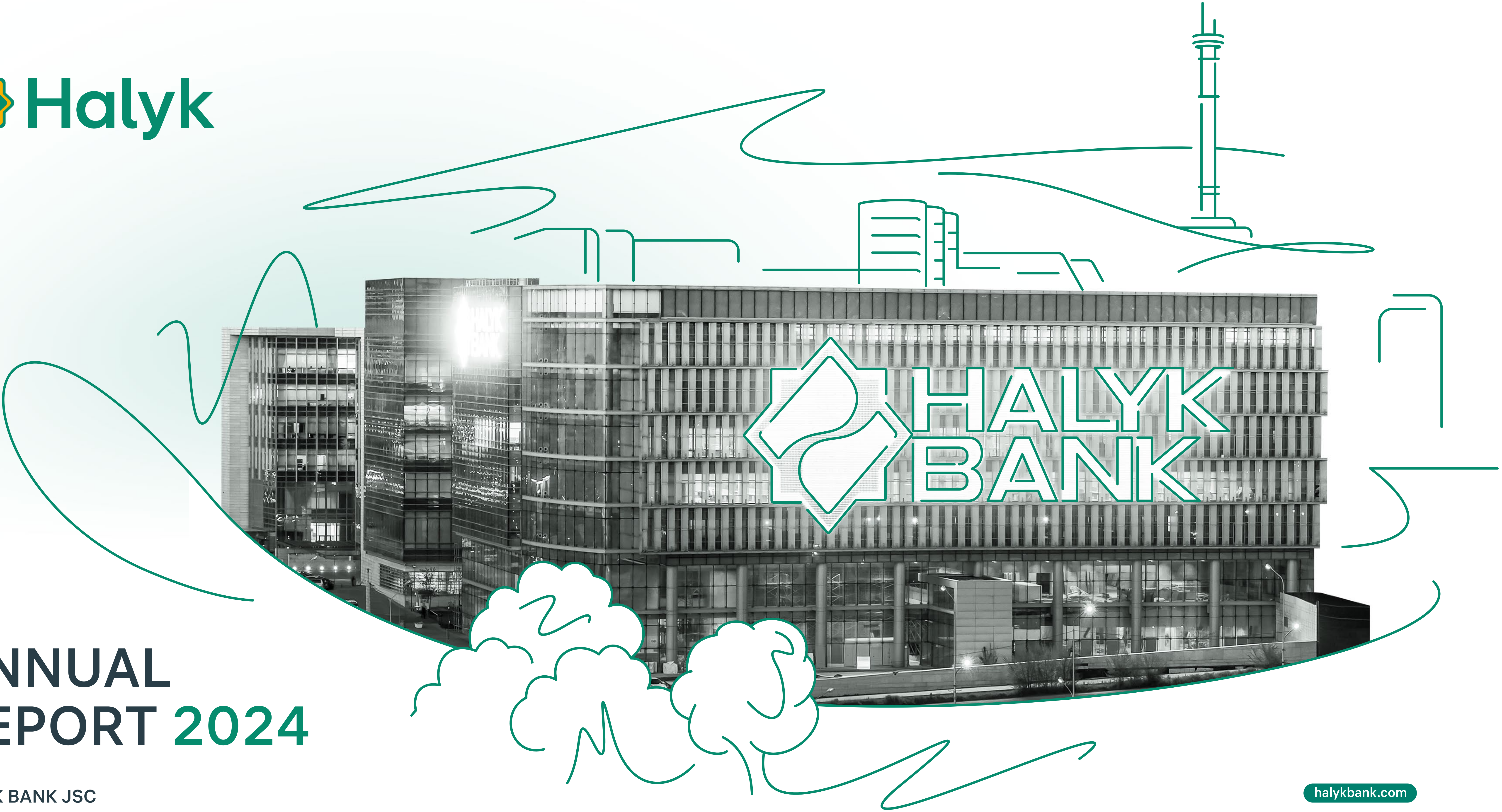
Halyk



ANNUAL REPORT 2024

HALYK BANK JSC

halykbank.com

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KEY FIGURES

Key financial results for 2024

KZT 921 billion 32.8%
record net income

7.2%
record net interest margin (NIM)

KZT 18,548 billion 19.7%
record total assets

KZT 12,990 billion 18.9%
record total deposits

KZT 125 billion 10.2%
record net fee and commission income

34.0%
record return on average equity (RoAE)

KZT 11,466 billion 23.5%
record net loan portfolio

KZT 3,068 billion 23.9%
record total equity

Moody's	Baa1
FitchRatings	BBB-
S&P Global	BBB-

Halyk Super App

KZT 16.2 trillion 39%
total payments and transfers

KZT 358.6 million 29%
number of payments and transfers

Onlinebank

KZT 127,2 trillion 16%
total payment volume

KZT 50 million 20%
number of payments

KEY FIGURES

Key non-financial indicators

235 thousand people

completed financial literacy courses since 2023 as part of the 'Qaryzsyz qogam' project

About KZT **29** billion

allocated to charitable initiatives from 2014 to 2024

2.6 million

clients used social payments

180 thousand people

100 thousand for the year

number of retail shareholders of Halyk

16.7 thousand people

employed within the Halyk Group

KZT **259** billion

contributed in tax revenues to the budget in 2024

43 million government services

provided by the Bank in 2024

85%

employee engagement level

1.

