



**JOINT STOCK COMPANY
BANK CENTERCREDIT**

Consolidated Financial Statements
for the year ended 31 December 2024

Contents

Independent Auditors' Report

Consolidated Statement of Profit and Loss.....8-9

Consolidated Statement of Comprehensive Income.....10

Consolidated Statement of Financial Position.....11

Consolidated Statement of Changes in Equity.....12-14

Consolidated Statement of Cash Flows.....15-16

Notes to the Consolidated Financial Statements.....17-92



«КПМГ Аудит» жауапкершілігі
шектеулі серіктестік
Қазақстан, А25D6Т5, Алматы,
Достық д-лы, 180,
+7 (727) 298-08-98

KPMG Audit LLC
180 Dostyk Avenue, Almaty,
A25D6T5, Kazakhstan

Independent Auditors' Report

To the Shareholders and Board of Directors of Joint Stock Company Bank CenterCredit

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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



Expected credit losses (ECL) for loans to customers	
Please refer to the Notes 3(l), 5 and 18 in the consolidated financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>Loans to customers represent 53.4% of total assets and are stated net of allowance for expected credit losses ('ECL') that is estimated on a regular basis and is sensitive to assumptions used.</p> <p>The Group applies ECL valuation models (collective and individual assessment), which require management to apply professional judgement and to make assumptions related to the following key areas:</p> <ul style="list-style-type: none"> - timely identification of significant increase in credit risk and default events related to loans to customers (allocation between stages 1, 2 and 3 in accordance with the IFRS 9); - assessment of probability of default (PD) and loss given default (LGD); - assessment of expected cash flows to be received on credit impaired loans. <p>Due to the significant volume of loans to customers and the related estimation uncertainty, this area is a key audit matter.</p>	<p>We analysed the key aspects of the Group's methodology and policies related to ECL estimate for compliance with the requirements of IFRS 9, including involvement of our financial risks management specialists. We also tested the operating principles of the relevant models used by the Group.</p> <p>To evaluate management's professional judgement and assumptions made in relation to ECL allowance estimate, we performed the following procedures:</p> <ul style="list-style-type: none"> - For loans to corporate and retail customers we tested the design and implementation of the controls over allocation of loans into the appropriate Stages. - For a sample of loans to corporate customers, for which a potential change in ECL estimate may have a significant impact on the consolidated financial statements, we verified the accuracy of Stage classification by analysing financial and non-financial information, as well as assumptions and professional judgements, applied by the Group. - For a sample of corporate loans classified as Stage 3, where ECL allowances are assessed on an individual basis, we critically assessed the assumptions used by the Group to forecast future cash flows, including estimated value of realisable collateral and their expected disposal terms based on our understanding and publicly available market information. - For loans to customers, classified as Stage 1 and Stage 2, where ECL allowances are assessed on a collective basis, we tested the operating principles of the relevant EAD, PD and LGD models, verified accuracy of input data to underlying documents on a sample basis and performed substantive procedures over the completeness of input data. - We assessed the overall predictive capability of the models used by the Group to ECL calculation by comparing the estimates made as at 1 January 2024 with actual results for 2024. <p>We also assessed whether the consolidated financial statements disclosures appropriately reflect the Group's exposure to credit risk.</p>



Other Information

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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




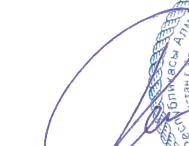
The engagement partner on the audit resulting in this independent auditors' report is:



Madina Magomedova
Certified Auditor
of the Republic of Kazakhstan
Auditor's Qualification Certificate
No. MΦ-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 Dementiev
General Director of KPMG Audit LLC
acting on the basis of the Charter

28 February 2025

JOINT STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge, except for earnings per share expressed in tenge)

		Year ended 31 December 2024	Year ended 31 December 2023
	Note		
Interest income calculated using the effective interest rate method		732,749	528,744
Other interest income		6,095	3,660
Interest expense		(380,462)	(274,853)
Net interest income before expected credit loss allowance on interest-bearing assets	6	358,382	257,551
Expected credit loss allowance on loans to customers and banks	7	(56,592)	(43,075)
Net interest income		301,790	214,476
Fee and commission income	8	76,139	86,509
Fee and commission expense	8	(37,405)	(45,134)
Net fee and commission income		38,734	41,375
Net gain on financial instruments at fair value through profit or loss	9	7,938	9,270
Net gain on sale and repayment of financial assets measured at fair value through other comprehensive income		1,935	882
Net foreign exchange gain	10	92,605	45,598
Expected credit loss allowance on other financial assets and due from banks		(16,157)	(2,359)
Charge of provision for credit related commitments	30	(1,725)	(27,534)
Impairment loss on other non-financial assets	20	(9,132)	(756)
Gain arising on initial recognition of financial liabilities	23	27,886	-
Other (expenses)/income		(5,844)	2,396
Net non-interest income		136,240	68,872

Explanatory notes as set out on pages 17 to 92 form an integral part of these consolidated financial statements.

JOINT STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge, except for earnings per share expressed in tenge)

	Note	Year ended 31 December 2024	Year ended 31 December 2023
Operating income		438,030	283,348
Operating expenses	11	(183,230)	(123,091)
Operating income before income tax		254,800	160,257
Income tax expense	12	(52,381)	(25,011)
Profit for the year		202,419	135,246
Profit attributable to:			
Equity holders of the Bank		202,026	135,061
Non-controlling interests		393	185
Earnings per share			
Basic (KZT)	13	1,085.13	730.46
Diluted (KZT)	13	1,085.26	730.46

The consolidated financial statements as set out on pages 8 to 92 were approved by Management Board on 28 February 2025 and were signed on its behalf by:

R. V. Vladimirov
President

28 February 2025
Almaty, Kazakhstan

A. S. Ovsyannikova
Vice President, Member of
the Management Board

28 February 2025
Almaty, Kazakhstan

A. T. Nurgaliyeva
Chief Accountant

28 February 2025
Almaty, Kazakhstan

Explanatory notes as set out on pages 17 to 92 form an integral part of these consolidated financial statements.

JOINT STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

	Year ended 31 December 2024	Year ended 31 December 2023
PROFIT FOR THE YEAR	202,419	135,246
OTHER COMPREHENSIVE INCOME		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Net gain resulting on revaluation of investment securities during the period (net of tax)	18,652	9,888
Reclassification adjustment relating to investment securities disposed of during the period (net of tax – KZT nil)	(1,935)	(882)
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	<i>16,717</i>	<i>9,006</i>
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>		
Net change in fair value of equity instruments measured at fair value through other comprehensive income	(228)	-
<i>Total items of other comprehensive income that will not be reclassified to profit or loss in subsequent periods</i>	<i>(228)</i>	<i>-</i>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	16,489	9,006
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	218,908	144,252
Total comprehensive income attributable to:		
Equity holders of the Bank	218,515	144,067
Non-controlling interests	393	185

The consolidated financial statements as set out on pages 8 to 92 were approved by Management Board on 28 February 2025 and were signed on its behalf by:

R. V. Vladimirov
President

28 February 2025
Almaty, Kazakhstan

A. S. Ovsyannikova
Vice President, Member of
the Management Board

28 February 2025
Almaty, Kazakhstan

A. T. Nurgaliyeva
Chief Accountant

28 February 2025
Almaty, Kazakhstan

Explanatory notes as set out on pages 17 to 92 form an integral part of these consolidated financial statements.

JOINT STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

	Note	31 December 2024	31 December 2023
ASSETS:			
Cash and cash equivalents	14	1,663,625	1,353,334
Financial instruments at fair value through profit or loss			
<i>Held by the Group</i>	15	79,501	44,988
<i>Pledged under sale and repurchase agreement</i>	15	18,525	10,426
Investment securities			
<i>Held by the Group</i>	16	1,015,813	615,833
<i>Pledged under loans from banks</i>	16	89,609	74,519
Due from banks	17	103,397	39,483
Loans to customers and banks	18		
<i>Loans to corporate customers</i>		1,162,687	951,687
<i>Loans to retail customers</i>		2,697,851	1,977,162
Current income tax assets		7,005	15,607
Property, plant and equipment and intangible assets	19	81,083	69,341
Other assets	20	148,793	138,659
TOTAL ASSETS		7,067,889	5,291,039
LIABILITIES AND EQUITY			
LIABILITIES:			
Due to banks and financial institutions	21	296,183	181,891
Financial liabilities at fair value through profit or loss		1,413	-
Customer accounts	22		
<i>Due to corporate customers</i>		2,552,185	1,787,543
<i>Due to retail customers</i>		2,838,383	2,234,525
Debt securities issued	23	161,264	70,532
Deferred income tax liabilities	12	11,332	11,399
Subordinated bonds	24	43,046	58,587
Other liabilities	25	526,196	527,196
TOTAL LIABILITIES		6,430,002	4,871,673
EQUITY:			
Equity attributable to owners of the Parent Bank:			
Share capital	26	64,113	64,498
Fair value reserve for securities		2,165	(14,315)
Property revaluation reserve		1,370	2,030
Retained earnings		569,222	366,527
Total equity attributable to owners of the Bank		636,870	418,740
Non-controlling interests		1,017	626
Total equity		637,887	419,366
TOTAL LIABILITIES AND EQUITY		7,067,889	5,291,039
Book value per ordinary share (KZT)	13	3,315	2,175
Book value per preference share (KZT)	13	572	298

The consolidated financial statements as set out on pages 8 to 92 were approved by Management Board on 28 February 2025 and were signed on its behalf by:

R. V. Vladimirov
President

28 February 2025
Almaty, Kazakhstan

A. S. Ovsyannikova
Vice President, Member of
the Management Board

28 February 2025
Almaty, Kazakhstan

A. T. Nurgaliyeva
Chief Accountant

28 February 2025
Almaty, Kazakhstan

Explanatory notes as set out on pages 17 to 92 form an integral part of these consolidated financial statements.

JOINT STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

	Share capital	Fair value reserve	Property revaluation reserve	Retained earnings	Total equity attributable to owners of the Bank	Non- controlling interests	Total equity
Balance at 1 January 2023	63,676	(23,321)	2,127	231,369	273,851	-	273,851
Total comprehensive income							
Profit for the period	-	-	-	135,061	135,061	185	135,246
Other comprehensive income							
<i>Items that are or may be reclassified subsequently to profit or loss:</i>							
Net change in fair value	-	9,006	-	-	9,006	-	9,006
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	-	9,006	-	-	9,006	-	9,006
Total other comprehensive income	-	9,006	-	-	9,006	-	9,006
Total comprehensive income for the year	-	9,006	-	135,061	144,067	185	144,252
Other movements in equity							
Transfer of the amount from revaluation resulting from depreciation and disposal	-	-	(97)	97	-	-	-
Total other movements in equity	-	-	(97)	97	-	-	-
Transactions with owners recorded directly in equity							
Non-controlling interest from acquisition of the subsidiary (Note 4)	-	-	-	-	-	479	479
Decrease in non-controlling interest (Note 1)	-	-	-	-	-	(38)	(38)
Shares issued (Note 26)	822	-	-	-	822	-	822
Total transactions with owners	822	-	-	-	822	441	1,263
Balance at 31 December 2023	64,498	(14,315)	2,030	366,527	418,740	626	419,366

Explanatory notes as set out on pages 17 to 92 form an integral part of these consolidated financial statements.

JOINT STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

	Share capital	Fair value reserve	Property revaluation reserve	Retained earnings	Total equity attributable to owners of the Bank	Non- controlling interests	Total equity
Balance at 1 January 2024	64,498	(14,315)	2,030	366,527	418,740	626	419,366
Total comprehensive income							
Profit for the period	-	-	-	202,026	202,026	393	202,419
Other comprehensive income							
<i>Items that are or may be reclassified subsequently to profit or loss:</i>							
Net change in fair value of debt investments measured at fair value through other comprehensive income	-	16,717	-	-	16,717	-	16,717
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	-	16,717	-	-	16,717	-	16,717
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>							
Net change in fair value of equity investments measured at fair value through other comprehensive income (net of tax)	-	(228)	-	-	(228)	-	(228)
<i>Total items that will not be reclassified to profit or loss in subsequent periods</i>	-	(228)	-	-	(228)	-	(228)
Total other comprehensive income	-	16,489	-	-	16,489	-	16,489
Total comprehensive income for the year	-	16,489	-	202,026	218,515	393	218,908

Explanatory notes as set out on pages 17 to 92 form an integral part of these consolidated financial statements.

JOINT STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

	Share capital	Fair value reserve	Property revaluation reserve	Retained earnings	Total equity attributable to owners of the Bank	Non- controlling interests	Total equity
Other movements in equity							
Transfer of the amount from revaluation of equity investments measured at fair value through other comprehensive income	-	(9)	-	9	-	-	-
Transfer of the amount from revaluation resulting from depreciation and disposal	-	-	(660)	660	-	-	-
Total other movements in equity	-	(9)	(660)	669	-	-	-
Transactions with owners recorded directly in equity							
Repurchase of shares (Note 26)	(385)	-	-	-	(385)	-	(385)
Dividends on preference shares to non-controlling interest	-	-	-	-	-	(2)	(2)
Total transactions with owners	(385)	-	-	-	(385)	(2)	(387)
Balance at 31 December 2024	64,113	2,165	1,370	569,222	636,870	1,017	637,887

The consolidated financial statements as set out on pages 8 to 92 were approved by Management Board on 28 February 2025 and were signed on its behalf by:

R. V. Vladimirov
President

28 February 2025
Almaty, Kazakhstan

A. S. Ovsyannikova
Vice President, Member of
the Management Board

28 February 2025
Almaty, Kazakhstan

A. T. Nurgaliyeva
Chief Accountant

28 February 2025
Almaty, Kazakhstan

Explanatory notes as set out on pages 17 to 92 form an integral part of these consolidated financial statements.

JOINT STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

	Year ended 31 December 2024	Year ended 31 December 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	687,517	499,122
Interest paid	(357,213)	(265,243)
Services fee and commission received	75,326	85,746
Services fee and commission paid	(36,949)	(44,181)
Net proceeds from derivative instrument transactions	3,727	10,238
Net foreign exchange gain	86,443	39,905
Other expenses/(income) payments/(receipts)	(2,125)	2,396
Operating expenses paid	(147,735)	(111,223)
Cash flow from operating activities before changes in operating assets and liabilities	308,991	216,760
Change in operating assets:		
Financial instruments measured at fair value through profit or loss	(37,311)	(19,130)
Due from banks	(54,146)	(8,471)
Loans to customers and banks	(929,826)	(915,585)
Other assets	(6,552)	(8,866)
Change in operating liabilities:		
Due to banks and financial institutions	106,494	22,590
Customer accounts	1,224,278	768,065
Other liabilities	(19,350)	20,529
Cash flows from operating activities before tax	592,578	75,892
Income tax paid	(43,255)	(40,226)
Net cash flows from operating activities	549,323	35,666
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash and cash equivalents acquired due to business combination	-	1,758
Acquisition of subsidiary	-	(3,982)
Proceeds from repayment and sale of investment securities	657,504	3,985,421
Acquisition of investment securities	(969,700)	(3,740,266)
Acquisition of property, plant and equipment and intangible assets	(35,930)	(17,193)
Proceeds from sale of property, plant and equipment	2,829	726
Net cash (used in)/from investing activities	(345,297)	226,464

Explanatory notes as set out on pages 17 to 92 form an integral part of these consolidated financial statements.

JOINT STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

	Year ended 31 December 2024	Year ended 31 December 2023
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Repurchase of)/proceeds from treasury shares issued, net	(385)	822
Payment of dividends on preference shares	(2)	-
Proceeds from debt securities issued	119,027	-
Repurchase and repayment of debt securities issued	(3,291)	(25,999)
Redemption and repayment of subordinated bonds	(27,337)	(3,499)
Repayment of lease liabilities	(1,022)	(519)
Net cash flows from/(used in) financing activities	86,990	(29,195)
Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents	27,030	(15,558)
NET INCREASE IN CASH AND CASH EQUIVALENTS	318,046	217,377
Effect of changes in loss allowance on cash and cash equivalents	(7,755)	-
CASH AND CASH EQUIVALENTS, beginning of the year	1,353,334	1,135,957
CASH AND CASH EQUIVALENTS, end of the year (Note 14)	1,663,625	1,353,334

The consolidated financial statements as set out on pages 8 to 92 were approved by Management Board on 28 February 2025 and were signed on its behalf by:

R. V. Vladimirov
President

28 February 2025
Almaty, Kazakhstan

A. S. Ovsyannikova
Vice President, Member of
the Management Board

28 February 2025
Almaty, Kazakhstan

A. T. Nurgaliyeva
Chief Accountant

28 February 2025
Almaty, Kazakhstan

Explanatory notes as set out on pages 17 to 92 form an integral part of these consolidated financial statements.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

1. INTRODUCTION

(a) Principal activity

JSC Bank CenterCredit (the “Bank”) is a Joint Stock Company, which has been incorporated and carrying out its operations in the Republic of Kazakhstan since 1988. The Bank is regulated by the legislation of the Republic of Kazakhstan. The Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market (the “ARDFM”) is a regulatory authority of the Bank. The Bank conducts its business under the license number 1.2.25/195/34, renewed on 3 February 2020.

The Bank's principal activity consists of commercial banking activities, trading with securities, foreign currencies and derivative instruments, loan origination activities and guarantees.

The Bank is a member of the Kazakhstan Deposit Insurance Fund (the “KDIF”).

The registered address is 38, Al Farabi Ave., Almaty, Republic of Kazakhstan.

On 12 October 2023, the Bank obtained a license to carry out regulated activities on the territory of the Astana International Financial Centre (“AIFC”) as a branch of JSC Bank CenterCredit in AIFC. In accordance with this license, the Bank's branch in AIFC accepts deposits, opens and maintains bank accounts, extends loans, provides monetary services, performs custody activities, dealer activities and brokerage activities.

On 19 January 2024, the Bank was categorised as a systemically important bank as per the Rules of Categorising Financial Organisations as Systemically Important approved by the Resolution of the Management Board of the National Bank of the Republic of Kazakhstan (the “NBRK”) No.240 dated 23 December 2019 and in accordance with the Order of the Governor of the NBRK No.17 of 19 January 2024.

On 23 January 2024, the Board of ARDFM adopted the Resolution “On Granting Permission to Joint Stock Company Bank CenterCredit to Establish a Subsidiary – Limited Liability Partnership BCC-HUB”. On 9 February 2024, the state registration of a legal entity was granted.

On 23 July 2024, the Management Board of the ARDFM adopted the Resolution “On Granting Permission to Joint Stock Company Bank CenterCredit to Establish a Subsidiary - Insurance (Reinsurance) Organisation Life Insurance Company “BCC Life” JSC. On 26 July 2024, the legal entity obtained the state registration.

As at 31 December 2024 and 31 December 2023, the Bank had 21 branches in the Republic of Kazakhstan.

The Bank is a parent company of a banking group (the “Group”), which consists of the following subsidiaries consolidated in its consolidated financial statements:

Name	Country of operation	Ownership interest		Activity
		31 December 2024	31 December 2023	
LLP BCC Project» (formerly LLP Center Project)	Republic of Kazakhstan	100.00%	100.00%	Management of distressed assets
JSC BCC Invest	Republic of Kazakhstan	100.00%	100.00%	Brokerage and dealer activity
LLP BCC Leasing (formerly LLP Center Leasing)	Republic of Kazakhstan	100.00%	100.00%	Finance lease and other types of activity
JSC Insurance Company Sinoasia B&R	Republic of Kazakhstan	92.45%	92.45%	Insurance activity
LLP BCC-HUB	Republic of Kazakhstan	100.00%	-	IT services
JSC Life Insurance Company “BCC Life”	Republic of Kazakhstan	100.00%	-	Insurance activity

As at 31 December 2024 and 31 December 2023, the number of ordinary shares was allocated as follows:

	31 December 2024	31 December 2023
	%	%
B.R. Baiseitov	49.41	49.04
V.S. Lee	11.38	11.29
Other (individually hold less than 5%)	39.21	39.67
	100.00	100.00

The consolidated financial statements were authorised for issue by the Management Board of JSC Bank CenterCredit on 28 February 2025.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

1. INTRODUCTION, CONTINUED

(b) Kazakhstan business environment

The Group's operations are primarily located in Kazakhstan. Consequently, the Group is exposed to the economic and financial markets of Kazakhstan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Kazakhstan. 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 financial position of the Group. The future business environment may differ from management's assessment.

2. BASIS OF PREPARATION

(a) Statement of compliance

The accompanying consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IFRS Standards).

(b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss and at fair value through other comprehensive income are stated at fair value and buildings and constructions are measured at fair value, which increase is stated in the revaluation property reserve.

(c) Functional and presentation currency

The functional currency of the Bank and its subsidiaries is the Kazakhstan tenge (KZT) as, being the national currency of the Republic of Kazakhstan, it reflects the economic substance of the majority of underlying events and circumstances relevant to them.

The KZT is also the presentation currency for the purposes of these consolidated financial statements. Financial information presented in KZT is rounded to the nearest million.

(d) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgement, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from those estimates.

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

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding – *Note 3(f)(i)*;
- establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL – *Note 5*.

Assumptions and estimations uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the consolidated financial statements for the year ended 31 December 2024 is included in the following notes:

- impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information – *Note 5*;
- estimates of impairment of loans to customers – *Note 18*;
- fair value measurement of debt securities issued at initial recognition – *Note 23*;
- estimates of fair value of financial assets and liabilities for disclosure purposes – *Note 33*.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as the fair value of the consideration transferred (including the fair value of any previously-held equity interest in the acquiree the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree), plus the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognised immediately in profit and loss.

The Group elects on transaction-by-transaction basis whether to measure non-controlling interests at fair value, or at their proportionate share of the recognised amount of the identifiable net assets of the acquiree, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Combination of entities or businesses under common control

IFRS 3 excludes from its requirement 'a combination of entities or businesses under common control'. For the purpose of the exemption, a business combination involving entities or businesses under common control is 'a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination', and that control is not transitory'. This will include transactions such as the transfer of subsidiaries or businesses between entities within a group.

In a business combination involving entities or businesses under common control, the assets and liabilities of the entity acquired under common control are recognised in the host (i.e. the Group) consolidated financial statements at their carrying amounts as at the date of transfer. The host (i.e. the Group) is taken to be the highest level reporting entity over which financial information of the acquired entity was consolidated.

Any difference between the carrying amount of net assets upon initial acquisition of a company under common control, and the consideration paid is recognised in equity in the consolidated financial statements of the Group.

