6,167,236
Net foreign exchange gain	26	26,898,761	7,014,791
Net gain on financial assets at fair value through other comprehensive income		4,147,055	5,027,919
Net gain on derecognition of financial assets measured at amortised cost		494,355	3,051,214
Insurance revenue		8,158,762	8,453,480
Insurance service expenses		(9,930,378)	(14,724,045)
Other operating expenses, net	27	(20,072,763)	(71,047,445)
Operating income		**602,864,255**	**565,825,854**
Impairment allowance for other financial assets and credit related commitments	28	(5,633,114)	(4,568,776)
Administrative expenses	29	(97,512,811)	(81,147,769)
Profit before income tax		**499,718,330**	**480,109,309**
Income tax expense	30	(81,945,387)	(73,390,482)
Profit from continuing operations		**417,772,943**	**406,718,827**
Discontinued operation			
(Loss)/profit from a disposal group classified as held-for-sale (net of income tax)	13	(9,552,841)	927,960
PROFIT FOR THE PERIOD		**408,220,102**	**407,646,787**
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Change in hedging reserve:			
Cash flow hedges - effective portion of changes in the fair value		7,941,502	(993,164)
Fair value reserve (investment securities):			
- Net change in fair value		8,914,939	15,148,926
- Net change in fair value transferred to profit or loss		-	127,131
Other comprehensive income for the year		**16,856,441**	**14,282,893**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**425,076,543**	**421,929,680**

(In thousands of Kazakhstani Tenge)	**Share capital**	**Fair value reserve (investment securities)**	**Business combination reserve and additional paid-in capital**	**Other reserves**	**Hedging reserve**	**Retained earnings**	**Total**
Balance at 1 January 2024	**1,521,238,962**	**(49,796,105)**	**292,555,754**	**26,950,799**	**(993,164)**	**875,548,658**	**2,665,504,904**
Profit for the year	-	-	-	-	-	408,220,102	408,220,102
Other comprehensive income							
-Net change in fair value	-	8,914,939	-	-	-	-	8,914,939
-Net unrealised expense on hedges, net of tax of Tenge 1,985,376 thousand	-	-	-	-	7,941,502	-	7,941,502
Total comprehensive income for the year	**-**	**8,914,939**	**-**	**-**	**7,941,502**	**408,220,102**	**425,076,543**
Dividends declared and paid (Note 22)	-	-	-	-	-	(126,166,681)	(126,166,681)
Recognition of discount on loans from the Government of the Republic of Kazakhstan, net of taxes of Tenge 9,301,688 thousand (Note 18)	-	-	37,206,750	-	-	-	37,206,750
Transfer to reserve capital	-	-	-	11,787,922	-	(11,787,922)	-
Balance at 31 December 2024	**1,521,238,962**	**(40,881,166)**	**329,762,504**	**38,738,721**	**6,948,338**	**1,145,814,157**	**3,001,621,516**

(In thousands of Kazakhstani Tenge)	**Share capital**	**Fair value reserve (investment securities)**	**Business combination reserve and additional paid-in capital**	**Other reserves**	**Hedging reserve**	**Retained earnings**	**Total**
Balance at 1 January 2023	**1,366,238,962**	**(65,072,162)**	**241,088,410**	**31,125,936**	**-**	**524,684,592**	**2,098,065,738**
Profit for the year	-	-	-	-	-	407,646,787	407,646,787
Other comprehensive income	-	15,276,057	-	-	(993,164)	-	14,282,893
Total comprehensive income for the year	**-**	**15,276,057**	**-**	**-**	**(993,164)**	**407,646,787**	**421,929,680**
Issue of shares – cash contribution (Note 22)	155,000,000	-	-	-	-	-	155,000,000
Dividends declared and paid (Note 22)	-	-	-	-	-	(58,616,338)	(58,616,338)
The recognised effect of the early repayment of loans from the Government of the Republic of Kazakhstan, net of tax effect of Tenge 585,379 thousand (Note 18)	-	-	-	-	-	(2,341,520)	(2,341,520)
Recognition of discount on loans from the Government of the Republic of Kazakhstan, net of taxes of Tenge 12,866,836 thousand (Note 18)	-	-	51,467,344	-	-	-	51,467,344
Transfer from reserve capital	-	-	-	(4,175,137)	-	4,175,137	-
Balance at 31 December 2023	**1,521,238,962**	**(49,796,105)**	**292,555,754**	**26,950,799**	**(993,164)**	**875,548,658**	**2,665,504,904**

(In thousands of Kazakhstani Tenge)	Note	2024	2023
Cash flows from operating activities			
Interest receipts		1,271,078,108	1,204,867,555
Interest payments		(609,525,587)	(550,193,641)
Fee and commission receipts		62,065,096	44,467,452
Fee and commission payments		(21,080,922)	(14,351,189)
Net foreign exchange gain		14,655,052	24,456,665
Net insurance premiums written		6,877,960	7,357,058
Net insurance claims paid		(1,172,501)	(4,996,040)
Other operating income receipts		10,864,482	9,153,734
Dividends received		400,721	108,153
Administrative expenses and other operating expenses payments		(152,697,093)	(143,724,604)
Income tax paid		(94,331,118)	(111,312,291)
Cash flows from operating activities before changes in operating assets and liabilities		**487,134,198**	**465,832,852**
Net (increase)/decrease in:			
- assets at fair value through profit or loss		(3,175,159)	(512,255)
- loans to banks and financial institutions		(73,831,895)	(46,057,495)
- deposits with banks and other financial institutions		(277,504,601)	(2,307,548)
- loans to customers		(753,988,738)	(252,472,239)
- finance lease receivables		198,039,154	146,654,645
- other financial assets		23,483,899	1,307,242
- other assets*		(704,082,485)	(505,375,588)
Net increase in:			
- customer accounts		691,996,764	328,403,316
- other financial liabilities*		24,759,105	26,764,082
- other liabilities		36,464,446	29,534,994
Net cash (used in)/from operating activities		**(350,705,312)**	**191,772,006**
Cash flows from investing activities			
Acquisition of investment securities		(2,514,679,740)	(2,084,050,023)
Proceeds from sale and redemption of investment securities		2,008,141,440	2,034,274,270
Acquisition of property, plant and equipment and intangible assets		(15,782,710)	(22,255,901)
Proceeds from sale of property, plant and equipment		530,435	58,160
Proceeds from sale of investment property		9,867,345	-
Proceeds from disposal of associates and joint ventures		425,124	89,416
Disposal of discontinued operations, net of cash disposed of	13	(889,535,315)	-
Net cash used in investing activities		**(1,401,033,421)**	**(71,884,078)**

*Including the offset amounts of accounts payable to suppliers of leased items and advances paid under finance lease agreements totalling Tenge 442,651,929 thousand (2023: Tenge 244,969,287 thousand).

(In thousands of Kazakhstani Tenge)	**Note**	**2024**	**2023**
Cash flows from financing activities			
Loans from banks and other financial institutions	17	700,378,046	217,799,500
Repayment of loans from banks and other financial institutions	17	(409,382,745)	(274,803,103)
Receipts of loans from the Government of the Republic of Kazakhstan	18	340,335,317	288,377,781
Repayment of loans from the Government of the Republic of Kazakhstan	18	(261,560,242)	(220,243,607)
Repayment/repurchase of debt securities issued classified as liabilities directly associated with disposal groups		(100,000,000)	-
Proceeds from issue of ordinary shares	22	-	155,000,000
Proceeds from issue of debt securities	16	1,747,634,032	498,052,426
Redemption/repurchase of debt securities issued	16	(458,130,998)	(112,706,110)
Dividends paid	22	(126,166,681)	(58,616,338)
Net cash from financing activities		**1,433,106,729**	**492,860,549**
Effect of exchange rate fluctuations on cash and cash equivalents		41,529,355	3,779,324
Effect of movements in impairment allowance		25,030	(39,111)
Net (decrease)/increase in cash and cash equivalents		**(277,077,619)**	**616,488,690**
Cash and cash equivalents at the beginning of the year	6	2,214,953,148	2,293,973,195
Cash and cash equivalents included in assets held for sale at the beginning of the year	13	695,508,737	-
Cash and cash equivalents	6	**2,633,384,266**	**2,214,953,148**
Cash and cash equivalents included in assets held for sale	13	**-**	**695,508,737**
Total at the end of the year		**2,633,384,266**	**2,910,461,885**

1 Introduction

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

The Holding was incorporated in accordance with the Decree of the President of the Republic of Kazakhstan No. 571 "On some measures for optimisation of the management system of development institutions and financial organisations, and development of the national economy" dated 22 May 2013 and the Decree of the Government of the Republic of Kazakhstan No. 516 "About measures for implementation of the Decree of the President of the Republic of Kazakhstan No. 571 dated 22 May 2013" dated 25 May 2013. As at 31 December 2024 and 2023, the ultimate controlling party of the Holding is the Government of the Republic of Kazakhstan.

Principal activity

The Holding's mission is to promote sustainable growth of the economy of the Republic of Kazakhstan by supporting the production of Kazakhstani goods and services, modernizing infrastructure and strengthening food security based on the principles of responsibility to society.

The Holding is actively involved in completing national strategic and social tasks through development institutions, through the implementation of the National Development Plan of the Republic of Kazakhstan until 2029, the Concept for the Development of the Manufacturing Industry of the Republic of Kazakhstan for 2023–2029, the Concept for the Development of Small and Medium-Sized Entrepreneurship in the Republic of Kazakhstan until 2030, the Concept for the Development of Housing and Public Utilities Infrastructure for 2023–2029, the Concept for the Development of the agro-industrial complex of the Republic of Kazakhstan for 2021–2030, and the National Project "Modernization of the Energy and Public Utilities Sectors".

The Holding's main goals and objectives are as follows:

- implementing an efficient risk management system;
- increasing transparency and public confidence in the economy;
- providing synergies from subsidiaries' activities;
- improving the subsidiaries' economic performance/break-even principle;
- attracting additional investments;
- maintaining business relationship with the private sector.

As at 31 December 2024, the Holding's structure comprises seven subsidiaries (31 December 2023: eight subsidiaries) engaged in the implementation of the State policy and State programmes, having the following areas of activity pursuant to the Holding's strategy:

- Development institutions include Development Bank of Kazakhstan JSC, Export Insurance Company Export credit agency of Kazakhstan JSC, Damu Entrepreneurship Development Fund JSC, and Qazaqstan Investment Corporation JSC (former Kazyna Capital Management JSC). The objective of these institutions is to provide credit, investment and other financial and non-financial support to investment projects in priority sectors of economy, aimed to diversify the economy and development of the secondary sector, export of Kazakhstani products, development of innovations and development of small and medium business.
- Financial institutions comprise Otbasy Bank JSC, Kazakhstan Housing Company JSC. These institutions are tasked with raising capital, providing long-term financing for mortgages, and reducing related borrowing costs and participating in the implementation of a state housing construction policy.
- Agrarian Credit Corporation JSC is a financial institution established to promote the sustainable development of, and provide technical equipment to, the agro-industrial complex of the Republic of Kazakhstan through formation of an accessible and effective financing arrangement and enhancing competencies of entities operating in agro-industrial complex.

On 29 May 2013, the Holding and "Samruk-Kazyna" National Welfare Fund Joint Stock Company ("Samruk-Kazyna NWF") signed an agreement for the transfer of shares of Development Bank of Kazakhstan JSC (the "DBK JSC"), Investment Fund of Kazakhstan JSC (the "IFK JSC"), KazExport Export Insurance Company JSC ("ECA JSC"), Damu Entrepreneurship Development Fund JSC ("Damu EDF JSC"), and Qazaqstan Investment Corporation JSC (the "QIC JSC") in trust management without the right of subsequent repurchase, whereby the Holding acted as a trust manager. During August and October 2013, Samruk-Kazyna NWF transferred shares of the above-mentioned entities to the Committee for State Property and Privatisation in exchange for blocks of shares of other joint stock companies and property.

On 17 June 2013, the Holding and Committee for State Property and Privatisation of the Ministry of Finance of the Republic of Kazakhstan (the "Committee for State Property and Privatisation") signed an agreement on transfer of government shares of QazTech Ventures JSC the "QTV JSC"), Housing Construction Savings Bank "Otbasy Bank" JSC (the "Otbasy Bank JSC"), Kazakhstan Housing Company JSC (the "KHC JSC"), Housing Construction Guarantee Fund JSC (the "HCGF JSC") and Baiterek Development JSC (the "BD JSC") in trust management without the right of subsequent repurchase, whereby the Holding acted as a trust manager.

As part of the implementation of the Decree of the President of the Republic of Kazakhstan Kassym-Zhomart Tokayev dated 2 September 2019 as to reduce the number of operators of housing programmes, and by the Order of the Ministry of Industry and Infrastructural Development of the Republic of Kazakhstan dated 20 March 2020 No. 156, a decision was made to reorganise KHC JSC and BD JSC and HCGF JSC by merging BD JSC and HCGF JSC and establishing KHC JSC. According to the deeds of transfer dated 30 July 2020 and 16 November 2020, the assets and liabilities of BD JSC and HCGF JSC were transferred to KHC JSC accordingly.

In August and October 2013, the Committee for State Property and Privatisation made a contribution to the share capital of the Holding with shareholdings in the ten aforementioned entities in exchange for ordinary shares in the Holding totalling Tenge 632,615,460 thousand and made a cash contribution of Tenge 30,486,550 thousand, which the Holding subsequently contributed to the share capital of DBK JSC and of QIC JSC.

In accordance with the Order No.964 of the Committee for State Property and Privatisation dated 2 October 2014, the Investment Committee of the Ministry of Industry and New Technologies of the Republic of Kazakhstan transferred 26.00% of shares in KHC JSC to the Holding as a contribution to share capital. The transaction value was Tenge 10,216,702 thousand, whereby total number of shares transferred was 10,216,701 with a par value of Tenge 1,000 per share and one (1) share with a par value of Tenge 608 per share.

On 15 March 2021, the Holding, as a part of the implementation of Clause 52 of the National Action Plan on Implementation of the Address of the Head of State of 1 September 2020 “Kazakhstan in the New Reality: Time to Act” established a single development institution through the takeover of the KazAgro National Managing Holding JSC (“KazAgro NMH JSC”), as part of which the Holding acquired three subsidiaries: KazAgroFinance JSC (“KAF JSC”), Agrarian Credit Corporation JSC (“ACC JSC”) and Fund for Financial Support of Agriculture JSC (“FAGRI JSC”).

On 31 May 2021, a decision was made to transfer 100% of ordinary shares of QTV JSC to QIC JSC.

On 2 July 2021, a 97.7% of interests of the Holding in KPPF LLP was transferred to QIC JSC.

On 17 August 2021, an online increasing-price auction was held on the web portal, www.gosreestr.kz, of the Register of State Property of Information and Accounting Center JSC of the Ministry of Finance of the Republic of Kazakhstan. In accordance with the Protocol of the online auction results of 17 August 2021, on 27 August 2021, the Holding concluded a purchase and sale contract with a buyer to sell one hundred percent of the IFK JSC’s shares. On 5 October 2021, 100% of shares of IFK JSC were written off from the Holding's account and credited to the buyer's account with Central Securities Depository JSC.

On 13 December 2021, in accordance with the decision of the Board of Directors of the Holding, FAGRI JSC and ACC JSC were reorganised through takeover of FAGRI JSC by ACC JSC. On 13 December 2021, a deed of transfer was approved to transfer all property, assets and liabilities, rights and obligations of FAGRI JSC to ACC JSC, which is a legal successor to FAGRI JSC for all its assets and liabilities.

In pursuance of the instructions of the Head of the State, on 25 July 2023, the Holding transferred 100% of shares of KAF JSC to ACC JSC.

In September 2022, the Holding acquired 99.9977% of shares of SB of Sberbank JSC in Kazakhstan.

In September 2022, SB of Sberbank JSC in Kazakhstan was re-registered in connection with a change of its name to Bereke Bank JSC.

In March 2024, the Holding concluded a sale and purchase contact with a foreign investor to sell 100% of shares of Bereke Bank JSC, subject to suspensive conditions. In October 2024 once all suspensive conditions have been met, including obtaining by the investor of relevant approvals from regulatory bodies of the Republic of Kazakhstan the Holding transferred ownership of 100% of shares of Bereke Bank JSC to the investor.

The following table provides details of the major direct subsidiaries included into these consolidated financial statements of the Holding:

			Ownership interest, %	
Name of a subsidiary	**Abbreviated name**	**Country of incorporation**	**31 December 2024**	**31 December 2023**
Development Bank of Kazakhstan JSC	DBK JSC	The Republic of Kazakhstan	100.00	100.00
Export Insurance Company Export credit agency of Kazakhstan JSC	ECA JSC	The Republic of Kazakhstan	100.00	100.00
Damu Entrepreneurship Development Fund JSC	Damu EDF JSC	The Republic of Kazakhstan	100.00	100.00
Qazaqstan Investment Corporation JSC	QIC JSC	The Republic of Kazakhstan	100.00	100.00
Otbasy Bank JSC	Otbasy Bank JSC	The Republic of Kazakhstan	100.00	100.00
Kazakhstan Housing Company JSC	KHC JSC	The Republic of Kazakhstan	100.00	100.00
Agrarian Credit Corporation JSC	ACC JSC	The Republic of Kazakhstan	100.00	100.00
Bereke Bank JSC	Bereke Bank JSC	The Republic of Kazakhstan	0.00	100.00

DBK JSC was incorporated in 2001 in accordance with the Law of the Republic of Kazakhstan "On Development Bank of Kazakhstan" No. 178-II dated 25 April 2001. DBK JSC is a national development institution, the principal activity of which is improving state investing activities and enhancing its efficiency, facilitating the development of production infrastructure, processing industry, and assisting with attraction of external and internal investments in national economy.

ECA JSC was incorporated in accordance with the Decree of the Government of the Republic of Kazakhstan dated 12 May 2003 No. 442. It is the only specialised insurance organisation that performs the functions of an export and credit agent of the Republic of Kazakhstan.

Damu EDF JSC was incorporated in accordance with the Decree of the Government of the Republic of Kazakhstan dated 26 April 1997 No. 665. The principal activity of Damu EDF JSC is to provide financing to small and medium-sized businesses and microfinancing organisations through commercial banks. Credit risk of ultimate borrowers is transferred to commercial banks.

QIC JSC was incorporated on 7 March 2007 by the Government of the Republic of Kazakhstan in accordance with the laws of the Republic of Kazakhstan. The principal activity of QIC JSC is creating and participating in investment funds and investing in financial instruments.

Otbasy Bank JSC was established in accordance with the Decree of the Government of the Republic of Kazakhstan dated 16 April 2003 No. 364 for the purposes of development of residential construction savings system in the Republic of Kazakhstan. Otbasy Bank JSC is involved in attracting funds of customers to accumulate residential construction savings, providing various residential mortgage loans to its customers, and in trading in securities and placing funds with banks.

KHC JSC was established on 29 December 2000 in accordance with the Resolution No. 469 of the National Bank of the Republic of Kazakhstan (the "NBRK") dated 20 December 2000. The principal activity of KHC JSC is providing mortgage loans under a licence granted by regulatory authorities as well as conducting trust management, factoring, forfeiting and leasing operations.

ACC JSC was established in accordance with the Decree of the Government of the Republic of Kazakhstan No. 137 dated 25 January 2001. The principal activity of ACC JSC is implementation of the government programmes to support the agricultural sector; attraction of domestic and foreign investments to implement its own projects in the agro-industrial complex; development and implementation of projects in the agro-industrial complex; sale of pledged properties and agricultural products received as repayment of funds granted; bank lending operations on the basis of the relevant licence, leasing activities, and other activities not prohibited by the legislative acts.

The Holding's registered address and place of business. The Holding's legal address and place of business is 55a Mangilik Yel Avenue, Yessil district, Astana, Republic of Kazakhstan.

Presentation currency. These consolidated financial statements are presented in thousands of the Kazakhstan Tenge ("Tenge"), unless otherwise stated.

Operating environment of the Holding.

The Holding's operations are primarily located in Kazakhstan. Consequently, the Holding 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. Depreciation of the Kazakhstan Tenge, the volatility in the global price of oil and the ongoing military conflict between the Russian Federation and Ukraine have also increased the level of uncertainty in the business environment.

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

2 Basis of preparation

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

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

Going concern Management of the Holding has prepared these consolidated financial statements on a going concern basis.

Functional and presentation currency. The functional currency of the Holding is the Kazakhstani tenge ("Tenge") as, being the national currency of the Republic of Kazakhstan, it reflects the economic substance of the majority of underlying events and circumstances relevant to the Holding.

Tenge is also the presentation currency for the purposes of this consolidated financial information.

All financial information presented in Tenge has been rounded to the nearest thousand, unless otherwise stated.

Comparative information. The Holding 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 Holding changed its presentation of loans from banks and other financial institutions and other financial liabilities in the consolidated statement of financial position.

The following table summarises the impacts on the Holding's consolidated financial statements.

(In thousands of Kazakhstani Tenge)	**As previously reported**	**Adjustments**	**As restated**
Consolidated statement of financial position as at 31 December 2023			
Loans from banks and other financial institutions	856,365,177	9,021,681	865,386,858
Other financial liabilities	156,763,872	(9,021,681)	147,742,191
Consolidated statement of cash flows for the year ended 31 December 2023			
Cash flows from operating activities			
Increase in operating liabilities			
- other financial liabilities	46,764,082	(20,000,000)	26,764,082
Cash flows from financing activities			
Loans from banks and other financial institutions	197,799,500	20,000,000	217,799,500

3 Material accounting policies

The Holding has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

Consolidated financial statements. Subsidiaries are those investees, including structured entities, that the Holding Company controls because the Holding Company (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Holding Company has power over another entity.

For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Holding Company may have power over an investee even when it holds less than majority of voting power in an investee.

In such a case, the Holding Company assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of investee's activities or apply only in exceptional circumstances, do not prevent the Holding Company from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Holding Company and are deconsolidated from the date on which control ceases, except for the subsidiaries acquired from the parties under common control.

The acquisition method of accounting is used to include subsidiaries to the consolidated financial statements with an exception of purchase of subsidiaries from entities under common control. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest when acquisition method is applied.

The Holding measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held by the Holding immediately before the acquisition date. Any negative amount ("negative goodwill") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed, and reviews appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt securities are deducted from its carrying amount and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances and unrealised gains on transactions between the Holding and its subsidiaries are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Holding Company and all its subsidiaries use uniform accounting policies consistent with the Holding's policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Holding. Non-controlling interest forms a separate component of the Holding's equity.

Purchases and sales of non-controlling interests. The Holding applies the economic entity model to account for transactions with owners of non-controlling interest. Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity. The Holding recognises the difference between sales consideration and carrying amount of non-controlling interest sold as a capital transaction in the consolidated statement of changes in equity.

Accounting for business combinations under common control. A merger of entities under common control is a business combination in which all of the combined entities are ultimately controlled by the same party or parties, both before, and after the combination, and that control is not transitory.

The effect of combination of entities under common control is accounted for by the Holding using 'equity interest combination' method provided that: assets and liabilities of the combining companies are measured at their carrying amount at the combination date, combination-related transaction costs are expensed in the consolidated statement of profit or loss and other comprehensive income, mutual balances are eliminated; any difference between the purchase price paid/transferred and the value of acquired net assets (at their carrying amount as disclosed in the consolidated financial statements), and is recognised in the acquirer's equity.

Interests in associates and joint ventures. Associates are those entities in which the Holding has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Holding holds between 20% and 50% of the voting power of another entity.

A joint venture is an arrangement in which the Holding has joint control, whereby the Holding has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Holding applies exemption provided by IAS 28, which allows not to apply the equity accounting method to account for investments in associates and joint ventures, which are directly (or indirectly) held by an entity that is a venture capital organisation. Such entities have a right to account for their investments in said associates and joint ventures at fair value through profit or loss in accordance with IFRS 9. The Holding believes that the Holding's subsidiary, QIC JSC, conforms to the status of entities specialising in investment in new ventures as QIC JSC meets the following criteria:

- The principal activity of QIC JSC is investing of funds to generate the operating income, capital gains or both.
- The QIC JSC's investing activity may be clearly and objectively separated from any other activities.
- Investees represent the independent business units operating independently (on a stand-alone basis) of an investor.

Thus, interests in associates and joint ventures of QIC JSC are accounted for as financial instruments at fair value through profit or loss in accordance with the scope exemption in IAS 28 *Investments in Associates and Joint Ventures*.

Disposals of subsidiaries, associates or joint ventures. When the Holding ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in comprehensive income in respect of that entity, are accounted for as if the Holding had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in comprehensive income are reclassified to profit or loss, where appropriate.

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 Holding 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 amounts paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount. The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' measured at amortised cost is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense. The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

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 'Financial assets and financial liabilities' section (iv) below.

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 and interest on debt instruments measured at FVOCI.

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 investments in finance leases.

Interest expense presented in the consolidated statement of profit or loss and other comprehensive income includes interest expense on financial liabilities measured at amortised cost and on non-derivative financial liabilities measured at FVTPL.

Financial assets and financial liabilities

(i) Classification of financial instruments

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated 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 fair value through other comprehensive income is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

On initial recognition of an equity investment that is not held for trading, the Holding may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis. Gains or losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of investment, in which case they are recognised in other comprehensive income. Cumulative gains and losses recognised in other comprehensive income are transferred to retained earnings on disposal of an investment.

All other financial assets are classified as measured at fair value through profit or loss.

In addition, on initial recognition the Holding 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 Holding 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 Holding's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Holding's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Holding 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 Holding considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Holding's claim to cash flows from specified assets (e.g. non-recourse features);
- 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 Holding that are secured by collateral of the borrower limit the Holding's claim to cash flows of the underlying collateral (non-recourse loans). The Holding applies judgement in assessing whether the non-recourse loans meet the SPPI criterion.

The Holding 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 Holding'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 Holding 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 Holding changes its business model for managing financial assets.

Financial liabilities

The Holding classifies its financial liabilities, other than financial guarantees, as measured at amortised cost or FVTPL.

Reclassification. Financial liabilities are not reclassified subsequent to their initial recognition.

(ii) Derecognition

Financial assets. The Holding 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 Holding 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.

Any cumulative gain/loss recognised in other comprehensive income in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities.

The Holding enters into transactions whereby it transfers assets recognised in 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 Holding 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 Holding 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 Holding 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 Holding evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as 'substantial modification'), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

Changes in cash flows on existing financial assets or financial liabilities are not considered as modification, if they result from existing contractual terms.

The Holding 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 Holding assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In making this evaluation the Holding analogises to the guidance on the derecognition of financial liabilities.

The Holding concludes that the modification is substantial as a result of the following qualitative factors:

- change of the currency of the financial asset;
- change in collateral or other credit enhancement;
- change of terms of the 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 Holding 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 Holding 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 Holding 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 Holding derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss. The consideration paid includes non-financial assets transferred, if any, and the liabilities assumed, including the new modified financial liability.

The Holding 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 Holding concludes that the modification is substantial as a result of the following qualitative factors:

- change of the currency of the financial liability;
- change in collateral or other credit enhancement;
- inclusion of conversion option;
- change in the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(iv) Impairment loss

See also Note 5.

The Holding 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 investment in finance lease;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

The Holding measures loss allowances at an amount equal to lifetime ECLs, except for the following, for which they are measured as 12-month ECLs:

- debt investment securities that are determined to have moderate credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition (see Note 5).

12-month expected credit losses (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 a financial instrument. Financial instruments, for which a lifetime ECL is recognised are referred to as 'Stage 2' financial instruments (if the credit risk has increased significantly since 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 (ECL). ECLs 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 Holding in accordance with the contract and the cash flows that the Holding 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 Holding if the commitment is drawn down and the cash flows that the Holding expects to receive; and
- *financial guarantee contracts*: the present value of expected payments to reimburse the holder less any amounts that the Holding expects to recover. See Note 5.

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 ECLs are measured as follows:

- If the expected restructuring does not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring results in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets. At each reporting date, the Holding assesses whether financial assets carried at amortised cost and debt financial assets 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 being past due;
- the restructuring of a loan or advance on terms that the Holding would not consider otherwise;
- it is becoming 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 was usually considered to be credit-impaired unless there was evidence that the risk of not receiving contractual cash flows had reduced significantly and there were no other indicators of impairment.

In making an assessment of whether an investment in sovereign debt (other financial assets) is credit-impaired, the Holding 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;
- *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 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. This is generally the case when the Holding 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 'provision for loan portfolio impairment' and 'provision for impairment on other assets and credit related commitments' in the consolidated statement of profit or loss and other comprehensive income.

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

Financial guarantees and loan commitments. Financial guarantees are contracts that require the Holding 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 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.

The Holding has issued no loan commitments that are measured at FVTPL. For other loan commitments the Holding recognises a loss allowance. Liabilities arising from financial guarantees and loan commitments are included within other liabilities.

Assets held for sale. Assets and disposal groups, which may include both non-current and current assets, are classified in the consolidated statement of financial position as 'assets held for sale' if their carrying amount will be recovered principally through a sale transaction, including loss of control of a subsidiary holding the assets, within twelve months after the end of the reporting period. Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Holding's management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is expected within one year and (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn. Assets or disposal groups classified as held for sale in the current period's consolidated statement of financial position are not reclassified or re-presented in the comparative consolidated statement of financial position to reflect the classification at the end of the current period.

A disposal group is a group of assets (current and non-current) to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. Goodwill is included if the disposal group includes an operation within a cash-generating unit to which goodwill has been allocated on acquisition. Assets are assets that include amounts expected to be recovered or collected more than in twelve months after the end of the reporting period. If reclassification is required, both the current and non-current portions of an asset are reclassified.

Held for sale disposal groups are generally measured at the lower of their carrying amount and fair value less cost to sell. Held for sale property, plant and equipment, investment properties and intangible assets are not depreciated or amortised.

Liabilities directly associated with disposal groups that will be transferred in the disposal transaction are reclassified and presented separately in the consolidated statement of financial position.

Discontinued operation. A discontinued operation is a component of the Holding that either has been disposed of, or that is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale. Earnings and cash flows of discontinued operations, if any, are disclosed separately from continuing operations with comparatives being re-presented.

Government grants. Government grants are assistance by the Government, Government agencies and state-owned entities in the form of transfers of resources to the Holding in return for past or future compliance with certain conditions relating to the operating activities of the Holding. Government grants are not recognised until there is reasonable assurance that the Holding 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 where the government does not act as a shareholder. 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 the Holding recognises as expenses the related costs which the grants are intended to compensate.

There are two principal approaches to account for government grants: the capital approach, under which a grant is recognised outside profit or loss, and the income approach, under which a grant is recognised in income/expense over one or more periods.

Where the government acts as a lender - i.e. in the same way as an unrelated lender - then a government grant is recognised in profit or loss. If the loan is from the government acting in the capacity of a shareholder, then the government grant received is recorded in equity.

Income tax. Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted using tax rates and provision of law or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in comprehensive income or directly in equity.

Current tax comprises the expected tax payable or receivable from tax authorities on the taxable income or loss for the reporting and previous periods. The taxable income or loss are based on estimates, if the consolidated financial statements are approved prior to submission of tax returns. Taxes, other than on income, are recorded within administrative and other expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax assets and liabilities are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets and liabilities are offset only within the individual components of the Holding.

Deferred tax assets are recognised for deductible temporary differences and carry-forward tax losses, to the extent that it is probable that future taxable profits will be available which may be reduced by such deducted amounts.

Deferred income tax is not recognised on post-acquisition retained earnings and other post-acquisition movements in reserves of subsidiaries where the Holding controls the subsidiary's dividend policy, and it is probable that the difference will not reverse through dividends or otherwise in the foreseeable future.

Uncertain tax positions. The Holding's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions of the Holding were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

Share capital. Ordinary shares and non-redeemable preference shares with discretionary dividends are both classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Dividends. Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared and authorised before or on the reporting date. Any dividends recommended prior to the end of the reporting period and recommended or declared after the end of the reporting period but before the consolidated financial statements are authorised for issue are disclosed in the consolidated financial statements.

Additional paid-in capital. The Holding and its subsidiaries receive funding from the Government of the Republic of Kazakhstan, "National Welfare Fund "Samruk-Kazyna" JSC (the "NWF Samruk Kazyna JSC") or public bodies responsible for various state programmes, in the form of loans and subordinated bonds at a low interest rate. At initial recognition, this financing is recognised at fair value, which is estimated using appropriate market interest rates to discount contractual future cash flows. The difference between the fair value and the funding received is recognised as additional paid-in capital, except for the loans issued with specific conditions on return of the undisbursed portion of the funds. Difference between the fair value of the loans issued with the payback claim and funds received is recognised as deferred income, which is transferred to profit or loss during the loan term.

Presentation of the consolidated statement of financial position in the order of liquidity. The Holding does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the consolidated statement of financial position. Instead, analysis of assets and liabilities by their expected and contractual maturities are presented in Note 31.

New standards and interpretations not yet adopted. A number of new standards and amendments to standards are effective for annual periods beginning on 1 January 2025 and earlier application if permitted; however, the Holding has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following new and amended standards are not expected to have a significant impact on the Holding's consolidated financial statements:

- *Lack of Exchangeability (Amendments to IAS 21);*
- *Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures;*
- *IFRS 18 Presentation and Disclosure in Financial Statements.*

The new amendments to the standards that became effective on 1 January 2024, had no impact on the Holding's consolidated financial statement.

4 Critical accounting estimates and judgements in applying accounting policies

The Holding makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are reviewed on an ongoing basis, based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements in the process of applying the accounting policies. Judgments that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Impairment of financial instruments. Assessment of whether credit risk on the financial asset has increased significantly since initial recognition; assessment of probability of default (PD) and loss given default (LGD); assessment of expected cash flows forecast for financial instruments classified as Stage 3 instruments and incorporation of forward-looking information in the measurement of ECL – Note 5.

Tax legislation. Kazakhstani tax, currency and customs legislation is subject to varying interpretations (Note 33).

Initial recognition of related party transactions. In the ordinary course of business, the Holding transacts with its related parties. Under IFRS 9, financial instruments on initial recognition are measured at fair value. Where there is no active market for such transactions, management applies judgement in determining whether transactions are priced at market or non-market interest rates. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analysis. Terms and conditions of related party balances are disclosed in Note 37.

Determining the fair value of financial instruments in emerging stock market in the Republic of Kazakhstan. In determining the fair value of financial instruments, the Holding uses quotes from the Kazakhstan Stock Exchange ("KASE") as the most reliable source of information in an active market.

The Holding's management analyses the frequency of operations conducted on the KASE in respect of securities in the portfolio and securities that are traded with sufficient frequency and sufficient volume are classified as Level 1 securities. The remaining securities that are listed on the KASE are classified as Level 2 securities.

If the Holding has investments in unquoted assets, the fair value of such assets is determined based on valuation techniques such as discounted cash flow model as well as models based on data from similar operations performed on market conditions.

Management of the Holding believes that it used every possible and the most complete and accurate sources of fair value to measure reliably the fair value of these financial instruments.

Initial recognition of the borrowings and investments at the rates below market rates under the state development programmes. Approach to accounting for and evaluation of borrowings and loans made under the state programmes to support economic development and approach to accounting for amortisation and utilisation of government grants are disclosed in notes 8, 10, 11, 12, 16, 17, 18, 20, 23 and 27.

5 Financial risk review

This note presents information about the Holding's exposure to financial risks. For information on the Holding's financial risk management framework, see Note 31.

Credit risk - Amounts arising from ECL

See accounting policy in Note 3 (iv).

Significant increase in credit risk. When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Holding 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 Holding's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Holding uses 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 Holding 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 a 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 counterparty files – e.g. audited financial statements, management accounts, budgets and projections;
- Payment record – this includes overdue status;
- 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 the political, regulatory and technological environment of the counterparty or the issuer 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 on loans to corporate customers. The Holding collects performance and default information about its credit risk exposures analysed by jurisdiction or region, type of product and borrower as well as by credit risk grading. For some portfolios of financial assets measured on an individual basis, information purchased from external credit reference agencies may also be used.

To determine the internal credit rating of a counterparty who does not have external credit rating from international agencies Standard & Poor's, Fitch Ratings and Moody's Investors Service, the Holding uses expert judgement to determine ratings with taking into account the specific characteristics of the counterparty, consisting of 10 categories, such as profitability, liquidity, leverage, country risk, industry characteristics, specific activities of the enterprise, risk of concentration, legal regulation, internal data and debt.

The Holding 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.

For portfolios of financial assets measured on a collective basis, the Holding mainly uses statistical migration models built using Markov chain, given the impact of macroeconomic information. The Holding uses historical statistics on defaults for the last 5 years.

Determining whether credit risk has increased significantly. The Holding 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 vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

The Holding 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 Holding'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 Holding considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. 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 Holding 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 Holding considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Holding in full, without recourse by the Holding to actions such as realising security (if any is held);
- the borrower is past due more than 90 days on any material credit obligation to the Holding; 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 Holding considers indicators that are:
- qualitative – e.g. breaches of covenant;
- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer/borrower to the Holding, a decrease in the credit rating to D; 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.

Incorporating forward-looking information. The Holding 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 Holding 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 Holding operates, such international organisations as the OECD, International Monetary Fund.

A base scenario is the most likely to occur and it is aligned with information used by the Holding for other purposes. Other are less likely to occur scenarios where some are upside and other downside scenarios.

The Holding has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic 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 updated on a regular basis and used in assessment of credit risks.

Key assumptions and judgements in estimating the allowance for losses on loans to corporate customers and finance leases receivables

Significant assumptions used by management in determining the amount of the allowance for losses on loans issued to corporate customers include the following:

- 12-month PD for borrowers with credit quality of Stage 1 was 0.1%-6.6%, lifetime PD level related to Stage 2 credit quality was 1.0%-52.9%;
- the weighted average level of LGD for borrowers in Stage 1 and Stage 2 was 45.3%.

Significant assumptions used by management in determining the amount of the allowance for losses on loans issued to agribusiness include the following:

- 12-month PD for borrowers with credit quality of Stage 1 was 0.8%-26.9%, lifetime PD level related to Stage 2 credit quality was 37.8%-89.9%;
- the weighted average level of LGD for borrowers in Stage 1 and Stage 2 was 23.2%.

Significant assumptions used by management in determining the amount of the allowance for losses on mortgage loans include the following:

- 12-month PD for borrowers with credit quality of Stage 1 was 0.002%-0.01%, lifetime PD level related to Stage 2 credit quality was 0.004%-0.03%;
- the weighted average level of LGD for borrowers in Stage 1 and Stage 2 was 37%.

Significant assumptions used by management in determining the amount of the allowance for losses on finance leases receivables include the following:

- 12-month PD for borrowers with credit quality of Stage 1 was 0.1%-48.8%, lifetime PD level related to Stage 2 credit quality was 0.1%-62.0%;
- the weighted average level of LGD for borrowers in Stage 1 and Stage 2 was 22.2%.

Modified financial assets and finance leases. The contractual terms of a financial instrument may be modified for a number of reasons, including changing market conditions, and other factors not related to a current or potential credit deterioration of the counterparty. An existing financial asset whose terms have been modified may be derecognised and the renegotiated asset recognised as a new financial asset at fair value in accordance with the accounting policy set out in Note 3 (iii).

If the modification is not a separate lease and the lease would not have been classified as an operating lease if the modification had been in effect at the inception date, then the lessor accounts for a modification to a finance lease applying IFRS 9 requirements.

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 is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Holding renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Holding's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants.

For financial assets modified as part of the Holding's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Holding's ability to collect interest and principal and the Holding's previous experience of similar forbearance action. As part of this process, the Holding evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired in default. 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 ECLs. 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. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

The methodology of estimating PDs is discussed above under the heading "Generating the term structure of PD".

The Holding 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 is equal to 70%, if a counterparty is the Kazakhstani bank.

For collateralised financial assets, the Holding applies reduction factors ranging from 15.0% to 100.0% to the estimated value of collateral in case of sale, with a delay of 12 to 60 months in receiving proceeds from the sale of collateral, depending on the type of collateral. For portfolios of non-collateralised financial assets (including retail loans), LGDs are determined on the basis of the funds repayment statistics on average over the last 5 years.

For loans to large corporates included in DBK JSC's portfolio, the Holding uses the methodology for determining LGD that was developed by the international company S&P Global Market Intelligence for loans classified to Stages 1 and 2. This 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.

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.

Exposure at default represents the expected exposure in the event of a default.

The Holding derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EAD is potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the guarantee exposure when the financial guarantee becomes payable.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Holding 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 Holding considers a longer period. The maximum contractual period extends to the date at which the Holding has the right to require repayment of an advance or terminate a loan commitment or guarantee.

For portfolios in respect of which the Holding has limited historical data, external benchmark information is used to supplement the internally available data. The portfolios for which external benchmark information represents a significant input into measurement of ECL are as follows.

		External benchmarks used	
(In thousands of Kazakhstani Tenge)	**An exposure as at 31 December 2024**	**PD**	**LGD**
Cash and cash equivalents	2,630,270,217	S&P/Moody's default study	For exposures with banks within Kazakhstan, LGD is based on historical recovery studies of defaulted financial institutions (70%)/ for other exposures, LGD is based on Moody's recovery studies
Loans to banks and financial institutions	434,371,612		
Deposits with banks and financial institutions	303,606,110		
Investment securities	1,862,346,099		
Government grants receivables	37,619,033		
Receivables from the Government for reimbursement of premium on customer accounts	55,026,392		

Credit quality analysis. The following table sets out information about the credit quality of financial assets measured at amortised cost, FVOCI debt instruments as at 31 December 2024. 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.

	31 December 2024				
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL – not credit-impaired**	**Stage 3 Lifetime ECL – credit-impaired**	**POCI**	**Total**
Cash and cash equivalents					
NBRK, unrated	702,114,009	-	-	-	702,114,009
- rated from AA- to AA+	17,991,794	-	-	-	17,991,794
- rated from A- to A+	235,652,631	-	-	-	235,652,631
- rated from BBB- to BBB+	133,538,708	-	-	-	133,538,708
- rated from BB- to BB+	74,651,766	128,890	-	-	74,780,656
- rated from B- to B+	747,837	6,156	-	-	753,993
- not rated	3,677,247	-	97	-	3,677,344
Receivables under reverse repurchase agreements with original maturities of less than three months, not overdue	1,461,850,333	-	-	-	1,461,850,333
	2,630,224,325	**135,046**	**97**	**-**	**2,630,359,468**
Loss allowance	(89,127)	(62)	(62)	-	(89,251)
Total cash and cash equivalents	**2,630,135,198**	**134,984**	**35**	**-**	**2,630,270,217**
Deposits with banks and financial institutions					
- rated from AA- to AA+	1,595,436	-	-	-	1,595,436
- rated from BBB- to BBB+	4,786,917	-	-	-	4,786,917
- rated from BB- to BB+	29,857,062	-	1,166	-	29,858,228
- rated from B- to B+	268,311,976	-	-	-	268,311,976
- D rated	-	-	17,237,277	-	17,237,277
- not rated	-	-	385,584	-	385,584
	304,551,391	**-**	**17,624,027**	**-**	**322,175,418**
Loss allowance	(945,281)	-	(17,624,027)	-	(18,569,308)
Total deposits with banks and financial institutions	**303,606,110**	**-**	**-**	**-**	**303,606,110**
Loans to banks and financial institutions					
With externally rated credit risk					
- rated from BBB- to BBB+*	211,701,713	-	3,579,489	-	215,281,202
- rated from BB- to BB+	162,885,487	10,032,832	-	2,266,489	175,184,808
- rated from B- to B+	35,772,353	1,874,699	-	-	37,647,052
- rated from CCC- to CCC+	3,942,139	-	-	-	3,942,139
- D rated	-	-	30,901,684	-	30,901,684
With internally rated credit risk					
- stable rating	8,406,394	-	-	-	8,406,394
- satisfactory rating	3,684,112	-	-	-	3,684,112
	426,392,198	**11,907,531**	**34,481,173**	**2,266,489**	**475,047,391**
Loss allowance	(2,571,573)	(3,623,033)	(34,481,173)	-	(40,675,779)
Total loans to banks and financial institutions	**423,820,625**	**8,284,498**	**-**	**2,266,489**	**434,371,612**

*This category includes a loan with a gross carrying amount of Tenge 34,391,281 thousand issued to a bank that does not have an external credit rating. The Holding classified this loan in the category "from BBB- to BBB+", using the external credit rating of "BBB-" of the ultimate borrower who received these funds. In the event of default of the ultimate borrower, the rights of claim under the loan issued by the bank to the ultimate borrower are transferred to the Holding to repay the bank's loan obligations to the Holding.

(In thousands of Kazakhstani Tenge)	**31 December 2024** **Stage 1 12-month ECL**	**Stage 2 Lifetime ECL – not credit-impaired**	**Stage 3 Lifetime ECL – credit-impaired**	**POCI**	**Total**
Loans to customers measured at amortised cost					
With externally and internally rated credit risk					
- rated from BBB- to BBB+	221,734,786	30,031,963	-	-	251,766,749
- rated from BB- to BB+	1,008,934,976	2,975,877	-	-	1,011,910,853
- rated from B- to B+	586,520,360	102,963,327	-	11,915,216	701,398,903
- rated from CCC- to CCC+	15,471,319	50,081,828	82,080,867	171,623	147,805,637
- rated from CC- to CC+	6,740,610	-	-	-	6,740,610
- D rated	-	-	156,882,790	3,024,094	159,906,884
- not rated*	3,786,621,583	362,217,849	313,905,078	16,065,909	4,478,810,419
	5,626,023,634	**548,270,844**	**552,868,735**	**31,176,842**	**6,758,340,055**
Loss allowance	(31,999,054)	(28,944,275)	(338,855,807)	(9,401,899)	(409,201,035)
Total loans to customers measured at amortised cost	**5,594,024,580**	**519,326,569**	**214,012,928**	**21,774,943**	**6,349,139,020**

**Loans to customers measured at amortised cost not rated consist of mortgage loans, loans to agribusinesses and loans to small and medium entities*.

Finance lease receivables					
Corporate customers					
With externally rated credit risk					
- rated from BBB- to BBB+	199,555,777	179,556,189	-	-	379,111,966
With internally rated credit risk					
- rated from BB- to BB+	93,212,765	1,732,426	-	-	94,945,191
- rated from B- to B+	275,051,539	26,531,805	10,493,893	-	312,077,237
- rated from CCC- to CCC+	20,374,426	79,851,362	22,920,701	-	123,146,489
- rated D	-	-	8,427,265	-	8,427,265
	588,194,507	**287,671,782**	**41,841,859**	**-**	**917,708,148**
Loss allowance	(3,677,054)	(9,492,521)	(7,369,652)	-	(20,539,227)
Total corporate customers	**584,517,453**	**278,179,261**	**34,472,207**	**-**	**897,168,921**
Agribusiness customers					
- not overdue	386,152,147	16,981,968	78,312,937	26,109	481,473,161
- overdue less than 30 days	18,668,740	4,076,425	26,063,952	3,219	48,812,336
- overdue more than 31 days and less than 90 days	-	21,327,037	22,941,048	18,134	44,286,219
- overdue more than 91 days and less than 360 days	-	-	15,999,706	25,572	16,025,278
- overdue more than 1 year	-	-	35,680,068	-	35,680,068
	404,820,887	**42,385,430**	**178,997,711**	**73,034**	**626,277,062**
Loss allowance	(4,233,818)	(4,009,463)	(64,285,213)	(28,869)	(72,557,363)
Total agribusiness customers	**400,587,069**	**38,375,967**	**114,712,498**	**44,165**	**553,719,699**
Retail customers and individuals					
- not overdue	110,085,870	3,526,346	3,928,061	-	117,540,277
- overdue less than 30 days	1,637,462	801,027	614,796	-	3,053,285
- overdue more than 31 days and less than 90 days	-	1,426,749	1,214,470	-	2,641,219
- overdue more than 91 days and less than 360 days	-	-	3,126,309	-	3,126,309
- overdue more than 1 year	-	-	1,500,254	-	1,500,254
	111,723,332	**5,754,122**	**10,383,890**	**-**	**127,861,344**
Loss allowance	(51,134)	(3,882)	(132,157)	-	(187,173)
Total retail customers and individuals	**111,672,198**	**5,750,240**	**10,251,733**	**-**	**127,674,171**
Total finance lease receivables	**1,096,776,720**	**322,305,468**	**159,436,438**	**44,165**	**1,578,562,791**

	31 December 2024				
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL - not credit-impaired**	**Stage 3 Lifetime ECL - credit-impaired**	**POCI**	**Total**
Investment securities measured at fair value through other comprehensive income					
- rated from AAA- to AAA+	9,439,787	-	-	-	9,439,787
- rated from AA- to AA+	295,489,410	-	-	-	295,489,410
- rated from A- to A+	145,411,363	-	-	-	145,411,363
- rated from BBB- to BBB+	224,746,389	-	-	-	224,746,389
- rated from BB- to BB+	8,401,956	-	-	-	8,401,956
	683,488,905	**-**	**-**	**-**	**683,488,905**
Loss allowance	(174,082)	-	-	-	(174,082)
Gross carrying amount	**683,488,905**	**-**	**-**	**-**	**683,488,905**
Total investment securities measured at fair value through other comprehensive income	**683,314,823**	**-**	**-**	**-**	**683,314,823**
Investment securities measured at amortised cost					
- rated from AAA- to AAA+	30,239,549	-	-	-	30,239,549
- rated from BBB- to BBB+	1,055,610,511	-	-	-	1,055,610,511
- rated from BB- to BB+	13,123,186	-	-	54,200,340	67,323,526
- rated from B- to B+	14,139,938	9,405,393	-	-	23,545,331
- not rated	6,015,928	-	1,238,684	-	7,254,612
	1,119,129,112	**9,405,393**	**1,238,684**	**54,200,340**	**1,183,973,529**
Loss allowance	(1,265,907)	(745,669)	(1,238,684)	(1,695,544)	(4,945,804)
Total investment securities at amortised cost	**1,117,863,205**	**8,659,724**	**-**	**52,504,796**	**1,179,027,725**
Other financial assets					
- not overdue	37,352,157	2,460,841	2,691,070	-	42,504,068
- overdue less than 30 days	137,761	2,260	43	-	140,064
- overdue more than 31 days and less than 90 days	-	411,437	184,976	-	596,413
- overdue more than 91 days and less than 360 days	-	-	141,506	-	141,506
- overdue more than 1 year	-	-	15,748,011	-	15,748,011
	37,489,918	**2,874,538**	**18,765,606**	**-**	**59,130,062**
Loss allowance	(225,446)	(462,716)	(16,499,449)	-	(17,187,611)
Total other financial assets	**37,264,472**	**2,411,822**	**2,266,157**	**-**	**41,942,451**
Government grants receivables					
- rated from BBB- to BBB+	37,619,033	-	-	-	37,619,033
Loss allowance	-	-	-	-	-
Total government grants receivables	**37,619,033**	**-**	**-**	**-**	**37,619,033**
Receivables from the Government for reimbursement of premium on customer accounts					
- rated from BBB- to BBB+	55,026,392	-	-	-	55,026,392
Loss allowance	-	-	-	-	-
Total receivables from the Government for reimbursement of premium on customer accounts	**55,026,392**	**-**	**-**	**-**	**55,026,392**

(In thousands of Kazakhstani Tenge)	31 December 2024 Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	Total
Financial guarantee contracts				
With externally rated credit risk				
- rated from BBB- to BBB+	56,567,500	-	-	56,567,500
With internally rated credit risk				
- rated from B- to B+	390,072,725	-	-	390,072,725
not rated				
- not overdue	449,794,717	7,779,719	605,953	458,180,389
- overdue less than 30 days	3,291,674	495,745	49,011	3,836,430
- overdue more than 31 days and less than 60 days	-	423,669	9,336	433,005
- overdue more than 61 days and less than 90 days	-	409,638	16,802	426,440
- overdue more than 91 days and less than 180 days	-	-	869,709	869,709
	899,726,616	**9,108,771**	**1,550,811**	**910,386,198**
Loss allowance	**(32,787,698)**	**(1,584,015)**	**(1,175,072)**	**(35,546,785)**
Loan commitments				
With externally rated credit risk				
- rated from BBB- to BBB+	94,273,989	-	-	94,273,989
With internally rated credit risk				
- rated from BB- to BB+	81,110,338	-	-	81,110,338
- rated from B- to B+	171,814,829	-	-	171,814,829
- not rated	5,126,125	-	-	5,126,125
- not rated loan commitments to individuals	38,288,361	-	-	38,288,361
	390,613,642	**-**	**-**	**390,613,642**
Loss allowance	**(2,158,374)**	**-**	**-**	**(2,158,374)**

The following table sets out information about overdue status of loans to customers at amortised cost by credit quality stages:

(In thousands of Kazakhstani Tenge)	31 December 2024 Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	POCI	Total
Mortgage loans (not rated)					
- not overdue	3,138,882,379	220,470,135	7,812,197	130,600	3,367,295,311
- overdue less than 30 days	9,011,102	25,261,179	938,038	18,633	35,228,952
- overdue more than 31 days and less than 90 days	1,016,499	16,932,001	952,067	28,509	18,929,076
- overdue more than 91 days and less than 180 days	-	2,451	2,593,414	2,176	2,598,041
- overdue more than 181 days and less than 1 year	-	-	873,648	-	873,648
- overdue more than 1 year	-	-	894,144	2,634	896,778
	3,148,909,980	**262,665,766**	**14,063,508**	**182,552**	**3,425,821,806**
Loss allowance	(3,169,482)	(1,251,578)	(4,046,859)	(5,451)	(8,473,370)
Total mortgage loans at amortised cost	**3,145,740,498**	**261,414,188**	**10,016,649**	**177,101**	**3,417,348,436**
Loans to agribusiness companies (not rated)					
- not overdue	618,726,904	78,088,111	99,676,062	12,282,197	808,773,274
- overdue less than 30 days	18,486,517	8,537,216	32,456,218	110,920	59,590,871
- overdue more than 31 days and less than 90 days	-	12,911,700	27,870,062	2,442,074	43,223,836
- overdue more than 91 days and less than 180 days	-	-	6,571,588	409,341	6,980,929
- overdue more than 181 days and less than 1 year	-	-	23,992,884	527,487	24,520,371
- overdue more than 1 year	-	-	96,925,657	111,338	97,036,995
	637,213,421	**99,537,027**	**287,492,471**	**15,883,357**	**1,040,126,276**
Loss allowance	(12,538,983)	(9,259,389)	(175,074,192)	(10,634,062)	(207,506,626)
Total loans to agribusiness companies at amortised cost	**624,674,438**	**90,277,638**	**112,418,279**	**5,249,295**	**832,619,650**

(In thousands of Kazakhstani Tenge)	Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	POCI	Total
	31 December 2024				
Loans to customers, except mortgage loans and loans to agribusiness companies					
- not overdue	1,838,497,751	184,592,271	193,167,047	12,086,839	2,228,343,908
- overdue less than 30 days	1,402,482	1,475,780	1,126,443	-	4,004,705
- overdue more than 31 days and less than 90 days	-	-	44,743,017	139,727	44,882,744
- overdue more than 181 days and less than 1 year	-	-	14,530	-	14,530
- overdue more than 1 year	-	-	12,261,719	2,884,367	15,146,086
	1,839,900,233	**186,068,051**	**251,312,756**	**15,110,933**	**2,292,391,973**
Loss allowance	(16,290,589)	(18,433,308)	(159,734,756)	1,237,614	(193,221,039)
Total loans to customers, except mortgage loans and loans to agribusiness companies at amortised cost	**1,823,609,644**	**167,634,743**	**91,578,000**	**16,348,547**	**2,099,170,934**

(In thousands of Kazakhstani Tenge)	Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	POCI	Total
	31 December 2023				
Cash and cash equivalents					
NBRK, unrated	1,018,876,661	-	-	-	1,018,876,661
- rated from AA- to AA+	14,838,664	-	-	-	14,838,664
- rated from A- to A+	165,015,959	-	-	-	165,015,959
- rated from BBB- to BBB+	133,706,530	-	-	-	133,706,530
- rated from BB- to BB+	52,404,639	153,089	-	-	52,557,728
- rated from B- to B+	1,211	-	20,588	-	21,799
- not rated	1,400,954	-	109	-	1,401,063
Receivables under reverse repurchase agreements with original maturities of less than three months, not overdue	825,588,944	-	-	-	825,588,944
	2,211,833,562	**153,089**	**20,697**	**-**	**2,212,007,348**
Loss allowance	(129,143)	(6)	(11,398)	-	(140,547)
Total cash and cash equivalents	**2,211,704,419**	**153,083**	**9,299**	**-**	**2,211,866,801**
Deposits with banks and financial institutions					
- rated from BBB- to BBB+	14,743,472	-	-	-	14,743,472
- rated from BB- to BB+	9,200,901	-	-	-	9,200,901
- D rated	-	-	15,684,276	-	15,684,276
- not rated	-	-	390,451	-	390,451
	23,944,373	**-**	**16,074,727**	**-**	**40,019,100**
Loss allowance	(83,270)	-	(16,074,727)	-	(16,157,997)
Total deposits with banks and financial institutions	**23,861,103**	**-**	**-**	**-**	**23,861,103**
Loans to banks and financial institutions					
With externally rated credit risk					
- rated from BBB- to BBB+	128,861,393	-	3,579,489	-	132,440,882
- rated from BB- to BB+*	159,756,497	9,424,391	-	2,034,156	171,215,044
- rated from B- to B+	20,802,758	5,371,721	773,848	-	26,948,327
- D rated	-	-	30,622,044	-	30,622,044
With internally rated credit risk					
- excellent rating	332,101	-	-	-	332,101
- stable rating	9,883,895	-	-	-	9,883,895
- satisfactory rating	7,756,298	-	-	-	7,756,298
	327,392,942	**14,796,112**	**34,975,381**	**2,034,156**	**379,198,591**
Loss allowance	(2,167,152)	(4,359,860)	(34,224,854)	-	(40,751,866)
Total loans to banks and financial institutions	**325,225,790**	**10,436,252**	**750,527**	**2,034,156**	**338,446,725**

*This category includes a loan with a gross carrying amount of Tenge 39,408,665 thousand issued to a bank with an external credit rating from S&P of BBB-. The Holding classified this loan into the category “from BB- to BB+” using the external credit rating of BB of the ultimate borrower, who received these borrowed funds. In the event of default of the ultimate borrower, the rights of claim under the loan issued by the bank to the ultimate borrower are transferred to the Holding to repay the bank's loan obligations to the Holding.

(In thousands of Kazakhstani Tenge)	**31 December 2023** Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	POCI	Total
Loans to customers measured at amortised cost					
With externally and internally rated credit risk					
- rated from BBB- to BBB+	246,128,138	-	-	-	246,128,138
- rated from BB- to BB+	652,063,568	-	-	-	652,063,568
- rated from B- to B+	582,692,019	15,171,820	-	3,223,564	601,087,403
- rated from CCC- to CCC+	2,581,058	121,538,156	-	10,540,108	134,659,322
- rated from CC- to CC+	3,251,706	-	-	-	3,251,706
- rated D	-	-	191,031,689	2,889,588	193,921,277
- not rated*	3,356,414,684	348,719,676	350,217,148	16,556,676	4,071,908,184
	4,843,131,173	**485,429,652**	**541,248,837**	**33,209,936**	**5,903,019,598**
Loss allowance	(31,318,742)	(66,603,068)	(267,635,109)	(4,278,150)	(369,835,069)
Total loans to customers measured at amortised cost	**4,811,812,431**	**418,826,584**	**273,613,728**	**28,931,786**	**5,533,184,529**

*Loans to customers measured at amortised cost not rated consist of mortgage loans, loans to agribusinesses and loans to small and medium entities.

(In thousands of Kazakhstani Tenge)	**31 December 2023** Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	POCI	Total
Finance lease receivables					
Corporate customers					
With externally rated credit risk					
- rated from BBB- to BBB+	225,798,874	-	-	-	225,798,874
- 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	12,517,712	18,863,479	32,686,664	-	64,067,855
- D rated	-	-	2,360,169	-	2,360,169
	563,761,919	**29,827,378**	**45,517,056**	**-**	**639,106,353**
Loss allowance	(5,113,374)	(2,220,149)	(15,949,553)	-	(23,283,076)
Total corporate customers	**558,648,545**	**27,607,229**	**29,567,503**	**-**	**615,823,277**
Agribusiness customers					
- not overdue	342,744,619	9,069,658	42,035,279	23,627	393,873,183
- overdue less than 30 days	23,718,616	6,213,690	15,194,337	-	45,126,643
- overdue more than 31 days and less than 90 days	-	14,301,047	7,258,120	-	21,559,167
- overdue more than 91 days and less than 360 days	-	-	10,379,402	-	10,379,402
- overdue more than 1 year	-	-	30,644,614	-	30,644,614
	366,463,235	**29,584,395**	**105,511,752**	**23,627**	**501,583,009**
Loss allowance	(3,057,318)	(3,955,479)	(37,097,795)	(8,207)	(44,118,799)
Total agribusiness customers	**363,405,917**	**25,628,916**	**68,413,957**	**15,420**	**457,464,210**
Retail customers and individuals					
- not overdue	114,970,288	8,583,844	3,393,996	-	126,948,128
- overdue less than 30 days	2,240,552	944,926	662,812	-	3,848,290
- overdue more than 31 days and less than 90 days	-	2,530,666	1,310,601	-	3,841,267
- overdue more than 91 days and less than 360 days	-	-	3,555,655	-	3,555,655
- overdue more than 1 year	-	-	1,001,996	-	1,001,996
	117,210,840	**12,059,436**	**9,925,060**	**-**	**139,195,336**
Loss allowance	(48,839)	(83,425)	(220,131)	-	(352,395)
Total retail customers and individuals	**117,162,001**	**11,976,011**	**9,704,929**	**-**	**138,842,941**
Total finance lease receivables	**1,039,216,463**	**65,212,156**	**107,686,389**	**15,420**	**1,212,130,428**

(In thousands of Kazakhstani Tenge)	**31 December 2023** Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	POCI	Total
Investment securities measured at fair value through other comprehensive income					
- rated from AAA- to AAA+	8,887,266	-	-	-	8,887,266
- rated from AA- to AA+	126,354,840	-	-	-	126,354,840
- rated from A- to A+	126,399,616	-	-	-	126,399,616
- rated from BBB- to BBB+	185,627,951	-	-	-	185,627,951
- rated from B- to B+	599,963	-	-	-	599,963
	447,869,636	**-**	**-**	**-**	**447,869,636**
Loss allowance	-	-	-	-	-
Gross carrying amount	**447,869,636**	**-**	**-**	**-**	**447,869,636**
Total investment securities measured at fair value through other comprehensive income	**447,869,636**	**-**	**-**	**-**	**447,869,636**
Investment securities measured at amortised cost					
- rated from AAA	48,288,029	-	-	-	48,288,029
- rated from BBB- to BBB+	919,192,532	-	-	-	919,192,532
- rated from BB- to BB+	13,943,066	-	-	47,606,642	61,549,708
- rated from B- to B+	4,367,724	8,434,238	-	-	12,801,962
- not rated	4,564,644	-	1,293,509	-	5,858,153
	990,355,995	**8,434,238**	**1,293,509**	**47,606,642**	**1,047,690,384**
Loss allowance	(769,148)	(771,319)	(1,293,509)	(1,711,973)	(4,545,949)
Total investment securities at amortised cost	**989,586,847**	**7,662,919**	**-**	**45,894,669**	**1,043,144,435**
Other financial assets					
- not overdue	23,568,303	2,027,728	15,242	-	25,611,273
- overdue less than 30 days	42,157	2,757	432,633	-	477,547
- overdue more than 31 days and less than 90 days	10,316	-	2,250	-	12,566
- overdue more than 91 days and less than 360 days	38,793	19,589	79,496	-	137,878
- overdue more than 1 year	91,677	377,194	15,316,604	-	15,785,475
	23,751,246	**2,427,268**	**15,846,225**	**-**	**42,024,739**
Loss allowance	(1,357,924)	(447,684)	(14,539,680)	-	(16,345,288)
Total other financial assets	**22,393,322**	**1,979,584**	**1,306,545**	**-**	**25,679,451**

(In thousands of Kazakhstani Tenge)	**31 December 2023** Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit-impaired	Total
Financial guarantee contracts				
With externally rated credit risk				
- rated from BB- to BB+	140,379,802	-	-	140,379,802
- rated from B- to B+	56,567,500	-	-	56,567,500
With internally rated credit risk				
- rated from B- to B+	207,067,500	-	-	207,067,500
not rated				
- not overdue	368,466,982	14,834,667	1,549,667	384,851,316
- overdue less than 30 days	7,534,265	1,200,723	220,067	8,955,055
- overdue more than 31 days and less than 60 days	-	1,781,038	281,897	2,062,935
- overdue more than 61 days and less than 90 days	-	1,190,054	372,814	1,562,868
- overdue more than 91 days and less than 180 days	-	-	4,604,050	4,604,050
	780,016,049	**19,006,482**	**7,028,495**	**806,051,026**
Loss allowance	**(26,162,848)**	**(3,455,244)**	**(6,719,241)**	**(36,337,333)**
Loan commitments				
With internally rated credit risk				
- rated from BB- to BB+	49,349,575	-	-	49,349,575
- rated from B- to B+	144,227,976	-	-	144,227,976
- not rated	2,550,000	-	-	2,550,000
- not rated loan commitments to individuals	36,637,739	-	-	36,637,739
	232,765,290	**-**	**-**	**232,765,290**
Loss allowance	**(2,466,541)**	**-**	**-**	**(2,466,541)**

The following table sets out information about overdue status of loans to customers at amortised cost by credit quality stages:

	31 December 2023				
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL – not credit-impaired**	**Stage 3 Lifetime ECL – credit-impaired**	**POCI**	**Total**
Mortgage loans (not rated)					
- not overdue	2,918,020,846	181,390,097	7,542,859	168,710	3,107,122,512
- overdue less than 30 days	6,870,464	23,711,925	713,137	43,088	31,338,614
- overdue more than 31 days and less than 90 days	-	11,134,011	1,568,077	5,868	12,707,956
- overdue more than 91 days and less than 180 days	-	-	1,956,398	2,603	1,959,001
- overdue more than 181 days and less than 1 year	-	-	558,830	4,727	563,557
- overdue more than 1 year	-	-	876,473	16,323	892,796
	2,924,891,310	**216,236,033**	**13,215,774**	**241,319**	**3,154,584,436**
Loss allowance	(2,613,218)	(930,226)	(3,366,076)	(7,249)	(6,916,769)
Total mortgage loans at amortised cost	**2,922,278,092**	**215,305,807**	**9,849,698**	**234,070**	**3,147,667,667**
Loans to agribusiness companies (not rated)					
- not overdue	404,409,626	100,618,374	169,792,370	13,384,208	688,204,578
- overdue less than 30 days	26,095,087	9,001,603	35,468,603	2,035,705	72,600,998
- overdue more than 31 days and less than 90 days	-	22,730,561	23,897,706	770,504	47,398,771
- overdue more than 91 days and less than 180 days	-	-	8,038,408	13,196	8,051,604
- overdue more than 181 days and less than 1 year	-	-	13,819,932	85,954	13,905,886
- overdue more than 1 year	-	-	79,614,046	25,791	79,639,837
	430,504,713	**132,350,538**	**330,631,065**	**16,315,358**	**909,801,674**
Loss allowance	(17,626,943)	(14,829,529)	(153,792,487)	(5,508,752)	(191,757,711)
Total loans to agribusiness companies at amortised cost	**412,877,770**	**117,521,009**	**176,838,578**	**10,806,606**	**718,043,963**

	31 December 2023				
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL – not credit-impaired**	**Stage 3 Lifetime ECL – credit-impaired**	**POCI**	**Total**
Loans to customers, except mortgage loans, loans to agribusiness companies and loans to commercial entities					
- not overdue	1,487,734,933	134,956,796	142,414,693	13,763,671	1,778,870,093
- overdue less than 30 days	217	1,885,461	48,836,294	-	50,721,972
- overdue more than 31 days and less than 90 days	-	824	-	-	824
- overdue more than 91 days and less than 180 days	-	-	1,707	-	1,707
- overdue more than 181 days and less than 1 year	-	-	13,466	-	13,466
- overdue more than 1 year	-	-	6,135,838	2,889,588	9,025,426
	1,487,735,150	**136,843,081**	**197,401,998**	**16,653,259**	**1,838,633,488**
Loss allowance	(11,078,581)	(50,843,313)	(110,476,546)	1,237,851	(171,160,589)
Total loans to customers, except mortgage loans and loans to agribusiness companies at amortised cost	**1,476,656,569**	**85,999,768**	**86,925,452**	**17,891,110**	**1,667,472,899**

6 Cash and cash equivalents

(In thousands of Kazakhstani Tenge)	31 December 2024	31 December 2023
Receivables under reverse repurchase agreements with original maturities of less than three months	1,461,850,333	825,588,944
Cash balances with the NBRK	696,792,884	739,320,953
Correspondent accounts and overnight placements with other banks	289,514,735	186,521,081
Current accounts	176,880,391	181,020,662
Mandatory reserves with the NBRK	5,321,125	6,121,296
Cash on hand	3,114,049	3,086,347
Notes of the NBRK with maturity of less than three months	-	273,434,412
Total cash and cash equivalents before impairment allowance	**2,633,473,517**	**2,215,093,695**
Less: impairment allowance	(89,251)	(140,547)
Total cash and cash equivalents	**2,633,384,266**	**2,214,953,148**

The credit quality of cash and cash equivalents balances may be summarised based on Standard and Poor's ratings or Moody's or Fitch ratings as follows at 31 December 2024:

(In thousands of Kazakhstani Tenge)	Cash balances with the NBRK, including mandatory reserves	Current accounts	Correspondent accounts and overnight placements	Total
- NBRK (unrated)	702,114,009	-	-	702,114,009
- AA- to AA+ rated	-	-	17,991,794	17,991,794
- A- to A+ rated	-	-	235,652,631	235,652,631
- BBB - to BBB+ rated	-	116,801,217	16,737,491	133,538,708
- BB- to BB+ rated	-	55,696,697	19,083,959	74,780,656
- B- to B+ rated	-	751,318	2,675	753,993
- unrated (Citibank Kazakhstan JSC)	-	3,627,135	46,185	3,673,320
- unrated (other banks)	-	4,024	-	4,024
Total cash and cash equivalents, excluding cash on hand and receivables under reverse repurchase agreements before impairment allowance	**702,114,009**	**176,880,391**	**289,514,735**	**1,168,509,135**
Less: impairment allowance	(69,882)	(11,901)	(369)	(82,152)
Total cash and cash equivalents, excluding cash on hand and receivables under reverse repurchase agreements after impairment allowance	**702,044,127**	**176,868,490**	**289,514,366**	**1,168,426,983**

The credit quality of cash and cash equivalents balances may be summarised based on Standard and Poor's ratings or Moody's or Fitch ratings as follows at 31 December 2023:

(In thousands of Kazakhstani Tenge)	**Cash balances with the NBRK, including mandatory reserves**	**Current accounts**	**Notes of NBRK maturing within three months**	**Correspondent accounts and overnight placements**	**Total**
- NBRK (unrated)	745,442,249	-	273,434,412	-	1,018,876,661
- AA- to AA+ rated	-	-	-	14,838,664	14,838,664
- A- to A+ rated	-	-	-	165,015,959	165,015,959
- BBB - to BBB+ rated	-	127,077,010	-	6,629,520	133,706,530
- BB- to BB+ rated	-	52,551,971	-	5,757	52,557,728
- B- to B+ rated	-	21,799	-	-	21,799
- unrated (Citibank Kazakhstan JSC)	-	1,353,224	-	749	1,353,973
- unrated (other banks)	-	16,658	-	30,432	47,090
Total cash and cash equivalents, excluding cash on hand and receivables under reverse repurchase agreements before impairment allowance	**745,442,249**	**181,020,662**	**273,434,412**	**186,521,081**	**1,386,418,404**
Less: impairment allowance	(72,169)	(54,172)	(10,015)	(2,294)	(138,650)
Total cash and cash equivalents, excluding cash on hand and receivables under reverse repurchase agreements after impairment allowance	**745,370,080**	**180,966,490**	**273,424,397**	**186,518,787**	**1,386,279,754**

As at 31 December 2024 and 31 December 2023, the Holding entered into reverse repurchase agreements on the Kazakhstan Stock Exchange. The subject of these agreements were treasury notes of the Ministry of Finance of the Republic of Kazakhstan, notes of the National Bank of the Republic of Kazakhstan, debt obligations of Kazakhstan Sustainability Fund JSC and debt obligations of the Eurasian Development Bank. The carrying amount of those agreements and fair value of securities pledged amounted to Tenge 1,461,850,333 thousand and Tenge 1,460,773,172 thousand, respectively (31 December 2023: Tenge 825,588,944 thousand and Tenge 824,825,199 thousand, respectively).

At 31 December 2024 the Holding had one counterparty bank (31 December 2023: one counterparty bank) whose total cash and cash equivalent balances exceed 10% of equity. The total aggregate amount of these balances at 31 December 2024 was Tenge 702,114,009 thousand (31 December 2023: Tenge 1,018,876,661 thousand) or 26.66% of cash and cash equivalents (31 December 2023: 45.99%).

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

Interest rate analysis of cash and cash equivalents is disclosed in Note 31. Information on related party transactions is disclosed in Note 37.

During 2024 the Holding recovered an impairment allowance for cash and cash equivalents in the amount of Tenge 25,030 thousand (Note 28) (2023: accrual of impairment allowance in the amount of Tenge 26,533 thousand).

7 Other assets measured at fair value through profit or loss

(In thousands of Kazakhstani Tenge)	**31 December 2024**	**31 December 2023**
Investments in joint ventures	66,868,426	64,545,153
Investments in associates	38,617,149	31,907,356
Other equity investments	64,830,508	70,678,170
Other financial assets	2,619,322	2,619,033
Total assets measured at fair value through profit or loss	**172,935,405**	**169,749,712**

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

(In thousands of Kazakhstani Tenge)	**2024**	**Share of equity, %**	**2023**	**Share of equity, %**
Investments in joint ventures				
AstanaGas KMG JSC	40,302,348	50.00	40,276,183	50.00
Baikonyr Solar LLP	7,460,392	49.00	6,052,722	49.00
KTK Service LLP	3,974,379	49.00	4,817,617	49.00
PC Unicorn Feed	3,151,827	34.73	2,293,410	34.73
Silumin of Qazaqstan	2,872,676	49.00	-	-
EPG PROMETHEUS SCHOOL LLP	2,536,387	26.59	2,786,273	26.59
Makinsky thermal insulation plant LLP	2,065,342	49.00	1,804,301	49.00
Medical Centre Iclinic Atyrau LLP	2,063,413	47.00	2,212,000	47.00
Kazakhstan hot-dip galvanizing plant LLP (option agreement)	691,782	49.00	1,215,000	49.00
Arnau Agro LLP	525,049	49.00	1,076,583	49.00
CA International	461,216	49.00	-	-
Kazakhstan Pipeline Systems LLP	392,415	34.00	650,000	34.00
Best Meat LLP	284,855	49.00	318,603	49.00
Kazakhstan Hungarian Investment Private Equity Fund	86,345	49.50	42,461	49.50
Kaspi Munay Kapital LLP	-	-	1,000,000	39.00
	66,868,426		**64,545,153**	
Investments in associates				
CITIC-KAZYNA Investment L.P.	18,486,485	49.90	13,496,480	49.90
EMC Agro LLP	6,673,601	24.47	5,867,542	24.47
Kazakhstan Growth Fund L.P.*	4,084,185	49.50	2,046,417	49.50
Alit Holding LLP	2,809,688	49.00	3,300,000	49.00
KazMyaso LLP	2,273,671	49.00	2,538,820	49.00
Kazakhstan Capital Restructuring Fund C.V .*	2,055,959	49.50	2,694,941	49.50
Format Mach Company Engineering LLP	1,304,341	25.00	-	-
PC KazrostEngineering Ltd	763,413	16.00	1,102,999	32.00
Burundaisky mineral water LLP	165,806	45.25	144,387	45.25
Temirbeton-1 LLP	-	22.00	715,770	22.00
	38,617,149		**31,907,356**	
Other equity investments				
Kazakhstan Infrastructure Fund C.V.	31,324,942	95.24	37,237,089	95.24
AITAS LUX S.A.R.L	18,514,591	13.99	18,514,319	13.99
500 Startups V, L.P.	4,985,186	7.10	5,418,718	7.50
Quest Ventures Asia Fund II L.P.	4,488,938	30.70	4,179,705	33.80
Continental Logistic LLP	4,329,500	18.45	3,263,696	18.45
Apex Fund I L.P .*	395,760	97.00	-	-
Wellington Partners Ventures III Fund L.P.	379,032	5.13	668,532	5.10
TTS Astana-2007 K LLP	246,567	17.17	183,699	17.17
Private Company BGlobal Ventures Ltd.	143,700	100.00	67,502	100.00
Da Vinci Emerging Technologies GP Limited	16,576	18.83	151,368	12.50
Flagship Ventures Fund 2004 L.P.*	5,716	6.60	308	6.60
BRBAPK LLP	-	-	993,234	8.30
	64,830,508		**70,678,170**	

Investment in AstanaGas KMG JSC

In October 2018, the Holding acquired 50% of ordinary voting shares of AstanaGas KMG JSC for the amount of Tenge 121 thousand and replenished additionally the charter capital for Tenge 40,150,000 thousand on 30 October 2018. AstanaGas KMG JSC was established to implement the project of gas infrastructure development in Astana and northern region of the Republic of Kazakhstan, as well as other gas industry development programmes. This entity is considered to be joint venture.

The Holding financed the acquisition by issuing 40,150,000 bonds with par value of Tenge 1,000 per bond, which mature on demand and have a coupon interest of 0.01% p.a. According to the agreement concluded with the seller of the shares, the Holding has a ‘put’ option enabling the Holding to sell its share in equity investment AstanaGas KMG JSC in the amount of Tenge 40,150,000 thousand, with a yield of 0.01% p.a. upon expiry of 15 years and, if demanded so by holders of the bonds issued by the Holding, buy back issued bonds.

Investment in Kazakhstan Infrastructure Fund C.V.

In February 2017, to appoint new general partner to Kazakhstan Infrastructure Fund C.V. ("KIF"), the Holding and Verno Pe Eurasia GP Limited (hereinafter- the "General Partner") signed a limited partnership agreement (hereinafter - "LPA"). Under the terms and conditions of LPA, the amount of liabilities related to investment in KIF was allocated between the partners as follows:

- QIC JSC (USD 100 mln) - the 95.24% ownership interest;
- VERNO PE EURASIA GP (USD 5 mln) - the 4.76% ownership interest.

The main purpose to have established KIF is investing in share capital of corporates whose principal activities are development of infrastructure projects in target areas. KIF's operations are primarily located in Kazakhstan, while the country of incorporation is the Netherlands.

Nature and extent of the Holding's involvement

The Holding holds a 95% interest in KIF, and being a limited liability partner under the LPA, is not involved in the decision-making process related to KIF's investing activities.

KIF's management company is the General Partner who is responsible for making investing decisions, and governed by the Investment Policy in accordance with the LPA. 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.

In accordance with the LPA, the Company may re-appoint a fund's manager, the General Partner, to protect its interests with regard to investees and KIF' operations. Under the terms of the LPA, there are certain conditions which are attached to the reappointment of the General Manager, including:

- imposing a pecuniary penalty in the amount of 2% of total investment liabilities;
- searching for a new general partner who is prepared for buy-out of the predecessor General Partner's rights and obligations.

These conditions make the general partner's reappointment process more difficult.

In accordance with the above, under IFRS 10 *Consolidated Financial Statements*, the Holding has no control over KIF as at 31 December 2024 and 31 December 2023.

The table below summarizes the financial information as at 30 September 2024 and 31 December 2023 on significant investments in associates and joint ventures, as presented in their own financial statements of these enterprises:

In thousands of Kazakhstani Tenge	**AstanaGas KMG JSC**	**Baikonyr Solar LLP**	**KTK Service LLP**	**Unicorn Feed PC**
	50.0%	49.0%	49.0%	34.73%
Share of equity, %	Joint venture	Joint venture	Joint venture	Joint venture
Country of incorporation and operation	Republic of Kazakhstan	Republic of Kazakhstan	Republic of Kazakhstan	Republic of Kazakhstan
At 30 September 2024:				
Non-current assets	223,741,480	19,995,544	4,336,053	4,147,440
Current assets	22,508,326	2,514,194	4,413,037	3,468,800
- including cash and cash equivalents	15,545,302	1,315,272	3,120	2,166,274
Non-current liabilities	(161,912,687)	(12,496,953)	(1,065,620)	(2,272,061)
- including non-current financial liabilities	(153,884,371)	(10,770,881)	(959,804)	(803,880)
Current liabilities	(30,401,043)	(1,291,279)	(8,523,445)	(1,773,293)
Net assets	53,936,076	8,721,506	(839,975)	3,570,886
For the 9 months ended 30 September 2024:				
Revenue	25,106,257	3,597,113	1,466,767	-
Net profit/(loss)	2,609,212	929,818	(820,262)	(141,709)
Total comprehensive income/(loss) for the period	2,609,212	929,818	(820,262)	(141,709)
At 31 December 2023:				
Non-current assets	233,077,511	20,864,887	4,583,978	1,259,769
Current assets	16,049,103	1,830,495	2,981,947	6,286,109
- including cash and cash equivalents	11,993,099	1,362,774	82,110	4,595,762
Non-current liabilities	(167,312,977)	(13,108,901)	(821,499)	(2,316,776)
- including non-current financial liabilities	(160,352,447)	(11,382,829)	(743,848)	-
Current liabilities	(30,396,773)	(1,433,094)	(7,017,741)	(1,350,923)
Net assets	51,416,864	8,153,387	(273,315)	3,878,179
For the 12 months ended 31 December 2023:				
Revenue	33,607,014	3,937,572	7,923,444	-
Net profit/(loss)	2,438,952	361,697	(1,172,966)	(146,950)
Total comprehensive income/(loss) for the period	2,438,952	361,697	(1,172,966)	(146,950)

In thousands of Kazakhstani Tenge	CITIC KAZYNA Investment Fund L. P.	EMC Agro LLP	Kazakhstan Growth Fund L. P.
Share of equity, %	49.90%	24.47%	49.50%
	Associate	Associate	Associate
Country of incorporation	Cayman Islands	Republic of Kazakhstan	Netherlands
Place of business	China/Republic of Kazakhstan	Republic of Kazakhstan	Republic of Kazakhstan
At 30 September 2024			
Non-current assets	16,698,535	28,524,379	6,496,116
Current assets	17,296,639	4,030,325	1,075,401
- including cash and cash equivalents	83,641	327,639	249,581
Non-current liabilities	-	(10,110,094)	-
- including non-current financial liabilities	-	(9,451,136)	-
Current liabilities	(82,850)	(3,695,493)	(18,955)
Net assets	33,912,324	18,749,117	7,552,562
For the 9 months ended 30 September 2024			
Revenue	13,346	9,611,205	7
Net (loss)/profit	(58,770)	316,847	(27,825)
Other comprehensive income/(loss)	(58,770)	316,847	(27,825)
At 31 December 2023:			
Non-current assets	31,089,464	25,713,452	7,111,388
Current assets	1,357,879	8,358,911	639,490
- including cash and cash equivalents	894,505	2,886,627	149,136
Non-current liabilities	(930,804)	(10,289,539)	-
- including non-current financial liabilities	-	(4,464,035)	-
Current liabilities	-	(5,357,184)	(43,959)
Net assets	31,516,539	18,425,640	7,706,919
For the 12 months ended 31 December 2023:			
Revenue	(15,795)	12,454,870	42
Net (loss)/profit	(53,749)	609,182	(41,457)
Other comprehensive income/(loss)	(53,749)	609,182	(41,457)

The main activity of the Holding is investing in order to generate income and capital gains. The Holding has an exit strategy for each of its investments. The Holding's investment activities are carried out through subsidiaries of the Holding. The Holding has an established monitoring and reporting system in relation to investment activities. The Holding also has an investment department and a risk management department, whose functions include managing the investment activities of the Holding, including reporting to the Holding Management and the Board of Directors. In addition, the Holding's investment objects are independent business entities in the operating activities of which the Holding takes a limited part, having no control over the investment objects.

Therefore, the Holding believes that it meets the definition of an organisation specialising in venture capital investments and uses the exemption from the need to use the equity method to account for investments in associates and joint ventures.

Refer to Note 35 for the estimated fair value of each class of other assets measured at fair value.

8 Loans to banks and financial institutions

(In thousands of Kazakhstani Tenge)	31 December 2024	31 December 2023
Loans to banks and financial institutions		
- BBB- to BBB+ rated	215,281,202	132,440,882
- BB- to BB+ rated	175,184,808	171,215,044
- B- to B+ rated	37,647,052	26,948,327
- CCC- to CCC+ rated	3,942,139	-
- D rated	30,901,684	30,622,044
- not rated	12,090,506	17,972,294
Gross loans to banks and financial institutions	**475,047,391**	**379,198,591**
Less: impairment allowance	(40,675,779)	(40,751,866)
Total loans to banks and financial institutions	**434,371,612**	**338,446,725**

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

The Holding uses the following assumptions to estimate the market interest rates for determination of the fair value of financial instruments:

- Yield on long-term bonds issued by the Ministry of Finance of the Republic of Kazakhstan;
- The credit risk premium of the counterparty.

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

	2024			
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL – not credit-impaired**	**Stage 3 Lifetime ECL – credit-impaired**	**Total**
Balance at 1 January	**2,167,152**	**4,359,860**	**34,224,854**	**40,751,866**
Transfer to Stage 1	536,262	(536,262)	-	-
Transfer to Stage 2	-	17,687	(17,687)	-
Impairment allowance (recovery)/ charge during the year (Note 28)	(129,754)	(218,252)	274,006	(74,000)
Other	(2,087)	-	-	(2,087)
Balance at 31 December	**2,571,573**	**3,623,033**	**34,481,173**	**40,675,779**

	2023			
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL – not credit-impaired**	**Stage 3 Lifetime ECL – credit-impaired**	**Total**
Balance at 1 January	**3,915,644**	**4,884,797**	**34,361,875**	**43,162,316**
Impairment allowance recovery during the year (Note 28)	(1,759,278)	(524,937)	(137,021)	(2,421,236)
Other changes	10,786	-	-	10,786
Balance at 31 December	**2,167,152**	**4,359,860**	**34,224,854**	**40,751,866**

At 31 December 2024 and 2023 the Holding had no outstanding balances of loans to banks and financial institutions whose total balances exceed 10% of equity.

During 2024 there was a significant change in the terms of loans issued to banks. These changes were caused by the Resolution of the Government of the Republic of Kazakhstan dated 7 March 2024 No. 156. As a result of the modification, the loan repayment period was reduced from 2052 to 2030, which also entailed the derecognition of the previous financial instrument and the recognition of a new financial instrument. These loans were recognised at fair value at initial recognition, which was determined using market rates of 13.78% - 15.59% p.a., the discount upon initial recognition was amounted to Tenge 54,477,146 thousand. As a result of the above transactions, the balance of the government grant was recalculated for a total of Tenge 36,168,442 thousand tenge (Note 20) due to the fact that the Holding has an obligation to reinvest the funds received from borrowers under the current State program.

During 2024, banks made early repayments of the loans in the amount of Tenge 30,662,890 thousand, which corresponded to the initial terms of the agreement. As a result of this early repayment, the balance of the government grants was recalculated for a total of Tenge 18,850,172 thousand.

Refer to Note 35 for the estimated fair value of each class of amounts due from banks. An interest rate analysis of due from banks is disclosed in Note 31. Information on related party transactions is disclosed in Note 37.

9 Deposits with banks and financial institutions

(In thousands of Kazakhstani Tenge)	**31 December 2024**	**31 December 2023**
Deposits with banks and financial institutions		
- AA- to AA+ rated	1,595,436	-
- BBB - to BBB+ rated	4,786,917	14,743,472
- BB- to BB+ rated	29,858,228	9,200,901
- B- to B+ rated	268,311,976	-
- D rated	17,237,277	15,684,276
- not rated	385,584	390,451
Gross deposits with banks and financial institutions	**322,175,418**	**40,019,100**
Less: impairment allowance	(18,569,308)	(16,157,997)
Total deposits with banks and financial institutions	**303,606,110**	**23,861,103**

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

Movements in the provision for impairment of deposits with banks and financial institutions are as follows:

	2024			
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL – not credit-impaired**	**Stage 3 Lifetime ECL – credit-impaired**	**Total**
Balance at 1 January	**83,270**	**-**	**16,074,727**	**16,157,997**
Impairment allowance (recovery)/charge during the year (Note 28)	282,901	-	(88,001)	194,900
Effect of changes in foreign exchange rates	-	-	1,637,301	1,637,301
Other changes	579,110	-	-	579,110
Balance at 31 December	**945,281**	**-**	**17,624,027**	**18,569,308**

	2023			
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL – not credit-impaired**	**Stage 3 Lifetime ECL – credit-impaired**	**Total**
Balance at 1 January	**154,291**	**-**	**15,235,043**	**15,389,334**
Impairment allowance recovery during the year (Note 28)	(54,187)	-	(1,356)	(55,543)
Effect of changes in foreign exchange rates		-	841,040	841,040
Other changes	(16,834)	-	-	(16,834)
Balance at 31 December	**83,270**	**-**	**16,074,727**	**16,157,997**

As at 31 December 2024 and 2023 the Holding had no outstanding balances of deposits with banks and financial institutions whose total balances exceed 10% of equity.

Refer to Note 35 for the estimated fair value of each class of deposits with banks and financial institutions. An interest rate analysis of due from banks is disclosed in Note 31. Information on related party transactions is disclosed in Note 37.

10 Loans to customers

(In thousands of Kazakhstani Tenge)	31 December 2024	31 December 2023
Loans to customers measured at amortised cost		
Mortgage loans	3,425,821,806	3,154,584,436
Loans to corporate customers	2,279,529,636	1,831,111,413
Loans issued to agribusiness companies	1,040,126,276	909,801,674
Loans issued to small and medium entities ("SME")	12,862,337	7,522,075
Gross loans to customers measured at amortised cost	**6,758,340,055**	**5,903,019,598**
Less impairment allowance for loans	(409,201,035)	(369,835,069)
Total net loans to customers measured at amortised cost	**6,349,139,020**	**5,533,184,529**
Loans to customers measured at fair value through profit or loss	**226,107,849**	**188,327,278**
Total loans to customers	**6,575,246,869**	**5,721,511,807**

In determining the fair value of loans to customers measured at fair value through profit or loss, management made assumptions that the following market rates are appropriate for the Holding: from 13.70% to 20.02% (2023: from 14.01% to 26.67% in Tenge). None of the loans to customers measured at fair value through profit or loss are past due.

As at 31 December 2024 mortgage loans portfolio consisted of mortgage loans issued directly in the amount of Tenge 3,400,681,611 thousand (2023: Tenge 3,120,453,506 thousand) and of mortgage loans purchased from commercial banks in the amount of Tenge 25,140,195 thousand (2023: Tenge 34,130,930 thousand).

Significant changes in the gross carrying amount of loans measured at amortised cost were as follows:

	2024				
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL - not credit-impaired**	**Stage 3 Lifetime ECL - credit-impaired**	**Credit-impaired assets on initial recognition**	**Total**
Balance at 1 January	4,843,131,173	485,429,652	541,248,837	33,209,936	5,903,019,598
Transfer to Stage 1	123,845,828	(98,577,133)	(25,268,695)	-	-
Transfer to Stage 2	(358,343,160)	418,518,939	(60,175,779)	-	-
Transfer to Stage 3	(51,201,856)	(142,804,453)	194,006,309	-	-
New financial assets originated or purchased	2,746,837,389	-	38,684	827,962	2,747,704,035
Financial assets that have been derecognised	(2,094,825,431)	(120,687,786)	(77,333,458)	(4,252,616)	(2,297,099,291)
Amortisation of discount on present value of ECLs	-	-	15,295,757	-	15,295,757
Other changes*	279,156,432	5,334,904	(38,591,533)	1,391,560	247,291,363
Effect of changes in foreign exchange rates	137,423,259	1,056,721	3,648,613	-	142,128,593
Balance at 31 December	**5,626,023,634**	**548,270,844**	**552,868,735**	**31,176,842**	**6,758,340,055**

	2023				
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL - not credit-impaired**	**Stage 3 Lifetime ECL - credit-impaired**	**Credit-impaired assets on initial recognition**	**Total**
Balance at 1 January	5,707,882,295	403,329,923	545,651,682	73,852,630	6,730,716,530
Transfer to Stage 1	110,759,317	(87,852,175)	(22,907,142)	-	-
Transfer to Stage 2	(341,097,929)	356,268,428	(15,170,499)	-	-
Transfer to Stage 3	(94,839,358)	(23,095,453)	117,934,811	-	-
Transfer to assets held for sale	(905,733,580)	(60,351,869)	(30,427,984)	(44,984,171)	(1,041,497,604)
New financial assets originated or purchased	1,842,199,541	13,189	1,009,297	6,930,109	1,850,152,136
Financial assets that have been derecognised	(1,316,502,255)	(108,613,276)	(61,357,052)	(6,586,541)	(1,493,059,124)
Amortisation of discount on present value of ECLs	-	-	27,611,515	-	27,611,515
Other changes*	(145,015,746)	5,956,309	(20,383,013)	3,990,230	(155,452,220)
Effect of changes in foreign exchange rates	(14,521,112)	(225,424)	(712,778)	7,679	(15,451,635)
Balance at 31 December	**4,843,131,173**	**485,429,652**	**541,248,837**	**33,209,936**	**5,903,019,598**

* The movement comprise, mainly, repayments and accrual of interest income.

Movement in loss allowance for loans for the years ended 31 December 2024 and 2023 is as follows:

	2024				
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL - not credit-impaired**	**Stage 3 Lifetime ECL - credit-impaired**	**Credit-impaired assets on initial recognition**	**Total**
Balance at 1 January	31,318,742	66,603,068	267,635,109	4,278,150	369,835,069
Transfer to Stage 1	13,823,656	(2,479,247)	(11,344,409)	-	-
Transfer to Stage 2	(3,309,232)	18,022,737	(14,713,505)	-	-
Transfer to Stage 3	(2,476,041)	(78,861,520)	81,337,561	-	-
Net remeasurement of loss allowance	(30,800,344)	27,290,919	14,745,575	3,979,139	15,215,289
New financial assets originated or purchased	24,540,752	-	-	-	24,540,752
Financial assets that have been derecognised	(1,629,404)	(1,719,766)	(15,829,027)	(885,195)	(20,063,392)
Amortisation of discount on present value of ECLs	-	-	15,295,757	-	15,295,757
Effect of changes in foreign exchange rates	657,874	207,934	2,321,708	-	3,187,516
Other changes	(126,949)	(119,850)	(592,962)	2,029,805	1,190,044
Balance at 31 December	**31,999,054**	**28,944,275**	**338,855,807**	**9,401,899**	**409,201,035**

	2023				
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL - not credit-impaired**	**Stage 3 Lifetime ECL - credit-impaired**	**Credit-impaired assets on initial recognition**	**Total**
Balance at 1 January	**41,259,479**	**56,767,516**	**328,318,820**	**1,374,748**	**427,720,563**
Transfer to Stage 1	8,845,455	(1,486,495)	(7,358,960)	-	-
Transfer to Stage 2	(5,865,884)	10,578,987	(4,713,103)	-	-
Transfer to Stage 3	(4,310,518)	(2,179,110)	6,489,628	-	-
Transfer to assets held for sale	(5,896,398)	(4,596,506)	(8,675,831)	4,267,938	(14,900,797)
Net remeasurement of loss allowance	(11,789,178)	8,433,229	(61,057,701)	(5,905,176)	(70,318,826)
New financial assets originated or purchased	10,238,224	-	57,121	-	10,295,345
Amortisation of discount on present value of ECLs	-	-	27,611,515	-	27,611,515
Effect of changes in foreign exchange rates	(135,612)	(9,370)	(562,549)	-	(707,531)
Other changes	(1,026,826)	(905,183)	(12,473,831)	4,540,640	(9,865,200)
Balance at 31 December	**31,318,742**	**66,603,068**	**267,635,109**	**4,278,150**	**369,835,069**

The amount of credit loss expense differs from the total amount of impairment allowance for loan portfolio reflected in the consolidated statement of profit or loss by the amount of impairment losses on modified Stage 3 loans in the total amount of Tenge 12,884,439 thousand (2023: Tenge 7,635,522 thousand), which adjusted the gross carrying amount of loans to customers as these are not expected to be recovered.

Analysis of collateral

The following tables provide information on collateral and other credit enhancements securing loans to corporate customers and loans issued to agribusiness companies, net of loss allowance, by types of collateral:

31 December 2024 *(In thousands of Kazakhstani Tenge)*	**Carrying amount of loans to customers**	**Fair value of collateral - for collateral assessed as of reporting date**	**Fair value of collateral - for collateral assessed before reporting date**
Stage 3 (Lifetime ECL for assets credit-impaired)			
Cash and deposits	865,336	865,336	-
Bank guarantees and guarantees received from legal entities (rated from B- to BBB+)	36,998,050	-	-
Land plots	20,087,674	20,030,919	56,755
Vehicles	11,036,789	10,695,077	341,712
Real estate	85,277,531	22,144,586	63,132,945
Equipment	3,803,855	2,885,749	918,106
Equity share	2,985,654	-	2,985,654
Goods in turnover	7,433,822	7,433,209	613
Insurance	351,602	-	-
No collateral or other credit enhancement	1,013,390	-	-
Total Stage 3 (Lifetime ECL for assets credit-impaired)	**169,853,703**	**64,054,876**	**67,435,785**
POCI-assets			
Cash and deposits	44,286	44,286	-
Land plots	868,781	868,781	-
Vehicles	983,932	812,309	171,623
Real estate	13,664,293	908,953	12,755,340
Equipment	362,134	291,218	70,916
Goods in turnover	66,541	66,541	-
No collateral or other credit enhancement	78,063	-	-
Total POCI-assets	**16,068,030**	**2,992,088**	**12,997,879**

31 December 2023 *(In thousands of Kazakhstani Tenge)*	**Carrying amount of loans to customers**	**Fair value of collateral - for collateral assessed as of reporting date**	**Fair value of collateral - for collateral assessed before reporting date**
Stage 3 (Lifetime expected credit losses on credit-impaired assets)			
Cash and deposits	1,582,581	1,582,581	-
Bank guarantees and guarantees received from legal entities (rated from B- to BBB+)	49,950,593	-	-
Land plots	24,549,629	-	24,549,629
Vehicles	23,896,807	23,642,451	254,356
Real estate	107,966,800	50,285,977	57,680,823
Equipment	7,951,313	249	7,951,064
Goods in turnover	7,758,075	7,758,075	-
Other collateral	66,386	66,386	-
No collateral or other credit enhancement	6,184,220	-	-
Total Stage 3 (Lifetime expected credit losses on credit-impaired assets)	**229,906,404**	**83,335,719**	**90,435,872**
POCI-assets			
Cash and deposits	70,498	70,498	-
Land plots	929,235	-	929,235
Vehicles	2,383,749	2,192,939	190,810
Real estate	18,484,340	4,655,677	13,828,663
Equipment	514,811	-	514,811
Goods in turnover	92,933	92,933	-
No collateral or other credit enhancement	105,687	-	-
Total POCI-assets	**22,581,253**	**7,012,047**	**15,463,519**

The tables above are presented excluding overcollateralisation.