(ii) Subsidiaries

Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In particular, the Group consolidates investees that it controls on the basis of de facto circumstances. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

(b) 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 purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES, CONTINUED

(b) Interest income and expense, continued

Effective interest rate, continued

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' measured at amortised cost is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortisation of the hedge adjustment begins.

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 clause (m).

Dividend income is recognised in profit or loss on the date that the dividend is declared.

Presentation

Interest income calculated using the effective interest method presented in the consolidated statement of profit and loss includes:

- interest on financial assets measured at amortised cost;
- interest on debt instruments measured at FVOCI.

Other interest income presented in the consolidated statement of profit and loss includes interest income on non-derivative debt financial instruments measured at FVTPL.

Interest expense presented in the consolidated statement of profit and loss includes interest expense on financial liabilities measured at amortised cost.

(c) Fee and commission income and expense

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate (see *Note 3(b)*).

Other fee and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

The contract with a customer, which resulted in a financial instrument recognised in the consolidated financial statements of the Group may be partially within the scope of IFRS 9 and partially within the scope of IFRS 15. In this case, the Group first applies IFRS 9 to separate and measure the part of the contract, which is within the scope of IFRS 9 and then applies IFRS 15 to the remaining part of this contract.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES, CONTINUED

(d) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation to foreign currencies are recognised in profit and loss, except for differences arising on translation of available-for-sale equity instruments, with exception of foreign currency differences arising from impairment of such instruments, in which case foreign currency differences classified as other comprehensive income will be reclassified to profit and loss.

The exchange rates used by the Group in the preparation of the consolidated financial statements as at year-end are as follows:

	31 December 2024	31 December 2023
KZT/EUR	546.74	502.24
KZT/USD	525.11	454.56

(e) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances (nostro accounts) held with the NBRK and other banks and financial institutions, and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of short-term commitments. Balances with Kazakhstan and Moscow Stock Exchanges in excess of open transaction limits are classified as cash as there are no physical restrictions on these balances. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

(f) Financial instruments

(i) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income or fair value through profit or loss.

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;
- 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 revenue using the effective interest method;
- expected credit losses and reversals; and
- foreign exchange gains and losses.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES, CONTINUED

(f) Financial instruments, continued

(i) Classification, continued

When a debt financial asset measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in other comprehensive income. Cumulative gains and losses recognised in other comprehensive income are transferred to retained earnings on disposal of an investment.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements);
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES, CONTINUED

(f) Financial instruments, continued

(i) Classification, continued

Assessment whether contractual cash flows are solely payments of principal and interest, continued

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

In addition, a prepayment feature is treated as consistent with this criterion if a financial asset is acquired or originated at a premium or discount to its contractual par amount, the prepayment amount substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination), and the fair value of the prepayment feature is insignificant on initial recognition.

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Financial assets – subsequent measurement, gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets measured at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

Reclassification

Financial liabilities are not reclassified subsequent to their initial recognition.

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as ‘substantial modification’), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs.

Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

(ii) Modification of financial assets and financial liabilities

Changes in cash flows on existing financial assets or financial liabilities are not considered as modification, if they result from existing contractual terms, e.g. changes in interest rates initiated by the Group due to changes in the NBRK key rate, if the loan agreement entitles the Group to do so.

The Group performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different. The Group assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset deemed to have expired. In making this evaluation the Group analogises to the guidance on the derecognition of financial liabilities.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES, CONTINUED

(f) Financial instruments, continued

(ii) *Modification of financial assets and financial liabilities, continued*

Financial assets

The Group concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial asset;
- change in collateral or other credit enhancement;
- inclusion of conversion feature.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases. The Group further performs qualitative evaluation of whether the modification is substantial. If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

The Group concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial asset;
- change in collateral or other credit enhancement;
- inclusion of conversion feature.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases. The Group further performs qualitative evaluation of whether the modification is substantial. If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Financial assets

If such a modification is carried out because of financial difficulties of the borrower (see *Note 3(l)*), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest method (see *Note 3(b)*).

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES, CONTINUED

(f) Financial instruments, continued

(ii) *Modification of financial assets and financial liabilities, continued*

Financial liabilities, continued

The Group assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. The Group concludes that the modification is substantial as a result of the following qualitative factors:

- change in the currency of the financial liability;
- change in collateral or other credit enhancement;
- inclusion of conversion feature;
- change in the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss.

For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(iii) *Derecognition*

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The Group enters into transactions whereby it transfers assets recognised on its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. Examples of such transaction are the contracts of rights of claims to loans signed with Kazakhstan Sustainability Fund JSC (*Note 18*).

If the Group continues recognising asset to the extent of its continuing involvement, the Group also recognises a related liability. Transferred asset and liability related to it are measured on the basis, which reflects those rights and liabilities, which the Group has retained. An asset-related liability is measured so that the net carrying amount of the transferred asset and liability related to it represent an amortised cost of the rights and liabilities retained by the Group.

The Group continues recognising income arising on the transferred asset to the extent of its continuing involvement and recognises expense incurred on the associated liability.

If the transferred asset is measured at amortised cost, the associated financial liability may not be designated as at fair value through profit or loss.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES, CONTINUED

(f) Financial instruments, continued

(iv) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in these circumstances.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e., the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument, but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, the Bank measures assets and long positions at the bid price and liabilities and short positions at the ask price.

(v) Repurchase and reverse repurchase agreements

Securities sold under sale and repurchase (repo) agreements are accounted for as secured financing transactions, with the securities retained in the consolidated statement of financial position and the counterparty liability included in amounts payable under repo transactions within balances and loans from banks and financial institutions. The difference between the sale and repurchase prices represents interest expense and is recognised in profit or loss over the term of the repo agreement using the effective interest method.

Securities purchased under agreements to resell (reverse repo) are recorded as amounts receivable under reverse repo transactions within loans to customers and banks. The difference between the purchase and resale prices represents interest income and is recognised in profit or loss over the term of the reverse repo agreement using the effective interest method.

If assets purchased under an agreement to resell are sold to third parties, the obligation to return securities is recorded as a trading liability and measured at fair value.

(g) Due from banks, loans to customers and banks

‘Due from banks’ and ‘Loans to customers and banks’ captions in the consolidated statement of financial position include:

- due from banks and loans to customers and banks measured at amortised cost (see *Note 3(f)(i)*); they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

(h) Investment securities

The ‘debt securities’ caption in the consolidated statement of financial position includes:

- debt investment 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 investment 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; and
- equity investment securities designated as at FVOCI.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES, CONTINUED

(i) Property, plant and equipment and intangible assets

(i) Owned assets

Items of property and equipment are stated in the consolidated financial statements at cost less accumulated depreciation and impairment losses, except for buildings and constructions, which are stated at revalued amounts as described below.

Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

Buildings and constructions are subject to revaluation on a regular basis. The frequency of revaluation depends on the movements in the fair values of the buildings being revalued. A revaluation increase on the buildings falling within the category "Buildings and constructions" is recognised as other comprehensive income except to the extent that it reverses a previous revaluation decrease recognised in profit or loss, in which case it is recognised in profit or loss. A revaluation decrease on the buildings falling within the category "Buildings and constructions" is recognised in profit or loss except to the extent that it reverses a previous revaluation increase recognised as other comprehensive income directly in equity, in which case it is recognised in other comprehensive income.

(ii) Depreciation and amortisation

Depreciation on property, plant and equipment and amortisation of intangible assets is charged to profit or loss on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land is not depreciated.

Depreciation is charged at the following annual rates:

Buildings and other constructions	2.00-2.50%
Furniture and computer equipment	5.60-20.00%
Intangible assets	6.67-100.00%

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in normal course of business, or for the use in production or supply of goods or services or for administrative purposes. Investment property is initially recognised at the cost of acquisition, including acquisition costs. Subsequently, the investment property is recognised at cost net of accumulated depreciation and impairment loss. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives range from 10 to 40 years.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(k) Foreclosed assets

Foreclosed assets are measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(l) Impairment of assets

See also Note 5.

The Group recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- financial guarantee contracts issued;
- loan commitments issued.

No impairment loss is recognised on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition (see Note 5).

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES, CONTINUED

(l) Impairment of assets, continued

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as ‘Stage 1’ financial instruments.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. Financial instruments, other than purchased or originated credit-impaired assets, for which a lifetime ECL is recognised are referred to as ‘Stage 2’ financial instruments (if the credit risk has increased significantly since initial recognition, but the financial instruments are not credit-impaired) and ‘Stage 3’ financial instruments (if the financial instruments are credit-impaired).

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- *financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive);
- *financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows.
- *undrawn loan commitments:* as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- *financial guarantee contracts:* the present value of expected payments to reimburse the holder less any amounts that the Group expects to recover.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is 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 is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered impaired.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES, CONTINUED

(l) Impairment of assets, continued

Credit-impaired financial assets, continued

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

- the market's assessment of creditworthiness as reflected in the bond yields;
- the rating agencies' assessments of creditworthiness;
- the country's ability to access the capital markets for new debt issuance;
- the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness;
- the international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- *financial assets measured at amortised cost*: as decrease in carrying amount of these assets;
- *loan commitments and financial guarantee contracts*: generally, as a provision;
- *where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component*: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- *debt instruments measured at FVOCI*: no loss allowance is recognised in the 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 in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial assets' in the consolidated statement of profit or loss and other comprehensive income.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-financial assets

Non-financial assets, other than deferred taxes, are assessed at each reporting date to determine whether there is any indication of impairment. The recoverable amount of goodwill is estimated at each reporting date. The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES, CONTINUED

(l) Impairment of assets, continued

Non-financial assets, continued

All impairment losses in respect of non financial assets are recognised in profit or loss and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

Accounts receivable under the joint cooperation agreement were measured at fair value as at the signing date (*Note 20*).

(m) Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Financial guarantees contracts and loan commitments

In the normal course of business, the Group enters into credit related commitments, comprising undrawn loan commitments, letters of credit and guarantees, and provides other forms of credit insurance.

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently they are measured at the higher of the loss allowance 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 Group has issued no loan commitments that are measured at FVTPL. For other loan commitments the Group recognises loss allowance.

(n) Share capital

(i) *Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of the ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(ii) *Preference shares*

Preference share capital that is non-redeemable and carries no mandatory dividends is classified as equity.

(iii) *Repurchase of share capital*

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a decrease in equity.

(iv) *Dividends*

The ability of the Group to declare and pay dividends is subject to the rules and regulations of the Kazakhstan legislation. Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings in the period when they are declared.

(o) Taxation

Income tax comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items of other comprehensive income or transactions with shareholders recognised directly in equity, in which case it is recognised within other comprehensive income or directly within equity.

Current tax

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from dividends.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES, CONTINUED

(o) Taxation, continued

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- initial recognition of goodwill not deductible for tax purposes;
- temporary differences related to the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

In accordance with the tax legislation of the Republic of Kazakhstan, tax losses and current tax assets of a company in the Group may not be set off against taxable profits and current tax liabilities of other Group companies. In addition, the tax base is determined separately for each of the Group's main activities and, therefore, tax losses and taxable profits related to different activities cannot be offset.

(p) Segment reporting

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

(q) New standards and interpretations not yet adopted

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

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

- *Lack of Exchangeability (Amendments to IAS 21)*;
- *Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures*;
- *IFRS 18 Presentation and Disclosure in Financial Statements*. IFRS 18 will replace IAS 1 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027.

A number of new amendments and interpretations are effective from 1 January 2024 but they do not have a material effect on the Group's consolidated financial statements.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

4. BUSINESS COMBINATION

Acquisition of JSC Insurance Company Sinoasia B&R

On 20 February 2023, the Agency of the Republic of Kazakhstan for the Regulation and Development of Financial Markets (hereinafter referred to as “ARDFM”) granted permission to JSC Bank CenterCredit to acquire the status of an insurance holding JSC Insurance Company Sinoasia B&R.

The ARDFM Management Board adopted the Resolution No.6 dated 20 February 2023 “On granting permission to Joint Stock Company Bank CenterCredit to acquire a subsidiary - JSC Insurance Company Sinoasia B&R (hereinafter referred to as “Sinoasia B&R”).

As at 31 December 2022, the Group owned 9.5% of the shares of Sinoasia B&R, which were accounted for within “Investment securities at fair value through other comprehensive income” in the consolidated statement of financial position. In May 2023, the Group acquired an additional stock of ordinary voting shares of Sinoasia B&R, thereby having increased the Group's equity interest in the insurance company to 90.1% as of the date of acquisition. In August 2023, the Bank exchanged 55,000 preference shares held by the Bank for the ordinary shares of JSC Insurance Company Sinoasia B&R. As a result of the exchange, the Bank's interest in the share capital of the subsidiary increased to 92.45%.

JSC Insurance Company Sinoasia B&R provides services of all classes of insurance.

Acquisition of ordinary voting shares of the insurance company will provide an opportunity to strengthen the synergy of banking and insurance business, expand the product range in the field of property and health insurance, and also increase the business efficiency of both the Bank and Sinoasia B&R through offering the combined products.

Identifiable assets acquired and liabilities assumed

Fair value of the identifiable assets and liabilities acquired, as well as the bargain purchase gain arising from acquisition of Sinoasia B&R on 1 May 2023 amounted to:

<i>Fair value of Sinoasia B&R as at acquisition date</i>	<i>At 1 May 2023</i>
Assets	
Cash and cash equivalents	1,758
Investments measured at fair value through other comprehensive income	6,052
Reverse repurchase agreements	6,626
Current tax liability	88
Property, plant and equipment and intangible assets	71
Other assets	2,606
Total assets	17,201
Liabilities	
Other liabilities	12,364
Total liabilities	12,364
Net identifiable assets	4,837

Goodwill

Goodwill arising on the acquisition of a controlling block of shares of Sinoasia B&R was measured as follows:

Fair value of investments to acquire 80.6% of the subsidiary's shares	3,982
Fair value of previously owned interest in the subsidiary's capital (9.5%)	1,324
Fair value of a non-controlling interest (9.9%)	479
	5,785
Fair value of net identifiable assets	4,837
Goodwill	948

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

Assets acquired	Valuation technique
Investments measured at fair value through other comprehensive income	Quoted market price (unadjusted) in an active market for an identical instruments, valuation techniques based on observable inputs, either directly or indirectly.
Reverse repurchase agreements	Quoted market price (unadjusted) in an active market for an identical instruments, valuation techniques based on observable inputs, either directly or indirectly.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (in millions of Kazakhstani tenge unless otherwise stated)

4. BUSINESS COMBINATION, CONTINUED

Acquisition of JSC Insurance Company Sinoasia B&R, continued

Goodwill, continued

The methods and assumptions used to determine the fair value of the Group's financial instruments at the acquisition date were substantially consistent with the fair value estimation techniques described in *Note 33*.

From the date of acquisition to 31 December 2023 JSC Insurance Company Sinoasia B&R contributed other income of KZT 1,856 million and profit of KZT 2,031 million.

If an acquisition of business had occurred on 1 January 2023, management estimates that consolidated other income for the year ended 31 December 2023 would have been KZT 3,053 million, and consolidated profit for the year ended 31 December 2023 would have been KZT 135,650 million. 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 2023.

5. FINANCIAL RISK REVIEW

This note presents information about the Group's exposure to financial risks. For information on the Group's financial risk management framework, see *Note 28* in the consolidated financial statements of the Group for the year ended 31 December 2024.

Credit risk - Amounts arising from ECL

See accounting policy in *Note 3(m)*.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and 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 Group uses the following three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in probability of default (PD) (depending on the related group of risk of the financial instrument the movement of 100-200% increase in PD results is significant increase in credit risk);
- qualitative indicators; and
- backstop of 30 days past due.

Credit risk grades

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

5 FINANCIAL RISK REVIEW, CONTINUED

Credit risk - Amounts arising from ECL, continued

Credit risk grades, continued

Corporate exposure	All exposures (corporate and retail exposures)
<ul style="list-style-type: none"> Information obtained during periodic review of borrower files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes. Data from credit reference agencies, press articles, changes in external credit ratings; Quoted bond and credit default swap (CDS) prices for the issuer where available; Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities. 	<ul style="list-style-type: none"> Payment record – this includes overdue status. Utilisation of the granted limit. Requests for and granting of forbearance. Existing and forecast changes in business, financial and economic conditions.

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction or region, type of product and borrower as well as by credit risk grading.

The Group employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macro-economic indicator is likely to be GDP growth.

The Group uses expert judgment in assessment of forward-looking information. This assessment is based also on external information (see discussion below on incorporation of forward-looking information). The Group then uses these forecasts to adjust its estimates of PDs.

Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary depending on different types of lending, in particular between corporate and retail, as well as by portfolio and include both quantitative changes in PDs and qualitative factors, including a backstop based on delinquency. Credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's quantitative modelling, it is determined that there are the objective factors resulting in deterioration of financial and economic position of the counteragent. When determining whether credit risk has increased significantly, remaining lifetime ECLs are adjusted for changes in maturity.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Group's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watch list, restructuring feature that results in transfer to Stage 3. Such qualitative factors are based on its expert judgement and relevant historical experience.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due or, for inter-bank mounts owe and securities, more than 7 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 borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency of forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases the Group determines a probation period during which the financial asset is required to demonstrated good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes history of up-to-date payment performance against the modified contractual terms.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

5. FINANCIAL RISK REVIEW, CONTINUED

Credit risk - Amounts arising from ECL, continued

Determining whether credit risk has increased significantly, continued

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- credit risk exposures are not transferred directly from a portfolio for which a loss allowance is recognised in the amount of 12-month ECL measurement (Stage 1) to portfolio of credit-impaired assets (Stage 3).
- there is no unwarranted volatility in value of allowance for expected credit losses from transfers of credit risk exposure from the portfolio, for which allowance for expected credit losses is recognised in the amount of 12-month ECL (Stage 1) to the portfolio, under which allowance for expected credit losses is recognised in the lifetime ECL (Stage 2).

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the borrower. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in *Note 3(f)(ii)*.

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 Group renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if the counterparty 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. Both retail and corporate loans are subject to the forbearance policy.

For financial assets modified as part of the Group's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect interest and principal and the Group's previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired (see *Note 3(m)*). A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

Definition of default

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
- the borrower is past due more than 90 days on any material credit obligation to the Group;
- 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.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

5. FINANCIAL RISK REVIEW, CONTINUED

Credit risk - Amounts arising from ECL, continued

Definition of default, continued

In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative – e.g. breaches of covenant;
- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporating of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group uses expert judgment in assessment of forward-looking information.

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

Predicted relationships between the key indicator and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 5 years.

ECL measurement

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.

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated separately for each loan portfolio, based on Roll Rate model (Markov chains) applied to the loan portfolios with similar credit risk characteristics. The probability of transition of loan portfolio's segment from one 'past due' stage to stage 3 (default) is determined with the use of migration matrices based on historical data. Depth of historical data has to be at least 60 periods. Adjustment to average transition matrix will be made, with macroeconomic factors taken into account, by adding standard normal distribution of an average matrix of each segment and z-criterion of macroeconomic factor. A macroeconomic factor is GDP growth. Official statistics data (official websites of regulatory authority, statistics agencies of the Republic of Kazakhstan) are used as inputs for estimates with macroeconomic factors taken into account. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including unwinding of discounts and bonuses. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as 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.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

5. FINANCIAL RISK REVIEW, CONTINUED

Credit risk - Amounts arising from ECL, continued

Measurement of ECL, continued

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Group considers a longer period.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- instrument type;
- credit assets segmentation;
- restructuring indicators.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

For portfolios in respect of which the Group has limited historical data, external benchmark information is used to supplement the internally available data. The portfolios for which external benchmark information represents a significant input into measurement of ECL are as follows.

	Carrying amount 31 December 2024	Carrying amount 31 December 2023	External benchmarks used	
			PD	LGD
Cash and cash equivalents	1,663,625	1,353,334	Moody's default study	0% - if the Government of the Republic of Kazakhstan acts as a counterparty
Due from banks	103,397	39,483		LGD for investment securities, whose issuers are financial institutions is equal to 70%, for other companies LGD is based on the history of recovery rates depending on rating;
Investment securities	1,103,062	689,182	Moody's default study	0% - if the Government of the Republic of Kazakhstan acts as a counterparty

The following table sets out information about the credit quality of financial assets measured at amortised cost, FVOCI investment securities as at 31 December 2024 and 31 December 2023. Unless specially indicated, for financial assets, the amounts in the table represent gross carrying amounts.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

5. FINANCIAL RISK REVIEW, CONTINUED

Credit quality analysis

Explanation of the terms: Stage 1, Stage 2, Stage 3, and POCI are included in *Note 3(m)*.

	31 December 2024			
	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL for assets not credit- impaired	Stage 3 Lifetime ECL for credit-impaired assets	Total
<i>Cash and cash equivalents</i>				
- rated AAA	12,047	-	-	12,047
- rated from AA- to AA+	212,745	-	-	212,745
- rated from A- to A+	149,344	-	-	149,344
- rated from BBB- to BBB+	1,081,371	-	-	1,081,371
- rated from BB- to BB+	2,028	-	-	2,028
- rated from B- to B+	10	-	-	10
- not rated	16,105	35,575	-	51,680
	1,473,650	35,575	-	1,509,225
Loss allowance	(95)	(7,729)	-	(7,824)
Total cash and cash equivalents (net of cash on hand)	1,473,555	27,846	-	1,501,401
<i>Investment securities measured at amortised cost</i>				
- rated from AA- to AA+	35,454	-	-	35,454
- rated from BBB- to BBB+	158,517	-	-	158,517
- rated from BB- to BB+	6,697	-	-	6,697
- rated from B- to B+	7,884	-	-	7,884
- not rated	8,660	-	-	8,660
	217,212	-	-	217,212
Loss allowance	(243)	-	-	(243)
Total investment securities measured at amortised cost	216,969	-	-	216,969
<i>Investment securities measured at fair value through other comprehensive income - debt</i>				
- rated AAA	2,002	-	-	2,002
- rated from AA- to AA+	60,418	-	-	60,418
- rated from A- to A+	2,062	-	-	2,062
- rated from BBB- to BBB+	741,895	-	-	741,895
- rated from BB- to BB+	54,636	-	-	54,636
- rated from B- to B+	8,836	-	-	8,836
- not rated	-	16,244	-	16,244
	869,849	16,244	-	886,093
Loss allowance	220	22	-	242
Gross carrying amount of investment securities measured at fair value through other comprehensive income - debt	869,849	16,244	-	886,335
<i>Due from banks</i>				
- rated AAA	667	-	-	667
- rated from AA- to AA+	27,602	-	-	27,602
- rated from A- to A+	3,525	-	-	3,525
- rated from BBB- to BBB+	54,282	-	-	54,282
- not rated	17,324	-	-	17,324
	103,400	-	-	103,400
Loss allowance	(3)	-	-	(3)
Total due from banks	103,397	-	-	103,397

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

5. FINANCIAL RISK REVIEW, CONTINUED

Credit quality analysis, continued

	31 December 2024				
	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL for assets not credit-impaired	Stage 3 Lifetime ECL for credit- impaired assets	Originated credit-impaired financial assets (POCI- assets)	Total
<i>Loans to corporate customers measured at amortised cost</i>					
Not overdue loans	985,015	86,301	65,394	957	1,137,667
Overdue loans					
- overdue less than 30 days	4,502	4,220	147	281	9,150
- overdue 31-60 days	-	3,125	535	3	3,663
- overdue 61-90 days	-	1,762	45	-	1,807
- overdue 91-180 days	-	-	3,742	-	3,742
- overdue more than 180 days	-	-	13,360	110	13,470
	989,517	95,408	83,223	1,351	1,169,499
Loss allowance	(12,753)	(12,598)	(67,388)	-	(92,739)
Total loans to corporate customers measured at amortised cost	976,764	82,810	15,835	1,351	1,076,760
<i>Loans to individuals measured at amortised cost</i>					
Not overdue loans	2,643,901	6,124	6,293	346	2,656,664
Overdue loans					
- overdue less than 30 days	33,952	1,350	1,227	31	36,560
- overdue 31-60 days	-	10,060	1,001	2	11,063
- overdue 61-90 days	-	7,173	1,256	7	8,436
- overdue 91-180 days	-	-	19,006	15	19,021
- overdue more than 180 days	-	-	30,812	13	30,825
	2,677,853	24,707	59,595	414	2,762,569
Loss allowance	(31,070)	(6,425)	(27,223)	-	(64,718)
Total loans to individuals measured at amortised cost	2,646,783	18,282	32,372	414	2,697,851
<i>Loans to banks</i>					
Loans to banks	29,268	-	-	-	29,268
Loss allowance	(785)	-	-	-	(785)
Total loans to banks	28,483	-	-	-	28,483
<i>Loans under reverse repurchase agreements</i>					
Reverse repurchase agreements, not overdue	57,444	-	-	-	57,444
Loss allowance	-	-	-	-	-
Total loans under reverse repo agreements	57,444	-	-	-	57,444

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

5. FINANCIAL RISK REVIEW, CONTINUED

Credit quality analysis, continued

	31 December 2023			
	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL for assets not credit- impaired	Stage 3 Lifetime ECL for credit-impaired assets	Total
Cash and cash equivalents				
- rated from AA- to AA+	73,453	-	-	73,453
- rated from A- to A+	67,952	-	-	67,952
- rated from BBB- to BBB+	932,950	-	-	932,950
- rated from BB- to BB+	5,157	-	-	5,157
- rated from B- to B+	23	-	-	23
- not rated	62,706	-	-	62,706
	1,142,241	-	-	1,142,241
Loss allowance	(69)	-	-	(69)
Total cash and cash equivalents (less cash on hand)	1,142,172	-	-	1,142,172
Investment securities measured at amortised cost				
- rated from AA- to AA+	56,066	-	-	56,066
- rated from BBB- to BBB+	39,784	-	-	39,784
- rated from BB- to BB+	5,735	-	-	5,735
- rated from B- to B+	5,094	-	-	5,094
	106,679	-	-	106,679
Loss allowance	(20)	-	-	(20)
Total investment securities measured at amortised cost	106,659	-	-	106,659
Investment securities measured at fair value through other comprehensive income - debt				
- rated from AA- to AA+	54,798	-	-	54,798
- rated from A- to A+	2,348	-	-	2,348
- rated from BBB- to BBB+	480,332	-	-	480,332
- rated from BB- to BB+	35,716	-	-	35,716
- rated from B- to B+	3,176	-	-	3,176
- not rated	-	6,273	-	6,273
Total investment securities measured at fair value through other comprehensive income - debt	576,370	6,273	-	582,643
Loss allowance	(102)	(18)	-	(120)
Gross carrying amount of investment securities measured at fair value through other comprehensive income - debt	576,268	6,255	-	582,523
Due from banks				
- rated from AA- to AA+	23,938	-	-	23,938
- rated from A- to A+	886	-	-	886
- rated from BBB- to BBB+	10,042	-	-	10,042
- not rated	4,662	-	-	4,662
	39,528	-	-	39,528
Loss allowance	(45)	-	-	(45)
Total due from banks	39,483	-	-	39,483

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

5. FINANCIAL RISK REVIEW, CONTINUED

Credit quality analysis, continued

	31 December 2023				
	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL for assets not credit-impaired	Stage 3 Lifetime ECL for assets not credit-impaired	Originated credit-impaired financial assets (POCI- assets)	Total
<i>Loans to corporate customers measured at amortised cost</i>					
Not overdue loans	704,603	81,407	50,081	1,607	837,698
Overdue loans					
- overdue less than 30 days	4,187	44	2,612	78	6,921
- overdue 31-60 days	-	852	144	40	1,036
- overdue 61-90 days	-	904	1,298	-	2,202
- overdue 91-180 days	-	-	2,706	-	2,706
- overdue more than 180 days	-	-	21,701	150	21,851
	708,790	83,207	78,542	1,875	872,414
Loss allowance	(8,273)	(14,132)	(49,546)	-	(71,951)
Total loans to corporate customers measured at amortised cost	700,517	69,075	28,996	1,875	800,463
<i>Loans to individuals measured at amortised cost</i>					
Not overdue loans	1,940,997	3,457	3,000	564	1,948,018
Overdue loans					
- overdue less than 30 days	20,502	625	619	30	21,776
- overdue 31-60 days	-	6,252	468	12	6,732
- overdue 61-90 days	-	4,238	718	6	4,962
- overdue 91-180 days	-	-	10,220	28	10,248
	-	-	29,780	116	29,896
	1,961,499	14,572	44,805	756	2,021,632
Loss allowance	(17,333)	(3,262)	(23,745)	(130)	(44,470)
Total loans to individuals measured at amortised cost	1,944,166	11,310	21,060	626	1,977,162
<i>Loans to banks</i>					
Loans to banks	23,068	-	-	-	23,068
Loss allowance	(648)	-	-	-	(648)
Total loans to banks	22,420	-	-	-	22,420
<i>Loans under reverse repurchase agreements</i>					
Reverse repurchase agreements, not overdue	128,804	-	-	-	128,804
Loss allowance	-	-	-	-	-
Total loans under reverse repurchase agreements	128,804	-	-	-	128,804

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

6. NET INTEREST INCOME

	Year ended 31 December 2024	Year ended 31 December 2023
Interest income:		
Interest income on financial assets at amortised cost:		
- interest income on assets not credit-impaired	655,366	451,888
- interest income on credit-impaired assets	7,126	6,971
Interest income on financial assets measured at fair value through other comprehensive income	70,257	69,885
Total interest income	732,749	528,744
 Interest income on financial assets at amortised cost comprises:		
Interest on loans to customers and banks	578,146	389,734
Interest on due from banks	7,570	42,765
Interest on investment securities measured at amortised cost	76,776	26,360
Total interest income on financial assets recorded at amortised cost	662,492	458,859
Interest income on financial assets at fair value through profit or loss and investments in net finance lease	6,095	3,660
Total interest income	738,844	532,404
 Interest expense:		
Interest expense on financial liabilities recorded at amortised cost	(380,462)	(274,853)
Total interest expense	(380,462)	(274,853)
 Interest expense on financial liabilities recorded at amortised cost:		
Interest on customer accounts	(313,714)	(232,427)
Interest on due to banks and financial institutions	(23,685)	(12,542)
Interest on subordinated bonds (Note 24)	(17,214)	(7,522)
Interest on debt securities issued	(13,372)	(9,383)
Interest expense on payments to mortgage organisation	(12,102)	(12,566)
Lease liabilities	(375)	(413)
Total interest expense on financial liabilities recorded at amortised cost	(380,462)	(274,853)
Net interest income before impairment allowance for financial assets	358,382	257,551

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

7. CHARGE OF EXPECTED CREDIT LOSS ALLOWANCE FOR LOANS TO CUSTOMERS AND BANKS

Years ended		Small and medium-sized enterprises	Mortgage loans	Consumer loans	Business development	Car loans	Loans to banks	Total loans to customers and banks
31 December 2023 and 2024	Corporate loans							
1 January 2023	65,470	7,415	6,769	25,375	6,707	245	104	112,085
Charge/(reversal) of allowance*	10,242	4,146	2,697	5,727	1,288	3,139	(48)	27,191
New financial assets originated or purchased*	3,533	4,814	934	3,819	1,339	856	589	15,884
Effect of unwinding of discount**	3,233	592	96	2,143	395	37	-	6,496
Write-off of assets	(27,671)	(1,471)	(1,092)	(16,543)	(2,238)	(255)	-	(49,270)
Recovery of assets previously written off	1	1,303	465	2,075	228	65	-	4,137
Foreign exchange difference	266	78	46	97	37	19	3	546
31 December 2023	55,074	16,877	9,915	22,693	7,756	4,106	648	117,069
1 January 2024	55,074	16,877	9,915	22,693	7,756	4,106	648	117,069
Charge/(reversal) of allowance*	7,731	5,824	4,136	10,556	2,720	6,652	(653)	36,966
New financial assets originated or purchased*	2,118	1,951	1,640	6,715	3,963	2,464	775	19,626
Effect of unwinding of discount**	1,491	1,395	247	1,945	986	485	-	6,549
Write-off of assets	-	(4,886)	(1,661)	(17,423)	(5,582)	(2,802)	-	(32,354)
Recovery of assets previously written off	200	914	558	2,538	506	404	-	5,120
Foreign exchange difference	3,383	667	278	519	193	211	15	5,266
31 December 2024	69,997	22,742	15,113	27,543	10,542	11,520	785	158,242

*Provisions recognised during the twelve months ended 31 December 2024 and 31 December 2023 are presented in the consolidated statement of profit and loss in “Charge of credit loss allowance on loans to customers and banks” line item.

**Unwinding of discount on present value of expected credit losses.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

8. FEE AND COMMISSION INCOME/(EXPENSE)

	Year ended 31 December 2024	Year ended 31 December 2023
Services and commission income received:		
Payment cards	36,821	41,723
Settlements	21,270	16,879
Guarantees issued	7,168	5,290
Cash operations	3,887	4,740
Securities purchase and sale	3,046	1,996
Sale of insurance policies	2,052	14,135
Documentary operations	447	419
Custody activities	249	355
Currency conversion	56	61
Trust operations	38	50
Other	1,105	861
Total services and fee and commission income received	76,139	86,509
Payment cards	(31,762)	(33,287)
Settlements	(3,373)	(3,092)
Custody activities	(512)	(425)
Documentary operations	(234)	(209)
Securities purchase and sale	(126)	(132)
Currency conversion	(44)	(101)
Agent services	-	(6,943)
Other	(1,354)	(945)
Total fee and commission income	(37,405)	(45,134)
	38,734	41,375

Commissions income that are not integral to the effective interest rate on a financial asset or financial liability, is recognised depending on the type of the service either at the point in time or over time as the Group satisfies its performance obligation under the contract:

- The fees and commission for settlement operations, cash operations, payment card operations, foreign exchange operations is charged for the execution of payment order in accordance with tariffs depending on the type of the transaction and recognised as income at the moment of the transaction execution;
- commission fee on guarantees and letters of credit issued is paid in advance and is recognised as income over the time of the relevant guarantee or letter of credit.

Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	Year ended 31 December 2024	Year ended 31 December 2023
Receivables which are included in 'other assets' (Note 20)	6,291	5,478

9. NET GAIN ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December 2024	Year ended 31 December 2023
Unrealised loss on change in fair value	5,747	(1,034)
Unrealised gain on operations with derivative financial instruments	(1,536)	66
Realised gain on operations with derivative financial instruments	2,709	7,826
Realised gain on trading operations	1,018	2,412
	7,938	9,270

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

10. NET FOREIGN EXCHANGE GAIN

	Year ended 31 December 2024	Year ended 31 December 2023
Dealing operations, net	86,443	39,905
Translation differences, net	6,162	5,693
	92,605	45,598

11. OPERATING EXPENSES

	Year ended 31 December 2024	Year ended 31 December 2023
Wages and salaries	98,817	67,370
Taxes other than income tax	19,961	11,748
Administrative expenses	16,568	7,018
Depreciation and amortisation	11,887	9,900
	6,542	3,707
Short-term lease expenses	5,844	5,831
Equipment repair and maintenance	3,820	2,559
Telecommunications	3,786	2,746
Advertising costs	2,796	2,651
Professional services	2,432	1,593
Security and alarming expenses	2,229	1,887
Cash collection	1,536	1,152
Business travel expenses	801	778
Representation expenses	215	156
Other expenses	5,996	3,995
	183,230	123,091

Professional services expenses for the year ended 31 December 2024 include costs of audit services and other advisory services provided by one company in the amount of KZT 314 million and KZT 47 million, respectively (2023: KZT 212 million and KZT 22 million).

12. INCOME TAX EXPENSE

	Year ended 31 December 2024	Year ended 31 December 2023
Current income tax expense	48,634	18,814
Additional assessment of current income tax for previous periods	4,239	-
Adjustment of current income tax expense for the previous periods based on results of tax audit*	-	6,835
Movement in deferred tax liabilities due to origination and reversal of temporary differences and movement in loss allowance	(492)	(638)
Total income tax expense	52,381	25,011

*From January 2022 to September 2023, a tax audit was carried out at the Bank for the tax periods from 2017 to 2020. Based on the results of this tax audit, additional income tax were charged, including fines and penalties, for a total amount of KZT 6,835 million due to differences in estimates of certain items of expenses deductible for tax purposes for the audited periods, including assessment of expenses for loss allowance for loans to customers on an individual and collective basis in accordance with IFRS 9 Financial Instruments, assessment of collateral for the purposes of calculating loss allowance, assessment of the classification of financial assets. The Group's management believes that the amount of additional taxes charged on the basis of the results of the tax audit in 2023 is a change in value judgments, since the interpretation of the provisions of the Tax Code of the Republic of Kazakhstan by the relevant authorities was different in practice. See Note 32(c).

During 2024, the applicable tax rate for current and deferred tax is 20% (2023: 20%).

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

12. INCOME TAX EXPENSE, CONTINUED

Reconciliation of effective tax rate for the year ended 31 December

	2024	%	2023	%
Profit before income tax	254,800	100	160,257	100
Income tax at the applicable tax rate	50,960	20.00	32,051	20.00
Additional assessment of current income tax for previous periods	4,239	1.66	-	-
Adjustment of current income tax expense for the previous periods based on results of tax audit	-	-	6,835	4.27
Non-taxable interest and other income on transactions with state and other qualified securities	(15,538)	(6.10)	(18,805)	(11.73)
Non-deductible operating and other expenses	12,720	4.99	4,930	3.08
	52,381	20.55	25,011	15.62

Deferred tax assets and liabilities

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax liabilities as at 31 December 2024 and 31 December 2023.

Movements in temporary differences during 2024 and 31 December 2023 are presented as follows.

	Balance at 1 January 2024	Recognised in profit or loss	Recognised in equity	Balance at 31 December 2024
Accrued interest payable	289	(27)	-	262
Investment securities measured at fair value through other comprehensive income	826	-	(425)	401
Other	523	1,752	-	2,275
Effect of modification of financial assets terms	11	(92)	-	(81)
Discount on loans to customers	(181)	766	-	585
Discount on low-interest customer accounts	(2,921)	(50)	-	(2,971)
Discount on debt securities		(5,543)		(5,543)
Discount on subordinated bonds	(6,287)	2,350	-	(3,937)
Payroll fund	922	1,558	-	2,480
Right-of-use asset	537	(1,013)	-	(476)
Right-of-use liability	(578)	1,125	-	547
Property, plant and equipment and intangible assets	(4,540)	(334)	-	(4,874)
	(11,399)	492	(425)	(11,332)
	Balance at 1 January 2023	Recognised in profit or loss	Recognised in equity	Balance at 31 December 2023
Accrued interest payable	35	254	-	289
Investment securities measured at fair value through other comprehensive income	1,263	-	(437)	826
Other	294	229	-	523
Effect of modification of financial assets terms	71	(60)	-	11
Discount on loans to customers	(28)	(153)	-	(181)
Discount on low-interest customer accounts	(2,737)	(184)	-	(2,921)
Discount on subordinated bonds	(6,618)	331	-	(6,287)
Payroll fund	763	159	-	922
Right-of-use asset	82	455	-	537
Right-of-use liability	(10)	(568)	-	(578)
Property, plant and equipment and intangible assets	(4,735)	175	20	(4,540)
	(11,620)	638	(417)	(11,399)

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

13. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the net income for the period attributable to equity holders of the parent by the weighted average number of participating shares outstanding during the period.

	Year ended 31 December 2024	Year ended 31 December 2023
Basic earnings per share		
Net earnings attributable to shareholders of the Bank	202,026	135,061
Less: additional dividends payable upon full distribution of profit to the preferred share holders	(246)	(120)
Net earnings attributable to ordinary shareholders	201,780	134,941
Weighted average number of ordinary shares for purposes of basic earnings per share	185,950,421	184,733,608
Basic earnings per share (in KZT)	1,085.13	730.46
Diluted earnings per share		
Net earnings attributable to ordinary shareholders	201,780	134,941
Add: additional dividends payable upon full distributions of profit to the preferred shareholders	246	120
Earnings used in calculation of diluted earnings per share	202,026	135,061
Weighted average number of ordinary shares	185,950,421	184,733,608
Shares deemed to be issued:		
Weighted average number of ordinary shares that would be issued for the convertible preference shares	204,320	164,799
Weighted average number of ordinary shares for purposes of diluted earnings per share	186,154,741	184,898,407
Diluted earnings per share (tenge)	1,085.26	730.46

The Group has calculated the book value of one share per each class of shares in accordance with the methodology for computation of the book value of one share provided by KASE.

The book value of one share per each class of shares as at 31 December 2024 and 31 December 2023 is as follows:

	31 December 2024			31 December 2023		
	Outstanding shares (number of shares)	Amount for calculation of book value KZT million	Book value of one share, KZT	Outstanding shares (number of shares)	Amount for calculation of book value KZT million	Book value of one share, KZT
Type of shares						
Ordinary shares	186,313,105	617,720	3,315	185,377,060	403,115	2,175
Preference shares	227,319	130	572	164,239	49	298
		617,850			403,164	

The book value of one preference share is calculated as the ratio of the amount of equity attributable to preference shares to the outstanding number of preference shares as at the reporting date. The book value of one ordinary share is calculated as the ratio of the amount of net asset value of the Group for ordinary shares to the outstanding number of ordinary shares as at the reporting date. The net asset value of the Group for ordinary shares is calculated as the total equity net of intangible assets and the amount of equity attributable to preference shares as at reporting date. Outstanding number of ordinary and preference shares is calculated as outstanding shares authorised and issued net of repurchased shares by the Group as at the reporting date.

The management believes that the Group fully complies with the requirement of KASE as at the reporting date.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

14. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Cash on hand	162,224	211,162
Nostro accounts with NBRK	301,601	248,784
Nostro accounts with other banks		
- rated from AA- to AA+	212,745	73,453
- rated A- to A+	99,559	52,156
- rated from BBB- to BBB+	18,287	4,075
- rated from BB- to BB+	2,028	5,157
- rated from B- to B+	10	23
- not rated	32,256	16,181
Total gross nostro accounts with other banks	364,885	151,045
Loss allowance	(5,923)	(58)
Total nostro accounts with other banks	358,962	150,987
Term deposits with NBRK	761,483	680,091
Term deposits with other banks with maturity less than 90 days		
- rated AAA	12,047	-
- rated A- to A+	49,785	15,796
- not rated	10,432	-
Gross term deposits with other banks with maturity less than 90 days	72,264	15,796
Loss allowance	(1,901)	(11)
Total term deposits with other banks with maturity less than 90 days	70,363	15,785
Margin protection at Kazakhstan Stock Exchange and Moscow Stock Exchange	8,992	46,525
Total cash and cash equivalents	1,663,625	1,353,334

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

As at 31 December 2024, cash and cash equivalents in the amount of KZT1,473,650 thousand are allocated into Stage 1 of the credit risk grade; cash and cash equivalents in the amount of KZT 35,575 thousand are allocated into Stage 2 of the credit risk grade (31 December 2023: all cash and cash equivalents are allocated into Stage 1 of the credit risk grade).

As at 31 December 2023, current account balances with other non-rated banks and term deposits with other non-rated banks are mainly represented by Russian banks not included in the sanctions list, for the total amount of KZT 27,846 million (31 December 2023: KZT 28,274 million). Ratings of these banks have been withdrawn by the respective agencies. Prior to the withdrawal, the banks were rated from BB+ to BBB according to the scale of international rating agencies. According to the Bank, there are no restrictions for withdrawal of these cash balances from such accounts.

As at 31 December 2024 the Group has accounts with 2 banks (31 December 2023: 1 bank), whose balances exceed 10% of equity. The gross value of these balances as at 31 December 2024 is KZT 1,261,715 million (31 December 2023: KZT 928,875 million).

Minimum reserve requirements

As at 31 December 2024 and 31 December 2023, minimum reserve requirements are calculated in accordance with regulations issued by the NBRK. To meet the minimum reserves requirements the Bank places cash in reserve assets, which are required to be maintained at the level of not less than the average amount of cash on hand denominated in national currency and balance on the current account with the NBRK in the national currency for 4 weeks, calculated as certain minimum level of deposits and current accounts of the customers that are residents and non-residents of the Republic of Kazakhstan, and of other liabilities of the Bank. As at 31 December 2024, the minimum reserve requirement is KZT 94,613 million (31 December 2023: KZT 65,225 million) and reserve asset was KZT 74,702 (31 December 2023: 90,253 million).

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

15. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 December 2024, financial assets at fair value through profit or loss comprise trading securities of KZT 98,026 million (31 December 2023: trading securities of KZT 55,352 million, and foreign currency swaps of KZT 62 million).