For loans secured by multiple types of collateral, collateral that is most relevant for impairment assessment is disclosed. Certain guarantees and sureties received from individuals, such as shareholders of borrowers, are not considered for impairment assessment purposes.

The recoverability of credit-unimpaired loans to corporate customers is primarily dependent on the creditworthiness of the borrowers rather than the value of collateral, and the Holding does not necessarily update the valuation of collateral as at each reporting date.

For mortgage loans with recourse to the seller the commercial banks-partners are responsible for monitoring of collateral on a periodic basis according to the requirements of the NBRK. The recoverability of these loans is primarily dependent on the creditworthiness of the borrowers and commercial banks-partners rather than the value of collateral, and the current value of the collateral does not impact the impairment assessment.

The fair value of residential real estate collateral on mortgage loans at the end of the reporting period was estimated by indexing the values determined by the Holding subsidiaries' internal credit department staff at the time of loan inception for the average changes in residential real estate prices by city and region. The Holding may also obtain a specific individual valuation of collateral at each reporting date. The fair value of other real estate and other assets was determined by the Holding subsidiaries' credit department by considering the condition and location of the assets accepted as collateral.

The fair value of collateral exceeded the carrying amount less impairment allowance by mortgage loans as at 31 December 2024 and 2023.

Economic sector risk concentrations within the loan portfolio are as follows:

	31 December 2024		31 December 2023	
(In thousands of Kazakhstani Tenge)	**Amount**	**%**	**Amount**	**%**
Loans to corporate customers				
Agro-industrial complex	1,101,027,618	15.76	939,276,983	15.42
Mining, metallurgical industry and mineral resources	1,069,195,939	15.31	818,683,542	13.44
Oil and gas industry	319,502,530	4.57	375,090,388	6.16
Construction	223,745,453	3.20	43,600,368	0.72
Food processing	164,725,245	2.36	115,675,954	1.90
Machinery manufacturing	163,440,261	2.34	114,011,805	1.87
Power energy and electricity distribution	149,299,971	2.14	157,837,590	2.59
Chemical industry	88,772,060	1.27	67,423,299	1.11
Transport and warehousing	75,449,710	1.08	85,596,231	1.41
The arts, entertainment and leisure industry	60,493,209	0.87	55,161,207	0.91
Financial and insurance activities	46,203,186	0.66	8,285,431	0.14
Real estate	43,118,459	0.62	105,944,667	1.74
Telecommunications	22,860,307	0.33	30,996,143	0.51
Other sectors of processing industry	5,084,713	0.07	5,676,741	0.09
Wholesale and retail trade	2,914,990	0.04	2,541,623	0.04
Education	122,953	0.00	186,979	0.00
Other	22,669,494	0.32	10,773,489	0.18
Loans to retail customers				
Mortgage loans	3,425,821,806	49.05	3,154,584,436	51.79
Gross loans to customers	**6,984,447,904**	**100**	**6,091,346,876**	**100.00**
Less: impairment allowance	(409,201,035)		(369,835,069)	
Total loans to customers	**6,575,246,869**		**5,721,511,807**	

Significant credit exposures As at 31 December 2024, the Holding has 1 borrowers (31 December 2023: 2 borrowers) with the total amount issued to each borrower in excess of 10% of capital of the Holding. The net value of this loan was Tenge 552,324,267 thousand (31 December 2023: Tenge 482,163,232 thousand) or 8.40% of loan portfolio less impairment allowance (31 December 2023: 8.43%). The outstanding debt of entities guaranteed by the state, subsidiaries of government entities or large commercial corporations listed on international stock markets or with a high-credit ratings comprised Tenge 920,001,328 thousand as at 31 December 2024 (31 December 2023: Tenge 261,877,767 thousand).

Refer to Note 35 for the estimated fair value of each class of loans to customers. Interest rate analysis of loans to customers is disclosed in Note 31. Information on related party transactions is disclosed in Note 37.

11 Investment securities

(In thousands of Kazakhstani Tenge)	31 December 2024	31 December 2023
Investment securities measured at amortised cost	1,179,027,725	1,043,144,435
Investment securities measured at fair value through other comprehensive income	683,318,374	447,871,814
Investment securities measured at fair value through profit or loss	130,150	1,246,291
Total investment securities	**1,862,476,249**	**1,492,262,540**

Information on credit quality of securities portfolio is disclosed in Note 5.

Investment securities measured at amortised cost

(In thousands of Kazakhstani Tenge)	**31 December 2024**	**31 December 2023**
Bonds of local executive authorities	899,800,336	808,980,135
Corporate bonds	88,602,826	63,011,973
Bonds of the Ministry of Finance of the Republic of Kazakhstan	87,228,434	55,086,787
Bonds of Kazakhstani banks (POCI-asset)	54,200,340	47,606,642
Bonds of foreign banks and financial institutions	30,772,950	51,253,402
Bonds of Kazakhstani banks	14,091,579	13,110,689
Bonds of NWF “Samruk-Kazyna” JSC and its subsidiaries	9,277,064	8,640,756
Investment securities measured at amortised cost before impairment allowance	**1,183,973,529**	**1,047,690,384**
Less: impairment allowance	(4,945,804)	(4,545,949)
Total investment securities measured at amortised cost	**1,179,027,725**	**1,043,144,435**

Bonds of local executive authorities (“LEA”). During 2024 the Holding purchased 462,125,576 bonds issued by the local executive authorities at the value of Tenge 1,000 per one bond, which mature in 2026 and 2034. Bond coupon rate is 0.02%, 0.35% and 4.25% p.a. Bonds were recognised at fair value of Tenge 246,218,942 thousand calculated using the market interest rates ranging from 11.43% to 13.40% p.a. Loss from discount on initial recognition of Tenge 215,906,634 thousand was recognised in other operating expenses in the consolidated statement of profit or loss and other comprehensive income (Note 27) and partially compensated by decrease in government grant liabilities, which was received to purchase the bonds in the amount of Tenge 208,731,651 thousand (Note 20). During reporting year ended 31 December 2024, local executive authorities repaid bonds in the amount of Tenge 201,902,993 thousand. The effect of discount recalculated due to the partial/full early redemption of bonds of the local executive authorities amounted to Tenge 731,565 thousand, of which Tenge 662,972 thousand was recognized in other operating expenses in the statement of profit or loss and other comprehensive income, and Tenge 68,593 thousand was recognized as government grants (Note 20).

During 2023 the Holding purchased 139,568,819 bonds issued by the local executive authorities at the value of Tenge 1,000 per one bond, which mature in 2024-2025. Bond coupon rate is 0.35% and 4.25% p.a. Bonds were recognised at fair value of Tenge 115,692,340 thousand calculated using the market interest rates ranging from 13.28% to 16.27% p.a. Loss from discount on initial recognition of Tenge 23,876,479 thousand was recognised in other operating expenses in the consolidated statement of profit or loss and other comprehensive income (Note 27) and partially compensated by decrease in government grant liabilities, which was received to purchase the bonds in the amount of Tenge 1,567,918 thousand (Note 20). During reporting year ended 31 December 2023, local executive authorities repaid bonds in the amount of Tenge 161,233,464 thousand. The effect of discount recalculated due to the partial/full early redemption of bonds of the local executive authorities amounted to Tenge 1,020,131 thousand and was recognised as government grants (Note 20).

Corporate bonds. Corporate bonds represent interest-bearing securities issued by local companies. These securities are in free circulation on Kazakhstan Stock Exchange, except for some bonds, which are included in the “buffer category” in accordance with KASE requirements due to non-compliance with listing requirements.

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

	2024				
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**POCI**	**Total**
Balance at 1 January	**769,148**	**771,319**	**1,293,509**	**1,711,973**	**4,545,949**
Impairment allowance (recovery)/charge during the year (Note 28)	477,555	(29,441)	(54,825)	(16,429)	376,860
Other	19,204	3,791	-	-	22,995
Balance at 31 December	**1,265,907**	**745,669**	**1,238,684**	**1,695,544**	**4,945,804**

(In thousands of Kazakhstani Tenge)	2023 Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	POCI	Total
Balance at 1 January	**500,476**	**1,079,064**	**1,117,796**	**1,863,263**	**4,560,599**
Impairment allowance (recovery)/charge during the year (Note 28)	268,672	(307,745)	(4,064)	(151,290)	(194,427)
Other	-	-	179,777	-	179,777
Balance at 31 December	**769,148**	**771,319**	**1,293,509**	**1,711,973**	**4,545,949**

Investment securities measured at fair value through other comprehensive income

(In thousands of Kazakhstani Tenge)	**31 December 2024**	**31 December 2023**
Bonds of other states*	578,542,121	373,804,860
Bonds of the Ministry of Finance of the Republic of Kazakhstan	56,780,696	47,677,316
Bonds of NWF “Samruk-Kazyna” JSC	26,440,724	9,184,603
Bonds of banks from OECD countries	9,439,787	11,825,618
Corporate bonds	8,817,694	2,688,130
Bonds of local executive authorities	2,831,993	2,689,109
Bonds of Kazakhstani banks	461,808	-
Total debt investment securities measured at fair value through other comprehensive income	**683,314,823**	**447,869,636**
Corporate shares	3,551	2,178
Total investment securities measured at fair value through other comprehensive income	**683,318,374**	**447,871,814**

*As at 31 December 2024 debt securities of the Ministry of Finance of the Kingdom of Saudi Arabia, the Ministry of Finance of the State of Qatar, the Ministry of Finance of Mexico, and the Ministry of Finance of Indonesia, measured at fair value through other comprehensive income with carrying amount of Tenge 91,361,707 thousand (31 December 2023: bonds of Ministry of Finance of the Kingdom of Saudi Arabia with carrying amount of Tenge 31,368,459 thousand) are pledged as collateral under repurchase agreements.

Interest rate analysis of debt investment securities is disclosed in Note 31. Information on debt investment securities available for sale to related parties is disclosed in Note 37.

12 Finance lease receivables

The components of net investments in finance lease as at 31 December 2024 and 2023 are as follows:

(In thousands of Kazakhstani Tenge)	**31 December 2024**	**31 December 2023**
Less than 1 year	426,861,907	296,643,649
From 1 to 2 years	380,104,130	271,040,605
From 2 to 3 years	337,669,491	260,611,755
From 3 to 4 years	304,424,703	221,450,444
From 4 to 5 years	287,701,872	202,687,095
More than 5 years	1,056,657,964	810,839,694
Minimum lease payments	**2,793,420,067**	**2,063,273,242**
Less unearned finance income:		
Less than 1 year	(83,639,235)	(55,544,639)
From 1 year to 5 years	(417,499,811)	(378,671,987)
More than 5 years	(620,434,467)	(349,171,918)
Less unearned finance income, total	**(1,121,573,513)**	**(783,388,544)**
Loss allowance	(93,283,763)	(67,754,270)
Finance lease receivables	**1,578,562,791**	**1,212,130,428**

As at 31 December 2024 the Holding has 6 lessees or 3 groups of related lessees whose balances make over 27% of total carrying amount of the finance lease receivables. As at 31 December 2024 the total carrying amount of receivables from these lessees is Tenge 424,313,532 thousand (31 December 2023: 6 lessees or 3 groups of related lessees whose balances make over 21%, the total carrying amount of receivables from these lessees was Tenge 251,982,876 thousand). Up to 89% of this 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 Tenge 377,311,316 thousand (31 December 2023: 90% for the total amount of Tenge 225,637,292 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 categorised into Stage 1 for a total amount of Tenge 199,451,688 thousand and into Stage 2 for a total amount of Tenge 177,859,628 thousand for the purpose of assessing expected credit losses.

(In thousands of Kazakhstani Tenge)	**31 December 2024**	**31 December 2023**
Finance leases to agro-industrial entities	626,277,062	501,583,009
Finance leases to large corporates	580,861,963	372,109,416
Finance leases to small- and medium-sized companies	336,846,185	266,996,937
Finance leases to individuals	127,861,344	139,195,336
Loss allowance	(93,283,763)	(67,754,270)
Finance lease receivables	**1,578,562,791**	**1,212,130,428**

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

	2024				
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**POCI**	**Total**
Balance at 1 January	**8,219,531**	**6,259,053**	**53,267,479**	**8,207**	**67,754,270**
Transfer to Stage 1	4,230,848	(4,036,360)	(194,488)	-	-
Transfer to Stage 2	(4,190,240)	11,824,768	(7,634,528)	-	-
Transfer to Stage 3	(691,885)	(6,876,302)	7,568,187	-	-
Impairment allowance (recovery)/charge during the year	393,752	6,334,707	18,771,825	20,662	25,520,946
Other changes	-	-	8,547	-	8,547
Balance at 31 December	**7,962,006**	**13,505,866**	**71,787,022**	**28,869**	**93,283,763**

	2023				
(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**POCI**	**Total**
Balance at 1 January	**8,738,938**	**2,671,685**	**47,401,325**	**10,975**	**58,822,923**
Transfer to Stage 1	2,466,140	(2,284,413)	(181,727)	-	-
Transfer to Stage 2	(3,465,266)	7,128,471	(3,663,205)	-	-
Transfer to Stage 3	(322,883)	(4,798,951)	5,121,834	-	-
Impairment allowance (recovery)/charge during the year	802,602	3,542,261	5,883,003	(2,768)	10,225,098
Recovery of previously written-off amounts	-	-	28,011	-	28,011
Write-off	-	-	(924,252)	-	(924,252)
Other changes	-	-	(397,510)	-	(397,510)
Balance at 31 December	**8,219,531**	**6,259,053**	**53,267,479**	**8,207**	**67,754,270**

Analysis of movements in gross carrying amount of corporate customers finance lease receivables

Increase in financing of lease transactions for 2024 caused increase in gross carrying amount of lease portfolio for the total amount of Tenge 495,882,304 thousand and appropriate increase in loss allowance for the portfolio by Tenge 19,897,879 thousand, including by stages:

− Stage 1: increase in gross carrying amount of lease portfolio by Tenge 207,914,647 thousand and increase in loss allowance by Tenge 5,791,575 thousand;

− Stage 2: increase in gross carrying amount of lease portfolio by Tenge 272,825,017 thousand resulted in increase in loss allowance by Tenge 8,861,507 thousand;

− Stage 3: increase in gross carrying amount of lease portfolio by Tenge 15,142,640 thousand and increase in loss allowance by Tenge 5,244,797 thousand.

Decrease in the receivables of gross carrying amount of Tenge 217,321,119 thousand resulted in decrease in loss allowance for the portfolio by Tenge 22,757,559 thousand, including by stages:

− Stage 1: decrease in gross carrying amount of lease portfolio by Tenge 183,522,669 thousand and decrease in loss allowance Tenge 6,097,954 thousand;

− Stage 2: decrease in gross carrying amount of lease portfolio by Tenge 14,980,612 thousand and decrease in loss allowance by Tenge 6,416,385 thousand;

− Stage 3: decrease in gross carrying amount of lease portfolio by Tenge 18,817,838 thousand and decrease in loss allowance by Tenge 10,243,220 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 Tenge 3,495,308 thousand.

Increase in financing of leasing operations for 2023 has caused growth of the portfolio gross carrying amount by the total amount of Tenge 238,186,289 thousand, respective net increase in the portfolio loss allowance by Tenge 15,056,942 thousand, including that by stages:

- Stage 1: increase in the portfolio gross carrying amount by Tenge 196,827,833 thousand and increase in loss allowance by Tenge 6,104,966 thousand;
- Stage 2: increase in the portfolio gross carrying amount by Tenge 24,604,439 thousand and increase in the loss allowance by Tenge 1,420,055 thousand;
- Stage 3: increase in the portfolio gross carrying amount by Tenge 16,754,017 thousand and increase in loss allowance by Tenge 7,531,921 thousand.

Decrease in the receivable with gross carrying amount of Tenge 142,393,940 thousand resulted in decrease of portfolio loss allowance for expected credit losses by Tenge 11,663,372 thousand, including that by stages:

- Stage 1: decrease in the portfolio gross carrying amount by Tenge 112,760,671 thousand and decrease in the loss allowance for expected credit losses by Tenge 4,099,668 thousand;
- Stage 2: decrease in the portfolio gross carrying amount by Tenge 21,201,499 thousand and decrease in the loss allowance for expected credit losses by Tenge 1,238,210 thousand;
- Stage 3: decrease in the portfolio gross carrying amount by Tenge 8,431,770 thousand and decrease in loss allowance for expected credit losses by Tenge 6,325,494 thousand.

Analysis of movements in gross carrying amount of finance lease receivables to agro-industrial entities

Increase in financing of leasing operations for 2024 has caused growth of the portfolio gross carrying amount by the total amount of Tenge 207,893,160 thousand (31 December 2023: Tenge 140,575,098 thousand) and respective increase in the portfolio loss allowance by Tenge 6,477,294 thousand (31 December 2023: Tenge 1,847,904 thousand).

Repayment of finance lease receivables of Stage 3 in the amount of Tenge 10,309,620 thousand (31 December 2023: Tenge 5,445,608 thousand) resulted in a decrease of Tenge 2,527,650 thousand in the allowance for expected credit losses (31 December 2023: Tenge 2,004,089 thousand).

Transfer of finance lease receivables to Stage 3 in the amount of Tenge 94,395,544 thousand (31 December 2023: Tenge 62,430,047 thousand) resulted in an increase of Tenge 8,107,941 thousand in the allowance for expected credit losses (31 December 2023: Tenge 7,112,847 thousand).

Transfer of finance lease receivables from Stage 3 to Stage 2 in the amount of Tenge 19,865,307 thousand (31 December 2023: Tenge 12,060,094 thousand) resulted in a decrease of Tenge 1,312,285 thousand in the allowance for expected credit losses (31 December 2023: Tenge 1,489,955 thousand).

Transfer of finance lease receivables from Stage 1 to Stage 2 in the amount of Tenge 72,688,740 thousand (31 December 2023: Tenge 49,009,423 thousand) resulted in an increase of Tenge 2,142,530 thousand in the allowance for expected credit losses (31 December 2023: Tenge 2,291,324 thousand).

Credit quality of finance lease portfolio

The following table provides information on the credit quality of the finance lease portfolio as at 31 December 2024 and 31 December 2023:

(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**POCI**	**Total**
Not overdue	1,076,997,680	108,165,048	106,513,704	26,109	1,291,702,541
- overdue less than 30 days	27,741,046	187,796,512	34,802,019	3,219	250,342,796
- overdue more than 30 days and less than 90 days	-	39,849,774	25,174,135	18,134	65,042,043
- overdue more than 90 days and less than 360 days	-	-	25,377,335	25,572	25,402,907
- overdue more than 1 year	-	-	39,356,267	-	39,356,267
Gross finance lease	**1,104,738,726**	**335,811,334**	**231,223,460**	**73,034**	**1,671,846,554**
Loss allowance	(7,962,006)	(13,505,866)	(71,787,022)	(28,869)	(93,283,763)
Total finance leases	**1,096,776,720**	**322,305,468**	**159,436,438**	**44,165**	**1,578,562,791**

(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL not credit-impaired**	**Stage 3 Lifetime ECL credit-impaired**	**POCI**	**Total**
Not overdue	1,020,685,451	42,596,274	71,881,780	23,627	1,135,187,132
- overdue less than 30 days	26,750,543	9,712,387	19,249,199	-	55,712,129
- overdue more than 30 days and less than 90 days	-	19,162,548	21,881,052	-	41,043,600
- overdue more than 90 days and less than 360 days	-	-	14,205,186	-	14,205,186
- overdue more than 1 year	-	-	33,736,651	-	33,736,651
Gross finance lease	**1,047,435,994**	**71,471,209**	**160,953,868**	**23,627**	**1,279,884,698**
Loss allowance	(8,219,531)	(6,259,053)	(53,267,479)	(8,207)	(67,754,270)
Total finance leases	**1,039,216,463**	**65,212,156**	**107,686,389**	**15,420**	**1,212,130,428**

As at 31 December 2024 and 31 December 2023, all projects overdue from 30 days to 90 days were classified to Stage 2, overdue more than 90 days - to Stage 3.

Analysis of collateral. The following tables provides information on collateral, leased assets and other credit enhancements related to finance lease receivables (net of loss allowance and excluding embedded financial derivative instrument) as at 31 December 2024, by types of collateral:

(In thousands of Kazakhstani Tenge)	**Finance lease receivables, carrying amount**	**Fair value of collateral - for collateral assessed as of reporting date**
Lease under which ECL are measured on the basis of lifetime ECL for credit-impaired assets:		
Guarantees from legal entities (rated from BB- to BBB-)	90,354	-
Real estate	29,819,381	29,801,381
Vehicles	123,081,300	123,080,659
Equipment	3,995,102	3,730,043
Land plots	85,970	85,970
Other assets	2,252,474	35,443
No collateral or other credit enhancement	111,857	-
Lease under which ECL are measured on the basis of lifetime ECL for credit-impaired assets	**159,436,438**	**156,733,496**
Purchased credit-impaired assets on initial recognition:		
Vehicles	44,165	44,165
Total finance lease receivables	**1,578,562,791**	**1,439,834,371**

The following table provides information on collateral, leased assets and other credit enhancements securing finance lease receivables, net of impairment allowance, by types of collateral as at 31 December 2023:

(In thousands of Kazakhstani Tenge)	**Finance lease receivables, carrying amount**	**Fair value of collateral - for collateral assessed as of reporting date**
Lease under which ECL are measured on the basis of lifetime ECL for credit-impaired assets:		
Real estate	15,260,291	13,030,205
Vehicles	73,399,765	53,350,433
Equipment	13,572,243	9,912,083
Other assets	4,758,519	1,906,667
Guarantees from legal entities (rated from BB- to BBB-)	265,608	-
No collateral or other credit enhancement	429,963	-
Lease under which ECL are measured on the basis of lifetime ECL for credit-impaired assets:	**107,686,389**	**78,199,388**
Purchased credit-impaired assets on initial recognition:		
Vehicles	15,420	15,420
Total finance lease receivables	**1,212,130,428**	**1,118,301,701**

The tables above exclude overcollateralisation.

The Holding has no finance lease receivables, for which the fair value of collateral was assessed at the loan inception date and it was not updated for further changes, and finance lease receivables for which the fair value of collateral is not determined. Information on the valuation of collateral is based on when this estimate was made, if any.

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. Accordingly, such finance lease receivables and unsecured portions of partially secured exposures are presented as lease 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, and the Holding does not necessarily update the valuation of collateral as at each reporting date.

Foreclosed leased assets

During the year ended 31 December 2024, the Holding has foreclosed the leased items in the amount of Tenge 1,455,012 thousand (2023: Tenge 3,404,892 thousand).

13 Assets held for sale

(In thousands of Kazakhstani Tenge)	**31 December 2024**	**31 December 2023**
Other non-current assets held for sale	2,827,982	5,739,324
Disposal group held for sale (Bereke Bank JSC)	-	1,869,174,501
Assets held for sale	**2,827,982**	**1,874,913,825**

(In thousands of Kazakhstani Tenge)	**31 December 2024**	**31 December 2023**
Liabilities directly related to a disposal group held for sale (Bereke Bank JSC)	-	1,480,414,887

Disposal groups held for sale

In May 2023, the Holding's management made decision to sell shares of Bereke Bank JSC, which represents a separate major line of the Holding's business - provision of second-tier commercial bank services. Accordingly, as at 31 December 2023 the assets and liabilities of Bereke Bank were presented as a disposal group held for sale. Necessary arrangements for the sale of this disposal group have been initiated and its sale was expected to occur during 2024.

During 2023 an impairment loss of Tenge 70,268,860 thousand on the remeasurement of the disposal group to the lower of its carrying amount and its fair value less costs to sell, limited to the carrying amount of assets within the disposal group to which the measurement requirements of IFRS 5 apply has been recognised as the impairment loss on remeasurement of disposal group in the consolidated statement of profit or loss. The impairment losses have been allocated to reduce the carrying amount of property, plant and equipment, intangible assets and other assets within the disposal group.

As at 31 December 2023, this disposal group included the following assets and liabilities:

(In thousands of Kazakhstani Tenge)	**31 December 2023**
Cash and cash equivalents	695,508,737
Loans to banks and financial institutions	11,156,524
Loans to customers	1,098,818,044
Investment securities	47,017,404
Other financial assets	12,768,319
Other assets	3,905,473
Total assets	**1,869,174,501**
Due to banks	1,946,839
Customer accounts	833,595,934
Debt securities issued	420,246,575
Liabilities to the mortgage organisation	187,915,949
Current income tax liability	7,067,104
Deferred income tax liability	1,454,809
Other financial liabilities	12,008,141
Other liabilities	16,179,536
Total liabilities	**1,480,414,887**

Cash and cash equivalents

(In thousands of Kazakhstani Tenge)	**Stage 1 12-month ECL**
Cash	35,020,425
NBRK, not rated	483,713,592
- rated from A- to A+	11,913,691
- rated from BBB- to BBB+	819,364
- rated from BB- to BB+	272,655
- not rated	28,632,530
Amount receivables under reverse repurchase agreements with original maturities of less than three months, not overdue	135,136,480
	695,508,737

Loans to customers

(In thousands of Kazakhstani Tenge)	**31 December 2023**				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
With internally rated credit risk					
- rated from BB- to BB+	29,394,788	35,845	-	-	29,430,633
- rated from B- to B+	136,826,015	3,052,937	359,873	-	140,238,825
- rated from CCC- to CCC+	51,476,326	16,130,917	1,851,733	-	69,458,976
- rated from CC- to CC+	-	11,251,773	189,993	-	11,441,766
- rated from C- to C+	-	2,386,887	9,980,931	-	12,367,818
- rated D	-	-	1,798,242	12,130,401	13,928,643
- not rated*	707,320,175	58,066,453	59,217,816	26,093,809	850,698,253
	925,017,304	**90,924,812**	**73,398,588**	**38,224,210**	**1,127,564,914**
Loss allowance	(15,554,290)	(8,451,088)	(14,306,449)	9,564,957	(28,746,870)
Total loans to customers measured at amortised cost	**909,463,014**	**82,473,724**	**59,092,139**	**47,789,167**	**1,098,818,044**

*Loans to customers measured at amortised cost not rated consist of mortgage loans, consumer and other loans to individuals and car loans to individuals.

The following table sets out information about overdue status of loans to customers at amortised cost by credit quality stages:

(In thousands of Kazakhstani Tenge)	**31 December 2023**				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
- not overdue	901,937,088	45,682,933	19,497,599	7,487,221	974,604,841
- overdue less than 30 days	23,080,216	3,482,410	2,061,366	482,068	29,106,060
- overdue more than 31 days and less than 90 days	-	41,759,469	2,211,276	620,283	44,591,028
- overdue more than 91 days and less than 180 days	-	-	8,639,229	8,711,627	17,350,856
- overdue more than 181 days and less than 1 year	-	-	9,912,668	742,904	10,655,572
- overdue more than 1 year	-	-	31,076,450	20,180,107	51,256,557
	925,017,304	**90,924,812**	**73,398,588**	**38,224,210**	**1,127,564,914**
Loss allowance	(15,554,290)	(8,451,088)	(14,306,449)	9,564,957	(28,746,870)
Total loans to customers measured at amortised cost	**909,463,014**	**82,473,724**	**59,092,139**	**47,789,167**	**1,098,818,044**

Assets and liabilities not measured at fair value but for which fair value is disclosed. Fair values analysed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value at 31 December 2023 are as follows:

(In thousands of Kazakhstani Tenge)	Level 1	Level 2	Level 3	Total	Carrying amount
ASSETS					
Cash and cash equivalents	-	695,508,737	-	695,508,737	695,508,737
Loans to banks and financial institutions	-	11,156,524	-	11,156,524	11,156,524
Loans to customers	-	872,308,527	105,532,510	977,841,037	1,098,818,044
TOTAL	**-**	**1,578,973,788**	**105,532,510**	**1,684,506,298**	**1,805,483,305**
LIABILITIES					
Due to banks	-	1,946,839	-	1,946,839	1,946,839
Customer accounts	-	833,595,934	-	833,595,934	833,595,934
Debt securities issued	-	418,658,000	-	418,658,000	420,246,575
Liabilities to the mortgage organisation	-	187,915,949	-	187,915,949	187,915,949
TOTAL	**-**	**1,442,116,722**	**-**	**1,442,116,722**	**1,443,705,297**

Results of discontinued operations is provided below:

(In thousands of Kazakhstani Tenge)	2024	2023
Interest income calculated using the effective interest method	275,180,276	289,593,806
Interest expense	(150,212,831)	(160,441,642)
Net interest income	**124,967,445**	**129,152,164**
Impairment allowance for loan portfolio	(34,884,547)	305,783
Net interest income after deduction of impairment allowance for loan portfolio	**90,082,898**	**129,457,947**
Fee and commission income	14,914,779	9,810,559
Fee and commission expense	(11,335,693)	(6,403,957)
Net fee and commission income	**3,579,086**	**3,406,602**
Net gain on assets at fair value through profit or loss	787,616	1,554,856
Net foreign exchange gain	13,687,935	17,608,330
Other operating income, net	6,324,247	2,847,183
Operating income	**114,461,782**	**154,874,918**
Impairment reversal/(charge) for other financial assets and credit related commitments	272,722	(39,587)
Administrative expenses	(70,701,564)	(79,754,292)
Profit before income tax	**44,032,940**	**75,081,039**
Loss on sale of discontinued operation	(69,664,218)	-
Impairment loss on disposal group accounted for as held for sale	-	(70,268,860)
Income tax benefit/(expense)	16,078,437	(3,884,219)
(Loss)/profit for the year	**(9,552,841)**	**927,960**

Net cash flows from discontinued operations are presented as follows:

(In thousands of Kazakhstani Tenge)	2024	2023
Amount of cash received from/(used in) operating activities	657,924,288	(68,715,734)
Amount of cash received from investing activities	(68,318,475)	(57,002,215)
Amount of cash (used in)/received from financing activities	(100,000,000)	398,856,550
Effect of movements in exchange rates on cash and cash equivalents	9,209,528	551,136
Net cash flows for the year	**498,815,341**	**273,689,737**

Impact of disposal on the Holding's financial position

(In thousands of Kazakhstani Tenge)	**2024**
Assets held for sale	(2,127,597,235)
Liabilities directly associated with the disposal groups classified as held for sale	1,735,343,410
Net assets and liabilities	**(392,253,825)**
Consideration received, satisfied in cash	65,000,000
Cash and cash equivalents disposed of	(954,535,315)
Net cash outflow	**(889,535,315)**

As a part of disposal of the assets held for sale, the Holding has additionally received consideration in form of deposits with banks and financial institutions in the amount of Tenge 275,484,022 thousand, which were accounted as intra-group deposits before the sale transaction.

14 Other assets

(In thousands of Kazakhstani Tenge)	**31 December 2024**	**31 December 2023**
Advances for equipment to be transferred under finance lease agreements	435,103,720	342,673,733
Assets to be transferred under finance lease agreements	100,431,481	30,080,776
Value added tax receivable	60,461,961	40,554,943
Prepayments to suppliers for goods and services	6,155,341	8,745,777
Prepayment for construction in progress	3,108,207	1,081
Inventories and consumables	1,321,186	1,273,032
Foreclosed assets under finance lease	1,237,903	1,788,064
Prepayment of taxes other than income tax	924,872	656,188
Repossessed collateral	420,347	817,700
Construction in progress	231,882	217,206
Other	3,751,948	3,319,167
Other assets before impairment allowance	**613,148,848**	**430,127,667**
Less: impairment allowance	(1,778,046)	(1,643,220)
Total other assets	**611,370,802**	**428,484,447**

Advances for equipment to be transferred under finance lease agreements The sum of advances for equipment to be transferred under finance lease agreements comprises the advances paid to suppliers in the amount of Tenge 404,691,246 thousand (2023: Tenge 295,284,042 thousand) and cash deposited under irrevocable letters of credit in the amount of Tenge 30,412,474 thousand (2023: Tenge 47,389,691 thousand).