	Nominal interest rate, %	31 December 2024	Nominal interest rate, %	31 December 2023
Trading securities				
<i>Debt securities</i>				
Corporate bonds	0.0-24.5	62,540	2.0-22.0	29,848
Government bonds of the Republic of Kazakhstan	4.7-12.0	1,965	5.0-9.0	528
NBRK discount notes		1,274		4,015
US Treasury bills	5.4	1,236	3.0-5.4	1,803
<i>Equity securities*</i>				
Shares of Kazakhstan corporations		5,591		4,064
Units		5,207		3,911
Shares of the Kazakhstani companies		1,688		757
		79,501		44,926
Pledged under sale and repurchase agreements				
Corporate bonds	4.8-14.3	7,629	8.5-19.9	9,580
Government bonds of the Republic of Kazakhstan	4.7-12.0	10,896	7.7-8.1	846
		18,525		10,426
		98,026		55,352

*Ownership interest in equity securities is below 1%.

The table below provides analysis of credit quality of debt securities at fair value through profit or loss based on Standard and Poor's ratings or ratings of other international rating agencies as at 31 December 2024:

	Corporate bonds	Government bonds of the Republic of Kazakhstan	US Treasury bills	Total
- rated from AA- to AA+	1,106	-	1,236	2,342
- rated from A- to A+	422	-	-	422
- rated from BBB- to BBB+	29,384	14,135	-	43,519
- rated from BB- to BB+	19,829	-	-	19,829
- rated B- to B+	7,247	-	-	7,247
- not rated	12,181	-	-	12,181
	70,169	14,135	1,236	85,540

The table below provides analysis of credit quality of debt securities at fair value through profit or loss based on Standard and Poor's ratings or ratings of other international rating agencies as at 31 December 2023:

	Corporate bonds	Government bonds of the Republic of Kazakhstan	US Treasury bills	Total
- rated from AA- to AA+	-	-	1,803	1,803
- rated from A- to A+	569	-	-	569
- rated from BBB- to BBB+	17,635	5,389	-	23,024
- rated from BB- to BB+	12,959	-	-	12,959
- rated from B- to B+	6,430	-	-	6,430
- not rated	1,835	-	-	1,835
	39,428	5,389	1,803	46,620

No financial assets at fair value through profit or loss are past due.

16. INVESTMENT SECURITIES

	31 December 2024	31 December 2023
Investment securities at fair value through other comprehensive income	888,453	583,693
Investment financial assets at amortised cost	216,969	106,659
Total investment securities	1,105,422	690,352

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

16. INVESTMENT SECURITIES, CONTINUED

Investment securities at fair value through other comprehensive income

	Nominal interest rate, %	31 December 2024	Nominal interest rate, %	31 December 2023
<i>Debt securities</i>				
Government bonds of the Republic of Kazakhstan	0.0-16.7	673,798	0-18.7	406,383
Corporate bonds	0.7-22.0	134,823	0.7-22.0	103,440
The US Treasury bills	1.1-2.9	12,820	0.1-2.9	29,834
<i>Equity securities</i>				
Shares of the Kazakhstani companies		2,360		1,170
		823,801		540,827
Pledged under loans from banks				
Government bonds of the Republic of Kazakhstan	7.2-10.6	18,997	7.1-10.5	19,396
The US Treasury bills	1.3-2.9	45,655	1.3-2.2	23,590
		64,652		42,986
Allowance for expected credit losses		242		(120)
		888,453		583,693

Investment securities issued by Russian issuers are allocated to Stage 2 of the credit risk grading.

Investment securities at amortised cost

	Nominal interest rate, %	31 December 2024	Nominal interest rate, %	31 December 2023
<i>Debt securities</i>				
Government bonds of the Republic of Kazakhstan	0.60-16.70	150,199	0.60-8.45	36,025
Corporate bonds	2.00-14.05	30,441	2.00-20.00	13,484
The US Treasury bills	1.25-2.25	11,615	0.12-2.23	25,637
		192,255		75,146
Pledged under loans from banks				
The US Treasury bills	1.25-2.25	23,839	1.25-2.23	30,429
Government bonds of the Republic of Kazakhstan	8.44-8.45	1,118	8.44-8.45	1,104
		24,957		31,533
Allowance for expected credit losses		(243)		(20)
		216,969		106,659

17. DUE FROM BANKS

	31 December 2024	31 December 2023
Due from banks comprise:		
- a deposit with the NBRK, up to 1 year	39,963	-
- a contingent deposit with the NBRK	10,615	5,344
- rated AAA	667	-
- rated from AA- to AA+	27,602	23,938
- rated from A- to A+	3,525	886
- rated from BBB- to BBB+	3,704	4,698
- not rated	17,324	4,662
Due from banks before allowance for expected credit losses	103,400	39,528
Allowance for expected credit losses	(3)	(45)
Total due from banks	103,397	39,483

The credit ratings are presented by reference to the credit ratings of Standard & Poor's rating agency or analogues of similar international rating agencies. As at 31 December 2024 and 31 December 2023, all due from banks are classified into Stage 1 of credit risk grading.

As at 31 December 2024, a contingent deposit with the NBRK comprises funds of KZT 6,252 million (31 December 2023: KZT 144 million) received from Development Bank of Kazakhstan (the "DBK JSC") and KZT 4,363 million (31 December 2023: KZT 5,200 million) received from DAMU Entrepreneurship Development Fund (the "EDF DAMU JSC") in accordance with the terms and conditions of loan agreements with DBK JSC and EDF DAMU JSC.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

17. DUE FROM BANKS, CONTINUED

Due from banks and other financial institutions, not rated

As at 31 December 2024, deposit balances held with other banks, that are not rated, comprise security deposits and margin protection at KASE, for a total of KZT 17,322 million (31 December 2023: KZT 4,604 million).

Concentration of accounts and deposits with banks

As at 31 December 2024 and 31 December 2023, the Group had no banks whose balances exceeded 10% of equity.

18. LOANS TO CUSTOMERS AND BANKS

	31 December 2024	31 December 2023
Loans to customers	3,871,317	2,847,566
Accrued interest	60,751	46,480
	3,932,068	2,894,046
Less credit loss allowance	(157,457)	(116,421)
Total loans to customers	3,774,611	2,777,625
Loans to banks	28,852	22,972
Accrued interest	416	96
Less credit loss allowance	(785)	(648)
Total loans to banks	28,483	22,420
Loans under reverse repurchase agreements	57,444	128,804
Total loans to customers and banks	3,860,538	2,928,849

Movements in the credit loss allowance for loans to customers and banks for the years ended 31 December 2024 and 31 December 2023 are disclosed in *Note 7*.

The following table provides information by types of loan products as at 31 December 2024:

	Gross amount	Loss allowance	Carrying amount
Loans to corporate customers			
Corporate loans	700,052	(67,809)	632,243
Small and medium-sized enterprises	469,447	(24,930)	444,517
Loans to individuals			
Mortgage loans (including mortgage loans under the '7-20-25' programme and the Baspana Hit programme)	1,186,196	(15,113)	1,171,083
Consumer loans	610,890	(27,543)	583,347
Auto loans	555,050	(11,520)	543,530
Business development	410,433	(10,542)	399,891
	3,932,068	(157,457)	3,774,611

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

18. LOANS TO CUSTOMERS AND BANKS, CONTINUED

The table provides information by types of loan products as at 31 December 2023:

	Gross amount	Loss allowance	Carrying amount
Loans to corporate customers			
Corporate loans	531,362	(55,074)	476,288
Small and medium-sized enterprises	341,052	(16,877)	324,175
Loans to individuals			
Mortgage loans (including mortgage loans under the ‘7-20-25’ programme and the Baspana Hit programme)	917,983	(9,915)	908,068
Consumer loans	456,162	(22,693)	433,469
Business development	252,445	(7,756)	244,689
Auto loans	395,042	(4,106)	390,936
	2,894,046	(116,421)	2,777,625

(a) Credit quality of corporate loans, loans to small and medium-sized enterprises and loans to individuals

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

	Corporate loans	Small and medium-sized enterprises	Mortgage loans	Consumer loans	Auto loans	Business development	Total
Loans to customers							
Not overdue loans	696,828	440,839	1,165,964	574,189	532,250	384,261	3,794,331
Overdue loans:							
- overdue less than 30 days	2,308	6,842	8,885	12,432	8,152	7,091	45,710
- overdue 31-60 days	777	2,886	2,177	3,972	2,393	2,521	14,726
- overdue 61-90 days	-	1,807	1,537	3,006	1,748	2,145	10,243
- overdue 91-180 days	40	3,702	2,673	6,939	4,162	5,247	22,763
- overdue more than 180 days	99	13,371	4,960	10,352	6,345	9,168	44,295
Total loans to customers before loss allowance for expected credit losses	700,052	469,447	1,186,196	610,890	555,050	410,433	3,932,068
Allowance for expected credit losses	(67,809)	(24,930)	(15,113)	(27,543)	(11,520)	(10,542)	(157,457)
Total loans to customers, net of allowance for expected credit losses	632,243	444,517	1,171,083	583,347	543,530	399,891	3,774,611

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

18. LOANS TO CUSTOMERS AND BANKS, CONTINUED

(a) Credit quality of corporate loans, loans to small and medium-sized enterprises and loans to individuals, continued

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

	Corporate loans	Small and medium-sized enterprises	Mortgage loans	Consumer loans	Business development	Auto loans	Total
Loans to customers							
Not overdue loans	521,971	315,727	904,258	421,664	234,349	387,747	2,785,716
Overdue loans:							
- overdue less than 30 days	2,494	4,427	5,767	7,854	4,274	3,881	28,697
- overdue 31-60 days	31	1,005	1,393	2,292	2,226	821	7,768
- overdue 61-90 days	-	2,202	949	1,956	1,493	564	7,164
- overdue 91-180 days	768	1,938	1,503	5,421	2,314	1,010	12,954
- overdue more than 180 days	6,098	15,753	4,113	16,975	7,789	1,019	51,747
Total loans to customers before loss allowance for expected credit losses	531,362	341,052	917,983	456,162	252,445	395,042	2,894,046
Allowance for expected credit losses	(55,074)	(16,877)	(9,915)	(22,693)	(7,756)	(4,106)	(116,421)
Total loans to customers, net of allowance for expected credit losses	476,288	324,175	908,068	433,469	244,689	390,936	2,777,625

(b) Analysis of movements in the loss allowance for expected credit losses

Key assumptions and judgements used in estimating loss allowance for expected credit losses

As at 31 December 2024, management made the following key assumptions to estimate impairment allowance for loans to corporate customers classified into Stage 3 of the credit risk grading:

- estimate by management of expected operating cash flows for a number of borrowers, whose operating activities have not ceased;
- estimate by management of a value of collateral as at the date of sale and timing of anticipated receipts: a delay of 36 - 60 months in obtaining proceeds from the foreclosure of collateral;
- for some borrowers recorded in Stage 3 the potential investors and partners are expected to be attracted to increase the operating cash flows sufficient to repay a debt to the Group.

Loans recorded as Stage 3 were included in the Action Plan (the “Plan”) based on results of AQR, which includes measures aimed at rehabilitating borrowers, repaying loans with proceeds from sale of collateral and collecting loans under the court decision. In accordance with the Plan, the Group expects that debts of the borrowers from the agreed list will be repaid within five years. Under the Plan, the Group provides the Plan Progress reports to the regulator on a quarterly basis.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

18. LOANS TO CUSTOMERS AND BANKS, CONTINUED

(b) Analysis of movements in the loss allowance for expected credit losses, continued

Key assumptions and judgements used in estimating loss allowance for expected credit losses, continued

	Year ended 31 December 2024				
	Stage 1 12-month expected credit losses (ECL)	Stage 2 Lifetime ECL – not credit- impaired	Stage 3 Lifetime ECL for credit- impaired assets	POCI	Total
Loans to corporate customers and small and medium-sized enterprises					
Allowance for expected credit losses at the beginning of the year	8,273	14,132	49,546	-	71,951
Transition to lifetime expected credit losses for assets not credit-impaired	64	(59)	(5)	-	-
Transition to lifetime expected credit losses for credit-impaired assets	(636)	(3,468)	4,104	-	-
Charge of allowance	540	1,905	11,110	-	13,555
New financial assets originated or purchased	4,069	-	-	-	4,069
Effect of unwinding of discount	-	-	2,886	-	2,886
Write-off of assets	-	-	(4,886)	-	(4,886)
Recovery of assets previously written- off	-	-	1,114	-	1,114
Foreign exchange difference	443	88	3,519	-	4,050
Allowance for expected credit losses at the end of the year	12,753	12,598	67,388	-	92,739
Loans to individuals					
Allowance for expected credit losses at the beginning of the year	17,333	3,262	23,745	130	44,470
Transition to 12-month expected credit losses	248	(167)	(81)	-	-
Transition to lifetime expected credit losses for assets not credit-impaired	(1,910)	2,314	(404)	-	-
Transition to lifetime expected credit losses for credit-impaired assets	(6,393)	(6,146)	12,539	-	-
Charge of allowance	7,475	7,044	9,775	(130)	24,164
New financial assets originated or purchased	13,748	-	934	-	14,682
Effect of unwinding of discount	-	-	3,663	-	3,663
Write-off of assets	-	-	(27,468)	-	(27,468)
Recovery of assets previously written- off	-	-	4,006	-	4,006
Foreign exchange difference	569	118	514	-	1,201
Allowance for expected credit losses at the end of the year	31,070	6,425	27,223	-	64,718

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

18. LOANS TO CUSTOMERS AND BANKS, CONTINUED

(b) Analysis of movements in the loss allowance for expected credit losses, continued

Key assumptions and judgements used in estimating loss allowance for expected credit losses, continued

	Year ended 31 December 2023				
	Stage 1 12-month expected credit losses (ECL)	Stage 2 Lifetime ECL – not credit- impaired	Stage 3 Lifetime ECL for credit- impaired assets	POCI	Total
Loans to corporate customers and small and medium-sized enterprises					
Allowance for expected credit losses at the beginning of the year	3,364	9,812	59,660	49	72,885
Transition to lifetime expected credit losses for assets not credit-impaired	(475)	479	(4)	-	-
Transition to lifetime expected credit losses for credit-impaired assets	(3,778)	(103)	3,881	-	-
Charge of allowance	1,574	3,778	9,036	-	14,388
New financial assets originated or purchased	7,540	76	731	-	8,347
Effect of unwinding of discount	-	-	3,825	-	3,825
Write-off of assets	-	-	(29,093)	(49)	(29,142)
Recovery of assets previously written-off	-	-	1,304	-	1,304
Foreign exchange difference	48	90	206	-	344
Allowance for expected credit losses at the end of the year	8,273	14,132	49,546	-	71,951
Loans to individuals					
Allowance for expected credit losses at the beginning of the year	10,548	2,914	25,254	380	39,096
Transition to 12-month expected credit losses	162	(130)	(32)	-	-
Transition to lifetime expected credit losses for assets not credit-impaired	(2,610)	2,716	(106)	-	-
Transition to lifetime expected credit losses for credit-impaired assets	(4,259)	(2,754)	7,013	-	-
Charge of allowance	6,956	334	5,811	(250)	12,851
New financial assets originated or purchased	6,463	167	318	-	6,948
Effect of unwinding of discount	-	-	2,671	-	2,671
Write-off of assets	-	-	(20,128)	-	(20,128)
Recovery of assets previously written-off	-	-	2,833	-	2,833
Foreign exchange difference	73	15	111	-	199
Allowance for expected credit losses at the end of the year	17,333	3,262	23,745	130	44,470

(c) Analysis of movements in the gross carrying amount

Significant changes in the gross carrying amount of loans to customers during the year that contributed to changes in loss allowance were as follows:

Loans to corporate customers and small and medium-sized enterprises

- The volume of loans issued to customers during the twelve (12) months of 2024 resulted in an increase in the gross carrying amount of the portfolio of loans to corporate customers and small and medium-sized enterprises by KZT 707,152 million, and the respective increase in the 12-month loss allowance amounted to KZT 6,365 million.
- The volume of loans repaid during the twelve (12) months of 2024 resulted in a decrease in the gross carrying amount of the portfolio of loans to corporate customers and small and medium-sized enterprises by KZT 405,181 million, and the respective decrease in the 12-month loss allowance amounted to KZT 4,460 million.
- The write-off of loans with a gross carrying amount of KZT 4,886 million resulted in a decrease in the loss allowance for the Stage 3 loans by the same amount.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

18. LOANS TO CUSTOMERS AND BANKS, CONTINUED

(c) Analysis of movements in the gross carrying amount, continued

Loans to individuals

- The volume of loans issued to customers during the twelve months of 2024 resulted in increase in the gross carrying amount of the retail segment portfolio by KZT 1,178,449 million, while respective increase in 12-month loss allowance amounted to KZT 12,276 million.
- The volume of loans repaid during the 12 months of 2024 resulted in decrease in the gross carrying amount of the retail segment portfolio by KZT 410,044 million, while respective decrease in 12-month loss allowance amounted to KZT 3,176 million.
- The write-off of loans with a gross carrying amount of KZT 27,468 million resulted in a decrease in the loss allowance for the Stage 3 loans by the same amount.

(d) Analysis of collateral and other credit enhancements

(i) *Loans to corporate customers*

Loans to corporate customers are secured by various types of collateral depending on the type of transactions. The general creditworthiness of a corporate customer and small and medium-sized customer tends to be the most relevant indicator of credit quality of the loan extended thereto. However, collateral provides additional security, and the Group generally requests corporate borrowers and small and medium-sized customers to provide it.

The following tables provides information on collateral and other credit enhancements securing loans to corporate customers and small and medium-sized customers (net of loss allowance) by types of collateral.

	Carrying amount of loans to customers	Fair value of collateral: for collateral assessed as of the reporting date	Fair value of collateral: for collateral assessed as of loan inception date	Fair value of collateral not determined
31 December 2024				
<i>Loans to corporate customers</i>				
Cash and deposits	26,480	26,480	-	-
Real estate	312,381	312,381	-	-
Vehicles	1,763	1,763	-	-
Equipment	82,582	82,582	-	-
Guarantees and sureties	90,204	-	-	90,204
Goods in turnover	10,097	-	10,097	-
Securities	6,366	6,366	-	-
Mineral rights	68,875	68,875	-	-
Income from future contracts	12,674	-	-	12,674
Other collateral	5,322	5,322	-	-
No collateral or other credit enhancement	15,499	-	-	15,499
Total loans to corporate customers	632,243	503,769	10,097	118,377
<i>Loans to small and medium-sized enterprises</i>				
Cash and deposits	23,477	23,477	-	-
Real estate	253,212	253,212	-	-
Vehicles	30,745	30,745	-	-
Equipment	8,628	8,628	-	-
Guarantees and sureties	35,656	-	-	35,656
Income from future contracts	3,733	-	-	3,733
Goods in turnover	13,232	-	13,232	-
Other collateral	5,631	-	5,631	-
No collateral or other credit enhancement	70,203	-	-	70,203
Total loans to small and medium-sized enterprises	444,517	316,062	18,863	109,592
Total loans to corporate customers and small and medium-sized enterprises	1,076,760	819,831	28,960	227,969

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

18. LOANS TO CUSTOMERS AND BANKS, CONTINUED

(d) Analysis of collateral and other credit enhancements, continued

(i) Loans to corporate customers, continued

31 December 2023	Carrying amount of loans to customers	Fair value of collateral: for collateral assessed as of the reporting date	Fair value of collateral: for collateral assessed as of loan inception date	Fair value of collateral not determined
Loans to corporate customers				
Cash and deposits	25,707	25,707	-	-
Real estate	244,606	244,606	-	-
Vehicles	2,959	2,959	-	-
Equipment	65,759	65,759	-	-
Corporate guarantees	69,342	-	-	69,342
Traded securities	5,528	5,528	-	-
Goods in turnover	15,748	-	15,748	-
Mineral rights	7,196	7,196	-	-
Other collateral	5,164	887	4,277	-
Income from future contracts	30,199	-	-	30,199
No collateral or other credit enhancement	4,080	-	-	4,080
Total loans to corporate customers	476,288	352,642	20,025	103,621
Loans to small and medium-sized enterprises				
Cash and deposits	25,911	25,911	-	-
Real estate	181,539	181,539	-	-
Vehicles	2,613	2,613	-	-
Equipment	3,613	3,613	-	-
Corporate guarantees	31,282	-	-	31,282
Goods in turnover	9,278	-	9,278	-
Other collateral	28	-	18	10
Income from future contracts	3,387	-	-	3,387
No collateral or other credit enhancement	66,524	-	-	66,524
Total loans to small and medium-sized enterprises	324,175	213,676	9,296	101,203
Total loans to corporate customers and small and medium-sized enterprises	800,463	566,318	29,321	204,824

The tables above exclude overcollateralisation. In accordance with the recommendations of the NBRK, collateral in the form of income from future contracts is not sufficient and cannot be used in estimate of allowance. As at 31 December 2024, the loans to corporate customers with net carrying amount of KZT 16,407 million are secured by income from future contracts (31 December 2023: KZT 30,199 million).

The amount recorded in the item 'No collateral or other credit enhancement' comprises unsecured loans and parts of partially secured loans.

For majority of loans the fair value of collateral was assessed at the reporting day. The Group also has loans, for which the fair value of collateral was assessed at the loan inception date and it was not updated for further changes, and loans for which the fair value of collateral is not determined and cannot be determined. Information on the valuation of collateral is based on when this estimate was made, if any.

For loans secured by multiple types of collateral, collateral that is most relevant for credit losses assessment is disclosed. Sureties received from individuals, such as shareholders of the company's borrowers, are not considered for credit losses assessment purposes.

Credit-impaired term loans to corporate customers

At 31 December 2024, the net carrying amount of credit-impaired of loans to corporate customers amounted to KZT 8,805 million (2023: KZT 19,834 million) and the value of identifiable collateral (mainly commercial properties) held against these loans amounted to KZT 8,805 million (2023: KZT 19,834 million) excluding overcollateralisation. For each loan, the value of collateral is capped to the carrying amount of the loan that is held against.

During 2024, there were no changes in the Group's collateral policy.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

18. LOANS TO CUSTOMERS AND BANKS, CONTINUED

(d) Analysis of collateral and other credit enhancements, continued

(ii) Loans to retail customers

Mortgage term loans are secured by the underlying housing real estate. Business development loans are secured by real estate. Auto loans are secured by the underlying cars. Consumer loans are usually secured by underlying property and in some cases by assets, including real estate, cash and motor vehicles.

Mortgage loans

Included in mortgage loans are loans with a net carrying amount of KZT 15,483 million (31 December 2023: KZT 7,758 million), which are secured by collateral with a fair value lower than the net carrying amount of the individual loans. The fair value of collateral for these loans amounts to KZT 6,339 million (31 December 2023: KZT 600 million).