Movements in the impairment allowance for other financial assets during 2024 and 2023 are as follows:

(In thousands of Kazakhstani Tenge)	**2024**	**2023**
Balance at 1 January	**1,643,220**	**4,301,545**
Net (charge)/recovery of impairment allowance	201,589	537,734
Amounts written off as bad assets during the year	(66,763)	(739,985)
Transfer to assets held for sale	-	(2,450,281)
Other	-	(5,793)
Impairment allowance at 31 December	**1,778,046**	**1,643,220**

15 Customer accounts

(In thousands of Kazakhstani Tenge)	31 December 2024	31 December 2023
State and public organisations		
- Current accounts	196,635	198,758
- Advances received as collateral for customer commitments	-	3,084
Other legal entities		
- Term deposits	170,576,666	73,157,065
- Current accounts	5,755,714	47,501,683
- Advances received as collateral for customer commitments	-	2
Individuals		
- Deposits	1,416,391,090	1,261,175,214
- Deposits received as collateral for customer commitments	1,007,647,371	1,101,625,246
- Current accounts/on demand accounts	91,402,414	67,781,352
Total customer accounts	**2,691,969,890**	**2,551,442,404**

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

In accordance with the law about housing construction savings the Government annually allocates certain amounts of premium on customer accounts of Otbasy Bank JSC denominated in Tenge from the republican budget of the Republic of Kazakhstan. In the event that the amount of the bonus provided for by the budget for the relevant year is insufficient, after prior notification of the budget program administrator and in the event of approval by the budget program administrator, Otbasy Bank JSC makes payments on behalf of the Government from its own funds. As at 31 December 2024 the premium paid from Otbasy Bank JSC's own funds is recognised as receivables from the Government for reimbursement of premium on customer accounts for individuals in the amount of Tenge 55,026,392 thousand.

16 Debt securities issued

(In thousands of Kazakhstani Tenge)	31 December 2024	31 December 2023
Other Tenge-denominated bonds	3,905,186,131	3,178,934,038
US dollar-denominated Eurobonds	867,114,981	388,386,301
Tenge-denominated Eurobonds	312,884,846	166,268,201
Mortgage bonds	61,446,752	61,494,162
Other US dollar-denominated bonds	51,065,378	6,815,426
Total debt securities issued	**5,197,698,088**	**3,801,898,128**

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

- medium-term bonds with nominal value of USD 500,000 thousand issued on 12 May 2022 at coupon rate of 5.75% p.a., which mature in May 2025;
- long-term bonds with nominal value of USD 97,416 thousand issued on 23 March 2006 at coupon rate of 6.00% p.a., which mature in March 2026;
- medium-term bonds with a nominal value of USD 500,000 thousand, issued on 15 April 2024 at coupon rate of 5.50%, which mature in April 2027;
- medium-term bonds with a nominal value of USD 500,000 thousand issued on 23 October 2024 at coupon rate of 5.25%, which mature in October 2029.
- medium-term bonds with nominal value of USD 500,000 thousand issued on 6 May 2021 at coupon rate of 2.95% p.a., which mature in May 2031;

On 17 April 2024 the Holding partially redeemed, ahead of schedule, the Eurobonds of the 9th tranche for the total amount of USD 163,154 thousand (equivalent to Tenge 73,225,147 thousand). The expense from the repurchase of these Eurobonds amounted to Tenge 266,636 thousand.

On 2 May 2024, the Holding partially redeemed, ahead of schedule, the Eurobonds of the 12th tranche for the total amount of USD 1,067 thousand (equivalent to Tenge 471,667 thousand), recognizing income from repurchase in the amount of Tenge 12,881 thousand.

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

- bonds with nominal value of Tenge 62,500,000 thousand issued on 12 February 2020 at coupon rate of 10.75% p.a. and maturing in February 2025;
- bonds with nominal value of Tenge 100,000,000 thousand issued on 6 May 2021 at coupon rate of 10.95% p.a. and maturing in May 2026;
- bonds with nominal value of Tenge 100,000,000 thousand issued on 15 April 2024, with a coupon rate of 13.00% p.a., and maturing in April 2027;
- bonds with nominal value of Tenge 65,000,000 thousand issued on 23 October 2024, with a coupon rate of 13.49% p.a., and maturing in May 2028.

On 17 April 2024, the Holding made a partial early purchase of Eurobonds for a total amount of Tenge 20,162,030 thousand. The expense from the repurchase of these Eurobonds amounted to Tenge 342,901 thousand.

On 3 May 2023 the Holding fully repaid Eurobonds issued in 2018 in the amount of Tenge 100,000,000 thousand.

Mortgage bonds. Mortgage bonds comprise debt securities issued by KHC JSC denominated in Tenge. These bonds have fixed coupon rates varying from 0.10% to 10.50% p.a. (effective interest rates vary from 10.27% to 13.09% p.a.). They will be redeemed during 2027-2054.

During the year ended 31 December 2024, in accordance with the Programme for Refinancing Mortgage Housing Loans (Mortgage Loans) approved by the Resolution No.69 of the Management Board of the National Bank of Kazakhstan dated 24 April 2015, the Holding placed coupon bonds in the amount of Tenge 1,153,662 thousand at coupon rate of 0.10% p.a. (2023: Tenge 39,332 at coupon rate of 0.1% and 2.99% p.a.). The bonds were recognised at fair value of Tenge 32,834 thousand (2023: Tenge 1,182 thousand), calculated using the market rate of 13.09% (2023: 13.80% p.a.), and the difference between the nominal value and fair value of Tenge 1,120,828 thousand (2023: Tenge 38,150 thousand) was recognised as a government grant (Note 20) and partially used in the amount of Tenge 1,099,664 thousand.

As a result of amendments to the Programme for Refinancing Mortgage Housing Loans (Mortgage Loans), the Framework Agreements between the Holding and JSC "Kazakhstan Sustainability Fund" were accordingly revised to reduce the coupon rate on the bonds to 0.10% per annum, effective 1 August 2024. The bonds were recognized at fair value, calculated using a market interest rate of 12.63% p. a., and the difference between the nominal value and the fair value of Tenge 276,073 thousand, was recognized as a government grant.

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

- commercial bonds with a total nominal value of USD 50,000 thousand (equivalent to Tenge 22,425,735 thousand) issued on 26 April 2024, with additional placement on 9 July 2024 at coupon rate of 5.50% p.a. and maturing in April 2025;
- commercial bonds with a total nominal value of USD 46,300 thousand (Tenge 21,570,342 thousand) issued on 26 April 2024, with additional placement on 9 July 2024 at coupon rate of 5.50% p.a. and maturing in January 2025.

On 22 December 2023, the Holding's subsidiary - DBK JSC issued the first issue of green bonds on the AIX in the amount of USD 15,000 thousand certified under the international Climate Bonds Initiative standards at an interest rate of 5.65% p.a., maturing on 22 December 2024.

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

(In thousands of Kazakhstani Tenge)	**Placement date**	**Maturity date**	**Nominal value**		**Carrying amount**	
			31 December 2024	**31 December 2023**	**31 December 2024**	**31 December 2023**
KZ2C00004547	29.11.2018	29.11.2033	450,000,000	450,000,000	453,875,000	453,875,000
KZ2C00010304	26.01.2024	26.01.2039	186,950,000	-	209,498,247	-
KZ2C00006716	25.06.2020	24.06.2030	200,000,000	200,000,000	153,772,807	147,421,412
KZ2C00006724	14.08.2020	14.08.2031	200,000,000	200,000,000	148,407,350	143,089,370
KZ2C00004323	29.06.2018	29.06.2028	120,000,000	120,000,000	129,050,000	130,407,500
KZ2C00011658	24.07.2024	24.07.2029	100,000,000	-	106,157,119	-
KZ2C00011211	25.09.2024	23.05.2029	100,000,000	-	101,383,389	-
KZ2C00012987	26.12.2024	26.03.2026	100,000,000	-	100,166,667	-
KZ2C00012698	28.11.2024	28.03.2026	95,000,000	-	96,172,933	-
KZ2C0Y20F251	25.03.2016	25.03.2036	202,000,000	202,000,000	92,955,713	86,800,104
KZP01Y20E920	13.03.2015 31.03.2015	13.03.2035	170,000,000	170,000,000	89,385,776	83,957,646
KZ2C00011237	25.09.2024	23.05.2025	79,561,927	-	85,430,614	-
KZ2C00007847	27.10.2021	27.10.2031	100,000,000	100,000,000	84,666,866	83,060,627
KZ2C0Y15G093	20.12.2018	27.12.2033	77,700,000	77,700,000	81,452,263	81,452,263
KZ2C00011229	27.06.2024	21.06.2025	79,128,956	-	80,226,870	-
KZ2C00007250	29.12.2020	29.12.2032	100,000,000	100,000,000	78,574,470	76,509,618
KZ2C00003226	20.05.2015	20.05.2025	74,337,634	74,337,634	74,998,413	74,998,413
KZ2C00011740	24.07.2024	24.07.2029	68,500,000	-	72,713,422	-
KZ2C00006732	21.10.2020	21.10.2032	100,000,000	100,000,000	71,070,297	68,807,663
KZ2C00006740	21.10.2020	21.10.2032	100,000,000	100,000,000	71,070,297	68,807,663
KZ2C00003580	25.05.2016	25.05.2026	65,000,000	65,000,000	65,911,964	65,888,153
KZ2C00008332	21.12.2021	21.12.2031	55,000,000	55,000,000	58,193,056	58,193,056
KZ2C0Y20E676	15.04.2014	15.04.2034	100,000,000	100,000,000	56,026,877	52,655,954
KZ2C00011278	04.07.2024	04.07.2030	65,000,000	-	55,113,653	-
KZ2C0Y20E775	10.12.2014	10.12.2034	100,000,000	100,000,000	53,850,861	50,619,845
KZ2C00008514	28.07.2022	28.07.2029	50,000,000	50,000,000	52,635,248	52,514,871
KZ2C00006864	28.07.2020	28.07.2025	50,000,000	50,000,000	52,508,198	52,489,001
KZ2C00008217	12.11.2021	12.11.2028	50,000,000	50,000,000	50,783,005	50,763,823
KZ2C00007052	11.11.2020	11.11.2030	50,000,000	50,000,000	50,769,028	50,769,028
KZ2C00007078	09.12.2020	09.12.2030	50,000,000	50,000,000	50,329,583	50,329,583
KZ2C00007383	18.03.2021	19.03.2031	47,000,000	47,000,000	48,450,472	48,450,472
KZ2C00010098	20.03.2024	20.03.2025	46,200,000	-	47,807,168	-
KZ2C00007060	09.12.2020	09.12.2027	45,000,000	45,000,000	45,296,625	45,296,625
KZ2C00006708	09.04.2021	09.04.2041	90,000,000	90,000,000	44,746,943	43,714,191
KZ2C00004927	18.02.2009	18.02.2041	120,000,000	120,000,000	44,677,844	41,845,126
KZ2C00004133	17.07.2019 30.04.2021	17.07.2026	40,000,000	40,000,000	41,703,032	41,615,672
KZ2C00011286	10.07.2024	10.07.2036	90,000,000	-	40,897,386	-
KZ2C00006161	10.10.2019	10.10.2026	39,475,017	39,475,017	40,417,043	40,413,755
KZ2C0Y15F871	25.10.2018	25.10.2033	40,150,000	40,150,000	40,150,736	40,150,736
KZ2C00003812	23.12.2016	23.12.2031	37,100,000	37,100,000	39,990,708	39,990,708
KZ2C00006690	27.07.2020	27.07.2040	90,000,000	90,000,000	37,171,227	36,136,273
KZ2C00011245	10.09.2024	10.09.2025	35,000,000	-	36,483,319	-
KZ2C00007862	20.08.2021	20.08.2028	35,000,000	35,000,000	36,416,129	36,395,469
KZ2C00006922	26.08.2020	26.08.2030	30,496,202	30,496,202	31,582,572	31,582,623
KZ2C00002988	29.12.2014	29.12.2024	30,000,000	30,000,000	31,200,000	31,206,667
KZ2C00004190	03.12.2019	03.12.2029	29,500,000	29,500,000	29,731,721	29,722,864
KZ2C0Y20E742	30.10.2014	30.10.2034	50,000,000	50,000,000	26,777,310	25,138,615
KZ2C00011757	13.12.2024	13.12.2029	26,349,631	-	26,532,681	-
KZP01Y30E879	21.01.2015 16.02.2015	21.01.2045	92,500,000	92,500,000	25,411,134	23,863,693
KZ2C00005908	18.06.2019	18.06.2026	23,484,000	23,484,000	23,567,090	23,559,642
KZ2C00009843	12.07.2023	12.07.2030	20,000,000	20,000,000	21,755,843	21,774,763
KZ2C00011260	01.07.2024	01.07.2030	25,000,000	-	19,175,530	-
KZ2C00003648	01.08.2016	01.08.2026	17,500,000	17,500,000	18,513,555	18,506,816
KZ2C00003713	28.07.2016	28.07.2031	15,000,000	15,000,000	15,951,897	15,946,485
KZ2C00006682	09.04.2021	09.04.2041	30,000,000	30,000,000	14,915,648	14,571,397
KZPO4M87F618	28.12.2018 21.01.2019	12.03.2026	50,295,700	50,295,700	13,805,857	42,248,512
KZP02Y20E738	26.03.2015	16.03.2035	38,095,125	38,095,125	13,601,240	12,310,336
KZ2C00004273	18.06.2020	18.06.2030	13,593,638	13,593,638	12,725,326	12,612,563
KZ2C00006120	27.05.2021	27.05.2026	9,350,000	9,350,000	9,451,551	9,451,551
KZ2C00004018	23.08.2017	23.08.2030	8,836,000	8,836,000	9,184,719	9,182,237
KZ2C00004000	22.08.2017	22.08.2032	8,836,000	8,836,000	9,183,457	9,180,903
KZ2C00004026	24.08.2017	23.08.2028	8,836,000	8,836,000	9,173,738	9,171,132
KZP01Y20E730	15.07.2014	15.07.2034	23,000,000	23,000,000	8,794,589	7,957,605
KZ2C00009637	29.03.2023	29.03.2026	10,000,000	10,000,000	8,446,416	8,438,189
KZP02Y20E928	29.09.2015	29.09.2035	15,000,000	15,000,000	7,553,983	7,089,946
KZ2C0Y20F236	03.02.2016	03.02.2036	15,000,000	15,000,000	7,284,471	6,828,552
KZP03Y20E736	09.03.2016	09.03.2036	15,000,000	15,000,000	6,269,325	5,802,923
KZP02Y30E877	29.01.2016	29.01.2046	22,500,000	22,500,000	6,214,051	5,855,164
KZX000002233	20.05.2024	20.05.2027	5,750,000	-	5,775,463	-
KZP01Y09F615	29.09.2017	29.03.2026	21,100,000	21,100,000	5,768,344	17,458,956
KZ2C00006286	07.10.2019	07.10.2039	20,000,000	20,000,000	4,719,318	4,284,947
KZPO3M89F616	16.10.2018	12.03.2026	15,004,300	15,004,300	4,122,708	12,430,757
KZPO2M92F612	12.07.2018	12.03.2026	10,600,000	10,600,000	2,916,525	8,908,153
KZ2C00006765	14.05.2020	14.05.2040	20,000,000	20,000,000	2,683,193	2,370,068
KZ2C00008068	15.09.2021	15.09.2026	1,000,000	1,000,000	1,035,039	1,035,039
KZ2C00003820	22.12.2016	22.12.2026	3,000	3,000	3,219	3,219
KZ2C00006666	09.04.2020	09.04.2024	-	180,000,000	-	178,583,753
KZ2C00009397	18.04.2023	18.04.2024	-	50,000,000	-	51,506,215
KZ2C00005916	16.07.2019	16.07.2024	-	40,000,000	-	41,875,299
KZ2C00003911	06.06.2017	06.06.2024	-	28,000,000	-	28,191,779
KZ2C00003002	29.12.2014	29.12.2024	-	20,000,000	-	20,004,241
KZ2C00006781	17.06.2020	24.12.2024	-	20,000,000	-	19,868,067
KZ2C00006385	24.12.2019	24.12.2024	-	11,885,802	-	11,770,630
KZ2C00007045	16.11.2020	16.11.2024	-	1,316,432	-	1,220,117
			4,814,733,130	**4,063,494,850**	**3,905,186,131**	**3,178,934,038**

During 2024, the Holding issued bonds in the amount of Tenge 1,102,440,514 thousand tenge for government programs:

- coupon bonds totalling Tenge 186,950,000 thousand (KZ2C00010304), at an interest rate of 13.00% p.a. and with maturity in 2039;
- coupon bonds totalling Tenge 100,000,000 thousand (KZ2C00011211), at an interest rate of 13.46% p.a. and with maturity in 2029;
- coupon bonds totalling Tenge 79,128,956 thousand (KZ2C00011229), at an interest rate of 13.50% p.a. and with maturity in 2025;
- coupon bonds totalling Tenge 79,561,927 thousand (KZ2C00011237), at an interest rate of 14.05% p.a. and with maturity in 2025 ;
- coupon bonds totalling Tenge 46,200,000 thousand (KZ2C00010098), at an interest rate of 12.50% p.a. and with maturity in 2025;
- coupon bonds totalling Tenge 5,750,000 thousand (KZX000002233), at an interest rate of 13.50% p.a. and with maturity in 2027;
- coupon bonds totalling Tenge 100,000,000 thousand (KZ2C00012987), at an interest rate of 15.00% p.a. and with maturity in 2026;
- coupon bonds totalling Tenge 100,000,000 thousand (KZ2C00011658), at an interest rate of 14.25% p.a. and with maturity in 2029;
- coupon bonds totalling Tenge 95,000,000 thousand (KZ2C00012698), at an interest rate of 13.89% p.a. and with maturity in 2026;
- coupon bonds totalling Tenge 68,500,000 thousand (KZ2C00011740), at an interest rate of 14.25% p.a. and with maturity in 2029;
- coupon bonds totalling Tenge 65,000,000 thousand (KZ2C00011278), at an interest rate of 8.74% p.a. and with maturity in 2030*;
- coupon bonds totalling Tenge 90,000,000 thousand (KZ2C00011286), at an interest rate of 4.00% p.a. and with maturity in 2036*;
- coupon bonds totalling Tenge 35,000,000 thousand (KZ2C00011245), at an interest rate of 13.87% p.a. and with maturity in 2025;
- coupon bonds totalling Tenge 26,349,631 thousand (KZ2C00011757), at an interest rate of 15.25% p.a. and with maturity in 2029;
- coupon bonds totalling Tenge 25,000,000 thousand (KZ2C00011260), at an interest rate of 4.00% p.a. and with maturity in 2030*.

* In accordance with the above-mentioned programs of state support and development, the Council for Management of the National Fund of the Republic of Kazakhstan sets terms and conditions for financing in the form of interest rates, financing schedule and related requirements for the Holding and commercial banks acting as program agents and end-use borrowers. In addition, the Government has approved special conditions, under which the Holding may provide further financing to the commercial banks and companies. For this reason, the difference that had arisen upon valuation of bonds purchased by Kazakhstan Sustainability Fund JSC - KZ2C00011286, KZ2C00011260 and KZ2C00011278 on behalf of the National Fund of the Republic of Kazakhstan in 2024 at the fair value at the placement date, was recognised as a government subsidy, as Kazakhstan Sustainability Fund JSC acted in the interests of the Government and not the Holding's ultimate shareholder, because all terms and conditions of the loans have been agreed on at the Government level in the resolution concerning financing of the above-mentioned programs, and the Government does not expect any direct economic benefits from these programs in its capacity of the Holding's shareholder as the ultimate beneficiaries are the subjects specified by the programs. Thus, in 2024 the Holding recognized the government grants for the amount of Tenge 75,906,809 thousand (Note 20).

In determining the fair value of the issued bonds upon initial recognition, the Holding has applied the market interest rates from 13.92% to 14.01% p.a.

In 2024 in view of the decision of the Council for National Fund Management of the Republic of Kazakhstan (the "CNFM"), the maturity dates of the issued debt securities with the carrying value of Tenge 87,940,623 thousand, which have been repurchased by Samruk-Kazyna JSC, were extended from 2026 to 2036. Due to significant modification of the terms of the agreements, the Holding derecognised the existing financial liability and recognised new financial liabilities. Accordingly, the debt securities issued were adjusted to fair value at the date of conclusion of additional agreements using the market interest rate of 12.57% per annum, which resulted in recognition of the effect of modification of terms in the amount of Tenge 61,212,227 thousand, which was recognised as part of government grants (Note 20).

During 2024, the Holding repaid debt securities to Kazakhstan Sustainability Fund JSC (KZ2C00006666) in the amount of the principal debt of Tenge 180,000,000 thousand.

During 2024, the Holding redeemed the debt securities issued (KZ2C00009397, KZ2C00005916, KZ2C00003911, KZ2C00003002, KZ2C00006781, KZ2C00006385, KZ2C00007045) for the total nominal amount Tenge 171,202,234 thousand.

On 29 March 2023, the Holding issued green bonds in the amount of Tenge 10,000,000 thousand (KZ2C00009637) at a floating interest rate of TONIAcomp + 2.0% 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 Holding issued commercial bonds totalling Tenge 50,000,000 thousand (KZ2C00009397) at an interest rate of 15.25% p.a. and with maturity on 18 April 2024.

To cover the need for financing, on 16 June 2023, the bonds (KZ2C00008514) with a nominal value of Tenge 9,832,756 thousand were additionally placed among a wide range of market investors.

On 12 July 2023 the Holding issued coupon bonds with a nominal value of Tenge 20,000,000 thousand (KZ2C00009843) bearing an interest rate of 19.25% p.a. and maturing before 12 July 2030.

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

(In thousands of Kazakhstani Tenge)	**2024**	**2023**
Balance at 1 January	**3,801,898,128**	**3,739,552,209**
Changes from financing cash flows		
Proceeds from debt securities issued	1,747,634,032	498,052,426
Repurchase/repayment of debt securities issued	(458,130,998)	(112,706,110)
Total changes from financing cash flows	**1,289,503,034**	**385,346,316**
Other changes		
Transfer to liabilities directly related to disposal groups held for sale	-	(400,894,666)
Interest expense (Note 23)	446,303,095	374,992,932
Effect of movements in foreign exchange rates	111,748,837	(6,882,270)
Interest paid	(328,847,526)	(303,669,316)
Discount on initial recognition	(73,532,366)	(38,150)
Other changes	11,952,078	13,491,073
The impact of a significant modification in the terms of debt securities issued	(61,327,192)	-
Balance at 31 December	**5,197,698,088**	**3,801,898,128**

17 Loans from banks and other financial institutions

(In thousands of Kazakhstani Tenge)	**31 December 2024**	**31 December 2023**
Loans from SWF “Samruk-Kazyna” JSC	276,513,975	2,000,944
Loans with fixed interest rate		
Loans from non-OECD banks and other financial institutions	96,978,952	169,278,169
Loans with floating interest rate		
Loans from OECD banks and other financial institutions	48,560,836	47,712,260
Loans from non-OECD banks and other financial institutions	781,334,150	657,484,166
	829,894,986	**705,196,426**
Less unamortised portion of borrowing costs	(213,531,875)	(20,110,362)
	989,856,038	**856,365,177**

During the year ended 31 December 2024 the Holding entered into a credit line agreement dated 6 May 2024 No. 1879-i with SWF “Samruk-Kazyna” JSC based on the resolutions of the Government of the Republic of Kazakhstan dated 9 April 2024 No. 262 "On certain issues of the sale of rental housing with the right of privatisation" and dated 9 April 2024 No. 263 "On certain issues of the sale of rental housing with the right of privatisation". Under this agreement, the loan agreements were concluded for a total amount of Tenge 272,000,000 thousand with a maturity in 2034 and an interest rate of 0.01% p.a. The fair value of the loans at initial recognition was calculated by discounting future cash flows under the loan agreements using market interest rates in the range from 12.96% to 14.53% p.a. The discount on these loans was recognized as a government grant in the amount of Tenge 193,624,243 thousand (Note 20).

During the year ended 31 December 2024 the Holding raised a loan from Zhasyl Damu JSC in the amount of Tenge 120,546,835 thousand. Initially the loans were recognised at fair value that was determined using the market rates ranging from 12.83% to 14.54% p.a. The difference of Tenge 69,739,248 thousand between fair value and amounts received was recognised as a government grant due to the obligation of the Holding to distribute benefits to ultimate borrowers through providing financing to leasing companies for further financing of projects in the processing industry (Note 20).

During the year ended 31 December 2024 the Holding attracted a deposit from China Construction Bank Corporation Astana Branch in the total amount of USD 50,000 thousand, maturing on 22 October 2024.

During the year ended 31 December 2024, the Holding raised a loan from Eurasian Development Bank for the total amount of USD 90,000 thousand maturing on 4 October 2024.

During the year ended 31 December 2024, the Holding raised a loan from China Development Bank for the total amount of USD 23,080 thousand maturing on 20 June 2033.

During the year ended 31 December 2024, the Holding raised a loan from China Construction Bank Corporation Astana Branch for the total amount of CNY 1,000,000 thousand maturing on 28 June 2027.

During the year ended 31 December 2024, the Holding raised a loan from China Development Bank for the total amount of CNY 746,378 thousand maturing on 13 December 2027.

During the year ended 31 December 2023 the Holding attracted an interbank deposit of USD 250,000 thousand, which matures in April 2024. On initial recognition of the deposit the Holding recognised gain of Tenge 334,520 thousand. Fair value on initial recognition of the loan was calculated using market rate of 6.16% p.a.

During the year ended 31 December 2023, the Holding repaid the outstanding balance of a loan from Eurasian Development Bank in the total amount of RUB 20,000,000 thousand.

During the year ended 31 December 2023, the Holding received a loan of KZT 20,000,000 thousand from Zhasyl Damu JSC. The loan was initially recognised at their fair value calculated using the market interest rate of 15.15% p.a. The difference of Tenge 17,573,479 thousand between fair value and amounts received was recognised as a government grant due to the obligation of the Holding to distribute benefits to the ultimate borrowers through providing financing to leasing companies for further financing of the projects in processing industry (Note 20).

During 2023, the Group modified significantly the loan from Zhasyl Damu JSC under the Contract No.4 dated 12 August 2022, as a result of modification the original financial liability was settled and new financial liability was recognised at fair value that was determined using the market rate of 15.83% p.a. As at the modification date - 30 October 2023, the effect from modification in the amount of Tenge 1,581,094 thousand was recorded within other expenses.

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

(In thousands of Kazakhstani Tenge)	2024	2023
Balance at 1 January	**865,386,858**	**950,975,666**
Changes from financing cash flows		
Receipt of loans from banks and other financial institutions	700,378,046	217,799,500
Repayment of loans from banks and other financial institutions	(409,382,745)	(274,803,103)
Total changes from financing cash flows	**290,995,301**	**(57,003,603)**
Other changes		
Interest expense (Note 23)	79,565,430	71,553,236
Effect of movements in foreign exchange rates	90,409,522	(15,680,878)
Interest paid	(72,469,407)	(66,503,216)
Discount on initial recognition	(264,556,568)	(17,954,347)
Other	524,902	-
Balance at 31 December	**989,856,038**	**865,386,858**

18 Loans from the Government of the Republic of Kazakhstan

(In thousands of Kazakhstani Tenge)	31 December 2024	31 December 2023
Loans from the Government of the Republic of Kazakhstan	820,138,732	795,421,453
	820,138,732	**795,421,453**

During 2024, the Holding received loans from the Ministry of Finance of the Republic of Kazakhstan in the total amount of Tenge 340,335,317 thousand, including Tenge 274,480,000 thousand for implementation of the state programmes (2023: Tenge 288,377,781 thousand, including Tenge 220,193,601 thousand for implementation of the state programmes) with the following terms and contractual interest rates:

During 2024 the following loans were received:

- a loan of Tenge 79,000,000 thousand was received from the Ministry of Finance of the Republic of Kazakhstan at the interest rate of 0.10% p.a. and with maturity in 20 years. The borrowed funds will be used to finance the tourism industry projects of the Republic of Kazakhstan*;
- a loan of Tenge 55,000,000 thousand was received from the Ministry of Finance of the Republic of Kazakhstan at the interest rate of 0.10% p.a. and with maturity in 11 years. The borrowed funds will be used to finance large projects in processing industry*;

- a loan of Tenge 4,590,000 thousand was received at the interest rate of 0.10% p.a. and with maturity in 5-7 years. The borrowed funds will be used to finance small and medium sized entities;
- a loan of Tenge 300,000 thousand was received from the local executive body of the East Kazakhstan Oblast at the interest rate of 0.01% p.a. and with maturity in 8 years. The borrowed funds will be used to provide preliminary and bridging housing loans under Otbasy Bank's regional programme on lending to citizens of the Republic of Kazakhstan as part of the social policy of local executive bodies**;
- a loan of Tenge 450,000 thousand was received from the local executive bodies of Temirtau at the interest rate of 0.01% p.a. and with maturity in 8-15 years. The borrowed funds will be used to provide preliminary and bridging housing loans under Otbasy Bank's regional programme on lending to citizens of the Republic of Kazakhstan as part of the social policy of local executive bodies**;
- a loan of Tenge 1,350,000 thousand was received from the local executive bodies of Astana at the interest rate of 0.15% p.a. and with maturity in 8 years. The borrowed funds will be used to provide preliminary and bridging housing loans under Otbasy Bank's regional programme on lending to citizens of the Republic of Kazakhstan as part of the social policy of local executive bodies**;
- a loan of Tenge 700,000 thousand was received from the local executive bodies of Aktyubinsk Oblast at the interest rate of 0.01% p.a. and with maturity in 8 years. The borrowed funds will be used to provide preliminary and bridging housing loans under Otbasy Bank's programme for financing workers of TNC Kazchrome JSC**;
- a loan of Tenge 1,000,000 thousand was received from the local executive bodies of Karaganda Oblast at the interest rate of 0.01% p.a. and with maturity in 8-15 years. The borrowed funds will be used to provide preliminary and bridging housing loans under Otbasy Bank's regional programme on lending to citizens of the Republic of Kazakhstan as part of the social policy of local executive bodies**;
- a loan of Tenge 20,215,997 thousand was received from the local executive bodies of Shymkent at the interest rate of 0.01% p.a. and with maturity in 8 years. The borrowed funds will be used to provide preliminary and bridging housing loans under Otbasy Bank's regional programme on lending to citizens of the Republic of Kazakhstan as part of the social policy of local executive bodies**;
- a loan of Tenge 500,000 thousand was received from the local executive bodies of Mangystau Oblast at the interest rate of 0.01% p.a. and with maturity in 8 years. The borrowed funds will be used to provide preliminary and bridging housing loans under Otbasy Bank's regional programme on lending to citizens of the Republic of Kazakhstan as part of the social policy of local executive bodies**;
- a loan of Tenge 3,500,000 thousand was received from the local executive bodies of Atyrau at the interest rate of 0.01% p.a. and with maturity in 8-9 years. The borrowed funds will be used to provide preliminary and bridging housing loans under Otbasy Bank's regional programme on lending to citizens of the Republic of Kazakhstan as part of the social policy of local executive bodies**;
- a loan of Tenge 500,000 thousand was received from the local executive bodies of Almaty Oblast at the interest rate of 0.01% p.a. and with maturity in 8 years. The borrowed funds will be used to provide preliminary and bridging housing loans under Otbasy Bank's regional programme on lending to citizens of the Republic of Kazakhstan as part of the social policy of local executive bodies**;
- a loan of Tenge 1,200,000 thousand was received from the local executive bodies of Kyzylorda Oblast at the interest rate of 0.01% p.a. and with maturity in 8 years. The borrowed funds will be used to provide preliminary and bridging housing loans under Otbasy Bank's regional programme on lending to citizens of the Republic of Kazakhstan as part of the social policy of local executive bodies**;
- a loan of Tenge 500,000 thousand was received from the local executive bodies of Kostanay Oblast at the interest rate of 0.01% p.a. and with maturity in 8-9 years. The borrowed funds will be used to provide preliminary and bridging housing loans under Otbasy Bank's regional programme on lending to citizens of the Republic of Kazakhstan as part of the social policy of local executive bodies**;
- a loan of Tenge 300,000 thousand was received from the local executive bodies of Aksu at the interest rate of 0.01% p.a. and with maturity in 8 years. The borrowed funds will be used to provide preliminary and bridging housing loans under Otbasy Bank's regional programme on lending to citizens of the Republic of Kazakhstan as part of the social policy of local executive bodies**;
- a loan of Tenge 1,260,000 thousand was received from the local executive bodies of West Kazakhstan Oblast at the interest rate of 0.01% p.a. and with maturity in 8 years. The borrowed funds will be used to provide preliminary and bridging housing loans under Otbasy Bank's regional programme on lending to citizens of the Republic of Kazakhstan as part of the social policy of local executive bodies**;
- a loan of Tenge 100,000 thousand was received from the local executive bodies of Pavlodar Oblast at the interest rate of 0.01% p.a. and with maturity in 8 years. The borrowed funds will be used to provide preliminary and bridging housing loans under Otbasy Bank's regional programme on lending to citizens of the Republic of Kazakhstan as part of the social policy of local executive bodies**;
- a loan of Tenge 23,389,320 thousand was received from the local executive bodies of Almaty at the interest rate of 0.01% p.a. and with maturity in 8-25 years. The borrowed funds will be used to provide preliminary and bridging housing loans under Otbasy Bank's programme "Almaty Zhastary" as part of the social policy of local executive bodies**;