Management believes that the fair value of collateral for mortgage loans with a net carrying amount of KZT 1,155,600 million (31 December 2023: KZT 900,310 million) is at least equal to the carrying amount of individual loans at the reporting date.

Auto loans

Included in the auto loan portfolio are loans with a net carrying amount of KZT 14,977 million (31 December 2023: KZT 8,705 million), which are secured by collateral with a fair value lower than the net carrying amount of the individual loans. The fair value of collateral for these loans amounts to KZT 13,917 million (31 December 2023: KZT 8,436 million).

Management believes that the fair value of collateral for auto loans with a net carrying amount of KZT 528,553 million (31 December 2023: KZT 382,231 million) is at least equal to the carrying amount of individual loans at the reporting date.

Consumer loans

Included in the consumer loan portfolio are loans with a net carrying amount of KZT 231,541 million (31 December 2023: KZT 182,826 million), which are secured by collateral with a fair value lower than the net carrying amount of the individual loans. The fair value of collateral for these loans amounts to KZT 164 million (31 December 2023: KZT 44 million).

Management believes that the fair value of collateral for consumer loans with a net carrying amount of KZT 351,806 million (31 December 2023: KZT 250,643 million) is at least equal to the carrying amount of individual loans at the reporting date.

Business development

Included in business development portfolio are loans with a net carrying amount of KZT 55,309 million (31 December 2023: KZT 34,849 million), which are secured by collateral with a fair value lower than the net carrying amount of the individual loans. The fair value of collateral for these loans amounts to KZT 1,756 million (31 December 2023: KZT 1,965 million).

Management believes that the fair value of collateral for business development loans with a net carrying amount of KZT 344,582 million (31 December 2023: KZT 209,840 million) is at least equal to the carrying amount of individual loans at the reporting date.

Credit-impaired loans to retail customers

The following table stratifies credit exposures from credit-impaired loans to retail customers by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the gross carrying amount of the loan to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. For credit-impaired loans the value of collateral is based on the most recent appraisals.

	2024	2023
Credit-impaired loans		
Loan-to-value ratio (LTV ratio)		
Less than 50%	11,961	10,536
51%-70%	5,407	2,570
70%-150%	11,337	3,087
More than 150%	4,081	5,493
Total	32,786	21,686

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

18. LOANS TO CUSTOMERS AND BANKS, CONTINUED

(d) Analysis of collateral and other credit enhancements, continued

(ii) Loans to retail customers, continued

Reposessed collateral

During the year 2024, the Group obtained certain assets by taking possession of collateral for loans to customers with a net carrying amount of KZT 13,254 million (2023: KZT 2,247 million). As at 31 December 2024, the reposessed collateral was worth KZT 58,646 million (31 December 2023: KZT 49,160 million worth of reposessed collateral) (Note 20).

(iii) Loans to banks

	31 December 2024	31 December 2023
- rated from BB- to BB+	25,421	21,060
- rated from B- to B+	3,587	-
- not rated (commercial banks of the Republic of Kazakhstan and the Republic of Tajikistan)	260	2,008
	29,268	23,068
Less credit loss allowance	(785)	(648)
	28,483	22,420

Loans to banks are categorised into Stage 1 of the credit risk grading.

(e) Loan portfolio analysis

As at 31 December 2024, the Group has 1 borrower or groups of related borrowers (31 December 2023: 1 borrower), whose loan balances exceed 10% of equity. The gross value of these balances as at 31 December 2024 is KZT 73,593 million (31 December 2023: KZT 45,497 million).

Industry and geographical analysis of the loan portfolio

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

	31 December 2024	31 December 2023
Individuals	2,762,569	2,021,632
Trade	243,961	168,952
Rent of real estate	109,295	91,383
Energy	102,638	81,132
Financial services	95,977	29,219
Metallurgy	70,766	39,613
Oil and gas industry	67,736	48,169
Transport and telecommunications	66,037	58,082
Manufacturing	58,422	51,216
Education	47,683	37,793
Industrial construction	46,008	43,902
Transportation and equipment maintenance services	45,883	37,535
Food industry	41,436	32,284
Housing construction	39,499	32,220
Mining and refining the precious metals	36,180	39,474
Agriculture	24,388	21,743
Machinery manufacturing	7,098	5,738
Other	66,492	53,959
Total	3,932,068	2,894,046
Allowance for expected credit losses	(157,457)	(116,421)
	3,774,611	2,777,625

Fair value of assets received as collateral and carrying amount of reverse repurchase agreements as at 31 December 2024 and 31 December 2023 is as follows:

	31 December 2024		31 December 2023	
	Carrying amount of loans	Fair value of collateral	Carrying amount of loans	Fair value of collateral
Government bonds of the Republic of Kazakhstan	43,599	41,780	88,392	83,417
Corporate bonds	13,845	13,626	40,412	38,649
	57,444	55,406	128,804	122,066

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

18. LOANS TO CUSTOMERS AND BANKS, CONTINUED

(f) Loan maturities

The maturity of the Bank's loan portfolio as at the reporting date is presented in *Note 28*, which shows the remaining period from the reporting date to the contractual maturity of the loans. Due to the short-term nature of the loans issued by the Group, it is likely that part of the loans will be extended at maturity. Accordingly, the effective maturity of the loan portfolio may be significantly longer than the contractually agreed term.

(g) Continuing involvement in the asset

To realise the first initiative "New Opportunities for Each Family to Procure Housing" of the "Five Social Initiatives of the President" announced by the President of the Republic of Kazakhstan in his Address to the People, the Programme "7-20-25" called "New Opportunities for Each Family to Procure Housing" (the "Programme") was approved by the Resolution of the NBRK dated 31 May 2018. The operator of the Programme is Kazakhstan Sustainability Fund JSC (the "Operator").

The Programme enables Kazakhstani citizens to purchase residential real estate on a primary market under more preferential terms compared to those set for mortgage loans by second-tier banks ("STB").

The Group issues loans in accordance with the conditions of the Programme: the Group includes into bank loan contracts the clauses on the borrower's commitment and responsibility to repay a loan; it establishes a repayment schedule and ensures maintaining a loan file containing information and documents in compliance with the requirements of the laws of the RK.

Once a loan has been issued, the Bank shall transfer the rights of claim on loans by providing to the Operator the documents as agreed in the contract, not more than once in 10 business days.

As stipulated in the Programme and Trust Management Agreement with the Operator, the Bank shall hold transferred loans in trust and ensure that credit files are appropriately maintained. Fees for trust management services is paid in the amount and at the times as agreed under the Trust Management Agreement and makes up 4% of the carrying amount of assets at the end of each month. In case of partial repayment of interest by the borrowers, a trust management fee is calculated pro rated to the interest paid.

The Bank is obliged to repurchase the rights of claim on transferred mortgage loans when the loan principal amount and interest are overdue more than 90 calendar days.

The lending terms under the Programme are as follows:

- An annual nominal interest rate is 7%.
- A loan term is up to 25 years; initial contribution is no less and no more than 20% of the value of a home pledged as collateral.
- The maximum value of a home to be purchased is: KZT 25 million - for cities of Astana, Almaty, Atyrau, Aktau, and Shymkent and KZT 15 million – for other regions of the RK.
- Collateral: real estate purchased on a primary market.
- Commission for issue and servicing a loan: nil.
- To be eligible for a loan under the Programme, an individual must meet the following requirements:
 - be a citizen of the Republic of Kazakhstan;
 - have documentary supported income;
 - no outstanding debt on mortgage loans;
 - no owned housing real estate in the Republic of Kazakhstan, other than: dorm rooms with useful area of no more than 15 square meters per each family member; dilapidated housing which may ruin (break down) as certified by the appropriate document issued by a local executive body where such housing facility is located.

As at 31 December 2024, the carrying amount of loans provided under the Programme "7-20-25" was KZT 325,186 thousand (31 December 2023: KZT 320,682 million).

To create better opportunities for Kazakhstan citizens to purchase their own homes, on 28 December 2018 the Group launched a mortgage loan programme, named "Baspama Hit". Under this programme, loans are issued for purchasing real estate on both primary and secondary housing markets.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

18. LOANS TO CUSTOMERS AND BANKS, CONTINUED

(g) Continuing involvement in the asset, continued

The lending terms under the Baspana Hit programme are as follows:

- An interest rate is calculated with the formula: a base rate of the National Bank of the RK + 175 basis points.
- A loan term is up to 15 years; initial instalment is at least 20% of cost of acquired housing real estate.
- Maximum cost of housing real estate acquired: KZT 25 million - for cities of Astana, Almaty, Atyrau, and Aktau, and KZT 15 million – for other regions of the RK.
- To be eligible for a loan under the Programme, an individual must meet the following requirements:
 - be a citizen of the Republic of Kazakhstan;
 - have documentary supported income;
 - no outstanding debt on mortgage loans.

As at 31 December 2024, the carrying amount of loans provided under the Baspana Hit programme was KZT 93,887 million (31 December 2023: KZT 110,171 million).

In 2021, the Baspana Hit programme was completed due to full utilisation by the second-tier banks of the limits issued.

(h) Transfer of financial assets

During 2024, the Group sold a portfolio of mortgage loans at its carrying amount, the balance of which amounted to KZT 409,889 million at the year-end (31 December 2023: KZT 424,544 million) and issued a customer a guarantee of reverse repurchase or exchange of certain loans, if loans are overdue more than 90 days. The amount of reverse repurchase or exchange is not limited. Reverse repurchase is performed at the loan nominal value (outstanding principal and interest accrued) as of the purchase date.

The Group has determined that it neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset transferred, in particular the Group has not transferred the credit risk; however, the Group has determined that it retains control over the assets transferred and continues to recognise the assets to the extent of its continuing involvement in the assets transferred. As the Group's continuing involvement takes a form of the guarantee on the asset transferred, the extent of the Group's continuing involvement is determined to be equal to maximum amount of consideration received that the Group could be required to return. The Group believes that the value of the guarantee is high enough, and this guarantee will prevent the Operator from selling the asset transferred thereto, as such sale will be impracticable.

The Group's continuing involvement in said transferred portfolio is recorded in the consolidated statement of financial position within 'loans to customers, in the amount of KZT 409,889 million, which is equal to the respective liability from continuing involvement, which is included in 'other liabilities' (Note 25).

The Group has determined that the carrying amount of the transferred portfolio of mortgage loans reflects its fair value.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

19. PROPERTY AND EQUIPMENT, AND INTANGIBLE ASSETS

	Buildings and constructions, and land	Furniture and equipment	Construction in progress	Right-of-use assets	Intangible assets	Total
Cost/revalued amount						
Balance at 1 January 2023	26,939	33,544	532	3,757	25,579	90,351
Acquisitions	490	8,500	750	-	4,403	14,143
Acquisitions under business combinations (Note 4)	-	38	-	-	33	71
Disposals	(108)	(1,876)	(328)	-	(235)	(2,547)
Balance at 31 December 2023	27,321	40,206	954	3,757	29,780	102,018
Acquisitions	-	12,382	5,414	942	8,695	27,433
Transfers	-	6	(6)	-	-	-
Transfers to investment property	(2,355)	-	-	-	-	(2,355)
Disposals	(167)	(1,852)	(991)	(25)	(1,019)	(4,054)
Balance at 31 December 2024	24,799	50,742	5,371	4,674	37,456	123,042
Accumulated depreciation and amortisation						
Balance at 1 January 2023	(375)	(13,926)	-	(411)	(9,886)	(24,598)
Depreciation and amortisation for the year	(170)	(5,259)	-	(659)	(3,812)	(9,900)
Disposals	3	1,651	-	-	167	1,821
Balance at 31 December 2023	(542)	(17,534)	-	(1,070)	(13,531)	(32,677)
Depreciation and amortisation for the year	(279)	(6,232)	-	(802)	(4,574)	(11,887)
Disposals	48	1,852	-	19	686	2,605
Balance at 31 December 2024	(773)	(21,914)	-	(1,853)	(17,419)	(41,959)
Net carrying amounts						
At 31 December 2024	24,026	28,828	5,371	2,821	20,037	81,083
At 31 December 2023	26,779	22,672	954	2,687	16,249	69,341

Intangible assets comprise computer software, patents and licences.

The Group revalued its buildings and constructions during 2022. Evaluation was performed by independent appraisers. Independent appraisers used two approaches to determine the fair value of property and equipment – the market approach based on the market information used to determine the fair value of buildings and constructions where there is an active market, and the cost approach when information on comparable sales of similar buildings and constructions is not available on the market for items to be revalued. As at 31 December 2024 and 31 December 2023, the fair value of buildings and constructions totalled KZT 24,301 million and KZT 27,054million, respectively. If buildings and constructions of the Group had been valued at cost, their carrying amount would have been KZT 20,345 million and KZT 23,098 million as at 31 December 2024 and 31 December 2023, respectively.

Fair values of buildings and constructions are categorised into Levels 2 and 3 of the fair value hierarchy.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

20. OTHER ASSETS

	31 December 2024	31 December 2023
Other financial assets		
Other receivables	16,453	12,645
Mutual settlements with international payment system (VISA International, Mastercard)	12,092	7,289
Accrued commission	6,291	5,478
Receivables from sale of own assets	3,485	6,412
Western Union and other wireless transfers	2,490	896
	40,811	32,720
Allowance for expected credit losses	(5,697)	(2,894)
	35,114	29,826
Current other non-financial assets		
Reposessed collateral	59,818	49,160
Advances paid	22,063	18,063
Receivables under joint arrangements	12,838	20,049
Taxes receivable other than income tax	3,017	2,040
Inventories	349	474
Other assets	1,034	7
	99,119	89,793
Non-current other financial assets		
Investment property	18,408	15,253
Receivables under joint arrangements	8,372	8,155
Other assets	-	230
	125,899	113,431
Loss allowance	(12,220)	(4,598)
	113,679	108,833
	148,793	138,659

Other receivables

As at 31 December 2024, other receivables comprise receivables of KZT 16,453 million from banking counterparties (31 December 2023: other receivables comprise restricted cash of KZT 4,213 million under the financial guarantee contract entered into by the Bank (*Note 25*) and amounts due from banking counterparties of KZT 8,432 million).

Receivables under joint arrangements

In May 2020, the Group entered into joint arrangements with the construction company RAMS Kazakhstan LLP, to sell land plots intended for construction of a multi-purpose housing estate worth KZT 20,006 million. Under the contract, payments for land plots will be cashless and made through transfer into the ownership of the Group of a part of residential and non-residential premises of the housing estate. Non-cash consideration was measured at fair value as of the sale date. On 13 December 2023, an acceptance act for new-build facilities commissioned by RAMS Kazakhstan LLP was signed. During 2024, the Group recorded these properties on the Group's balance sheet in the amount of KZT 7,211 million of the total receivables under the joint arrangement.

During 2023, the Group entered into a joint arrangement with construction companies to sell land plots intended for construction of a multifamily apartment complex with built-in premises and a parking space worth KZT 3,025 million, KZT 3,130 million and KZT 2,000 million, respectively. Under the contract, payments for land plots will be cashless and made through transfer into the ownership of the Group of a part of residential and non-residential premises of the multifamily apartment complex. Non-cash consideration was measured at fair value as of the sale date.

	2024	2023
Other income/(expenses)		
Income from investment property	4,007	3,271
Income from insurance activities, net	3,545	1,633
Charity*	(6,660)	-
Operating expenses related to investment property	(3,510)	(2,128)
Selling expenses on reposessed collateral	(163)	(112)
Other	(3,063)	(268)
	(5,844)	2,396

*In 2024, the Group's Board made a decision to provide KZT 5,490 million in sponsorship to people affected by floods in Uralsk city.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

20. OTHER ASSETS, CONTINUED

Receivables under joint arrangements, continued

As at 31 December 2024, other financial assets of KZT 36,744 million were classified into Stage 1 of the credit risk grading (31 December 2023: KZT 26,860 million), and financial assets of KZT 1,499 million were classified into Stage 2 of the credit risk grading (31 December 2023: KZT 777 million) and of KZT 2,568 million were classified into Stage 3 of the credit risk grading (31 December 2023: KZT 5,083 million).

Movements in the allowance for expected credit losses for other financial assets are as follows:

	Stage 1	Stage 2	Stage 3	Total
2024				
Balance at 1 January	-	(242)	(2,652)	(2,894)
Net remeasurement of loss allowance	(3)	(342)	(7,434)	(7,779)
Write-offs	-	533	4,443	4,976
Balance at 31 December	(3)	(51)	(5,643)	(5,697)
2023				
Balance at 1 January	-	-	(2,169)	(2,169)
Net remeasurement of loss allowance	-	(242)	(2,191)	(2,433)
Write-offs	-	-	1,708	1,708
Balance at 31 December	-	(242)	(2,652)	(2,894)

Movements in the loss allowance for other non-financial assets are as follows:

	2024	2023
Balance at 1 January	(4,598)	(4,502)
Net remeasurement of loss allowance	(9,132)	(756)
Write-offs	1,510	660
Balance at 31 December	(12,220)	(4,598)

Reposessed collateral

Reposessed collateral comprises real estate pledged as collateral, accepted by the Group in exchange for its liabilities on credit-impaired loans. These assets have been initially measured at fair value and subsequently measured at the lower of fair value less cost to sell and the carrying value. The Group's policy is to sell these assets as soon as it is practicable.

When measuring the fair values as at 31 December 2024 and 31 December 2023, management used the market approach, which is based on an analysis of the prices of the latest comparable sales of similar properties.

Investment property

The fair value of investment property was measured using the market approach, which reflects the prices of latest transactions on similar real estate items, and as at 31 December 2024 and 31 December 2023, the fair value was KZT 19,095 million and KZT 16,911 million, respectively. The fair value of investment property is categorised into Level 3 of the fair value hierarchy.

Included into operating lease income is rental income from investment property for the years ended 31 December 2024 and 31 December 2023, amounting to KZT 4,007 million and KZT 3,271 million, respectively. Operating expenses related to investment property from which the Group earned rental income for the years ended 31 December 2024 and 31 December 2023 amounted to KZT 3,510 million and KZT 2,128 million, respectively.

21. DUE TO BANKS AND FINANCIAL INSTITUTIONS

	Nominal interest rate, %	31 December 2024	Nominal interest rate, %	31 December 2023
Correspondent accounts of banks		120,710		47,678
Long-term loans payable to banks and financial institutions	1.00-12.50	100,820	1.00-12.00	82,138
Loans payable to international credit organisations	12.15-14.70	54,574	13.45-17.66	39,782
Other loans		10		10
Accrued interest expense		1,799		1,907
		277,913		171,515
Loans under repurchase agreements	3.34-15.01	18,270	14.75-15.75	10,376
		296,183		181,891

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

21. DUE TO BANKS AND FINANCIAL INSTITUTIONS, CONTINUED

Long-term loans payable to banks and financial institutions

Long-term loans payable to banks and financial institutions comprise long-term loans from EDF DAMU JSC, DBK JSC, Industrial Development Fund JSC (“IDF JSC”) and Agrarian Credit Corporation JSC (“ACC JSC”), in the amount of KZT 54,681 million at 1.0%-12.5% p.a., maturing in 2025-2035; of KZT 19,997 million at 1%-2% p.a., maturing in 2034-2037; of KZT 17,958 million at 1.0% p.a., maturing in 2030; and of KZT 8,184 million at 1.5% p.a., maturing in 2025-2026, respectively (31 December 2023: KZT 41,306 million, KZT 10,901 million, KZT 27,500 million and KZT 2,431 million, respectively).

During 2024 and 2023, the Group has been repaying principal and interest according to the repayment schedules.

During 2024, the Group received long-term loans of KZT 14,767 million from EDF DAMU JSC; loans bear interest rates of 2.0%- 12.5% p.a. and mature in 2025-2035 (2023: of KZT 15,249 million; loans bear interest rates of 2.5%-12.0% p.a. and mature in 2029-2030). Loans received were intended to further extend loans to end borrowers.

During 2024, the Group repaid the long-term loans payable to EDF DAMU JSC for a total of KZT 1,170 million at 1.0%-8.78% p.a. (2023: KZT 1,663 million at 1.0-8.5% p.a.).

As at 31 December 2024, long-term loans received from EDF DAMU JSC are secured by debt securities of KZT 5,994 million (*Note 16*).

During 2024, the Group received long-term loans of KZT 9,230 million from DBK JSC; loans bear interest rates of 1.0%-2.0% p.a. and mature in 2034-2035 (2023: The Group received no additional tranches of long-term loans from DBK JSC).

Loans received from DBK JSC are intended to further provide financing to large enterprises (“LEs”) operating in the processing industry, and to further provide loans to individuals, buyers of cars manufactured in Kazakhstan.

During 2024, the Group repaid the long-term loans payable to DBK JSC for a total of KZT 134 million at 1.0% p.a. (2023: no loans were repaid in accordance with repayment schedules under the agreements with DBK JSC).

During 2024, the Group repaid the long-term loans payable to IDF JSC for a total of KZT 9,542 million at 1.0% p.a. (2023: no loans were repaid in accordance with repayment schedules under the agreements with IDF JSC).

As at 31 December 2024, loans received from IDF JSC are secured by debt securities of KZT 14,121 million (31 December 2023: KZT 20,500 million (*Note 16*)).

During 2024, the Group received loans from ACC JSC, for a total of KZT 12,184 million, at 1.5% p.a., which mature in 2025-2026 (2023: KZT 4,861 million, at 1.5% p.a., maturing in 2024).

During 2024, the Group repaid loans payable to ACC JSC for a total of KZT 6,431 million, at 1.5% p.a. (2023: KZT 3,427 million, at 1.5% p.a.)

The Group must comply with specific requirements (covenants) to meet the terms of long-term loans received from banks and financial institutions. These covenants require the Bank to comply with prudential ratios established by the NBRK, maintain the Bank's international credit rating, specific liquidity ratios, and appropriate capital adequacy ratios, and meet other requirements. As at 31 December 2024 and 31 December 2023, the Group was in compliance with these covenants.

Loans under the Preferential Lending Programme for small and medium-sized enterprises (the “Programme”)

Loans from EDF DAMU JSC were received in accordance with the Government programme aimed at financing small and medium-sized enterprises (“SME”) operating in specific industries (“the Programme”). Under the loan agreement between DAMU EDF JSC and the Group, the Group extends loans to SME borrowers, eligible to participate in the Programme, at the interest rate with margin of 4% and with maturity not exceeding 10 years. The Group’s obligation to repay the loan payable to DAMU EDF JSC is not contingent on collectability of loans extended to the SME borrowers. The Group is obligated to pay a 15% penalty on the amounts that were not extended to the SME borrowers within 3-9 months since the proceeds from borrowed funds from DAMU EDF JSC have been received.

The Group’s management believes that no other financial instruments similar to loans received from EDF DAMU JSC, DBK JSC, IDF JSC and ACC JSC, bearing the interest rates of 1.0% - 12.5% p.a., exist in the market, and due to the specific nature of activities of LSE and SME clients and individuals under the auto loan preferential programme, this product represents a separate market. Therefore, loans received from EDF DAMU JSC, DBK JSC, IDF JSC and ACC JSC, bearing the interest rates of 1.0%- 12.5% p.a., represent the orderly transactions on the separate market and as such, transactions have been recorded at fair value at the recognition date.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

21. DUE TO BANKS AND FINANCIAL INSTITUTIONS, CONTINUED

Loans payable to international credit organisations

Loans due to international credit organisations comprise loans from European Bank for Reconstruction and Development JSC ("EBRD JSC"), bearing interest rates at 12.15% -14.70% p.a. and maturing in 2025- 2027.

During the year ended 31 December 2024, the Group received loans from EBRD JSC, for a total of KZT 28,044 million, at 13.10%-13.75% p.a., which mature in 2027. During 2024, the Group has repaid principal and interest according to the repayment schedules, for a total of KZT 19,632 million at 12.15%-14.70% p.a.

During the year ended 31 December 2023, the Group received loans from EBRD JSC in the amount of KZT 28,037 million at 14.7% p.a., maturing in 2026. During 2023, the Group has repaid principal and interest according to the repayment schedules, for a total of KZT 8,654 million, at 21.25%, and early repaid the principal amount and interest for a total of KZT 25,444 million at 17.8%-21.45%.

Loans received from international credit institutions are secured by debt securities for a total of KZT 69,494 million (31 December 2023: KZT 54,019 million) (*Note 16*).

The Group is obligated to comply with financial covenants to meet the terms of the loans received from international credit organisations. These covenants include the established ratios including debt-to- equity ratios and other coefficients used as financial performance ratios. As at 31 December 2024 and 31 December 2023, the Group was in compliance with these covenants.

Loans under repurchase agreements

As at 31 December 2024 and 31 December 2023, loans due to banks and financial institutions included loans received under repurchase agreements of KZT 18,270 million and KZT 10,376 million, which were repaid in January 2025 and 2024, respectively.

The fair value of assets pledged as collateral under repurchase agreements amounted to KZT 18,525 million and KZT 10,426 million as at 31 December 2024 and 31 December 2023, respectively (*Note 15*).

Correspondent accounts of banks

At 31 December 2024, deposits received from other banks included correspondent accounts received from foreign banks for a total of KZT 110,186 million and Kazakh second-tier banks for a total of KZT 10,524 million (31 December 2023: deposits received from other banks included correspondent accounts received from foreign banks for a total of KZT 45,776 million and Kazakh second-tier banks for a total of KZT 1,902 million).

22. CUSTOMER ACCOUNTS

	31 December 2024	31 December 2023
Customer accounts		
- Retail	2,838,383	2,234,525
- Corporate	2,552,185	1,787,543
	5,390,568	4,022,068
	31 December 2024	31 December 2023 года
Term deposits	3,690,064	2,772,328
Call deposits	1,674,253	1,228,812
	5,364,317	4,001,140
Accrued interest	26,251	20,928
	5,390,568	4,022,068

As at 31 December 2024, the Group maintained customer deposit balances of KZT 115,693 million that serve as collateral for loans and unrecognised credit instruments, issued guarantees granted by the Group (31 December 2023: KZT 116,540 million).

As at 31 December 2024, the Group has 1 customer (31 December 2023: 2 customers), whose balances exceed 10% of equity. The gross value of these balances as at 31 December 2024 is KZT 120,904 million (31 December 2023: KZT 111,451 million).

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

23. DEBT SECURITIES ISSUED

	Currency	Issue date	Maturity date	Interest rate, %	31 December 2024	Interest rate, %	31 December 2023
Bonds issued in Kazakhstan	KZT	05/02/2018-13/11/2024	27/12/2025-13/11/2034	8.00-12.00	142,850	10.75-12.00	69,827
	USD	09/08/2024	09/02/2025	-	16,665	-	-
					159,515		69,827
Accrued interest					1,749		705
					161,264		70,532

In accordance with the decision of the Bank's Board, in November 2024, the Group placed bonds with a total nominal value of KZT 100,000 million; bonds have a term of 10 years and bear a coupon rate of 8.0% p.a. These bonds were recognised at fair value, in the amount of KZT 72,114 million, at the date of initial recognition. The fair value was measured by discounting future contractual cash flows using the market rate of 13.5% p.a. The difference between the nominal value and fair value of bonds at the initial recognition of KZT 27,886 million has been recognised in the consolidated statement of profit or loss and other comprehensive income in 'Gain on initial recognition of financial liabilities'. As at 31 December 2024, the carrying amount of these bonds is KZT 73,351 million.

Coupons on debt securities issued are repayable every six months; principal is repayable at maturity.

24. SUBORDINATED BONDS

	Currency	Issue date	Maturity date	Interest rate, %	31 December 2024	Interest rate, %	31 December 2023
Fixed rate	KZT	29/09/2015-03/11/2017	29/09/2025-03/11/2032	4.00-10.00	42,233	4.00-11.00	57,574
Accrued interest					813		1,013
					43,046		58,587

Coupons on subordinated bonds are repayable every six months; principal is repayable at maturity.

Participation in the Programme of Strengthening Financial Stability of Banking Sector in the Republic of Kazakhstan

In accordance with its Resolution No.191 dated 10 October 2017, the NBRK approved the Bank's participation in the Programme of Strengthening Financial Stability of Banking Sector of the Republic of Kazakhstan (the "Programme").

In accordance with the terms of the Programme, the Bank received cash from the NBRK's subsidiary – Kazakhstan Sustainability Fund JSC – by means of issue of registered coupon subordinated bonds of the Bank (the "Bonds") convertible into the Bank's ordinary shares on the terms provided for in the Bond Issue Prospectus.

The Bank is subject to restrictions (covenants) on its activities valid for 5 years from the Bonds' issue date, breach of any of which will result in the Bonds' holders exercising their rights for Bonds to be converted to the Bank's ordinary shares:

- The Bank undertakes to comply with capital adequacy ratios set by the authorised body for the second-tier banks of the Republic of Kazakhstan.
- The Bank undertakes not to commit action intended to withdraw the Bank's assets; at that, summary of activities to be considered the withdrawal of assets is set out in the Bond Issue Prospectus.

Within the framework of the Bank's participation in the Programme, on 3 November 2017, the Bank placed Bonds at Kazakhstan Stock Exchange in the amount of KZT 60,000 million, with a 15-year maturity and coupon rate of 4.00% per year. Unwinding of discount of Bonds when using the market interest rate of 15%, which was recognised as income in the consolidated statement of profit and loss at initial recognition of Bonds, is KZT 34,993 million.

In accordance with the decision of the Bank's Board, and a permission for early redemption of Bonds under the Bonds' issue terms, the Group repaid early the principal debt on Bonds in the amount of KZT 20,000 million in December 2024. As a result of early redemption, the Group recognised a loss from early redemption of subordinated bonds in 'Interest expense' in the consolidated statement of profit and loss for a total of KZT 9,842 million (*Note 6*).

As at 31 December 2024, the carrying amount of Bonds is KZT 20,569 million (31 December 2023: KZT 28,944 million).

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

24. SUBORDINATED BONDS, CONTINUED

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

	Liabilities		Total
	Debt securities issued	Subordinated bonds	
Balance at 1 January 2023	96,183	60,405	156,588
Changes from financing cash flows			
Repayment of debt securities issued	(21,854)	(3,499)	(25,353)
Repurchase of debt securities issued	(4,145)	-	(4,145)
Total changes from financing cash flows	(25,999)	(3,499)	(29,498)
Interest expense	9,383	7,522	16,905
Interest paid	(9,035)	(5,841)	(14,876)
Balance at 31 December 2023	70,532	58,587	129,119

	Liabilities		Total
	Debt securities issued	Subordinated bonds	
Balance at 1 January 2024	70,532	58,587	129,119
Changes from financing cash flows			
Repayment of debt securities issued and subordinated bonds	(3,291)	(7,337)	(10,628)
Repurchase of subordinated bonds	-	(20,000)	(20,000)
Proceeds from issue of debt securities	119,027	-	119,027
Total changes from financing cash flows	115,736	(27,337)	88,399
Other changes	2,405	-	2,405
Gain on initial recognition of financial liabilities (Note 23)	(27,886)	-	(27,886)
Interest expense	13,372	17,214	30,586
Interest paid	(12,895)	(5,418)	(18,313)
Balance at 31 December 2024	161,264	43,046	204,310

25. OTHER LIABILITIES

	31 December 2024	31 December 2023
Other financial liabilities:		
Liability from continuing involvement (Note 18 (h))	409,889	424,544
Settlements on other liabilities	37,145	31,658
Insurance contract provisions	36,984	19,255
Settlements on administrative and operating activities	14,725	1,755
Liabilities under guarantees issued**	5,763	35,679
Provisions on guarantees and letters of credit	3,826	3,854
Lease liability	2,733	2,892
Accrued fee and commission expense	2,488	2,033
	513,553	521,670
Current other non-financial liabilities:		
Taxes payable other than income tax	8,135	4,738
Other non-financial liabilities	4,508	788
Total other liabilities	526,196	527,196

**As at 31 December 2023, liabilities under guarantees issued included liabilities of KZT 31,204 million under the guarantee issued to one counterparty. The liability arose due to the occurrence of a guaranteed event.

26. SHARE CAPITAL

As at 31 December 2024 the Bank's share capital comprises the following:

	Authorised share capital	Unissued share capital	Share capital repurchased from shareholders	Total share capital
Ordinary shares (number of shares)	1,211,140,611	(1,023,111,576)	(1,715,930)	186,313,105
Preference shares (number of shares)	39,249,255	-	(39,021,936)	227,319

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

26. SHARE CAPITAL, CONTINUED

As at 31 December 2024, the Bank's share capital comprised:

	Authorised and issued share capital	Placement of authorised ordinary shares	Issued/(repurchased) shares	Total
Ordinary shares	64,497	-	(514)	63,983
Preference shares	1	-	129	130
	64,498	-	(385)	64,113

As at 31 December 2023, the Bank's share capital comprises the following:

	Authorised share capital	Unissued share capital	Share capital repurchased from shareholders	Total share capital
Ordinary shares (number of shares)	1,211,140,611	(1,023,111,576)	(2,651,975)	185,377,060
Preference shares (number of shares)	39,249,255	-	(39,085,016)	164,239

As at 31 December 2023, the Bank's share capital comprised:

	Authorised and issued share capital	Placement of authorised ordinary shares	Issued shares	Total
Ordinary shares	63,519	-	978	64,497
Preference shares	35	-	(34)	1
	63,554	-	944	64,498

All ordinary shares are ranked equally, carry one vote, and have no par value.

Preference shares are cumulative and convertible into ordinary shares according to the decision of the Board of Directors; one preferred share can be exchanged for one ordinary share. According to the legislation of the Republic of Kazakhstan and Bank's incorporation documents, dividends are payable on ordinary shares in the form of cash or securities of the Bank, on condition that the decision was made at the annual meeting of shareholders of the Bank. In accordance with the Bank's Charter, dividend on ordinary shares are paid on the basis of financial results for the year. Distributable reserves are subject to rules and regulations of the Republic of Kazakhstan.

Terms of preference shares require that the Group pays dividends per one preference share as follows:
 $R = (b + 3.5\%) \times 300$, where:

R – is a guaranteed amount of dividends per one preference share convertible into an ordinary share, which is calculated in tenge.

b - is a base rate of the NBRK. The base rate is determined as at the first day of the year following the year, in which dividends on preference shares were paid. In this regard the guaranteed amount of dividends per one preference share is set at the level of not less than 12% per annum and not more than 14% per annum.

Dividends on preference shares are paid to comply with the legislation of the Republic of Kazakhstan. The legislation stipulates that joint stock companies pay the fixed guaranteed amount of the dividend on the preference shares. Under Kazakhstan law on joint stock companies, the amount of dividends paid on ordinary shares may not exceed the amount of dividends paid on preference shares. In addition, dividends on ordinary shares may not be paid until dividends on preference shares have been paid in full.

	For the year ended 31 December 2024	For the year ended 31 December 2023
	Quantity (in thousands)	Quantity (in thousands)
Preference shares at the beginning of the year	164	146
Preference shares sold	127	18
Repurchase of treasury shares	(64)	-
Preference shares at the end of the year	227	164
Ordinary shares at the beginning of the year	185,377	184,723
Sale of treasury shares repurchased	1,729	1,379
Repurchase of treasury shares	(793)	(725)
Ordinary shares at the end of the year	186,313	185,377

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

26. SHARE CAPITAL, CONTINUED

Reserve capital

Until 2013, in accordance with amendments to the Resolution No. 196 “On Establishment of Minimum Limit on Reserve Capital of Second-Tier Banks” issued by the Agency of the Republic of Kazakhstan on the Regulation and Supervision of Financial Markets and Financial Organisations (the “FMSA”) dated 31 January 2011 (that became invalid in 2013), the Bank was obligated to establish a reserve capital by transferring an amount from retained earnings to provision for future expected losses.

As at 31 December 2024, reserve for general banking risks of the Bank included in retained earnings in the consolidated statement of financial position of the Group amounts to KZT 4,981 million (31 December 2023: KZT 4,981 million).

27. SEGMENT REPORTING

The segment information below is presented on the basis used by the Group’s chief operating decision maker to evaluate performance, in accordance with IFRS 8 and in accordance with the segment reporting presented in the consolidated financial statements for the year ended 31 December 2024 and 31 December 2023. The Group’s reporting segments under IFRS 8 are as follows:

- Corporate banking – maintenance of settlement accounts, deposit taking, provision of overdrafts, loans and other credit facilities.
- Retail banking – provision of private banking services; maintaining private customer current accounts; taking of savings and deposits; provision of investment savings products and the custody services, and credit and debit cards services; provision of consumer loans and mortgages.
- Investment banking – financial instruments trading, money market operations, repo agreements, foreign currency and derivative products, structured financing, corporate lease and asset management services, merger and acquisitions advice, provision of Group’s funding through issue of debt securities and raising loans. This segment is responsible for redistribution of funds raised by other segments.
- Insurance activities – provision of insurance coverage to retail and corporate customers against various risks. It includes voluntary and obligatory insurance, which enables customers safeguard their property, protect health, and provide cover for third party liability and against potential financial losses.

The accounting policies of the operating segments are consistent with those described in the summary of material accounting policies, of these consolidated financial statements. The Board of Directors reviews discrete financial information for each of its segments, including assessment of operating income, assets and liabilities. The segments are managed primarily on the basis of their results, which do not include the effects of intragroup eliminations.

Segment assets and liabilities comprise all assets and liabilities, which account for the major portion of the consolidated statement of financial position but excluding income tax assets and liabilities. Internal charges and transfer pricing adjustments have been reflected in the performance of each business. All revenues and expenses are attributable only to external customers, and there are no transactions between business segments.

Therefore, the Group presents its business on the basis of four main segments.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

27. SEGMENT REPORTING, CONTINUED

Information about operating segments is presented below.

	Retail banking	Corporate banking	Investing banking	Insurance activities	For the year ended 31 December 2024
Interest income calculated using the effective interest method	430,917	143,533	154,603	3,696	732,749
Other interest income	-	-	6,095	-	6,095
Interest expense	(196,651)	(129,540)	(54,271)	-	(380,462)
Charge of credit loss allowance for interest-bearing assets	(38,846)	(17,746)	-	-	(56,592)
Net non-interest income	22,262	109,932	-	4,046	136,240
Operating expenses	(91,057)	(44,415)	(44,519)	(3,239)	(183,230)
Profit before income tax	126,625	61,764	61,908	4,503	254,800
Segment assets*	2,712,016	2,989,371	1,306,845	52,652	7,060,884
Segment liabilities*	2,839,877	3,037,633	500,493	40,667	6,418,670
Other segment items					
Depreciation/ amortisation expense on property and equipment and intangible assets	(5,907)	(2,881)	(2,888)	(211)	(11,887)
Loans to customers and banks	2,697,851	1,162,687	-	-	3,860,538
Customer accounts	2,838,383	2,552,185	-	-	5,390,568
Financial guarantees and credit related commitments	98,487	224,519	-	-	323,006

*net of current and deferred income tax. Income tax expense is not allocated.

	Retail banking	Corporate banking	Investing banking	Insurance activities	For the year ended 31 December 2023
Interest income calculated using the effective interest method	270,961	117,177	139,010	1,596	528,744
Other interest income	-	-	3,660	-	3,660
Interest expense	(145,049)	(100,357)	(29,447)	-	(274,853)
Charge of credit loss allowance for interest-bearing assets	(19,799)	(23,276)	-	-	(43,075)
Net non-interest income	14,608	48,553	4,077	1,634	68,872
Operating expenses	(52,989)	(24,652)	(44,232)	(1,218)	(123,091)
Profit before income tax	67,732	17,445	73,068	2,012	160,257
Segment assets*	1,977,384	2,483,602	785,249	29,197	5,275,432
Segment liabilities*	2,250,889	2,277,278	311,010	21,097	4,860,274
Other segment items					
Depreciation/ amortisation expense on property and equipment and intangible assets	(4,262)	(1,983)	(3,557)	(98)	(9,900)
Loans to customers and banks	1,977,162	951,687	-	-	2,928,849
Customer accounts	2,234,525	1,787,543	-	-	4,022,068
Financial guarantees and credit related commitments	92,921	210,576	-	-	303,497

*net of current and deferred income tax. Income tax expense is not allocated.

The Group's assets are located in the Republic of Kazakhstan and the Group generates income from operations conducted in the Republic of Kazakhstan.

Major customers

For the years ended 31 December 2024 and 31 December 2023, the reporting segments have no corporate and retail customers, whose income from transactions individually exceed 10% of the total income of the Group.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

28. RISK MANAGEMENT POLICY

(a) Corporate governance structure

The Bank was established as an open joint-stock company in accordance with the requirements of the legislation of the Republic of Kazakhstan. The Bank's supreme governing body is the general meeting of the shareholders, which is convened to hold the annual and extraordinary meetings. The general meeting of shareholders makes strategic decisions related to the Bank's operations.

The general meeting of shareholders determines the structure of the Board of Directors. The Board of Directors has overall responsibility for the general management of the Bank's activity.

The legislation of the Republic of Kazakhstan and Bank's Charter determine the lists of decisions, which are exclusively approved by the general shareholders' meeting and those which are approved by the Board of Directors.

The Board of Directors meeting elects the Chairman of Management Board, determines the structure of the Management Board. The Bank's executive bodies are responsible for implementation of decisions made by the general meeting of shareholders and Board of Directors. The Bank's executive bodies are subordinated to the Board of Directors and general meeting of shareholders.

(b) Risk management policies and procedures

Management of risk is fundamental to the Group's business of banking and is an essential element of the Group's operations. The major (significant) risks faced by the Group are those related to market risk, credit risk, liquidity risk and operating risk, legal risk and reputational risk.

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

As at 31 December 2024, the Group's internal documentation establishing the procedures and methodologies for identification, managing and stress-testing the Bank's significant risks, was approved by the authorised management bodies of the Group in accordance with regulations and recommendations issued by the NBRK.

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

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

Credit, market and liquidity risks, both at the portfolio and transactional levels, are managed and controlled through a system of Credit Committees, Finance and Risk Management Committee (FRMC) and Risk Management Committee (FMC). In order to facilitate efficient and effective decision-making process, the Group established a hierarchy of credit committees, depending on the type and amount of the exposure.

Both external and internal risk factors are identified and managed throughout the organisation. Particular attention is given to identifying the full range of risk factors and determining the level of assurance over current risk mitigation procedures.

(c) Market risk

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

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

FRMC, FMC manage interest rate risk and market risk thus ensuring a positive interest margin for the Group. The Department of Planning and Finance is responsible for monitoring the current financial position of the Group, and assesses the Group's sensitivity to changes in the interest rates and their impact on the Group's profitability.

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

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

29. RISK MANAGEMENT POLICY, CONTINUED

(c) Market risk, continued

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may also reduce or create losses in the event that unexpected movements occur.

Interest rate sensitivity analysis

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

	2024		2023	
	Profit or loss	Equity	Profit or loss	Equity
100 bp parallel fall	(3,732)	(3,732)	(2,605)	(2,605)
100 bp parallel rise	3,732	3,732	2,605	2,605

An analysis of the sensitivity of net profit or loss and equity as a result of changes in the fair value of financial assets measured at fair value through other comprehensive income and through profit or loss due to changes in the interest rates, based on positions existing as at 31 December 2024 and 31 December 2023 and a simplified scenario of a 150 bp symmetrical fall or rise in all yield curves, is as follows:

	2024		2023	
	Profit or loss	Equity	Profit or loss	Equity
150 bp parallel rise	(5,282)	(36,240)	(1,465)	(17,442)
150 bp parallel fall	3,042	15,747	1,403	16,542

(ii) Currency risk

The Group has assets and liabilities denominated in several foreign currencies. Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates.

The Treasury Department performs currency risk management through management of open currency position, which enables the Group to minimize losses from significant fluctuations of exchange rates of national and foreign currencies. The Risk Management Group determines limits on open currency positions and stop-loss. All limits and restrictions are approved by the Management and the Board of Directors. The Treasury Department performs monitoring of the Group's currency position with the aim to match the requirements of the NBRK.