- a loan of Tenge 350,000 thousand was received from the local executive bodies of North Kazakhstan Oblast at the interest rate of 0.01% p.a. and with maturity in 9 years. The borrowed funds will be used to provide preliminary and bridging housing loans under Otbasy Bank's regional programme on lending to citizens of the Republic of Kazakhstan as part of the social policy of local executive bodies**;
- a loan of Tenge 300,000 thousand was received from the local executive bodies of East Kazakhstan Oblast at the interest rate of 0.01% p.a. and with maturity in 8 years. The borrowed funds will be used to provide preliminary and bridging housing loans under Otbasy Bank's regional programme on lending to citizens of the Republic of Kazakhstan as part of the social policy of local executive bodies**
- a loan of Tenge 500,000 thousand was received from the local executive bodies of Atyrau Oblast at the interest rate of 0.01% p.a. and with maturity in 8-9 years. The borrowed funds will be used to provide preliminary and bridging housing loans under Otbasy Bank's regional programme on lending to citizens of the Republic of Kazakhstan as part of the social policy of local executive bodies**;
- a loan of Tenge 1,050,000 thousand was received from the local executive bodies of Kostanay Oblast at the interest rate of 0.01% p.a. and with maturity in 8-9 years. The borrowed funds will be used to provide preliminary and bridging housing loans under Otbasy Bank's programme "Kostanay Zhastary" as part of the social policy of local executive bodies**;
- a loan of Tenge 1,000,000 thousand was received from the local executive bodies of Zhambyl Oblast at the interest rate of 0.01% p.a. and with maturity in 8 years. The borrowed funds will be used to provide preliminary and bridging housing loans under Otbasy Bank's regional programme on lending to citizens of the Republic of Kazakhstan as part of the social policy of local executive bodies**;
- a loan of Tenge 1,000,000 thousand was received from the local executive bodies of Zhetysu Oblast at the interest rate of 0.01% p.a. and with maturity in 8-9 years. The borrowed funds will be used to provide preliminary and bridging housing loans under Otbasy Bank's regional programme on lending to citizens of the Republic of Kazakhstan as part of the social policy of local executive bodies**;
- a loan of Tenge 50,000 thousand was received from the local executive bodies of Saran at the interest rate of 0.01% p.a. and with maturity in 8-15 years. The borrowed funds will be used to provide preliminary and bridging housing loans under Otbasy Bank's regional programme on lending to citizens of the Republic of Kazakhstan as part of the social policy of local executive bodies**;
- a loan of Tenge 500,000 thousand was received from the local executive bodies of Ulytau Oblast at the interest rate of 0.01% p.a. and with maturity in 15 years. The borrowed funds will be used to provide preliminary and bridging housing loans under Otbasy Bank's programme "Ulytau Zhastary" as part of the social policy of local executive bodies**;
- a loan of Tenge 750,000 thousand was received from the local executive bodies of Aktyubinsk Oblast at the interest rate of 0.01% p.a. and with maturity in 8 years. The borrowed funds will be used to provide preliminary and bridging housing loans under Otbasy Bank's programme for financing citizens affected by floods as part of the social policy of local executive bodies**;
- a loan of Tenge 500,000 thousand was received from the local executive bodies of Aktyubinsk Oblast at the interest rate of 0.01% p.a. and with maturity in 8 years. The borrowed funds will be used to provide preliminary and bridging housing loans under Otbasy Bank's programme "Aktobe Zhastary" as part of the social policy of local executive bodies**;
- a loan of Tenge 480,000 thousand was received at the interest rate of 1.00% p.a. and with maturity in 5 years. The borrowed funds will be used as part of the state programme of support to small and medium-sized companies in the rural areas through lending of the end borrowers, including lending of startup projects*;
- a loan of Tenge 140,000,000 thousand was received at the interest rate of 0.01% p.a. with maturity dates of Tenge 70,000,000 thousand on 15 December 2024 and Tenge 70,000,000 thousand on 30 November 2025. The borrowed funds will be used to provide loans to agro-industrial entities through funding of credit partnerships, regional investment centres, fully owned by the state, microfinance organisations and second-tier banks*;

During 2023 the following loans were received:

- a loan of Tenge 14,400,000 thousand was received at the interest rate of 0.10% p.a. and with maturity in 15 years. The borrowed funds will be used to provide lease financing of legal entities and individual entrepreneurs that purchase, under the lease agreements, motor vehicles and special-purpose automotive equipment, except for the agricultural equipment produced in Kazakhstan*;
- a loan of Tenge 20,000,000 thousand was received at the interest rate of 0.10% p.a. and with maturity in 11 years. The borrowed funds will be used to finance large projects in processing industry*;
- a loan of: Tenge 140,000,000 thousand was received at the rate of 0.01% p.a. And maturing on 15 December 2023 and 30 November 2024. The borrowed funds will be used as part of Ken-Dala state programme aimed at supporting enterprises in their spring field and harvesting works*;

- a loan of Tenge 1,000,000 thousand was received at the interest rate of 1% p.a. and with maturity in 5 years. The borrowed funds will be used as part of the state programme of support to small- and medium-sized companies in the rural areas through lending of the end borrowers, including lending of startup projects in Atyrau Region*;
- a loan of Tenge 500,000 thousand was received at the interest rate of 0.01% p.a. and with maturity in 10 years. The borrowed funds will be used to lend the entities operating in agro-industrial complex of Ulytau Region for subsequent purchase of new agricultural machinery and equipment*;
- the loans of Tenge 3,850,000 thousand were received at the rate of Interest 0.01% p.a. and with maturity in 5-7 years. All borrowed funds will be used to finance small and medium-size entities;
- a loan of Tenge 33,641,876 thousand was received at the interest rate of 0.01% p.a. and with maturity in 25 years. The borrowed funds will be used to provide preliminary and bridging housing loans to participants in the “Bakytty Otbasy” State Programme*;
- loans of Tenge 17,324,000 thousand was received at the interest rate of 0.01% p.a. and with maturity in 8-15 years. The borrowed funds will be used to provide preliminary and bridging housing loans as part of the social programme of local executive authorities**;
- a loan of Tenge 39,700,000 thousand was received at the interest rate of 0.15% p.a. and with maturity in 20 years. The borrowed funds will be used to provide preliminary and bridging housing loans**;
- a loan of Tenge 17,961,905 thousand was received at the interest rate of 0.01% p.a. and with maturity in 25 years. The borrowed funds will be used to provide preliminary and bridging housing loans**.

*In 2024, discount on initial recognition of Tenge 119,168,730 thousand (2023: Tenge 84,765,772 thousand) was recognised as a government grant (Note 20) in the consolidated statement of financial position. The Holding used estimated market interest rates from 12.60% to 14.10% p.a. (2023: 13.55% to 18.25% p.a.) to measure the fair value of the loans received from the Government of the Republic of Kazakhstan on initial recognition by discounting their future contractual cash flows.

**During 2024, discount on initial recognition of Tenge 46,508,438 thousand (2023: Tenge 64,334,180 thousand) was recognised directly in equity as an additional paid-in capital (less effect of the respective income tax of Tenge 9,301,688 thousand (2023: Tenge 12,866,836 thousand), as management determined that the Government acted in the capacity of a shareholder when providing the Holding with said financing instruments at interest rates below market rates, without any additional conditions. The Holding used estimated market interest rates ranging from 12.93% to 14.75% p.a. (2023: 12.54% to 14.75% p.a.) to measure the fair value of the loans received from the Government of the Republic of Kazakhstan at initial recognition by discounting their future contractual cash flows.

During 2024 the Holding partially repaid, ahead of schedule, the loans provided by the Government of the Republic of Kazakhstan in the amount of Tenge 39,344,828 thousand, as a result of such early repayment the government grant were recalculated for the amount of unamortised portion of the discount of Tenge 16,356,710 thousand (Note 20).

During 2023 the Holding fully repaid, ahead of schedule, the loans provided by the Government of the Republic of Kazakhstan in the amount of Tenge 29,717,949 thousand, as a result of such early repayment a loss of in the amount of unamortised portion of the discount of Tenge 2,926,899 thousand was recognised directly in equity as a transaction with a shareholder (net of effect of related income tax of Tenge 585,379 thousand).

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

(In thousands of Kazakhstani Tenge)	**2024**	**2023**
Balance at 1 January	**795,421,453**	**776,645,835**
Changes from financing cash flows		
Receipt of loans from the Government of the Republic of Kazakhstan	340,335,317	288,377,781
Repayment of loans from the Government of the Republic of Kazakhstan	(261,560,242)	(220,243,607)
Total changes from financing cash flows	**78,775,075**	**68,134,174**
Other changes		
Discount on initial recognition	(166,119,912)	(149,099,952)
Interest expense (Note 23)	96,648,038	96,064,331
Interest paid	(1,244,178)	(1,290,064)
Effect of partial early repayment	16,356,710	2,046,991
Effect of full early repayment	-	2,926,900
Effect of movements in foreign exchange rates	58,967	(6,762)
Others	242,579	-
Balance at 31 December	**820,138,732**	**795,421,453**

19 Other financial liabilities

Other financial liabilities comprise the following:

(In thousands of Kazakhstani Tenge)	31 December 2024	31 December 2023
Amounts payable under REPO agreements	74,188,008	27,362,351
Provision for credit related commitments	37,705,159	38,803,874
Estimated loan commitments at below market rate	37,464,252	35,569,026
Commitments under the government grant programmes	13,678,545	6,642,330
Government budget funds	5,563,841	2,480,205
Payables for mortgage loans acquired	3,826,529	3,867,715
Payables on banking activity	3,028,860	2,597,244
Trade payables to suppliers and contractors	2,736,744	1,316,554
Other payables	1,413,691	3,862,575
Accrued commission expenses	1,137,362	1,285,913
Payables to suppliers for property to be transferred under finance leases	1,127,246	3,295,074
Liabilities under the programme of micro-lending of young people liabilities on rural mortgage	961,494	3,697,438
Funds placed by customers as security for letters of credit	652,779	14,781,372
Other	6,150,064	2,180,520
Total other financial liabilities	**189,634,574**	**147,742,191**

Commitments under the government grant programmes. Funds received from local executive authorities, the state budget through the Ministry of National Economy of the Republic of Kazakhstan, and the United Nations Development Program in the Republic of Kazakhstan. These funds are then transferred to local banks as subsidy payments under projects implemented within the framework of the joint Order of Ministries of the Republic of Kazakhstan. This order is registered in the Register of State Registration of Regulatory Legal Acts under № 33681 dated 27 November 2023 and was later amended by Government Resolution of the Republic of Kazakhstan № 754 dated 17 September 2024, as well as the UNDP-GEF (United Nations Development Programme – Global Environment Facility) project "Reducing investment risks in renewable energy sources" and "Nationally appropriate mitigation measures for low-carbon urban development".

Amounts payable under repurchase agreements. As at 31 December 2024 debt securities of the Ministry of Finance of the Kingdom of Saudi Arabia, the Ministry of Finance of the State of Qatar, the Ministry of Finance of Mexico, and the Ministry of Finance of Indonesia, measured at fair value through other comprehensive income with carrying amount of Tenge 91,361,707 thousand (31 December 2023: bonds of Ministry of Finance of the Kingdom of Saudi Arabia with carrying amount of Tenge 31,368,459 thousand) are pledged as collateral under repurchase agreements

20 Government grants

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

Subsequent to initial recognition, the Holding charged to profit or loss an amount corresponding to the renegotiated debt provided to the borrowers on favourable terms upon fulfilment of the conditions of the state programmes (Notes 8, 10, 11 and 12). The Holding is responsible for allocation benefits to ultimate borrowers through low interest loans.

As at 31 December 2024 the Holding has government grants receivables in the amount of Tenge 37,619,033 thousand with the respect to the government grant from the Government of the Republic of Kazakhstan for covering expenses related to the interest on debt securities issued, which has been recognised according to the Rules of bond coupon subsidies established by the Ministry of Agriculture of the Republic of Kazakhstan.

(In thousands of Kazakhstani Tenge)	**31 December 2024**	**31 December 2023**
Balance at beginning of the year	**1,034,690,361**	**1,052,536,560**
Government grants received from the Government of the Republic of Kazakhstan by means of loans from the Government of the Republic of Kazakhstan (Note 18)	119,168,730	84,765,772
Government grants for loans received from Zhasyl Damu JSC (Note 17)	69,739,248	16,846,775
Government grants for loans received from SWF Samruk Kazyna JSC (Note 17)	193,624,243	-
Government grants received from the Government of the Republic of Kazakhstan by means of issue of debt securities (Note 16)	137,119,036	38,150
Government grants from the Government of the Republic of Kazakhstan for covering expenses related to the interest on debt securities issued	89,615,311	-
Recovery of the previously recognised amount of the government grant due to early repayment of loans issued as part of the government programme	23,469,391	932,522
Recovery of the previously recognised amount of the government grants due to modification of the terms of the contracts of loans issued (Note 8)	36,168,442	-
Discount recalculated due to partial early redemption of bonds by the regional executive bodies (Note 11)	68,593	1,020,131
Utilisation of government grants upon issuance of low interest loans to commercial banks*	(22,450,294)	(536,457)
Utilisation of government grant for purchase the bonds issued by regional executive authorities (Note 11)*	(208,731,651)	(1,567,918)
Utilisation of government grant for purchase the bonds issued by regional executive authorities (Note 27)*	(11,877,204)	-
Utilisation of government grant to issue loans to customer-borrowers under Enbek Government Programme*	(2,191,895)	(2,750,618)
Utilisation of government grant to reimburse interest expenses on debt securities issued (Note 23)	(8,603,211)	-
Recalculation of government grant due to early repayment of loans received (Note18)	(16,356,710)	(3,094,585)
Utilisation of government grant after issue of loans to other borrowers from agro-industrial sector*	(14,830,334)	(4,093,728)
Utilisation of government grant to issue loans to banks under Ken-Dala Government Programme*	(10,622,496)	(6,765,769)
Utilisation of government grant to issue loans under the Bakytty Otbasy State Programme*	(16,199,251)	(12,993,395)
Utilisation of government grant to issue loans to customer-borrowers under Ken-Dala Government Programme*	(38,056,202)	(13,431,629)
Utilisation of the government grant under the concluded finance lease agreements (Note 23)	(20,822,894)	(21,451,778)
Utilisation of government grant on debt securities issued*	(2,275,136)	-
Amortisation for the year*	(66,609,300)	(30,034,038)
Utilisation of government grant upon issuance of loans to borrowers under the State Programme of Industrial-Innovative Development of the Republic of Kazakhstan*	(42,127,419)	(30,397,352)
Discount recalculated due to partial early repayment of loans	-	5,667,718
Balance at the end of the year	**1,221,909,358**	**1,034,690,361**

*During the year ended 31 December 2024 the government grants transferred to profit or loss (Note 27) amounted to Tenge 435,971,182 thousand (2023: Tenge 102,570,904 thousand) and were included in operating income.

21 Other liabilities

Other liabilities comprise the following items:

(In thousands of Kazakhstani Tenge)	**31 December 2024**	**31 December 2023**
Advances received under finance lease agreements	99,440,377	69,712,450
Deferred income on guarantees	45,632,481	44,555,056
Payables to suppliers	8,661,946	9,058,497
Accrued employee benefit costs	6,943,740	6,980,822
Short-term liability on subsidised funds	2,849,537	5,039,296
Taxes payable other than on income	2,003,131	2,065,122
Prepayments	3,264,091	1,607,098
Deferred income	3,538,752	1,564,895
Other	3,054,941	2,687,575
Total other liabilities	**175,388,996**	**143,270,811**

22 Share capital

(In thousands of Kazakhstani Tenge, except for number of shares)	31 December 2024	31 December 2023
Authorised ordinary shares	5,000,086,550	5,000,086,550
Authorised but not issued	(3,493,990,577)	(3,493,990,577)
Total shares issued and paid at nominal value of Tenge 1,000 per share	**1,306,504,712**	**1,306,504,712**
Total shares issued and paid at nominal value of Tenge 1,076 per share*	**199,591,261**	**199,591,261**
Issued share capital paid	**1,521,238,962**	**1,521,238,962**

*During 2021, the Holding's share capital increased upon merger of KazAgro NMH JSC by Tenge 214,734,250 thousand - 199,591,261 shares at the price of 1,075 tenge 87 tiyn.

Each ordinary share carries one vote.

In 2024, the Holding did not issue shares (2023: Tenge 155,000,000 thousand).

In 2024 the Holding declared and paid dividends in the amount of Tenge 126,166,681 thousand (2023: Tenge 58,616,338 thousand). Dividends per ordinary share are Tenge 83.77 (in 2023: Tenge 38.92)

Net assets per ordinary share. According to the Rules of Listing of the Kazakh Stock Exchange (the Rules), the Holding disclosed net assets per ordinary share calculated in accordance with these Rules:

(In Kazakhstani Tenge)	2024	2023
Net assets per ordinary share	1,985.61	1,763.25

As at 31 December 2024 net assets per ordinary share was determined by dividing amount of consolidated equity of Tenge 3,001,621,516 thousand (31 December 2023: Tenge 2,665,504,904 thousand) decreased by the carrying amount of intangible assets of Tenge 11,101,549 thousand (31 December 2023: Tenge 9,885,998 thousand), which the Holding will not be able to sell to third parties, by a total number of outstanding shares - 1,506,095,973 (31 December 2023: 1,506,095,973 outstanding shares).

As of 31 December 2024 and 2023 other reserves includes contingency and stabilisation reserves.

23 Interest income and expense

(In thousands of Kazakhstani Tenge)	2024	2023
Interest income calculated using effective interest method		
Loans to customers	599,759,886	525,446,528
Cash and cash equivalents	260,502,029	234,728,200
Investment securities measured at amortised cost	133,572,587	158,931,857
Loans to banks and financial institutions	43,820,120	35,962,628
Investment securities measured at fair value through other comprehensive income	15,591,836	13,571,621
Deposits with banks and financial institutions	10,104,752	441,684
Other	1,304,149	1,305,373
Total interest income calculated using the effective interest method	**1,064,655,359**	**970,387,891**
Other interest income		
Finance lease receivables	201,187,711	151,001,530
Loans to customers	19,635,044	18,966,028
Financial instruments at fair value through profit or loss	155,865	456,103
Total other interest income	**220,978,620**	**170,423,661**
Interest expense		
Debt securities issued	(437,699,884)	(374,992,932)
Loans from the Government of the Republic of Kazakhstan	(96,648,038)	(96,064,331)
Loans from banks and other financial institutions	(79,565,430)	(71,553,236)
Customer accounts	(46,667,794)	(44,803,488)
Amounts payable under repurchase agreements	(7,529,548)	(365,635)
Subordinated debt	(740,624)	(601,463)
Other	(42,024)	(23,863)
Total interest expense	**(668,893,342)**	**(588,404,948)**
Net interest income	**616,740,637**	**552,406,604**

Included within various line items under interest income for the year ended 31 December 2024 is a total of Tenge 20,822,894 thousand (2023: Tenge 21,451,778 thousand) of government grant amortisation (Note 20).

In 2024 interest expense on debt securities issued was reduced by the income from government grants of Tenge 8,603,211 thousand (Note 20).

24 Fee and commission income and expense

(In thousands of Kazakhstani Tenge)	2024	2023
Fee and commission receipts		
Fee and commission income arising from financial assets not measured at fair value through profit or loss:		
- Financial guarantees	35,779,476	29,534,174
- Other fee and commission income from banking activity	3,841,885	3,063,027
- Transfer services	1,832,657	1,712,647
- Agency services	696,072	625,600
- Reservation commission on undrawn part of loan	556,835	370,453
- Cash operations	110,867	137,512
- Letters of credit	-	951
- Other	1,442	2,635
Total fee and commission income	**42,819,234**	**35,446,999**
Fee and commission expense		
Fee and commission income arising from financial assets not measured at fair value through profit or loss:		
- Agency services	(5,640,791)	(4,785,965)
- Transfer services	(2,921,491)	(2,428,190)
- Securities transactions	(519,400)	(796,362)
- Custodial services	(28,785)	(25,523)
- Eurobonds issue	(2,519)	(485)
- Maintenance of current accounts	(185)	(8,403)
- Other	(270,448)	(88,832)
Total fee and commission expense	**(9,383,619)**	**(8,133,760)**
Net fee and commission income	**33,435,615**	**27,313,239**

25 Net gain on assets measured at fair value through profit or loss

(In thousands of Kazakhstani Tenge)	2024	2023
Gains less losses on other assets measured at fair value through profit or loss	877,538	4,441,628
Dividend income from financial instruments measured at fair value through profit or loss	400,721	108,153
Gains less losses/(losses less gains) on trading securities	4,972	(968)
Losses less gains on embedded financial derivative instruments	-	(60,979)
(Loss)/gain on revaluation of loans to customers at fair value through profit or loss	(192,986)	1,679,402
Total net gain on financial assets measured at fair value through profit or loss	**1,090,245**	**6,167,236**

26 Net foreign exchange gain

(In thousands of Kazakhstani Tenge)	2024	2023
Gains less losses arising from foreign currency translation	26,535,259	533,918
Gains less losses arising from foreign currency operations	363,502	6,480,873
Total net foreign exchange gain	**26,898,761**	**7,014,791**

27 Other operating expense, net

(In thousands of Kazakhstani Tenge)	2024	2023
Other income from utilisation of government grants (Note 20)	435,971,182	102,570,904
Profit from disposal of investment property	5,956,390	200,706
Revenue from services provided	607,444	121,730
Fines and penalties	268,260	733,857
Rental income on investment property	207,178	235,523
Charge of impairment allowance for other assets and assets held for sale	(201,589)	(504,266)
Gain less losses on sales of assets held for sale	(730,211)	735,665
(Loss)/gain on derecognition of finance lease receivables	(962,483)	173,330
Expense on modification of the terms of financial assets measured at amortised cost	(2,755,830)	(2,761,488)
Expenses on estimate of loan commitments to provide a loan at a below-market interest rate	(13,907,134)	(35,567,734)
Loss on initial recognition of the bonds of local executive authorities purchased at below-market rate (Note 11)	(215,906,634)	(23,876,479)
Expenses in the form of negative adjustment of value of the loans issued	(226,381,344)	(109,935,988)
Income from significant modification of other financial assets	-	2,095,641
Income from initial recognition of debt liabilities raised	-	334,520
Loss from early repayment of loans from banks and other financial institutions (Note 17)	-	(2,912,957)
Loss on modification of financial liabilities	-	(3,628,085)
Other operating (loss)/income, net	(2,237,992)	937,676
Total other operating expenses, net	**(20,072,763)**	**(71,047,445)**

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 (Note 20).

Income from utilisation of government grants includes income in the amount of Tenge 11,877,204 thousand in connection with the fulfillment of the terms of government grants recognised within the framework of the Resolutions of the Government of the Republic of Kazakhstan dated 9 April 2024 No. 262 "On certain issues of the sale of rental housing with the right of privatization" and dated 9 April 2024 No. 263 "On certain issues of the sale of rental housing with the right of privatization" (Note 20).

In 2024 the Holding recognised expense of Tenge 13,907,134 thousand (2023: Tenge 35,567,734 thousand) upon initial recognition of the fair value of commitments to extend loans at below market rates.

In 2024 the Holding recognised expense of Tenge 226,381,344 thousand (2023: Tenge 109,935,988 thousand) in the form of negative adjustment of value of the loan issued at below market rates. This amount includes expense of Tenge 56,104,885 thousand arising on initial recognition of loans to banks (2023: Tenge 12,079,140 thousand) and expense of Tenge 170,276,459 thousand arising on initial recognition of loans to customers (2023: Tenge 97,856,848 thousand).

During 2024, loss on initial recognition of loans banks arose from issuance of loans at a nominal interest rate ranging from 1.00% to 2.00% p.a., the market interest rates of which ranged from 14.36% to 15.82% p.a. (2023: at the nominal rate of 2.00%, the market rates on which ranged from 14.61% to 17.22% p.a.).

During 2024, loss on initial recognition of loans to customers arose from issuance of loans with a nominal interest rate ranging from 1.00% to 15.00% p.a., markets interest rates of which ranged from 7.00% to 21.26% p.a. (2023: a nominal interest rate ranging from 2.00% to 14.40% p.a., markets rates of which ranged from 7.25% to 23.20% p.a.).

28 Impairment allowance for other financial assets and credit related commitments

(In thousands of Kazakhstani Tenge)	2024	2023
Loans to banks and financial institutions (Note 8)	74,000	2,421,236
Other financial assets	(1,070,992)	(1,806,559)
Cash and cash equivalents (Note 6)	25,030	(26,533)
Investment securities measured at amortised cost (Note 11)	(376,860)	194,427
Deposits with banks and other financial institutions (Note 9)	(194,900)	55,543
Contingent liabilities	(3,903,583)	(6,376,118)
Investment securities measured at fair value through other comprehensive income	(185,809)	969,228
Total impairment allowance for other financial assets and credit related commitments	**(5,633,114)**	**(4,568,776)**

29 Administrative expenses

(In thousands of Kazakhstani Tenge)	2024	2023
Personnel costs	56,111,176	46,820,325
Professional services	7,536,400	6,146,559
Repair and technical equipment	7,063,211	5,477,799
Depreciation of property, plant and equipment	3,880,387	3,483,421
Amortisation of software and other intangibles	3,001,918	2,910,777
Taxes other than income tax	2,801,388	2,127,059
Communication services	2,412,503	2,124,791
Expenses on realisation of Damu EDF JSC programmes	2,212,749	1,778,577
Operating lease expenses	1,940,688	1,776,815
Advertising and marketing services	1,494,855	1,049,198
Business trips	1,134,147	1,040,743
Information services	1,029,411	884,352
Transportation services	898,097	554,677
Administrative expenses of the Board of Directors	816,813	759,783
Rating assignment, monitoring, and maintenance services	642,823	649,458
Employee training	598,496	639,951
Security services	564,677	416,509
Materials	213,129	248,992
Office supplies and printing expenses	199,571	300,808
Insurance	114,253	102,651
Utilities	75,722	68,260
Banking services	52,297	59,517
Charity and sponsorship	31,544	148,071
Other	2,686,556	1,578,676
Total administrative expenses	**97,512,811**	**81,147,769**

Administrative expenses for 2024 include expenses for audit services and non-audit services provided by a single supplier in the amount of Tenge 930,237 thousand and Tenge 32,492 thousand, respectively (2023: expenses for audit services and non-audit services provided by a single supplier in the amount of Tenge 722,636 thousand and Tenge 198,480 thousand, respectively).

30 Income tax

Income tax expense recorded in profit or loss for the year comprises the following:

(In thousands of Kazakhstani Tenge)	2024	2023
Current tax	92,343,191	84,695,091
Deferred tax	(10,397,804)	(11,304,609)
Income tax expense for the year	**81,945,387**	**73,390,482**

The income tax rate applicable to the Holding's 2024 income is 20% (2023: 20%).

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

(In thousands of Kazakhstani Tenge)	2024	2023
Profit before income tax	**499,718,330**	**480,109,309**
The estimated tax charges at statutory rate of 20% (2023: 20%).	99,943,666	96,021,862
- Non-taxable income on securities	(26,905,954)	(23,406,198)
- Tax exempt interest on finance lease receivables	(22,778,671)	(11,161,135)
- Non-deductible impairment losses on loans	9,563,200	3,010,804
- Other non-deductible expenses	3,854,003	8,802,878
- Change in unrecognised deferred tax assets	9,416,823	(6,963,894)
- Non-deductible expenses from revaluation of financial assets at fair value	344,389	1,610,662
- Adjustment of current income tax expense for prior years	(78,643)	(2,154,366)
- Income tax withheld at the source of payment	5,293,344	3,547,202
- Other	3,293,230	4,082,667
Income tax expense for the year	**81,945,387**	**73,390,482**

Deferred tax assets have not been recognised in respect of the following items:

(In thousands of Kazakhstani Tenge)	**31 December 2024**	**Change for the year**	**31 December 2023**	**Change for the year**	**1 January 2023**
Finance lease receivables	1,254,797	-	1,254,797	-	1,254,797
Interest accrued at contractual rate and written off	64,664	-	64,664	-	64,664
Other financial assets at fair value through profit or loss	620,077	-	620,077	-	620,077
Other assets	27,760	-	27,760	-	27,760
Tax losses carry-forwards	49,148,699	11,677,570	37,471,129	(6,963,894)	44,435,023
Investment securities	3,582,791	(2,260,747)	5,843,538	-	5,843,538
Net unrecognised deferred tax assets	**54,698,788**	**9,416,823**	**45,281,965**	**(6,963,894)**	**52,245,859**

As at 31 December 2024, the Holding did not recognise the deferred tax asset of Tenge 54,698,788 thousand (31 December 2023: Tenge 51,245,859 thousand) due to uncertainty related to its utilisation.

Differences between IFRS and Kazakhstani statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases.

The tax effect of the movements in these temporary differences is detailed below, and is recorded at the rate of 20% (2023: 20%).

(In thousands of Kazakhstani Tenge)	**1 January 2024**	**Recognised in profit or loss**	**Recognised directly in equity**	**31 December 2024**
Tax effect of deductible/(taxable) temporary differences				
Cash and cash equivalents	-	248,291	(1,985,376)	(1,737,085)
Due from banks	61,273,773	168,534	-	61,442,307
Loans to customers	67,348,034	10,480,454	-	77,828,488
Finance lease receivables	(141,596)	(2,893,399)	-	(3,034,995)
Interest accrued at contractual rate and written off	64,664	-	-	64,664
Investment securities	87,641,771	30,224,448	-	117,866,219
Property, plant and equipment	(2,503,192)	(214,087)	-	(2,717,280)
Other assets	2,195,938	(283,529)	-	1,912,409
Tax losses carry-forwards	50,471,129	(1,322,430)	-	49,148,699
Debt securities issued and loans received	(426,304,271)	(96,944,786)	(9,301,687)	(532,550,744)
Government grants	214,572,620	45,891,820	-	260,525,881
Other liabilities	(24,004,643)	34,459,312	-	10,393,228
Net deferred tax liability before recoverability assessment	**30,614,227**	**19,814,628**	**(11,287,063)**	**39,141,791**
Recognised deferred tax asset	36,870,714	5,196,716	-	42,067,430
Recognised deferred tax liability	(51,538,452)	5,201,088	(11,287,063)	(57,624,427)
Net deferred tax liability	**(14,667,738)**	**10,397,804**	**(11,287,063)**	**(15,556,997)**

(In thousands of Kazakhstani Tenge)	**1 January 2023**	**Recognised in profit or loss**	**Recognised directly in equity**	**Transfer to disposal group held for sale**	**31 December 2023**
Tax effect of deductible/(taxable) temporary differences					
Due from banks	62,493,669	(1,219,896)	-	-	61,273,773
Loans to customers	101,778,268	(4,384,234)	-	(30,046,000)	67,348,034
Finance lease receivables	3,512,233	(3,653,829)	-	-	(141,596)
Interest accrued at contractual rate and written off	64,664	-	-	-	64,664
Investment securities	90,714,504	(3,072,733)	-	-	87,641,771
Property, plant and equipment	(7,049,632)	(265,774)	-	4,812,214	(2,503,192)
Other assets	2,648,258	(452,320)	-	-	2,195,938
Tax losses carry-forwards	47,566,023	6,036,106	-	(3,131,000)	50,471,129
Debt securities issued and loans received	(429,940,286)	15,917,472	(12,281,457)	-	(426,304,271)
Government grants	220,918,884	(6,346,264)	-	-	214,572,620
Liabilities to the mortgage organisation	(30,046,000)	-	-	30,046,000	-
Other liabilities	(28,304,416)	1,782,187	-	2,517,586	(24,004,643)
Net deferred tax liability before recoverability assessment	**34,356,169**	**4,340,715**	**(12,281,457)**	**4,198,800**	**30,614,227**
Recognised deferred tax asset	27,398,004	5,273,910	-	4,198,800	36,870,714
Recognised deferred tax liability	(45,287,694)	6,030,699	(12,281,457)	-	(51,538,452)
Net deferred tax liability	**(17,889,690)**	**11,304,609**	**(12,281,457)**	**4,198,800**	**(14,667,738)**

In the context of the Holding’s current structure and Kazakhstani tax legislation, tax losses and current tax assets of different companies of the Holding may not be offset against current tax liabilities and taxable profits of other companies of the Holding and, accordingly, taxes may accrue even where there is a consolidated tax loss. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity and the same taxation authority.

The deductible temporary differences do not expire under current tax legislation of the Republic of Kazakhstan. Period of use of tax loss carried forward expires in 2025-2034.