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2024:

	KZT	USD USD 1.00 = KZT 525.11	EUR EUR 1.00 = KZT 546.74	Other currency	31 December 2024 Total
Financial assets:					
Cash and cash equivalents	647,235	616,497	239,902	159,991	1,663,625
Financial instruments at FVTPL	65,324	32,702	-	-	98,026
Investment financial assets at FVOCI	586,493	246,188	55,772	-	888,453
Investment financial assets at amortised cost	16,776	189,761	10,432	-	216,969
Due from banks	5,385	98,012	-	-	103,397
Loans to customers and banks	3,465,250	378,614	16,420	254	3,860,538
Other financial assets	27,623	4,192	1,559	1,740	35,114
Total financial assets	4,814,086	1,565,966	324,085	161,985	6,866,122
Financial liabilities:					
Due to banks and financial institutions	174,449	108,522	4,074	9,138	296,183
Customer accounts	3,515,637	1,422,093	303,230	149,608	5,390,568
Debt securities issued	144,599	16,665	-	-	161,264
Subordinated bonds	43,046	-	-	-	43,046
Other financial liabilities	494,557	11,427	767	6,802	513,553
Total financial liabilities	4,372,288	1,558,707	308,071	165,548	6,404,614
Open position	441,798	7,259	16,014	(3,563)	
The effect of derivatives held for risk management	31,541	(31,507)	(1,886)	216	
Net position	473,339	(24,248)	14,128	(3,347)	

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

28. RISK MANAGEMENT POLICY, CONTINUED

(c) Market risk, continued

(ii) Currency risk, continued

The Group's exposure to foreign currency exchange rate risk as at 31 December 2023 is presented in the table below:

	USD	USD USD 1.00 = KZT 454.56	EUR EUR 1.00 = KZT 502.24	Other currency	31 December 2023 Total
Financial assets:					
Cash and cash equivalents	456,898	635,212	173,751	87,473	1,353,334
Financial instruments at FVTPL	41,494	13,858	-	-	55,352
Investment financial assets at FVOCI	420,043	134,099	29,551	-	583,693
Investment financial assets at amortised cost	6,188	91,076	9,395	-	106,659
Due from banks	10,099	29,372	-	12	39,483
Loans to customers and banks	2,698,830	213,446	15,991	582	2,928,849
Other financial assets	25,032	4,047	747	-	29,826
Total financial assets	3,658,584	1,121,110	229,435	88,067	5,097,196
Financial liabilities:					
Due to banks and financial institutions	136,932	37,538	4,244	3,177	181,891
Customer accounts	2,650,504	1,063,077	223,784	84,703	4,022,068
Debt securities issued	70,532	-	-	-	70,532
Subordinated bonds	58,587	-	-	-	58,587
Other financial liabilities	489,304	29,552	1,151	1,663	521,670
Total financial liabilities	3,405,859	1,130,167	229,179	89,543	4,854,748
Open position	252,725	(9,057)	256	(1,476)	
The effect of derivatives held for risk management	(4,541)	4,546	-	-	
Net position	248,184	(4,511)	256	(1,476)	

A weakening of the KZT, as indicated below, against the following currencies at 31 December 2024 and 31 December 2023, would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is on net of tax basis and is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular, interest rates, remain constant.

	2024	2023
20% appreciation of USD against KZT	(3,880)	(722)
20% appreciation of EUR against KZT	2,260	41
20% appreciation of other currencies against KZT	(536)	(236)

(iii) Other price risks

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Other price risk arises when the Group takes a long or short position in an equity financial instrument.

VAR is a technique that estimates the potential losses that could occur on risk positions as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence. The VAR model used by the Group is based upon a 95 percent confidence level and assumes a 60-day holding period depending on the type of positions. The VAR model used is mainly based on historical simulation. The model derives plausible future scenarios based on historical market rate time series, taking into account inter-relationships between different markets and rates. Potential market price movements are determined with reference to market data from at least the most recent 12 months.

Although VAR is a valuable tool in measuring market risk exposures, it has a number of limitations, especially in less liquid markets as follows:

- the use of historical data as a basis for determining future events may not encompass all possible scenarios, particularly those that are of an extreme nature.
- a 60-day holding period assumes that all positions can be liquidated or hedged within that period. This is considered to be a realistic assumption in almost all cases but may not be the case in situations in which there is severe market illiquidity for a prolonged period.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

28. RISK MANAGEMENT POLICY, CONTINUED

(c) Market risk, continued

(iii) Other price risks, continued

- the use of a 95% confidence level does not take into account losses that may occur beyond this level. There is a five percent probability that the loss could exceed the VAR estimate;
- VAR is only calculated on the end-of-day balances and does not necessarily reflect exposures that may arise on positions during the trading day.
- the VAR measure is dependent on the position and the volatility of market prices. The VAR of an unchanged position reduces if market volatility declines and vice versa.

The Group does not solely rely on its VAR calculations in its market risk measurement due to inherent risk of usage of VAR as described above. The limitations of the VAR methodology are recognised by supplementing VAR limits with other position and sensitivity limit structures, including limits to address potential concentration risks within each trading portfolio, and gap analysis.

(d) Credit risk

Credit risk is the risk of financial loss occurring as a result of default by a borrower or counterparty on their obligation to the Group. The Group has policies and procedures in place to manage credit exposures (both for recognised financial assets and unrecognised contractual commitments), including guidelines to limit portfolio concentration and the establishment of a Credit Committee to actively monitor credit risk. The credit policy is reviewed and approved by the Board of Directors upon approval by the Management Board of the Bank.

The credit policy establishes:

- procedures for review and approval of loan applications;
- methodology for the credit assessment of borrowers (corporate and retail);
- methodology for the credit assessment of counterparties, issuers and insurance companies;
- methodology for the evaluation of collateral;
- credit documentation requirements;
- procedures for the ongoing monitoring of loans and other credit exposures.

Credit applications from the corporate customers are originated by the relevant credit managers. On-site visit and financial analysis can be made either with or without participation of the credit risk department employees, depending on the authority level and borrower's rating. To comply with the statutory procedures of the regulator for generating a credit file and ensuring internal risk control, the related departments (legal department, security department and credit analysis department) provide their opinions on the project. A credit decision is made by the authorised Credit Committees represented by the Credit Committees at the levels of branches, regions and the Head Office. In case of review of the credit applications, which are outside of the authority and limits of the branches at the Head Office Credit Committees, the Risk Management Group prepares additionally its opinion.

The Group enters into numerous transactions where the counterparties are not rated by international rating agencies. The Group has developed internal models, which allow it to determine the rating of counterparties, which are comparable to ratings of international rating agencies. These models include rating models for corporate customers and scoring models for individuals and small business. The Group uses these instruments for initial measurement of credit risk and pricing of the loans issued.

Scoring models

Scoring is an automated system of customer evaluation, which processes applications from different sales channels, treats these applications and uses the strategies to make accurate decisions on loan granting. The system produces online decision, which allows to standardise and automate the process of making decisions on loan granting and reduce the operating expenses and operating risks.

The system sets the lending strategies comprising the Credit Rules, scoring models and antifraud strategies, which use the customer initial parameters and the product parameters. The input parameters for decision-making are the social and demographic, financial indicators of the customers, as well as data from external sources, such as credit bureau, telecommunication and transaction data, etc.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

28. RISK MANAGEMENT POLICY, CONTINUED

(d) Credit risk, continued

Scoring models, continued

Credit Rules serve as an instrument for automated check of the applicants against the credit policy. These is a set of conditions, upon passing of which a subject receives a positive decision; or if there are negative indicators arise, a negative decision is made with regard to a customer. Credit Rules are developed and updated on the basis of statistical analyses and customers' behaviour in the market.

A scoring model as a statistical model used for quantitative assessment of future creditworthiness of new and existing borrowers of the Group. When scoring is used, each of the parameters inserted into scoring model has a numeric value, the sum of which represents the borrower's internal credit score. The assigned score reflects the probability of default of the borrower. Quality of scoring models is checked on the continuous basis for their compliance with international standards by assessing their effectiveness and accuracy.

Antifraud strategy includes a number of checks to prevent the fraud risks on the part of the applicant.

The scoring methodologies are tailor-made for specific products and segments and are applied during the stage of making decision on loan issuance.

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets in the consolidated statement of financial position and unrecognised contractual commitment amounts. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

The maximum exposure to credit risk from financial assets at the reporting date is as follows:

	31 December 2024	31 December 2023
ASSETS		
Cash and cash equivalents	1,501,401	1,142,172
Financial instruments at FVTPL	85,540	46,620
Investment financial assets at FVOCI - debt financial instruments	886,093	582,523
Investment financial assets at amortised cost	216,969	106,659
Due from banks	103,397	39,483
Loans to customers and banks	3,860,538	2,928,849
Other financial assets	35,114	29,826
Total maximum exposure	6,689,052	4,876,132

For the analysis of collateral held against loans to customers and concentration of credit risk in respect of loans to customers, see *Note 18*.

The maximum exposure to credit risk from unrecognised contractual commitments at the reporting date is presented in *Note 30*.

The Bank calculates and monitors, on the ongoing basis, the mandatory norm of the maximum risk per one borrower or group of related borrowers, which regulates the Bank's credit risk with regard to a single borrower or group of related borrowers and determines the maximum ratio of the total liabilities of a borrower (borrowers included in the group of related borrowers) to the Bank to the Bank's equity. As at 31 December 2024 and 31 December 2023 the maximum allowable value of k-3 norm established by NBRK was 25%. The value of k-3 norm calculated by the Bank as at 31 December 2024 and 31 December 2023 was in compliance with the statutory norm.

As at 31 December 2024 the Group did not have debtors or groups of connected debtors, where credit risk exposure exceeded 10% maximum credit risk exposure.

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

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

Similar financial instruments include derivatives, sales and repurchase agreements, reverse sale and repurchase agreements and securities borrowing and lending agreements.

The Group conducts derivative transactions that are not transacted on the exchange through a central counterparty. Management believes that such settlements are, in effect, equivalent to net settlement and that, the Group meets the net settlement criterion as this gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk, and that the Group will process receivables and payables in a single settlement process or cycle.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

28. RISK MANAGEMENT POLICY, CONTINUED

(d) Credit risk, continued

Offsetting financial assets and financial liabilities, continued

The Group receives and accepts collateral in the form of cash and marketable securities in respect of the following transactions:

- derivatives;
- sale and repurchase, and reverse sale and repurchase agreements, and
- securities lending and borrowing.

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

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

Types of financial assets/ financial liabilities	Gross amounts of recognised financial assets/liabilities	Gross amount of recognised financial assets/liabilities offset in the consolidated statement of financial position	Net amount of financial assets/liabilities presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		
				Financial instruments	Cash collateral received	Net amount
Loans to customers and banks	49,957	-	49,957	-	(49,957)	-
Loans under reverse repurchase agreements	57,444	-	57,444	(55,407)	-	2,037
Total financial assets	107,401	-	107,401	(55,407)	(49,957)	2,037
Current accounts and deposits from customers	49,957	-	49,957	(49,957)	-	-
Due to banks and financial institutions (loans under REPO agreements)	18,270	-	18,270	(18,270)	-	-
Total financial liabilities	68,227	-	68,227	(68,227)	-	-

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

Types of financial assets/ financial liabilities	Gross amounts of recognised financial assets/liabilities	Gross amount of recognised financial assets/liabilities offset in the consolidated statement of financial position	Net amount of financial assets/liabilities presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		
				Financial instruments	Cash collateral received	Net amount
Loans to customers and banks	58,352	-	58,352	-	(58,352)	-
Loans under reverse repurchase agreements	128,804	-	128,804	(122,159)	-	6,645
Total financial assets	187,156	-	187,156	(122,159)	(58,352)	6,645
Current accounts and deposits from customers	58,352	-	58,352	(58,352)	-	-
Due to banks and financial institutions (loans under REPO agreements)	10,376	-	10,376	(10,376)	-	-
Total financial liabilities	68,728	-	68,728	(68,728)	-	-

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

28. RISK MANAGEMENT POLICY, CONTINUED

(d) Credit risk, continued

Offsetting financial assets and financial liabilities, continued

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the consolidated statement of financial position that are disclosed in the above tables are measured in the consolidated statement of financial position on the following basis:

assets and liabilities resulting from sale and repurchase agreements, reverse sale and repurchase agreements and securities lending and borrowing – amortised cost.

The securities pledged under repurchased agreements (*Note 15*) represent the transferred financial assets that are not derecognised in their entirety. The securities lent or sold under agreements to repurchase are transferred to a third party and the Group receives cash in exchange. These financial assets may be repledged or resold by counterparties in the absence of any default by the Group, but the counterparty has an obligation to return the securities when the contract matures. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. Because the Group sells the contractual rights to the cash flows of the securities it does not have the ability to use the transferred assets during the term of the agreement.

Geographical concentration

The Finance and Risk Management Committee (“FRMC”) exercises control over the risk in the legislation and regulatory arena and assesses its influence on the Group’s activity. This approach allows the Group to minimise potential losses from the investment climate fluctuations in the Republic of Kazakhstan.

The geographical concentration of assets and liabilities is set out below:

	Kazakhstan	Non-OECD countries	OECD countries	31 December 2024 Total
Financial assets:				
Cash and cash equivalents	1,234,191	57,759	371,675	1,663,625
Financial instruments at FVTPL	89,757	-	8,269	98,026
Investment financial assets at FVOCI	814,617	64,718	9,118	888,453
Investment financial assets at amortised cost	181,515	-	35,454	216,969
Due from banks	70,375	1,255	31,767	103,397
Loans to customers and banks	3,837,790	22,747	1	3,860,538
Other financial assets	32,391	1,572	1,151	35,114
Total financial assets	6,260,636	148,051	457,435	6,866,122
Financial liabilities:				
Due to banks and financial institutions	136,517	159,588	78	296,183
Financial liabilities at FVTPL	111	-	1,302	1,413
Customer accounts	4,661,919	695,838	32,811	5,390,568
Debt securities issued	161,264	-	-	161,264
Subordinated bonds	43,046	-	-	43,046
Other financial liabilities	512,788	500	265	513,553
Total financial liabilities	5,515,645	855,926	34,456	6,406,027
Open position	744,991	(707,875)	422,979	

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

28. RISK MANAGEMENT POLICY, CONTINUED

(d) Credit risk, continued

Geographical concentration, continued

	Kazakhstan	Non-OECD countries	OECD countries	31 December 2023 Total
Financial assets:				
Cash and cash equivalents	1,182,023	35,525	135,786	1,353,334
Financial instruments at FVTPL	50,418	-	4,996	55,414
Investment financial assets at FVOCI	517,892	6,282	59,519	583,693
Investment financial assets at amortised cost	50,593	-	56,066	106,659
Due from banks	14,645	11	24,827	39,483
Loans to customers and banks	2,916,138	12,711	-	2,928,849
Other financial assets	29,385	137	304	29,826
Total financial assets	4,761,094	54,666	281,498	5,097,258
Financial liabilities:				
Due to banks and financial institutions	106,523	34,086	41,282	181,891
Customer accounts	3,518,403	443,717	59,948	4,022,068
Debt securities issued	70,532	-	-	70,532
Subordinated bonds	58,587	-	-	58,587
Other financial liabilities	520,896	451	323	521,670
Total financial liabilities	4,274,941	478,254	101,553	4,854,748
Open position	486,153	(423,588)	179,945	

(e) Liquidity risk

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

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

The Group seeks to actively support a diversified and stable funding base comprising debt securities in issue, long and short-term loans from other banks, core corporate and retail customer deposits, accompanied by diversified portfolios of highly liquid assets, in order to be able to respond quickly and efficiently to unforeseen liquidity requirements.

The Treasury Department performs management of these risks through analysis of asset and liability maturity and performance of money market transactions for current liquidity support and cash flow optimisation. The Department of Planning and Finance determines the optimum structure of balance and limits on liquidity ratios. Gap-positions are approved by the FRMC. The Risk Management Group performs monitoring of liquidity ratios.

The liquidity management policy requires:

- liquidity risk identification and measurement;
- monitoring of liquidity risk and liquidity positions, establishment of reporting system, including prudential and management reporting;
- liquidity risk limitation, formation of the system of limits (restrictions) and early warning indicators;
- stress-testing;
- development of alternative options of liquidity planning, maintaining liquidity and funding contingency plans and their regular review;
- organisation of internal controls over liquidity risk and liquidity risk management, exercise of internal audit;
- disclosure of respective information on liquidity risk and liquidity position.

The following tables show analysis of financial assets and liabilities grouped according to the principle of period remaining from the balance sheet date till maturity date, except for the financial assets through profit or loss and investment financial assets at fair value through other comprehensive income that have been classified as “on demand and less than 1 month” as they may be realised, as necessary, at any time.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

28. RISK MANAGEMENT POLICY, CONTINUED

(e) Liquidity risk, continued

31 December 2024	Weighted average effective interest rate	On demand and up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	31 December 2024 Total
Financial assets							
Cash and cash equivalents	11.35%	798,763	33,083	-	-	-	831,846
Financial instruments at FVTPL	10.39%	85,540	-	-	-	-	85,540
Investment financial assets at FVOCI	8.13%	886,093	-	-	-	-	886,093
Investment financial assets at amortised cost	5.25%	10,369	4,131	142,142	59,280	1,047	216,969
Due from banks	5.08%	580	13,127	26,256	-	-	39,963
Loans to customers and banks	18.97%	264,646	232,208	623,421	1,633,806	1,106,457	3,860,538
Total interest-bearing assets		2,045,991	282,549	791,819	1,693,086	1,107,504	5,920,949
Cash and cash equivalents		831,779	-	-	-	-	831,779
Financial instruments at FVTPL		12,486	-	-	-	-	12,486
Investment financial assets at FVOCI		2,360	-	-	-	-	2,360
Due from banks		38,240	3,704	-	-	21,490	63,434
Other financial assets		35,114	-	-	-	-	35,114
Total financial assets		2,965,970	286,253	791,819	1,693,086	1,128,994	6,866,122
Financial liabilities							
Due to banks and financial institutions	7.19%	18,496	5,674	10,956	69,544	70,793	175,463
Customer accounts	10.91%	527,086	1,003,338	1,611,563	473,730	12,261	3,627,978
Debt securities issued	11.63%	-	17,148	52,125	19,707	72,284	161,264
Subordinated bonds	13.18%	-	560	22,170	-	20,316	43,046
Other financial liabilities	3.80%	4,077	3,070	14,280	87,724	300,738	409,889
Total interest-bearing liabilities		549,659	1,029,790	1,711,094	650,705	476,392	4,417,640
Due to banks and financial institutions		120,710	-	-	10	-	120,720
Financial liabilities at FVTPL		1,413	-	-	-	-	1,413
Customer accounts		1,697,391	449	34,739	24,371	5,640	1,762,590
Other financial liabilities		103,664	-	-	-	-	103,664
Total financial liabilities		2,472,837	1,030,239	1,745,833	675,086	482,032	6,406,027
Liquidity gap		493,133	(743,986)	(954,014)	1,018,000	646,962	
Interest sensitivity gap		1,496,332	(747,241)	(919,275)	1,042,381	631,112	
Cumulative interest sensitivity gap		1,496,332	749,091	(170,184)	872,197	1,503,309	
Cumulative interest sensitivity gap as a percentage of total financial assets		25.27%	12.65%	(2.87%)	14.73%	25.39%	

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

28. RISK MANAGEMENT POLICY, CONTINUED

(e) Liquidity risk, continued

31 December 2023	Weighted average effective interest rate	On demand and up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	31 December 2023 Total
Financial assets							
Cash and cash equivalents	10.45%	695,876	-	-	-	-	695,876
Financial instruments at FVTPL	17.04%	46,620	-	-	-	-	46,620
Investment financial assets at FVOCI	13.01%	582,523	-	-	-	-	582,523
Investment financial assets at amortised cost	4.61%	11,531	14,306	23,397	56,391	1,034	106,659
Loans to customers and banks	18.26%	540,695	138,974	376,642	1,027,131	845,407	2,928,849
Total interest-bearing assets		1,877,245	153,280	400,039	1,083,522	846,441	4,360,527
Cash and cash equivalents		657,458	-	-	-	-	657,458
Financial instruments at FVTPL		8,732	-	-	-	-	8,732
Investment financial assets at FVOCI		1,170	-	-	-	-	1,170
Due from banks		32,194	7,289	-	-	-	39,483
Other financial assets		25,613	-	4,213	-	-	29,826
Total financial assets		2,602,412	160,569	404,252	1,083,522	846,441	5,097,196
Financial liabilities							
Due to banks and financial institutions	7.25%	23,214	1,671	12,378	41,636	55,314	134,213
Customer accounts	10.99%	788,840	459,156	1,513,911	403,117	16,530	3,181,554
Debt securities issued	12.40%	-	484	221	69,827	-	70,532
Subordinated bonds	12.82%	-	560	7,824	21,639	28,564	58,587
Other financial liabilities	3.07%	3,101	2,996	13,966	86,833	317,648	424,544
Total interest-bearing liabilities		815,155	464,867	1,548,300	623,052	418,056	3,869,430
Due to banks and financial institutions		47,678	-	-	-	-	47,678
Customer accounts		787,275	2,402	14,733	33,407	2,697	840,514
Other financial liabilities		97,126	-	-	-	-	97,126
Total financial liabilities		1,747,234	467,269	1,563,033	656,459	420,753	4,854,748
Liquidity gap		855,178	(306,700)	(1,158,781)	427,063	425,688	
Interest sensitivity gap		1,062,090	(311,587)	(1,148,261)	460,470	428,385	
Cumulative interest sensitivity gap		1,062,090	750,503	(397,758)	62,712	491,097	
Cumulative interest sensitivity gap as a percentage of total financial assets		23.99%	17.21%	(9.12%)	1.44%	11.26%	

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

28. RISK MANAGEMENT POLICY, CONTINUED

(e) Liquidity risk, continued

In accordance with Kazakhstan 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.

However, management believes that in spite of this early withdrawal option and the fact that a substantial portion of customer accounts are on demand, diversification of these customer accounts and deposits by number and type of depositors, and the past experience of the Group indicates that these customer accounts provide a long-term and stable source of funding.

Management expects that the cash flows from certain financial assets and liabilities will be different from their contractual terms either because management has the discretionary ability to manage the cash flows or because past experience indicates that cash flows will differ from contractual terms.

A further analysis of the liquidity and interest rate risks is presented in the following tables in accordance with IFRS 7. The amounts disclosed in these tables do not correspond to the amounts recorded on the consolidated statement of financial position as the presentation below includes a maturity analysis for financial liabilities that indicates the total remaining contractual payments (including interest payments), which are not recognised in the consolidated statement of financial position under the effective interest rate method. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate yield curves at the end of the reporting period.