31 Financial risk management

The risk management function within the Holding is carried out in respect to all key risks, including financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to achieve a balance between maximising the use of opportunities in order to achieve strategic goals and minimising losses.

Risk management rules and procedures of the Holding. The Holding’s risk management policy has the following objectives: to identify, analyse and manage risks faced by the Holding, establish limits on risk levels and relevant controls, and continuously assess levels of risks and ensure that exposure to risks stays within the established limits. The risk management policy and procedures of the subsidiaries are regularly reviewed to reflect changes in the market conditions, proposed products and services and emerging best practices. The risk management policy of the Holding was approved in October 2013. The risk management rules were approved in May 2021.

The risk management policy has the following objectives:

- to establish the effective comprehensive system and integrated process of risk management as an element of the Holding’s governance, and continuously improve the Holding’s activities based on the unified standardised approach to the risk management methods and procedures;
- to define the retaining ability and provide for efficient management of accepted risks;
- to identify risks in a timely manner;
- to mitigate losses and reduce operating costs to cover potential losses.

Risk management structure. The risk management structure of the Holding comprises risk management at several levels with engagement of the following bodies and structural units of the Holding: Board of Directors, Management Board, Committee of Asset and Liability Management, Risk Management Department, Internal Audit Function, collective bodies and other structural units.

The Board of Directors. The first level of the risk management process is represented by the Board of Directors of the Holding. The Board of Directors takes full responsibility for proper operation of risk management control system, management of key risks and corporate risk management system. The Board of Directors defined the objectives of the Holding's activities and approves documents related to risk management.

The Management Board. The second level of the risk management process is represented by the Management Board of the Holding. The Management Board is responsible for establishment of efficient risk management system and risk control structure to provide for compliance with the corporate policy requirements. The Management Board is liable for creation of "risk consciousness" culture which reflects risk management and risk management philosophy of the Holding. In addition, the Management Board also bears liability for implementation of the efficient risk management system where all employees have a clearly defined responsibility for risk management and are accountable for proper execution of their duties. The Management Board is authorised to execute a part of their functions in risk management area through establishment of respective committees.

The Audit Committee of the Board of Directors. The Audit Committee of the Board of Directors is a standing advisory body of the Holding's Board of Directors, established to enhance efficiency and quality of work of the Board of Directors through preparing recommendations for the Board of Directors related to establishment of the effective control system over the Holding's financial and economic operations (including completeness and accuracy of the consolidated financial statements), monitoring of reliability and efficiency of the internal control and risk management systems and execution of the documents related to corporate governance, and control of independence of the external audit and internal audit function.

The Committee of Assets and Liabilities Management (the "CALM") is a permanent collective body of the Holding accountable to the Management Board which operates within the authorities as defined by the Management Board. The CALM has the following objectives: to provide for making timely and proper decisions in the sphere of management of the Holding's assets and liabilities; to attract investors for cooperation with the Holding, to maintain the adequate level of financial stability; to increase the Holding's profitability and mitigate risks at investment decision making.

The Risk Management Department. The third level of the risk management process is represented by the Risk Management Department, which objectives include coordination of risk management and control over implementation of general principles and methods of identification, assessment, management of and reporting on financial and non-financial risks.

The Internal Audit Service. In course of risk management, the Internal Audit Function of the Holding audits risk management procedures and risk assessment methods and develops proposals aimed at improvement of efficiency of risk management procedures. The Internal Audit provides reports on risk management system to the Board of Directors of the Holding and performs other functions in accordance with the approved regulatory documents.

Structural units. One of the key elements in in the risk management structure is structural units of the Holding which are represented by each employee. Structural units (risk owners) play the key role in the risk management process. The Holding's employees address and manage risks on a daily basis, and control the potential effect of risk on their business. Structural units are responsible for implementation of the risk management action plan, timely identification and communication of major risk in their business areas and development of proposals for risk management to be included into the action plan.

Credit risk. The Holding takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the lending and other transactions with counterparties of the Holding and its subsidiaries giving rise to financial assets.

The Holding's maximum exposure to credit risk is reflected in the carrying amounts of financial assets on the consolidated statement of financial position. For guarantees and commitments to extend credit, the maximum exposure to credit risk is the amount of the commitment. The credit risk is mitigated through a qualitative analysis of the creditworthiness of the counterparty, structuring of investment projects, diversification of assets, setting limits, collateral and other measures to improve the credit quality.

The subsidiaries of the Holding structure the levels of credit risk they undertake by placing limits on transactions with counterparties, including limits on the level of risk accepted in relation to one borrower, or groups of borrowers, based on the Risk Management Rules of the subsidiary and Baiterek National Managing Holding JSC, and other internal regulatory documents regulating credit risk of the Holding's subsidiaries. Limits on the level of credit risk by product and industry sector are approved regularly by management of the subsidiaries. Such risks are monitored on a revolving basis and subject to at least an annual review.

Loan applications originated by the relevant client relationship managers are passed on to the relevant credit committee of the subsidiary for approval of the credit limit. Exposure to credit risk is also managed, in part, by obtaining collateral and corporate and personal guarantees. In order to monitor credit risk exposures, regular reports are produced by the officers based on a structured analysis focusing on the customer's business and financial performance. Any significant exposure to customers with deteriorating creditworthiness are reported to, and analysed by authorised bodies of the Holding and/or its subsidiaries.

The subsidiaries review the aging analysis of outstanding loans and follows up on past due balances. Management of the subsidiaries, therefore, considers it appropriate to provide aging and other information about credit risk to the Board of Directors of the subsidiaries and management of the Holding.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss as the result of another party to a financial instrument failing to perform in accordance with the terms of the contract. The subsidiaries of the Holding use the same credit policies in assuming conditional obligations as it does for on-balance sheet financial instruments, through established credit approvals, risk control limits and monitoring procedures.

Market risk. The Holding takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates and (c) equity products, all of which are exposed to general and specific market movements. Management of the Holding sets limits on the value of risk that may be accepted, which is monitored on a regular basis. The subsidiaries of the Holding set separate limits on the basis of the general limits established by the Holdings, and monitor their compliance on a regular basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Currency risk. The management of the Holding and its subsidiaries monitor the exposure of foreign exchange position, analyse the sensitivity of the financial result to fluctuations in foreign exchange rates and assess the level of foreign exchange risk. If necessary, limits can be set in relation to the level of accepted risk in the context of currencies and in general.

The table below summarises the Holding exposure to foreign currency exchange rate risk at 31 December 2024:

(In thousands of Kazakhstani Tenge)	**Tenge**	**US Dollar**	**Euro**	**Other currencies**	**Total**
ASSETS					
Cash and cash equivalents	2,354,484,796	77,765,762	111,661,913	89,471,795	2,633,384,266
Loans to banks and financial institutions	434,371,612	-	-	-	434,371,612
Deposits with banks and financial institutions	280,850,030	22,756,080	-	-	303,606,110
Financial instruments measured at fair value through profit or loss	2,617,173	2,149	-	-	2,619,322
Loans to customers	5,336,530,768	1,111,873,429	-	126,842,672	6,575,246,869
Investment securities measured at fair value through profit or loss	130,150	-	-	-	130,150
Investment securities measured at fair value through other comprehensive income	69,754,598	613,273,428	-	290,348	683,318,374
Investment securities measured at amortised cost	1,167,608,995	11,418,730	-	-	1,179,027,725
Finance lease receivables	1,578,562,791	-	-	-	1,578,562,791
Government grants receivables	37,619,033	-	-	-	37,619,033
Receivables from the Government for reimbursement of premium on customer accounts	55,026,392	-	-	-	55,026,392
Other financial assets	38,913,117	2,295,971	462,783	270,580	41,942,451
Total monetary financial assets	**11,356,469,455**	**1,839,385,549**	**112,124,696**	**216,875,395**	**13,524,855,095**
LIABILITIES					
Due to banks	6,585,186	-	-	-	6,585,186
Customer accounts	2,521,348,264	170,617,269	14	4,343	2,691,969,890
Debt securities issued	4,279,517,730	918,180,358	-	-	5,197,698,088
Subordinated debt	9,277,065	-	-	-	9,277,065
Loans from banks and other financial institutions	260,543,310	594,120,938	-	135,191,790	989,856,038
Loans from the Government of the Republic of Kazakhstan	819,699,838	438,894	-	-	820,138,732
Insurance contracts liabilities	73,674,828	-	-	1,045	73,675,873
Other financial liabilities	175,943,791	11,192,298	268,174	2,230,311	189,634,574
Total monetary financial liabilities	**8,146,590,012**	**1,694,549,757**	**268,188**	**137,427,489**	**9,978,835,446**
Total net position	**3,209,879,443**	**144,835,792**	**111,856,508**	**79,447,906**	**3,546,019,649**

The table below summarises the Holding exposure to foreign currency exchange rate risk at 31 December 2023:

(In thousands of Kazakhstani Tenge)	**Tenge**	**US Dollar**	**Euro**	**Other currencies**	**Total**
ASSETS					
Cash and cash equivalents	2,009,651,939	82,431,265	74,809,980	48,059,964	2,214,953,148
Loans to banks and financial institutions	338,446,725	-	-	-	338,446,725
Deposits with banks and financial institutions	13,814,935	9,999,997	-	46,171	23,861,103
Financial instruments measured at fair value through profit or loss	2,617,173	1,860	-	-	2,619,033
Loans to customers	4,931,532,511	789,979,296	-	-	5,721,511,807
Investment securities measured at fair value through profit or loss	1,246,291	-	-	-	1,246,291
Investment securities measured at fair value through other comprehensive income	58,727,771	388,862,593	-	281,450	447,871,814
Investment securities measured at amortised cost	1,031,336,593	11,807,842	-	-	1,043,144,435
Finance lease receivables	1,212,130,428	-	-	-	1,212,130,428
Other financial assets	25,661,605	15,555	2,291	-	25,679,451
Total monetary financial assets	**9,625,165,971**	**1,283,098,408**	**74,812,271**	**48,387,585**	**11,031,464,235**
LIABILITIES					
Due to banks	16,288,508	-	-	-	16,288,508
Customer accounts	2,477,055,693	74,386,698	13	-	2,551,442,404
Debt securities issued	3,406,696,402	395,201,726	-	-	3,801,898,128
Subordinated debt	8,640,755	-	-	-	8,640,755
Loans from banks and other financial institutions	162,709,228	687,407,725	-	15,269,905	865,386,858
Loans from the Government of the Republic of Kazakhstan	795,041,526	379,927	-	-	795,421,453
Insurance contracts liabilities	57,872,592	289	-	1,084	57,873,965
Other financial liabilities	102,168,521	44,306,824	1,220,352	46,494	147,742,191
Total monetary financial liabilities	**7,026,473,225**	**1,201,683,189**	**1,220,365**	**15,317,483**	**8,244,694,262**
Total net position	**2,598,692,746**	**81,415,219**	**73,591,906**	**33,070,102**	**2,786,769,973**

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

(In thousands of Kazakhstani Tenge)	**31 December 2024**	**31 December 2023**
US Dollar strengthening by 20% (2023: strengthening by 20%)	23,173,727	13,026,435
US Dollar weakening by 20% (2023: weakening by 20%)	(23,173,727)	(13,026,435)
Euro strengthening by 20% (2023: strengthening by 20%)	17,897,041	11,774,705
Euro weakening by 20% (2023: weakening by 20%)	(17,897,041)	(11,774,705)
Other currencies strengthening by 20% (2023: strengthening by 20%)	12,711,665	5,291,216
Other currencies weakening by 20% (2023: weakening by 20%)	(12,711,665)	(5,291,216)

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

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

(In thousands of Kazakhstani Tenge)	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**More than 1 year**	**Non-interest bearing**	**Total**
31 December 2024						
Total financial assets	2,929,221,432	1,425,104,813	753,353,143	8,053,067,966	364,107,741	13,524,855,095
Total financial liabilities	(704,645,891)	(1,237,870,463)	(273,749,119)	(7,563,276,460)	(199,293,513)	(9,978,835,446)
Net interest sensitivity gap at 31 December 2024	**2,224,575,541**	**187,234,350**	**479,604,024**	**489,791,506**	**164,814,228**	**3,546,019,649**
31 December 2023						
Total financial assets	2,116,362,537	981,640,693	425,927,494	7,042,576,250	464,957,261	11,031,464,235
Total financial liabilities	(387,276,831)	(923,809,726)	(431,626,981)	(6,262,171,338)	(239,809,386)	(8,244,694,262)
Net interest sensitivity gap at 31 December 2023	**1,729,085,706**	**57,830,967**	**(5,699,487)**	**780,404,912**	**225,147,875**	**2,786,769,973**

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

Sensitivity analysis of profit or loss and equity (net of taxes) to changes in interest rates (interest rate risk) performed based on the conventional scenario of parallel shift in yield curve by 100 basis points upward or downward the interest rates and restated positions on interest-bearing assets and liabilities effective as of 31 December 2024 and 31 December 2023 is as follows:

(In thousands of Kazakhstani Tenge)	**2024**	**2023**
Parallel increase by 100 basis points (2023: 100 basis points)	19,075,282	13,572,634
Parallel decrease by 100 basis points (2023: 100 basis points)	(19,075,282)	(13,572,634)

The Holding monitors interest rates for its financial instruments. The table below summarises interest rates at the respective reporting date based on reports reviewed by key management personnel.

	31 December 2024			31 December 2023		
	Tenge	**US Dollar**	**Other**	**Tenge**	**US Dollar**	**Other**
Assets						
Cash and cash equivalents	14.03%	2.81%	0.35%	13.76%	2.57%	0.33%
Loans to banks and financial institutions	12.00%	-	-	12.59%	-	-
Deposits with banks and financial institutions	11.93%	2.39%	-	13.24%	2.24%	4.60%
Loans to customers	10.03%	7.17%	-	10.04%	6.20%	-
Investment securities measured at fair value through other comprehensive income	10.23%	2.42%	-	10.46%	1.64%	3.85%
Investment securities measured at amortised cost	12.93%	5.67%	-	12.91%	3.28%	-
Finance lease receivables	10.52%	-	-	9.91%	-	-
Liabilities						
Customer accounts	1.99%	0.25%	-	1.95%	0.24%	-
Debt securities issued	10.92%	5.40%	-	10.28%	5.29%	-
Subordinated debt	7.67%	-	-	7.67%	-	-
Loans from banks and other financial institutions	14.17%	5.28%	-	13.42%	5.35%	7.50%
Loans from the Government of the Republic of Kazakhstan	10.46%	-	-	9.51%	-	-
Amounts payable under repurchase agreements (included to other financial liabilities)	13.50%	-	-	-	5.93%	-

The Holding is exposed to prepayment risk through providing fixed or variable rate loans, including mortgages, which give the borrower a right to repay the loans earlier. The Holding's current year financial result and equity at the end of the current reporting period would not have been significantly impacted by changes in prepayment rates because such loans are carried at amortised cost and the prepayment right is at, or close to, the amortised cost of the loans and advances to customers (2023: the Holding's current year financial result and equity at the end of the current reporting period would not have been significantly impacted by changes in prepayment rates because such loans are carried at amortised cost and the prepayment right is at, or close to, the amortised cost of the loans and advances to customers).

Liquidity risk. Liquidity risk is the risk that the Holding and its subsidiaries will encounter difficulty in attracting funds in order to discharge its liabilities. The liquidity risk arises when assets and liabilities maturities do not match which affects the Holding's and its subsidiaries availability of adequate liquid funds at acceptable price so that to incur its balance sheet and off-balance sheet liabilities in a timely manner. Matching and/or controlled mismatching of maturities and interest rates on assets and liabilities is a fundamental factor of management of the financial institutions, including the Holding. Due to variety of transactions under execution and related uncertainty, absolute maturity matching for assets and liabilities is not observed in the normal practice of financial institutions which allows increasing transaction profitability, however, increases the risk of loss.

The Holding and its subsidiaries manage liquidity risk to maintain cash resources required to discharge all liabilities as they fall due.

The Holding manages liquidity risk within the Risk Management Policy of the Holding, Risk Management Rules for Temporary Available Cash of the Holding, Risk Management Rules approved by the Board of Directors and Management Board. The documents specify the basic processes and procedure of liquidity risk management and establish functions and authorities of the Holding's business units involved in this process to manage liquidity risk effectively and maintain adequate funds of the Holding to cover all liabilities. Within the described above documents, liquidity risk is assessed and controlled by the means of the following tools/analysis report: regulatory and contractual liquidity requirements; analysis of current liquidity balances, estimated inflows/outflows of liquidity, internal liquidity ratios; liquidity gaps ("gap analysis"). To avoid excess or deficiency of liquidity, the Committees of Asset and Liability Management of the Holding's subsidiaries control the activities for liquidity raising and use.

The Committees of Asset and Liability Management of the Holding's subsidiaries control liquidity risk by analysing levels of liquidity risk to take measures for mitigation of liquidity risk of the subsidiaries and the Holding. Current liquidity is managed by the Treasury Departments of the subsidiaries which perform transactions at the financial markets to maintain the current liquidity and optimise cash flows.

Procedures for liquidity risk management of the Holding include:

- cash flow forecasting in terms of key currencies and calculation of the related necessary level of liquid assets;
- maintenance of a diversified structure of funding sources;
- management of concentration and borrowings structure;
- development of debt financing plans;
- servicing of highly liquid assets portfolio which can be easily realised as a safeguard measure in case of cash liquidity gap;
- development of contingent plans to maintain liquidity and target level of funding;
- execution of control over conformity of the Holding's balance sheet liquidity ratios with the statutory criteria.

The Treasury Departments of the subsidiaries monitor liquidity at the financial markets. Under normal market conditions, the reports on liquidity situation of the Holding's subsidiaries are regularly provided to the senior management of the Holding. Decisions regarding liquidity management policy of the Holding are made by the Management Board and Committee of Asset and Liability Management of the Holding.The table below shows liabilities at 31 December 2024 and 2023 by their remaining contractual maturity. The amounts of liabilities disclosed in the maturity table are the contractual undiscounted cash flows, including gross finance lease obligations (before deducting future finance charges), gross loan commitments and financial guarantees. Such undiscounted cash flows differ from the amount included in the consolidated statement of financial position because the amount in the consolidated statement of financial position is based on discounted cash flows. Financial derivatives are included at the contractual amounts to be paid or received, unless the Holding expects to close the derivative position before its maturity date in which case the derivatives are included based on the expected cash flows. For the purposes of the maturity analysis, embedded derivatives are not separated from hybrid (combined) financial instruments. When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

The maturity analysis of financial liabilities at 31 December 2024 is as follows:

(In thousands of Kazakhstani Tenge)	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**From 12 months to 5 years**	**More than 5 years**	**Total**
Liabilities						
Due to banks	6,585,186	-	-	-	-	6,585,186
Customer accounts*	290,224,066	107,158,661	57,597,485	646,433,766	2,100,869,626	3,202,283,604
Debt securities issued	191,882,638	706,753,364	350,794,518	3,451,598,282	4,600,062,530	9,301,091,332
Subordinated debt	-	5,743	5,743	45,944	115,203,912	115,261,342
Loans from banks, other financial institutions and the Government of the Republic of Kazakhstan	34,983,506	110,114,705	231,851,370	1,091,925,273	2,128,747,603	3,597,622,457
Insurance contracts liabilities	28,361,272	8,024,794	15,250,182	19,681,685	2,357,940	73,675,873
Other financial liabilities	65,423,734	43,892,778	36,207,231	28,140,401	29,116,532	202,780,676
Total potential future payments for financial liabilities	**617,460,402**	**975,950,045**	**691,706,529**	**5,237,825,351**	**8,976,358,143**	**16,499,300,470**
Loan commitments	390,613,643	-	-	-	-	390,613,643
Finance lease commitments	697,635,389	-	-	-	-	697,635,389
Guarantees, letters of credit and other commitments related to settlement operations	910,386,198	-	-	-	-	910,386,198
Investment related commitments	7,004,784	-	-	-	-	7,004,784

The maturity analysis of financial liabilities at 31 December 2023 is as follows:

(In thousands of Kazakhstani Tenge)	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**From 12 months to 5 years**	**More than 5 years**	**Total**
Liabilities						
Due to banks	16,288,508	-	-	-	-	16,288,508
Customer accounts*	88,345,824	99,646,649	114,141,152	579,691,350	2,035,194,194	2,917,019,169
Debt securities issued	73,177,210	376,365,098	337,743,545	2,179,155,208	3,836,727,674	6,803,168,735
Subordinated debt	-	5,743	5,743	45,944	115,215,398	115,272,828
Loans from banks, other financial institutions and the Government of the Republic of Kazakhstan	25,300,203	144,866,057	203,844,606	940,525,902	1,597,374,266	2,911,911,034
Insurance contracts liabilities	7,582,402	21,685,683	8,775,870	16,455,649	3,374,361	57,873,965
Other financial liabilities	72,633,562	40,672,673	3,336,705	1,293,013	38,827,919	156,763,872
Total potential future payments for financial liabilities	**283,327,709**	**683,241,903**	**667,847,621**	**3,717,167,066**	**7,626,713,812**	**12,978,298,111**
Loan commitments	232,765,290	-	-	-	-	232,765,290
Finance lease commitments	444,298,535	-	-	-	-	444,298,535
Guarantees, letters of credit and other commitments related to settlement operations	806,051,026	-	-	-	-	806,051,026
Investment related commitments	11,159,266	-	-	-	-	11,159,266

*Term deposits of individuals and deposits that secure mortgage loans issued are not call deposits that depositors may withdraw at any time without losing accrued interest and state premiums.

The total outstanding contractual amount of commitments to extend credit as included in the above maturity table does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

Customer accounts are classified in the above analysis based on contractual maturities. However, in accordance with Kazakhstani legislation, depositors can withdraw their term deposits at any time, losing in most of the cases the accrued interest.
These deposits are classified in accordance with their stated maturity dates.

In the judgement of the Holding management, the matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the effective management of the Holding.
The following table provides an analysis, by contractual maturities, of amounts recognised in the consolidated statement of financial position as at 31 December 2024 and 2023.

(In thousands of Kazakhstani Tenge)	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**From 1 to 5 years**	**More than 5 years**	**No maturity**	**Total**
31 December 2024							
Total assets	2,684,085,829	1,371,121,266	949,469,284	4,464,285,185	4,757,055,963	212,219,028	14,438,236,555
Total liabilities	(637,559,605)	(844,941,378)	(419,725,525)	(3,660,849,155)	(5,873,539,376)	-	(11,436,615,039)
Net position as at 31 December 2024	**2,046,526,224**	**526,179,888**	**529,743,759**	**803,436,030**	**(1,116,483,413)**	**212,219,028**	**3,001,621,516**
31 December 2023							
Total assets	2,371,477,609	728,695,789	2,511,720,586	2,544,771,076	5,255,096,367	208,658,566	13,620,419,993
Total liabilities	(412,532,606)	(668,304,866)	(2,019,368,962)	(2,597,985,997)	(5,256,722,658)	-	(10,954,915,089)
Net position as at 31 December 2023	**1,958,945,003**	**60,390,923**	**492,351,624**	**(53,214,921)**	**(1,626,291)**	**208,658,566**	**2,665,504,904**

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

Compliance with capital adequacy ratios set for the subsidiaries is monitored monthly with reports outlining their calculation reviewed and signed by the Chairman of the Management Board and considered by the Holding's Board of Directors.

The Holding treats the capital as net assets attributable to the Holding owners, which amount to Tenge 3,001,621,516 thousand (31 December 2023: Tenge 2,665,504,904 thousand). The Holding is not subject to regulatory capital requirements.

As at 31 December 2024 and 2023 the Holding's subsidiaries complied with all externally imposed capital adequacy ratios by exceeding the minimum requirements.

32 Analysis by segment

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

- Strategical management (the Holding Company);
- Affordable housing (Otbasy Bank JSC and KHC JSC);
- Large business support (DBK JSC);
- Agro-industrial complex support (ACC JSC);
- SME support and development (Damu EDF JSC);
- Investments development (QIC JSC);
- Export insurance (ECA JSC);
- Provision of second-tier bank services (Bereke Bank JSC).

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

Segment information for the main reportable segments for the years ended 31 December 2024 and 31 December 2023 is set out below:

(In thousands of Kazakhstani Tenge)	**31 December 2024**	**31 December 2023**
ASSETS		
Strategical management	5,227,911,780	4,374,576,193
Affordable housing	5,852,857,009	5,482,254,407
Large business support	5,665,038,653	4,312,766,658
Agro-industrial complex support	2,184,615,303	1,412,101,316
SME support and development	419,722,843	424,610,777
Investments development	337,137,139	283,646,344
Export insurance	179,241,370	153,386,752
Provision of second-tier bank services (discontinued operation)	-	1,935,962,361
Total assets	**19,866,524,097**	**18,379,304,808**
LIABILITIES		
Strategical management	3,573,596,136	2,838,722,583
Affordable housing	4,882,145,914	4,636,952,550
Large business support	4,673,269,410	3,424,229,282
Agro-industrial complex support	1,491,816,561	961,252,774
SME support and development	229,327,029	221,563,293
Investments development	54,881,421	54,559,540
Export insurance	53,816,320	35,860,261
Provision of second-tier bank services (disposal group)	-	1,481,471,887
Total liabilities	**14,958,852,791**	**13,654,612,170**
Reconciliations of reportable segment total assets and total liabilities:		
Total assets for reportable segments		
Total assets	19,866,524,097	18,379,304,808
Consolidation effect	(5,428,287,542)	(4,758,884,815)
Total assets	**14,438,236,555**	**13,620,419,993**
Total liabilities for reportable segments		
Total liabilities	14,958,852,791	13,654,612,170
Consolidation effect	(3,522,237,752)	(2,699,697,081)
Total liabilities	**11,436,615,039**	**10,954,915,089**

(In thousands of Kazakhstani Tenge)	**Strategic management**	**Affordable housing**	**Large business support**	**SME support and development**	**Investments development**	**Export insurance and other**	**Agro-industrial complex support**	**Provision of second-tier bank services**	**Total**
2024									
Interest income	335,041,083	489,942,418	477,394,211	40,114,982	13,343,615	18,509,155	281,233,924	-	1,655,579,388
Interest expense	(331,196,100)	(235,826,613)	(286,896,525)	(10,452,812)	(1,162,786)	-	(145,777,540)	-	(1,011,312,376)
Net interest income	**3,844,983**	**254,115,805**	**190,497,686**	**29,662,170**	**12,180,829**	**18,509,155**	**135,456,384**	**-**	**644,267,012**
Provision for loan portfolio impairment	-	(1,922,397)	(4,714,858)	1,709,636	(82,626)	-	(53,228,673)	-	(58,238,918)
Net fee and commission income/(expense)	-	(2,868,319)	4,650,789	31,607,244	-	-	-	-	33,389,714
Net gain/(loss) on assets measured at fair value through profit or loss	-	4,300,450	2,266,578	4,972	(4,181,438)	-	-	-	2,390,562
Net foreign exchange gain	1,362,705	587,195	17,371,022	473,650	3,667,887	3,644,347	196,590	-	27,303,396
Net gain on investment securities measured at fair value through profit or loss	-	1,007	485,969	-	563,884	-	1,152,723	-	2,203,583
Net insurance premiums earned	-	1,394,796	-	-	-	6,785,552	-	-	8,180,348
Net gain from derecognition of financial assets measured at amortised cost	-	-	-	494,355	-	-	-	-	494,355
Net insurance claims incurred and changes in insurance contract provisions	-	4,261,952	-	-	-	(14,192,330)	-	-	(9,930,378)
Other operating income/(expense), net	251,265,116	(34,762,360)	(5,934,928)	(26,014,002)	(939,052)	(496)	35,798,374	-	219,412,652
Operating income	**256,472,804**	**225,108,129**	**204,622,258**	**37,938,025**	**11,209,484**	**14,746,228**	**119,375,398**	**-**	**869,472,326**
Provision for impairment of other financial assets and credit related commitments	1,363,990	(2,729,558)	(6,433,866)	(5,817,628)	(87,247)	(77,733)	(1,265,054)	-	(15,047,096)
Administrative expenses	(6,883,488)	(37,998,745)	(13,219,064)	(9,407,782)	(4,770,762)	(2,711,838)	(23,512,524)	-	(98,504,203)
Profit before tax	**250,953,306**	**184,379,826**	**184,969,328**	**22,712,615**	**6,351,475**	**11,956,657**	**94,597,820**	**-**	**755,921,027**
Income tax expense	(6,328,396)	(22,921,891)	(32,376,821)	(5,850,680)	(1,843,722)	(3,137,478)	(9,486,399)	-	(81,945,387)
Profit of disposal groups recorded as held for sale	-	-	-	-	-	-	-	29,856,932	29,856,932
Segment result	**244,624,910**	**161,457,935**	**152,592,507**	**16,861,935**	**4,507,753**	**8,819,179**	**85,111,421**	**29,856,932**	**703,832,572**

(In thousands of Kazakhstani Tenge)	**Strategic management**	**Affordable housing**	**Large business support**	**SME support and development**	**Investments development**	**Export insurance and other**	**Agro-industrial complex support**	**Provision of second-tier bank services**	**Total**
2023									
Interest income	272,389,700	469,725,520	413,728,801	38,705,150	13,704,546	17,162,537	216,280,932	-	1,441,697,186
Interest expense	(288,474,925)	(217,155,891)	(228,992,815)	(8,088,073)	(1,194,315)	-	(112,219,659)	-	(856,125,678)
Net interest income/(expense)	**(16,085,225)**	**252,569,629**	**184,735,986**	**30,617,077**	**12,510,231**	**17,162,537**	**104,061,273**	**-**	**585,571,508**
Provision for loan portfolio impairment	-	1,267,294	40,464,724	(1,673,333)	(542,603)	-	(48,684,826)	-	(9,168,744)
Net fee and commission income/(expense)	-	(2,540,133)	49,975	29,756,451	-	-	-	-	27,266,293
Net loss on assets measured at fair value through profit or loss	-	(60,979)	-	(968)	(3,538,425)	-	-	-	(3,600,372)
Net foreign exchange gain/(loss)	(39,374)	4,752,168	5,153,175	(49,384)	5,819,661	(2,270,455)	(429,477)	-	12,936,314
Net gain/(loss) on investment securities measured at fair value through profit or loss	1,999,168	5,618,901	3,582,909	-	(6,628,115)	37,767	2,096,691	-	6,707,321
Net insurance premiums earned	-	1,634,103	-	-	-	6,917,231	-	-	8,551,334
Net gain from derecognition of financial assets measured at amortised cost	-	-	1,579,700	1,471,514	-	-	-	-	3,051,214
Net insurance claims incurred and changes in insurance contract provisions	-	(1,531,168)	-	-	-	(13,200,265)	-	-	(14,731,433)
Other operating (expense)/income, net	149,835,296	(34,247,454)	(9,764,077)	(18,564,133)	(1,779,229)	(13,588)	6,831,126	-	92,297,941
Operating income	**135,709,865**	**227,462,361**	**225,802,392**	**41,557,224**	**5,841,520**	**8,633,227**	**63,874,787**	**-**	**708,881,376**
Provision for impairment of other financial assets and credit related commitments	(12,135,205)	16,105,661	2,226,438	13,877,113	20,615	54,085	(3,258,505)	-	16,890,202
Administrative expenses	(6,029,675)	(32,110,086)	(10,292,351)	(8,122,890)	(3,502,775)	(2,172,994)	(19,573,127)	-	(81,803,898)
Profit before tax	**117,544,985**	**211,457,936**	**217,736,479**	**47,311,447**	**2,359,360**	**6,514,318**	**41,043,155**	**-**	**643,967,680**
Income tax benefit/(expense)	12,296,944	(22,080,248)	(37,718,499)	(8,719,430)	(4,120,802)	(1,560,434)	(11,488,013)	-	(73,390,482)
Profit of disposal groups recorded as held for sale	-	-	-	-	-	-	-	37,351,886	37,351,886
Segment result	**129,841,929**	**189,377,688**	**180,017,980**	**38,592,017**	**(1,761,442)**	**4,953,884**	**29,555,142**	**37,351,886**	**607,929,084**

(In thousands of Kazakhstani Tenge)	2024	2023
Reconciliations of reportable segment revenues and profit or loss:		
Reportable segment net interest income	644,267,012	585,571,508
Other adjustments	(27,526,375)	(33,164,904)
Total net interest income	**616,740,637**	**552,406,604**
Reportable segment profit	703,832,572	607,929,084
Consolidation effect	(295,612,470)	(200,282,297)
Total profit	**408,220,102**	**407,646,787**

33 Contingencies

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

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

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

Investment related commitments. The Holding purchases private equity funds liabilities to include in its portfolio. The Holding diversifies the investment portfolio by distributing investments among managers, relevant industries, territories and investment stages. As of 31 December 2024 the contingent capital commitments totalled Tenge 7,004,784 thousand (31 December 2023: Tenge 11,159,266 thousand). Under the constituent agreements of private equity funds, in case of default on capital commitments, after the manager issued a due claim, the Holding may be subject to sanctions, including moratorium on interest, cessation of profit distribution, temporary denial of right to participate in the corporate governance of the funds and forced sale of the Holding's share to co-investors and third parties. As at 31 December 2024 and 2023 the Holding did not have overdue investment commitments.