	On demand and up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	31 December 2024 Total
Financial liabilities:						
Due to banks and financial institutions	18,683	7,744	19,241	85,412	75,456	206,536
Customer accounts	529,857	1,022,915	1,715,929	533,303	15,950	3,817,954
Debt securities issued	-	17,349	67,083	57,663	140,578	282,673
Subordinated bonds	-	1,102	24,879	6,493	44,870	77,344
Other financial liabilities	5,996	8,368	37,595	195,618	464,610	712,187
Total interest-bearing liabilities	554,536	1,057,478	1,864,727	878,489	741,464	5,096,694
Due to banks and financial institutions	120,710	-	-	10	-	120,720
Financial liabilities at FVTPL	1,413	-	-	-	-	1,413
Customer accounts	1,697,391	449	34,739	24,371	5,640	1,762,590
Other financial liabilities	103,664	-	-	-	-	103,664
Total financial liabilities	2,477,714	1,057,927	1,899,466	902,870	747,104	7,085,081
Financial guarantees and commitments	323,006	-	-	-	-	323,006
	On demand and up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	31 December 2023 Total
Financial liabilities:						
Due to banks and financial institutions	23,591	2,730	18,252	51,538	65,052	161,163
Customer accounts	811,529	463,123	1,528,839	429,086	32,224	3,264,801
Debt securities issued	-	600	7,356	85,383	-	93,339
Subordinated bonds	-	1,108	11,651	33,969	69,600	116,328
Other financial liabilities	5,907	8,586	38,596	201,829	495,278	750,196
Total interest-bearing liabilities	841,027	476,147	1,604,694	801,805	662,154	4,385,827
Due to banks and financial institutions	47,678	-	-	-	-	47,678
Customer accounts	787,275	2,402	14,733	33,407	2,697	840,514
Other financial liabilities	97,126	-	-	-	-	97,126
Total financial liabilities	1,773,106	478,549	1,619,427	835,212	664,851	5,371,145
Financial guarantees and commitments	303,497	-	-	-	-	303,497

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

28. RISK MANAGEMENT POLICY, CONTINUED

(e) Liquidity risk, continued

Prepaid liabilities

Where a financial liability can be prepaid by the counterparty, the cash outflow has been included at the earliest date on which the counterparty can require repayment regardless whether or not such early repayment results in a penalty. If the repayment of financial liability is triggered by, or is subject to, specific criteria such as market price hurdles being reached, it is included at the earliest possible date that the conditions could be fulfilled without considering probability of the conditions being met.

The financial guarantees and commitments are included in the “On demand” category because payments can be required upon request.

(f) Operational risk

Definition of operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group’s processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group’s operations.

The Group’s objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group’s reputation with overall cost effectiveness and innovation. In all cases, the Group policy requires compliance with all applicable legal and regulatory requirements.

The Group manages operational risk by establishing internal controls that management determines to be necessary in each area of its operations.

29. CAPITAL MANAGEMENT

NBRK sets and monitors capital requirements for the Bank as a whole.

The Bank defines as capital those items defined by statutory regulation as capital for credit institutions.

- Tier 1 capital is a total of basic and additional capital. Basic capital comprises paid-in ordinary share capital, share premium, current and prior periods’ retained earnings and reserves created thereof, less treasury share capital, intangible assets including goodwill, and current and prior periods losses, deferred tax asset net of deferred tax liability, excluding deferred tax assets recognised in relation to deductible temporary differences, other revaluation reserves, gains from sales related to asset securitisation transactions, gains or losses from revaluation of financial liabilities at fair value related to change in own credit risk, regulatory adjustments to be deducted from the additional capital, but due to insufficient levels of it deducted from basic capital, and investments in financial instruments of investees not consolidated in the Group with certain limitations. Additional capital comprises of perpetual contracts and paid-in preference share capital less adjustments for the Bank’s investment in its own perpetual financial instruments, treasury preference shares, investments in financial instruments of investees not consolidated in the Group with certain limitations and regulatory adjustments to be deducted from the tier 2 capital, but due to insufficient levels of it deducted from additional capital.
- Tier 2 capital comprises subordinated debt in KZT less investments in subordinated debt of financial institutions the Bank holds 10% and more shares in.

Total capital is the sum of tier 1 and tier 2 capital.

There is a set of different limitations and classification criteria applied to the above listed total capital elements.

In accordance with the current regulations set by the NBRK, the Bank has to maintain total capital adequacy within the following coefficients:

- a ratio of basic capital to the sum of credit risk-weighted assets and contingent liabilities, market risk-weighted assets and contingent assets and liabilities, and quantified operational risk (k1);
- a ratio of tier 1 capital to the sum of credit risk-weighted assets and contingent liabilities, market risk-weighted assets and contingent assets and liabilities, and quantified operational risk (k1-2);
- a ratio of total capital to the sum of credit risk-weighted assets and contingent liabilities, market risk-weighted assets and contingent assets and liabilities, and quantified operational risk (k2).

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

29. CAPITAL MANAGEMENT, CONTINUED

As at 31 December 2024 the minimum level of ratios as applicable to the Bank are as follows:

- k1 – not less than 0.095 (31 December 2023: 0.075);
- k1-2 – not less than 0.105 (31 December 2023: 0.085);
- k2 – not less than 0.12 (31 December 2023: 0.1).

As at 31 December 2024, the Bank complied with all prudential capital ratios k1, k1-2 and k2, and the actual ratios were 0.166, 0.166 and 0.178, respectively (31 December 2023: k1 –0.154, k1-2 –0.154 and k2 –0.181).

The following table shows the composition of the capital position as at 31 December 2024 calculated in accordance with the requirements established by the resolution of Board of National Bank of the Republic of Kazakhstan of 13 September 2018, No. 170 “On establishment of normative values and techniques of calculations of prudential standard rates and other regulations, obligatory to observance, and limits of the size of the capital of bank for the certain date and Rules of calculation and limits of the open foreign exchange position of bank, with amendments and additions.

	31 December 2024	31 December 2023
Tier 1 capital		
Basic capital:	604,399	397,183
Share capital	65,648	65,648
Statutory retained earnings of prior years	356,431	225,818
Retained earnings of current period	195,793	130,613
Reserves formed from statutory retained earnings of prior years	4,981	4,981
Revaluation surplus for buildings	-	-
Revaluation reserve for investment securities	1,300	(13,883)
Statutory adjustments:		
Intangible assets	(19,754)	(15,994)
Total basic capital	604,399	397,183
Additional capital:		
Paid-in preference share capital not satisfying basic capital requirements	11,775	11,775
Bank’s treasury preference shares	(11,686)	(11,686)
Tier 1 capital	604,488	397,272
Tier 2 capital		
Subordinated debt	43,267	67,626
Total tier 2 capital	43,267	67,626
Total capital	647,755	464,898
Positive difference between regulatory impairment provisions and IFRS impairment provisions	-	-
Risk-weighted assets, contingent liabilities and derivative financial instruments and operational risk		
Credit risk-weighted assets	3,213,766	2,301,707
Credit risk-weighted contingent liabilities	182,118	118,365
Market risk-weighted assets, contingent assets and liabilities	81,494	51,599
Operational risk	159,035	103,165
Risk-weighted assets, contingent liabilities and derivative financial instruments and operational risk	3,636,413	2,574,836
k1	0.166	0.154
k1-2	0.166	0.154
k2	0.178	0.181

30. CREDIT RELATED COMMITMENTS

The Group has outstanding credit related commitments to extend loans. These credit related commitments take the form of approved loans and credit card limits and overdraft facilities.

The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to five years.

The Group applies the same credit risk management policies and procedures when granting credit commitments, financial guarantees and letters of credit as it does for granting loans to customers.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

30. CREDIT RELATED COMMITMENTS, CONTINUED

The contractual amounts of credit related commitments are set out in the following table by category. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the reporting date if the counterparties failed completely to perform as contracted.

As at 31 December 2024 and 31 December 2023, the nominal values or contractual values and risk-weighted amounts are as follows:

	31 December 2024		31 December 2023	
	Nominal value	Risk-weighted value*	Nominal value	Risk-weighted value
Guarantees issued and other similar liabilities	211,893	174,700	193,598	134,799
Credit card commitments	98,487	19,697	92,921	18,584
Letters of credit and other contingent liabilities related to other transaction	12,626	2,525	16,978	3,396
	323,006	196,922	303,497	156,779

*guarantees issued and other similar liabilities are stated net of cash collateral in the amount of KZT 37,193 million (31 December 2023: KZT 58,799 million); credit cards and letters of credit liabilities of 20% of the nominal value.

Management expects that loans and liabilities under credit facilities will be financed as required at the expense of the amounts received from repayment of the current loan portfolio according to the payment schedules.

As at 31 December 2024, the guarantees issued in the amount of KZT 209,686 million and credit card commitments in the amount of KZT 97,987 million are classified as Stage 1 of credit risk gradings (31 December 2023: KZT 161,298 million and KZT 92,263 million), KZT 155 million and KZT 156 million are classified as Stage 2 of credit risk gradings (31 December 2023: KZT 33 million and KZT 114 million, respectively) and KZT 2,052 million and KZT 344 million are classified as Stage 3 of credit risk gradings, respectively (31 December 2023: KZT 32,267 million and KZT 544 million, respectively). Net change in provision for credit related commitments was KZT 1,725 million for the year ended 31 December 2024 due to charge of additional provision for one counterparty as a guarantee event has occurred (Note 25) (2023: positive change in provision for credit related commitments was KZT 27,534 million).

The following table shows the guarantees issued and other similar liabilities secured by different types of collaterals and not the fair value of the collateral itself.

	31 December 2024	31 December 2023
Real estate	54,608	50,537
Corporate guarantees	50,727	17,829
Cash	37,193	58,799
Unsecured	16,837	16,415
Movable property	3,465	988
Goods in turnover	1,422	554
Other	47,641	48,476
Total	211,893	193,598

The following table shows the letters of credit issued and other contingent liabilities secured by different types of collaterals and not the fair value of the collateral itself.

	31 December 2024	31 December 2023
Cash	9,366	10,128
Real estate	2,134	-
Other	1,126	6,850
Total	12,626	16,978

These commitments do not necessarily represent future cash requirements, as these credit related commitments may expire or terminate without being funded.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

31. CUSTODIAN SERVICES

The Group provides custodian services to individuals, trusts, retirement benefit plans and other institutions, whereby it accounts and holds assets or make settlements on the customers' transactions with different financial instruments at the direction of the customer. The Group receives fee income for providing these services. Assets received under custodian management are not assets of the Group and are not recognised in the consolidated statement of financial position. The Group is not exposed to any credit risk related to such activities, as it does not guarantee these investments.

Fiduciary assets are categorised as follows based on their nominal value:

	31 December 2024	31 December 2023
Securities	424,454	406,714
Investments in buildings, machinery, equipment, transport and other property	6,443	6,261
Bank deposits	-	47
Unit investment funds	47	25
Total fiduciary assets	430,944	413,047

The Bank keeps accounting and prepares reporting for assets and investment funds, asset management and other legal entities and transactions with assets and makes reconciliation with the management company with regard to the assets being served, in accordance with the requirements of the legislation of the Republic of Kazakhstan and NBRK rules.

32. CONTINGENCIES

(a) Insurance

The insurance industry in the Republic of Kazakhstan is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group does not have full coverage for its premises and equipment, business interruption, or third-party liability in respect of property or environmental damage arising from accidents on its property or 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 effect on operations and financial position.

(b) Litigation

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

(c) Taxation contingencies in Kazakhstan

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

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

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

33. FINANCIAL ASSETS AND LIABILITIES: FAIR VALUES AND ACCOUNTING CLASSIFICATIONS

(a) Accounting classifications and fair values

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

	Financial instruments at fair value through profit or loss	Financial instruments at fair value through other comprehensive income	Amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	-	1,663,625	1,663,625	1,663,625
Financial instruments at FVTPL	98,026	-	-	98,026	98,026
Investment financial assets at FVOCI	-	888,453	-	888,453	888,453
Investment financial assets at amortised cost	-	-	216,969	216,969	216,493
Due from banks	-	-	103,397	103,397	103,397
Loans to customers and banks	-	-	3,860,538	3,860,538	3,868,975
Other financial assets	-	-	35,114	35,114	35,114
	98,026	888,453	5,879,643	6,866,122	6,874,083
Due to banks and financial institutions	-	-	296,183	296,183	296,183
Financial liabilities at FVTPL	1,413	-	-	1,413	1,413
Customer accounts	-	-	5,390,568	5,390,568	5,381,766
Debt securities issued	-	-	161,264	161,264	151,285
Subordinated bonds	-	-	43,046	43,046	41,890
Other financial liabilities	-	-	513,553	513,553	513,553
	1,413	-	6,404,614	6,406,027	6,386,090

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

33. FINANCIAL ASSETS AND LIABILITIES: FAIR VALUES AND ACCOUNTING CLASSIFICATIONS, CONTINUED

(a) Accounting classifications and fair values, continued

The carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2023 are as follows:

	Financial instruments at fair value through profit or loss	Financial instruments at fair value through other comprehensive income	Amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	-	1,353,334	1,353,334	1,353,334
Financial instruments at FVTPL	55,414	-	-	55,414	55,414
Investment financial assets at FVOCI	-	583,693	-	583,693	583,693
Investment financial assets at amortised cost	-	-	106,659	106,659	104,760
Due from banks	-	-	39,483	39,483	39,483
Loans to customers and banks	-	-	2,928,849	2,928,849	2,911,512
Other financial assets	-	-	29,826	29,826	29,826
	55,414	583,693	4,458,151	5,097,258	5,078,022
Due to banks and financial institutions	-	-	181,891	181,891	181,891
Customer accounts	-	-	4,022,068	4,022,068	4,019,165
Debt securities issued	-	-	70,532	70,532	65,859
Subordinated bonds	-	-	58,587	58,587	57,386
Other financial liabilities	-	-	521,670	521,670	521,670
	-	-	4,854,748	4,854,748	4,845,971

The estimates of fair value are intended to approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

However, given the uncertainties and the use of subjective judgement, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

33. FINANCIAL ASSETS AND LIABILITIES: FAIR VALUES AND ACCOUNTING CLASSIFICATIONS, CONTINUED

(a) Accounting classifications and fair values, continued

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market-observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices and foreign currency exchange rates. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives such as interest rate swaps.

For more complex instruments, the Group uses proprietary valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Example of instruments involving significant unobservable inputs include certain loans and securities for which there is no active market.

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

- discount rates of 6.06%-21.87% and 20.91%-34.91%, are used for discounting future cash flows from USD- and KZT-denominated loans to corporate customers and loans to retail customers, respectively (31 December 2023: 6.87%-21.11% and 20.55%-28.35%);
- discount rates of 7.0% to 14.64% p.a. are used for discounting future cash flows from mortgage loans issued under the '7-20-25' programme (31 December 2023: 7.0% to 14.64% p.a.). The Bank applies nominal interest rates to discount future cash flows making the assumption that this government programme represents a separate market segment;
- discount rates of 2.6%-14.0% and 0.9%-13.2% are used to calculate expected future cash flows from KZT - and USD-denominated current accounts and deposits of corporate and retail customers, respectively (31 December 2023: 2.6%-14.6% and 0.9%-13.7%);
- quoted market prices are used for determination of fair value of debt securities issued.

The estimates of fair value are intended to approximate the amount for which a financial instrument can be exchanged between knowledgeable, willing parties in an arm's length transaction. However, given the uncertainties and the use of subjective judgement, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

(b) Fair value hierarchy

The Group measures fair values for financial instruments recorded on the consolidated statement of financial position using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for identical or similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: valuation techniques using unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect difference between the instruments.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

33. FINANCIAL ASSETS AND LIABILITIES: FAIR VALUES AND ACCOUNTING CLASSIFICATIONS, CONTINUED

(b) Fair value hierarchy, continued

The table below analyses financial instruments measured at fair value at 31 December 2024, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Level 1	Level 2	Level 3	Total
Assets				
Non-derivative financial instruments at FVTPL - debt securities	16,380	69,160	-	85,540
Non-derivative financial instruments at FVTPL - equity securities	6,621	5,865	-	12,486
Investment financial assets at FVOCI - debt financial instruments	288,670	589,121	8,302	886,093
Investment financial assets at FVOCI - equity financial instruments	1,910	450	-	2,360
	313,581	664,596	8,302	986,479
Liabilities				
Financial liabilities at FVTPL - currency swap	-	1,413	-	1,413

The table below analyses financial instruments measured at fair value at 31 December 2023, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1	Level 2	Level 3	Total
Assets				
Non-derivative financial instruments at FVTPL - debt securities	4,239	42,381	-	46,620
Non-derivative financial instruments at FVTPL - equity securities	2,049	6,683	-	8,732
Investment financial assets at FVOCI - debt financial instruments	58,417	517,851	6,255	582,523
Investment financial assets at FVOCI - equity financial instruments	1,170	-	-	1,170
	65,875	566,915	6,255	639,045

The following table shows a reconciliation for the year ended 31 December 2024 and 31 December 2023 for fair value measurements in Level 3 of the fair value hierarchy:

	2024	2023
Balance at January 1	6,255	12,285
Net interest income	272	350
Interest received	(233)	(232)
Repayment	-	(6,706)
Foreign exchange difference	1,421	1,896
Net gain on change in fair value	587	(1,338)
Balance at 31 December	8,302	6,255

During 2022, securities of Russian issuers were transferred to Level 3 of the fair value hierarchy, where significant inputs used in making those estimates, previously observable, became unobservable: these securities were listed on the stock exchange and observable transactions with those securities on an arm's length basis were conducted.

The table below sets out information about significant unobservable inputs used at year end in the measuring fair value of net assets categorised as Level 3 in the fair value hierarchy as at 31 December 2024, together with a sensitivity analysis for shifts in these inputs which the Bank considers were reasonably possible at the reporting date, assuming all other variables remain unchanged.

	Fair value of financial assets KZT'000	Valuation technique	Significant unobservable inputs	Reasonable shift	Sensitivity analysis of fair value to unobservable inputs
31 December 2024	8,302	Cash price method of securities database	Bid-ask spreads	+/-10.0%	830

Unobservable valuation differences on initial recognition

In many cases all significant inputs into the valuation techniques are wholly observable, for example by reference to information from similar transactions in the currency market. In cases where all inputs are not observable, for example because there are no observable trades in a similar risk at the reporting date, the Group uses valuation techniques that rely on unobservable inputs – e.g. volatilities of certain underlying, expectations of termination periods. When fair value at initial recognition is not evidenced by a quoted price in an active market or based on a valuation technique that uses data only from observable markets, any difference between the fair value at initial recognition and the transaction price is not recognised in profit or loss immediately, but is deferred (see Note 3).

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

33. FINANCIAL ASSETS AND LIABILITIES: FAIR VALUES AND ACCOUNTING CLASSIFICATIONS, CONTINUED

(b) Fair value hierarchy, continued

Unobservable valuation differences on initial recognition, continued

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2024.

	Level 2	Level 3	Total fair values	Total carrying amount
Assets				
Cash and cash equivalents	1,663,625	-	1,663,625	1,663,625
Investment financial assets at amortised cost	216,493	-	216,493	216,969
Due from banks	103,397	-	103,397	103,397
Loans to customers and banks	3,819,155	49,820	3,868,975	3,860,538
Other financial assets	35,114	-	35,114	35,114
Liabilities				
Due to banks and financial institutions	296,183	-	296,183	296,183
Customer accounts	5,381,766	-	5,381,766	5,390,568
Debt securities issued	151,285	-	151,285	161,264
Subordinated bonds	41,890	-	41,890	43,046
Other financial liabilities	513,553	-	513,553	513,553

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2023.

	Level 2	Level 3	Total fair values	Total carrying amount
Assets				
Cash and cash equivalents	1,353,334	-	1,353,334	1,353,334
Investment financial assets at amortised cost	104,760	-	104,760	106,659
Due from banks	39,483	-	39,483	39,483
Loans to customers and banks	2,868,885	42,627	2,911,512	2,928,849
Other financial assets	29,826	-	29,826	29,826
Liabilities				
Due to banks and financial institutions	181,891	-	181,891	181,891
Customer accounts	4,019,165	-	4,019,165	4,022,068
Debt securities issued	65,859	-	65,859	70,532
Subordinated bonds	57,386	-	57,386	58,587
Other financial liabilities	521,670	-	521,670	521,670

JOINT STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

34. RELATED PARTY TRANSACTIONS

Mr. B. R. Baiseitov is an ultimate controlling party of the Group.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. Transactions between the Bank and its subsidiaries, which are related parties of the Bank, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and related parties are disclosed below:

	31 December 2024		31 December 2023	
	Related party transactions	Average nominal interest rate	Related party transactions	Average nominal interest rate
Loans to customers and banks, gross	28,873		25,353	
- key management personnel of the Group				
- in KZT	86	16.14%	97	10.36%
- close relatives of key management personnel				
- in KZT	24	3.60%	25	3.86%
- entities under common control				
- in USD	27,815	5.00%	24,055	5.00%
- in KZT	948	18.00%	1,176	19.00%
Provision for losses on loans to customers and banks	(27,815)		(18,764)	
- entities under common control	(27,815)		(18,764)	
Customer accounts	5,598		6,684	
- key management personnel of the Group				
- in KZT	796	13.16%	298	14.06%
- in USD	827	0.75%	748	0.79%
- in other currencies	99	0.01%	80	0.10%
- close relatives of key management personnel				
- in KZT	1,097	13.89%	3,004	14.00%
- in USD	339	0.56%	368	1.50%
- in other currencies	23	0.06%	14	-
- other				
- in KZT	883	11.77%	298	14.37%
- in USD	1,524	1.75%	1,855	0.75%
- in other currencies	10	-	19	0.10%

Secured and unsecured loans and guarantees are issued to key management personnel and other related parties in the ordinary course of business. These loans are issued mostly on the same terms, including interest rates, that are used in other similar transactions with the persons of similar status or, if applicable, with other companies and employees. The transactions did not involve more than the normal risk of repayment or present other unfavourable features.

Amounts deposited by the Group's key management personnel and other related parties earn interest at the same rates as those offered to the market or on the same terms and conditions applicable to other employees within the Group.

Included in the consolidated statement of profit or loss for the year ended 31 December 2024 and 31 December 2023 are the following amounts, which arose due to transactions with related parties:

	Year ended 31 December 2024	Year ended 31 December 2023
Interest income	246	196
- key management personnel of the Group	14	7
- close relatives of key management personnel	1	1
- entities under common control	231	188
Interest expense	(180)	(582)
- key management personnel of the Group	(37)	(75)
- close relatives of key management personnel	(110)	(431)
- other	(33)	(76)
Expected credit loss allowance on loans to customers and banks	(5,381)	(3,803)
- entities under common control	(5,381)	(3,803)
Operating expenses	(1,671)	(1,290)
- key management personnel of the Group	(1,671)	(1,290)

Key management personnel remuneration for the years ended 31 December 2024 and 31 December 2023 represent short-term employee benefits. Total remuneration of members of the Board of Directors and the Management Board amounted to KZT 1,384 million and KZT 1,132 million for the years ended 31 December 2024 and 31 December 2023, respectively.