Compliance with covenants. The subsidiaries of the Holding are subject to certain covenants primarily relating to their borrowings. Non-compliance with these covenants may result in negative consequences for the Holding. The Holding was in compliance with covenants at 31 December 2024 and 31 December 2023.

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 Holding does not have full coverage for its premises and equipment, business interruption, or third-party liability in respect of property or environmental damage arising from accidents on its property or related to operations. Until the Holding obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on operations and consolidated financial position of the Holding.

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

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

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

(In thousands of Kazakhstani Tenge)	31 December 2024	31 December 2023
Loan and credit line commitments to individuals	38,288,361	36,637,739
Loan and credit line commitments	352,325,282	196,127,551
Finance lease commitments	697,635,389	444,298,535
Financial guarantees issued	910,386,198	806,051,026
Total credit related commitments before provision	**1,998,635,230**	**1,483,114,851**

The total outstanding contractual amount of undrawn credit lines, letters of credit, and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded. Credit related commitments are denominated in Tenge.

As of 31 December 2024, obligations for loan commitments, credit lines and other liabilities related to settlement operations amount to Tenge 602,448,859 thousand, of which 15% is accounted for by a single borrower with an external credit rating of BBB, 14% - by two borrowers with internal credit ratings ranging from BB- to BB+. (31 December 2023: Tenge 352,155,794 thousand, of which 7% was accounted for by three borrowers with internal credit ratings from BB- to BB+, 43% - by borrowers with ratings from B- to B+, and 4% - by a single borrower with a CCC+ rating).

As of 31 December 2024, in addition to the loan irrevocable commitments disclosed above, the Holding has revocable commitments in the amount of Tenge 250,123,578 thousand (31 December 2023: Tenge 156,028,243 thousand). The Loan Commitment Agreement provides for the right of the Holding to unilaterally withdraw from the agreement in the event of unfavourable conditions for the Holding and in case of lack of resources for lending.

34 Offsetting financial assets and financial liabilities

The Holding has master netting arrangements of the International Swap and Derivatives Association ("ISDA"), and similar master netting agreements that do not meet offsetting criteria in the consolidated statement of financial position. The reason is that they create the right to offset recognised amounts that is legally effective only in case of default, insolvency, or bankruptcy of the Holding and its counteragents. In addition, the Holding and its counteragents do not intend to settle debt through offsetting or sell an asset and perform liability simultaneously.

Financial assets and liabilities subject to enforceable master netting and similar arrangements are as follows at 31 December 2024:

(In thousands of Kazakhstani Tenge)	Gross amounts before offsetting in the consolidated statement of financial position (a)	Gross amounts set off in the consolidated statement of financial position (b)	Net amount after offsetting in the consolidated statement of financial position (c) = (a) - (b)	Amounts subject to master netting and similar arrangements not set off in the consolidated statement of financial position: Financial instruments (d)	Amounts subject to master netting and similar arrangements not set off in the consolidated statement of financial position: Cash collateral received (f)	Net amount of exposure (c) - (d) + (f)
ASSETS						
Cash and cash equivalents	1,461,850,333	-	1,461,850,333	(1,461,850,333)	-	-
TOTAL ASSETS SUBJECT TO OFFSETTING, MASTER NETTING AND SIMILAR ARRANGEMENT	**1,461,850,333**	**-**	**1,461,850,333**	**(1,461,850,333)**	**-**	**-**
LIABILITIES						
Amounts payable under repurchase agreements	(74,188,008)	-	(74,188,008)	74,188,008	-	-
TOTAL LIABILITIES SUBJECT TO OFFSETTING, MASTER NETTING AND SIMILAR ARRANGEMENT	**(74,188,008)**	**-**	**(74,188,008)**	**74,188,008**	**-**	**-**

Financial assets and liabilities subject to enforceable master netting and similar arrangements are as follows at 31 December 2023:

(In thousands of Kazakhstani Tenge)	Gross amounts before offsetting in the consolidated statement of financial position (a)	Gross amounts set off in the consolidated statement of financial position (b)	Net amount after offsetting in the consolidated statement of financial position (c) = (a) - (b)	Amounts subject to master netting and similar arrangements not set off in the consolidated statement of financial position: Financial instruments (d)	Cash collateral received (f)	Net amount of exposure (c) - (d) + (f)
ASSETS						
Cash and cash equivalents	825,588,944	-	825,588,944	(825,588,944)	-	-
Loans to customers	573,099	-	573,099	-	(3,086)	570,013
TOTAL ASSETS SUBJECT TO OFFSETTING, MASTER NETTING AND SIMILAR ARRANGEMENT	**826,162,043**	**-**	**826,162,043**	**(825,588,944)**	**(3,086)**	**570,013**
LIABILITIES						
Customer accounts	(3,086)	-	(3,086)	3,086	-	-
Amounts payable under repurchase agreements	(27,362,351)	-	(27,362,351)	27,362,351	-	-
TOTAL LIABILITIES SUBJECT TO OFFSETTING, MASTER NETTING AND SIMILAR ARRANGEMENT	**(27,365,437)**	**-**	**(27,365,437)**	**27,365,437**	**-**	**-**

The amount set off in the consolidated statement of financial position reported in column (b) is the lower of (i) the gross amount before offsetting reported in column (a) and (ii) the amount of the related instrument that is eligible for offsetting. Similarly, the amounts in columns (d) and (f) are limited to the exposure reported in column (c) for each individual instrument in order not to understate the ultimate net exposure.

35 Fair value

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

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

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

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

	31 December 2024				**31 December 2023**			
(In thousands of Kazakhstani Tenge)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
ASSETS AT FAIR VALUE								
Other assets measured at fair value through profit or loss	4,496	-	172,930,909	172,935,405	4,208	-	169,745,504	169,749,712
Investment securities	610,369,836	73,027,423	51,265	683,448,524	385,500,569	62,444,763	1,172,773	449,118,105
Loans to customers	-	-	226,107,849	226,107,849	-	-	188,327,278	188,327,278
TOTAL ASSETS AT FAIR VALUE	**610,374,332**	**73,027,423**	**399,090,023**	**1,082,491,778**	**385,504,777**	**62,444,763**	**359,245,555**	**807,195,095**

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

The Holding applies the discounted cash flow method for impaired investment securities measured at fair value through other comprehensive income and other assets measured at fair value through profit or loss for which fair value cannot be determined based on inputs from observable markets.

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

There were no changes in valuation techniques for level 2 recurring fair value measurements during the year ended 31 December 2024 (2023: none).

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

The Holding's investments in equity instruments categorised as level 3 comprise holdings in investment funds. These funds invest primarily in private equity through purchasing unlisted ordinary shares of businesses in emerging markets (predominantly the Republic of Kazakhstan). To determine fair value of investments in these funds, the Holding engaged an independent appraiser for the years ended 31 December 2024 and 31 December 2023. The approach followed by the appraiser was to estimate the fair value of the underlying portfolio investments (businesses) held by each fund, and then calculate the Holding's share of this business value. As a cross check, the appraiser also reviews fair values of investments as reported by each of the funds, and assesses the basis for material differences between the appraised fair value and fair values reported by the managers.

A number of valuation techniques were used by the appraiser to value the underlying portfolio investments, depending on the nature of the business concerned, the availability of market comparables, and the stage in the business's life cycle.

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

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

The table below provides information on significant unobservable inputs used at the year-end to value the most significant companies included in the portfolio of private equity funds categorised into Level 3 of the fair value hierarchy as at 31 December 2024, in addition to sensitivity analysis to changes in unobservable data, which the Holding thinks reasonably possible at the reporting date, assuming that all other variables remain unchanged.

Type of instrument	Company industries	Fair value of the Holding's interest In thousands of Kazakhstani Tenge	Valuation technique	Significant unobservable inputs	Range of values for the group	Effect from changes in significant unobservable inputs
	Transport and logistics	48,080,917	Discounted cash flows under the option agreement	Weighted Average Cost of Capital	14.82%	Decrease in the cost of capital would result in higher estimated fair value of investment
	Manufacturing	27,853,528	Discounted cash flows under the option agreement, Income approach	Weighted Average Cost of Capital, EBITDA margin	16.33%-18.77%; 16.72%	Decrease in the cost of capital/increase in EBIDTA margin would result in higher estimated fair value of investment
	Agriculture	14,840,939	Discounted cash flows under the option agreement	Weighted Average Cost of Capital	16.33%	Decrease in the cost of capital would result in higher estimated fair value of investment
	Unconventional energy	7,460,392	Income approach	EBITDA margin	82.43%	Increase in EBIDTA margin would result in higher estimated fair value of investment
	Education	2,536,387	Income approach	EBITDA margin	34.60%	Increase in EBIDTA margin would result in higher estimated fair value of investment
	Medical diagnostics	2,229,219	Discounted cash flows under the option agreement	Weighted Average Cost of Capital	16.73%	Decrease in the cost of capital would result in higher estimated fair value of investment
	Tourism	246,567	Discounted cash flows under the option agreement	Weighted Average Cost of Capital	17.77%	Decrease in the cost of capital would result in higher estimated fair value of investment
Unquoted equity instruments	Private Equity Portfolio Funds	66,309,123	Adjusted NAV	Adjusted NAV		Increase in adjusted NAV would result in higher estimated fair value of investment
	Other	3,373,837				
Total		**172,930,909**				

The table below provides information on significant unobservable inputs used at the year-end to value the most significant companies included in the portfolio of private equity funds categorised into Level 3 of the fair value hierarchy as at 31 December 2023, in addition to sensitivity analysis to changes in unobservable data, which the Holding thinks reasonably possible at the reporting date, assuming that all other variables remain unchanged.

Type of instrument	Company industries	Fair value of the Holding's interest In thousands of Kazakhstani Tenge	Valuation technique	Significant unobservable inputs	Range of values for the group	Effect from changes in significant unobservable inputs
	Transport and logistics	48,023,800	Income approach	EBITDA margin	14.59%	Increase in EBIDTA margin would result in higher estimated fair value of investment
	Agriculture	17,107,101	Discounted cash flows under the option agreement, Income approach	Weighted Average Cost of Capital, EBITDA margin	16.37%-19.02%; 10.08%-22.24%	Decrease in the cost of capital/increase in EBIDTA margin would result in higher estimated fair value of investment
	Unconventional energy	6,052,722	Income approach	EBITDA margin	66.38%	Increase in EBIDTA margin would result in higher estimated fair value of investment
	Manufacturing	24,283,480	Discounted cash flows under the option agreement, Income approach	Weighted Average Cost of Capital, EBITDA margin	16.91%-20.84%; 17.64%	Decrease in the cost of capital/increase in EBIDTA margin would result in higher estimated fair value of investment
	Education	2,786,273	Income approach	EBITDA margin	50.28%	Increase in EBIDTA margin would result in higher estimated fair value of investment
	Medical diagnostics	2,356,387	Discounted cash flows under the option agreement,	Weighted Average Cost of Capital	16.20%	Decrease in the cost of capital would result in higher estimated fair value of investment
	Tourism	183,699	Discounted cash flows under the option agreement,	Weighted Average Cost of Capital	17.27%	Decrease in the cost of capital would result in higher estimated fair value of investment
Unquoted equity instruments	Private Equity Portfolio Funds	65,936,019	Adjusted NAV	Adjusted NAV		Increase in adjusted NAV would result in higher estimated fair value of investment
	Other	3,016,023				
Total		**169,745,504**				

The valuation technique and inputs used in the fair value measurement for level 3 measurements of loans to customers, investment securities measured at fair value and related sensitivity to reasonably possible changes in those inputs as at 31 December 2024 are as follows:

(In thousands of Kazakhstani Tenge)	**Fair value**	**Valuation technique**	**Inputs used**	**Range of inputs (weighted average)**	**Sensitivity analysis of fair value to unobservable inputs**
Loans to customers measured at fair value through profit or loss	165,043,303	Discounted cash flow	Discount rate	13.83%-28.08%	Increase in discount rate would result in lower fair value
Loans to customers measured at fair value through profit or loss	61,064,546	Discounted cash flow	Credit risk margin	1.60%-6.82%	Increase in credit risk would result in lower fair value.
	226,107,849				

The valuation technique and inputs used in the fair value measurement for level 3 measurements of investment securities measured at fair value and embedded instrument and related sensitivity to reasonably possible changes in those inputs as at 31 December 2023 are as follows:

(In thousands of Kazakhstani Tenge)	**Fair value**	**Valuation technique**	**Inputs used**	**Range of inputs (weighted average)**	**Sensitivity analysis of fair value to unobservable inputs**
Loans to customers measured at fair value through profit or loss	168,195,549	Discounted cash flows	Discount rate	14.01%-26.67%	Increase in discount rate would result in lower fair value
Loans to customers measured at fair value through profit or loss	20,131,729	Discounted cash flow	Credit risk margin	1.05%-9.60%	Increase in credit risk would result in lower fair value
Debt securities measured at fair value	1,172,773	Discounted cash flows	Discount rate	15.63%	Increase in discount rate would result in lower fair value
	189,500,051				

The above tables disclose sensitivity to valuation inputs for financial assets and financial liabilities, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly. For this purpose, significance was judged with respect to profit or loss, and total assets or total liabilities, or, when changes in fair value are recognised in comprehensive income, total equity.

The sensitivity of fair value measurement disclosed in the above table shows the direction that an increase or decrease in the respective input variables would have on the valuation result.

A reconciliation of movements in Level 3 of the fair value hierarchy by class of instruments for the year ended 31 December 2024 is as follows:

(In thousands of Kazakhstani Tenge)	**Other assets measured at fair value through profit or loss**	**Investment securities**	**Loans to customers measured at fair value through profit or loss**
Fair value as at 1 January 2024	**169,745,504**	**1,172,773**	**188,327,278**
Gains or losses recognised in profit or loss for the year	877,538	(221,456)	19,442,058
Purchases	9,489,350	-	50,839,459
Repayment, contracts termination	(1,416,358)	(900,052)	(32,500,946)
Disposals	(5,765,125)	-	-
Fair value at 31 December 2024	**172,930,909**	**51,265**	**226,107,849**

A reconciliation of movements in Level 3 of the fair value hierarchy by class of instruments for the year ended 31 December 2023 is as follows:

(In thousands of Kazakhstani Tenge)	**Other assets measured at fair value through profit or loss**	**Investment securities**	**Loans to customers measured at fair value through profit or loss**
Fair value as at 1 January 2023	**162,338,631**	**1,594,526**	**208,974,921**
Gains or losses recognised in profit or loss for the year	4,441,628	206,660	1,679,402
Purchases	16,881,149	-	33,159,060
Repayment, contracts termination	-	(628,413)	(55,486,105)
Disposals	(13,915,904)	-	-
Fair value at 31 December 2023	**169,745,504**	**1,172,773**	**188,327,278**

Although the Holding believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements of loans to customers and embedded derivatives in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects as at 31 December 2024 and as at 31 December 2023:

	Effect on fair value as at 31 December 2024		**Effect on fair value as at 31 December 2023**	
(In thousands of Kazakhstani Tenge)	**Favourable**	**Unfavourable**	**Favourable**	**Unfavourable**
Unquoted equity instruments - investments				
Unconventional energy	1,431,721	(895,649)	999,341	(852,894)
Manufacturing	755,994	(675,504)	1,477,860	(1,475,400)
Education	318,329	(264,335)	269,330	(232,421)
Agriculture	176,659	(166,590)	1,128,741	(991,813)
Transport and logistics	67,659	(65,440)	412,070	(354,873)
Medical diagnostics	57,606	(55,680)	4,567	(4,389)
Tourism	1,482	(1,461)	1,104	(1,088)
Unquoted equity instruments – other				
Private equity funds	6,682,236	(6,682,236)	6,707,767	(6,707,767)
Immaterial subsidiaries	66,901	(66,901)	40,120	(40,120)
Total unquoted equity instruments	**9,558,587**	**(8,873,796)**	**11,040,900**	**(10,660,765)**

	2024 Effect on profit or loss		**2023 Effect on profit or loss**	
(In thousands of Kazakhstani Tenge)	**Favourable**	**Unfavourable**	**Favourable**	**Unfavourable**
Loans to customers	4,811,583	(4,556,303)	3,984,020	(3,742,361)
Total	**4,811,583**	**(4,556,303)**	**3,984,020**	**(3,742,361)**

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

- for unquoted equity instruments – investments: decrease and increase in the weighted average cost of capital/EBITDA profitability by 1%;
- for other unquoted equity instruments: adjustment to net asset value by 10%.
- for loans to customers measured at fair value through profit or loss: decrease and increase in the discount rate by 1%.

Assets and liabilities not measured at fair value but for which fair value is disclosed. Fair values analysed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value at 31 December 2024 are as follows:

(In thousands of Kazakhstani Tenge)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Carrying amount**
ASSETS					
Cash and cash equivalents	-	2,633,384,266	-	2,633,384,266	2,633,384,266
Loans to banks and financial institutions	-	415,246,328	-	415,246,328	434,371,612
Deposits with banks and financial institutions	-	303,184,300	-	303,184,300	303,606,110
Loans to customers	-	6,097,998,341	138,068,885	6,236,067,226	6,349,139,020
Finance lease receivables	-	1,252,454,448	135,897,451	1,388,351,899	1,578,562,791
Investment securities	-	1,235,010,785	-	1,235,010,785	1,179,027,725
TOTAL	**-**	**11,937,278,468**	**273,966,336**	**12,211,244,804**	**12,478,091,524**
LIABILITIES					
Due to banks	-	6,585,186	-	6,585,186	6,585,186
Customer accounts	-	2,691,969,890	-	2,691,969,890	2,691,969,890
Debt securities issued	851,416,280	4,029,098,408	-	4,880,514,688	5,197,698,088
Loans from banks and other financial institutions	-	993,708,622	-	993,708,622	989,856,038
Loans from the Government of the Republic of Kazakhstan	-	766,424,817	-	766,424,817	820,138,732
Subordinated debt	-	1,720,320	-	1,720,320	9,277,065
TOTAL	**851,416,280**	**8,489,507,243**	**-**	**9,340,923,523**	**9,715,524,999**

Fair values analysed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value at 31 December 2023 are as follows:

(In thousands of Kazakhstani Tenge)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Carrying amount**
ASSETS					
Cash and cash equivalents	-	2,214,953,148	-	2,214,953,148	2,214,953,148
Loans to banks and financial institutions	-	283,583,152	2,439,085	286,022,237	338,446,725
Deposits with banks and financial institutions	-	23,861,103	-	23,861,103	23,861,103
Loans to customers	-	5,199,064,069	177,725,838	5,376,789,907	5,533,184,529
Investment securities	-	1,036,745,422	7,448,812	1,044,194,234	1,043,144,435
Finance lease receivables	-	945,392,460	87,938,963	1,033,331,423	1,212,130,428
TOTAL	**-**	**9,703,599,354**	**275,552,698**	**9,979,152,052**	**10,365,720,368**
LIABILITIES					
Due to banks	-	16,288,508	-	16,288,508	16,288,508
Customer accounts	-	2,551,442,404	-	2,551,442,404	2,551,442,404
Debt securities issued	376,670,963	2,883,971,302	-	3,260,642,265	3,801,898,128
Loans from banks and other financial institutions	-	864,178,924	-	864,178,924	865,386,858
Loans from the Government of the Republic of Kazakhstan	-	679,969,545	-	679,969,545	795,421,453
Subordinated debt	-	1,336,515	-	1,336,515	8,640,755
TOTAL	**376,670,963**	**6,997,187,198**	**-**	**7,373,858,161**	**8,039,078,106**

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

Management believes that the fair value of the Holding's other financial assets and other financial liabilities approximates their carrying amounts.

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

- Discount rates of 4.82% to 20.28% p.a. for foreign currency loans and of 7.67% to 32.44% p.a. for Tenge loans (31 December 2023: 5.46% to 17.17% p.a. for foreign currency loans and of 7.87% to 27.76% p.a. for Tenge loans) are used for discounting future cash flows on loans to customers;
- Discount rates of 5.37% p.a. for US Dollar and 12.66% to 16.12% p.a. for Tenge (31 December 2023: 5.90% p.a. for US Dollar and 13.09% to 17.73% p.a. for Tenge) are used for discounting future cash flows on debt securities measured at amortised cost;
- Discount rates of 12.83% to 16.81% p.a. (31 December 2023: 13.36% to 16.40% p.a.) are used for discounting future cash flows on loans to banks;
- Discount rates of 12.40% to 31.13% p.a. (31 December 2023: 13.29% to 28.48% p.a.) are used for discounting future cash flows on finance lease receivables;
- Discount rates of 5.51% p.a. for US Dollar and 12.21% to 15.69% p.a. for Tenge (31 December 2023: 5.72% to 7.21% p.a. for US Dollar and 13.31% to 16.91% p.a. for Tenge) are used for discounting future cash flows on debt securities issued;
- Discount rates of 12.24% to 13.09% p.a. (31 December 2023: 13.28% to 14.23% p.a.) are used for discounting future cash flows from loans from the Government of the Republic of Kazakhstan;
- Discount rates of 12.56% to 12.66% p.a. (31 December 2023: 13.09% to 13.88%p.a.) are used for discounting future cash flows on subordinated debt;
- Discount rates of 2.55% to 6.08% p.a. for foreign currency loans and of 10.90% to 14.44% p.a. for Tenge loans (31 December 2023: 5.72% to 7.61% p.a. for foreign currency loans and of 14.16% to 15.75% p.a. for Tenge loans) are used for discounting future cash flows on loans from banks and other financial institutions;

36 Presentation of financial instruments by measurement category

As at 31 December 2024 and 2023 all financial liabilities of the Holding, other than derivatives, are carried at amortised cost. Derivative financial instruments are designated at fair value through profit or loss.

The following table provides a reconciliation of financial assets with these measurement categories as at 31 December 2024:

(In thousands of Kazakhstani Tenge)	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total carrying amount	Fair value
Financial assets measured at fair value					
Other assets measured at fair value through profit or loss	-	172,935,405	-	172,935,405	172,935,405
Loans to customers	-	226,107,849	-	226,107,849	226,107,849
Investment securities	-	130,150	683,318,374	683,448,524	683,448,524
	-	**399,173,404**	**683,318,374**	**1,082,491,778**	**1,082,491,778**
Financial assets not measured at fair value					
Cash and cash equivalents	2,633,384,266	-	-	2,633,384,266	2,633,384,266
Loans to banks and financial institutions	434,371,612	-	-	434,371,612	415,246,328
Deposits with banks and financial institutions	303,606,110	-	-	303,606,110	303,184,300
Loans to customers	6,349,139,020	-	-	6,349,139,020	6,236,067,226
Investment securities	1,179,027,725	-	-	1,179,027,725	1,235,010,785
Finance lease receivables	1,578,562,791	-	-	1,578,562,791	1,388,351,899
Other financial assets	41,942,451	-	-	41,942,451	41,942,451
Government grants receivables	37,619,033	-	-	37,619,033	37,619,033
Receivables from the Government for reimbursement of premium on customer accounts	55,026,392	-	-	55,026,392	55,026,392
	12,612,679,400	**-**	**-**	**12,612,679,400**	**12,345,832,680**
TOTAL FINANCIAL ASSETS	**12,612,679,400**	**399,173,404**	**683,318,374**	**13,695,171,178**	**13,428,324,458**

The following table provides a reconciliation of financial assets with these measurement categories as at 31 December 2023:

(In thousands of Kazakhstani Tenge)	**Amortised cost**	**Fair value through profit or loss**	**Fair value through other comprehensive income**	**Total carrying amount**	**Fair value**
Financial assets measured at fair value					
Other assets measured at fair value through profit or loss	-	169,749,712	-	169,749,712	169,749,712
Loans to customers	-	188,327,278	-	188,327,278	188,327,278
Investment securities	-	1,246,291	447,871,814	449,118,105	449,118,105
	-	**359,323,281**	**447,871,814**	**807,195,095**	**807,195,095**
Financial assets not measured at fair value					
Cash and cash equivalents	2,214,953,148	-	-	2,214,953,148	2,214,953,148
Loans to banks and financial institutions	338,446,725	-	-	338,446,725	286,022,237
Deposits with banks and financial institutions	23,861,103	-	-	23,861,103	23,861,103
Loans to customers	5,533,184,529	-	-	5,533,184,529	5,376,789,907
Investment securities	1,043,144,435	-	-	1,043,144,435	1,033,331,423
Finance lease receivables	1,212,130,428	-	-	1,212,130,428	1,044,194,234
Other financial assets	25,679,451	-	-	25,679,451	25,679,451
	10,391,399,819	**-**	**-**	**10,391,399,819**	**10,004,831,503**
TOTAL FINANCIAL ASSETS	**10,391,399,819**	**359,323,281**	**447,871,814**	**11,198,594,914**	**10,812,026,598**

37 Related party transactions

Parties are generally considered to be related if the parties are under common control, or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Government of the Republic of Kazakhstan has control over the Holding as the Government of the Republic of Kazakhstan is an ultimate controlling party of the Holding. The Holding decided to apply the exemption from disclosure of individually insignificant transactions and balances with the state-owned entities.

At 31 December 2024, the outstanding balances with related parties and average nominal interest rates were as follows:

(In thousands of Kazakhstani Tenge)	**Ultimate parent organisation**	**Associates and joint ventures**	**Transactions with state-owned entities**
ASSETS			
Cash and cash equivalents (nominal interest rates:0%-15.25%)	74,623,102	-	2,164,985,379
Loans to customers (nominal interest rates: 0.48%-12%)	-	759,907	801,696,339
Loss allowance for expected credit losses		-	(78,444,475)
Other assets measured at fair value through profit or loss	-	105,485,575	2,200
Loans to banks and financial institutions (nominal interest rates: 2.00%-10.00%)	-	-	71,453,529
Investment securities measured at fair value through other comprehensive income (nominal interest rates: 5.00%-16.70%)	56,780,696	-	30,324,347
Investment securities measured at fair value through profit or loss (nominal interest rates: 2.00%- 8.00%)	78,885	-	-
Investment securities measured at amortised cost (nominal interest rates:4.35%-16.70%)	87,132,912	-	983,946,104
Finance lease receivables (nominal interest rate: 9.14%)	-	-	541,999,745
Current income tax prepayment	-	-	45,802,310
Deferred income tax asset	-	-	42,067,430
Government grants receivables	37,619,033	-	-
Receivables from the Government for reimbursement of premium on customer accounts	55,026,392	-	-
Other financial assets	-	-	5,500,547
Other assets	-	-	141,380,440
Assets held for sale	-	789,897	-
LIABILITIES			
Customer accounts	-	-	642,109
Debt securities issued (nominal interest rates:0.01%-15.25%)	-	-	3,107,195,232
Subordinated debt (nominal interest rate: 0.01%)	-	-	9,277,065
Loans from banks and other financial institutions (nominal interest rates:0.02%-0.09%)	-	-	145,537,388
Loans from Government of the Republic of Kazakhstan (nominal interest rates: 0.01%-1.00%)	820,138,732	-	-
Deferred income tax liability	-	-	57,624,427
Current income tax liability	-	-	2,856,812
Other financial liabilities	42,773	-	31,197,340
Government grants	-	-	1,221,909,358
Other liabilities	-	-	5,532,741

The income and expense items on the related party transactions for 2024 were as follows:

(In thousands of Kazakhstani Tenge)	**Ultimate parent organisation**	**Associates and joint ventures**	**Transactions with state-owned entities**
Interest income calculated using effective interest method	12,580,525	346,949	452,830,904
Interest expense	(96,648,038)	-	(319,606,832)
Fee and commission income	625,600	-	1,854,282
Fee and commission expense	-	-	(463,908)
Net income from trading securities	4,972	-	-
Net foreign exchange gain/(loss)	(58,967)	-	37,153,263
Net earned insurance premiums	-	-	52,894
Net gain/(loss) on assets measured at fair value through profit or loss	-	877,538	(409,579)
Provision for loan portfolio impairment	-	-	(24,836,783)
Provision for impairment of other financial assets and credit related commitments	-	-	(254,877)
Net expense on insurance benefits and changes in provisions	-	-	6,412,421
Administrative expenses	-	-	(3,317,681)
Other income	5,291	-	190,324,537
Income tax expense	-	-	(81,945,387)

The balances as at 31 December 2023 for transactions with related parties are as follows:

(In thousands of Kazakhstani Tenge)	**Ultimate parent organisation**	**Associates and joint ventures**	**Transactions with state-owned entities**
ASSETS			
Cash and cash equivalents	17,030,846	-	1,848,788,325
Loans to customers (nominal interest rates: 0.40%-16.57%)	-	925,242	557,947,775
Loss allowance for expected credit losses			(46,714,858)
Other assets measured at fair value through profit or loss	-	96,452,509	2,200
Loans to banks and financial institutions (nominal interest rates: 2.00%-10.00%)	-	-	66,768,865
Investment securities measured at fair value through other comprehensive income (nominal interest rates: 5.00-19.40%)	47,677,316	-	14,561,840
Investment securities measured at fair value through profit or loss (nominal interest rates: 5.50%- 7.68%)	73,518	-	-
Investment securities measured at amortised cost (nominal interest rates: 4.87%-19.40%)	55,031,116	-	872,751,032
Finance lease receivables (nominal interest rate: 7.57%)	-	-	360,904,295
Equity-accounted investees	-	434,037	-
Current income tax prepayment	-	-	41,301,861
Deferred income tax asset	-	-	36,870,714
Other financial assets	11,763	-	376,681
Other assets	562,090	-	74,273,228
Assets held for sale	19,102,080	3,222,780	658,361,541
LIABILITIES			
Customer accounts	-	-	1,070,135
Debt securities issued (nominal interest rates: 0.01%-11.81%)	-	-	2,829,113,515
Subordinated debt (nominal interest rate: 0.01%)		-	8,640,755
Loans from banks and other financial institutions (nominal interest rates: 0.11%-0.20%)	-	-	11,298,588
Loans from Government of the Republic of Kazakhstan (nominal interest rates: 0.01%-1.00%)	795,421,453	-	-
Deferred income tax liability	-	-	51,538,443
Current income tax liability	-	-	306,316
Other financial liabilities	209,591	-	3,922,129
Government grants	-	-	1,034,690,361
Other liabilities	970,706	-	22,108,898
Liabilities directly related to disposal groups held for sale	-	-	674,400,094

The income and expense items on the related party transactions for 2023 were as follows:

(In thousands of Kazakhstani Tenge)	**Ultimate parent organisation**	**Associates and joint ventures**	**Transactions with state-owned entities**
Interest income calculated using effective interest method	28,596,002	-	399,818,911
Interest expense	(94,229,069)	-	(291,201,403)
Fee and commission income	625,600	-	378,503
Fee and commission expense	-	-	(513,969)
Net income from trading securities	(968)	-	(127,887)
Net income from financial derivatives	(131,650)	-	(3,258,022)
Net foreign exchange gain	-	4,441,628	46,205
Net gain on assets measured at fair value through profit or loss	-	-	9,105,026
Provision for loan portfolio impairment	(53,494)	-	(860,744)
Provision for impairment of other financial assets and credit related commitments	-	-	226,601
Net expense on insurance benefits and changes in provisions	-	-	(1,744,008)
Other (expense)/income	(78,326)	-	70,124,330
Income tax expense	-	-	(73,390,482)
Profit from discontinued operation (net of income tax)	-	-	6,306,486

Key management compensation is presented below:

(In thousands of Kazakhstani Tenge)	**2024**	**2023**
Members of the Board of Directors and the Management Board	585,765	442,079
Total	**585,765**	**442,079**

Short-term bonuses fall due in full within twelve months after the end of the period in which management rendered the related services.

38 Subsequent events

In January 2025 the Holding redeemed the debt securities issued (KZ2C00002988) for the amount of Tenge 30,000,000 thousand.

In January 2025 the Holding made early repayment of loans received from China Development Bank for a total amount of USD 135,610 thousand.

In February 2025 the receivables from the Government for reimbursement of premium on customer accounts for the amount of Tenge 27,513,000 thousand has been repaid.

In March 2025, the Holding received loan in the amount of CNY 430,000 thousand from the Industrial and Commercial Bank of China with the interest rate of 1.29%+3 month Shibor and maturity in 5 years.

In March 2025, the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market registered four additional issues of Tenge 50,000,000 thousand each, coupon bonds without collateral for the total amount of Tenge 200,000,000 thousand.

In April 2025, the Holding issued Eurobonds in the amount of USD 500,000 thousand with an interest rate of 5.50% per annum for 5 years.

In April 2025, the Holding issued a debt securities in the amount of Tenge 100,000,000 thousand with an interest rate of 17.00% p.a. and with maturity in 2026.

In April 2025, the Holding redeemed Eurobonds (ISIN XS2472852610) in the amount of USD 14,400 thousand.

In April 2025, the Holding issued a debt securities in the amount of Tenge 44,300,000 thousand with an interest rate of 16.70% p.a. and with maturity in 2026.

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