STRATEGIC REPORT

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CHAIRMAN OF THE BOARD'S STATEMENT

DEAR SHAREHOLDERS, CLIENTS, AND PARTNERS,

The past year, 2024, was a year of record-breaking results and strategic achievements for Halyk Bank. The Bank continues to strengthen its market position, actively pursue digital transformation and ecosystem expansion, and develop its international presence. Key focus areas included the development of the corporate governance system, ESG initiatives, and social responsibility — all of which contribute to the Bank's long-term resilience.

Economic Trends

Reflecting on 2024, it is important to acknowledge that the Bank continues to operate amid ongoing geopolitical tensions between East and West, a global slowdown in economic growth, and heightened sanctions requirements — all of which have shaped the global geopolitical landscape and continue to have a significant impact on the development of the world economy this year.

Among the notable events at the beginning of the current year are the return of Donald Trump to the presidency of the United States — marking a new wave of protectionist policies from the world's most influential power — and the escalation of geopolitical conflicts in the Middle East, accompanied by the tightening of sanctions regimes and the disruption of economic and trade relations.

In 2024, global inflation slowed to 5.76%, enabling some economies to ease their monetary policies. However, high interest rates continued to restrict access to finance, while geopolitical risks and sanctions destabilised supply chains, increasing costs for businesses. Under these conditions, global economic growth, according to the World Bank, declined to 2.7%.

Kazakhstan's economy grew by 4.8%, driven by trade (+9.1%) and manufacturing (+5.9%), while the mining sector contracted by 0.2% due to reduced oil production. Construction and agriculture posted double-digit growth thanks to a low base effect. In 2025, GDP growth is expected to reach 5.6%, supported by increased oil output and public investment.

The country's fiscal policy remained procyclical: the budget deficit reached KZT 3.5 trillion, and withdrawals from the National Fund rose to KZT 6.3 trillion. A shortfall in corporate income tax and VAT revenues further increased the budget's dependence on oil income, underscoring the need for tax reform.

ALEKSANDR PAVLOV

Chairman of the Board of Directors
Halyk Bank of Kazakhstan JSC

Anti-inflationary measures by the government and the National Bank, including a tight monetary policy, helped bring inflation down to 8.6%. However, inflationary pressures resumed towards the end of the year. The base rate was returned to 15.25%, and in March 2025 was raised to 16.5% due to revised inflation expectations and pressure on the tenge. The tightening of monetary policy will pose additional challenges for businesses, constraining credit growth.

Despite continued fiscal pressure and rising public debt servicing costs, the international rating agency S&P Global Ratings reaffirmed Kazakhstan's sovereign credit rating at BBB- with a stable outlook in February 2025. This decision reflected the country's relatively high expected economic growth in 2025 and the resilience of its international reserves.

Halyk Bank's Development Strategy

It is worth noting that despite the influence of numerous adverse factors, the Kazakh financial sector as a whole demonstrated stable growth in assets and lending, as well as high levels of profitability and capitalisation — once again confirming its resilience and ability to mitigate emerging risks.

In this environment, Halyk Bank continued the implementation of its strategy focused on balanced development, strengthening its positions in the markets of Kazakhstan, Uzbekistan, and Georgia, and advancing its digital transformation. In 2024, the Bank maintained its leadership across key market segments, increasing its assets, loan portfolio, and deposit base. We continue to develop digital solutions, enhance access to banking services, and improve service quality.

Halyk Bank continues to demonstrate consistent profitability and strong investment appeal. Over the past five years, the Bank's net profit has grown 2.6 times and and total equity 2.1 times. Earnings per share (EPS) have increased by 22.9% (CAGR), and dividends per share by 15.4% (CAGR). Total shareholder return (TSR) for this period rose by 20.1% (CAGR), with an average dividend yield of 14.1% (GDR).

As part of its efforts to optimise capital structure, in September 2024 Halyk Bank announced a global depositary receipt (GDR) buyback programme of up to US$50 million, which will run until 18 September 2025. The total number of GDRs to be repurchased will not exceed 1% of the Halyk Bank's total outstanding ordinary shares.

Aiming to enhance transparency and operational efficiency, strengthen competitive positions, and ensure sustainable business growth, the Bank implemented a number of initiatives in 2024 under the supervision of the Board of Directors. These initiatives were aimed at improving the performance of corporate governance bodies, strengthening internal control and risk management systems, and aligning the Bank's activities with ESG principles. The most significant of these included the development of the Halyk Group Development Strategy for 2025–2027, Halyk Bank's ESG Strategy for 2025–2027, and an Action Plan for improving risk management, internal control, and corporate governance systems.

A key step was Halyk Bank's voluntary commitment to conduct an annual assessment of its compliance with the provisions of the Model Code (the Corporate Governance Code of the Republic of Kazakhstan), in line with the "comply or explain" principle. We also disclose information on our compliance with the UK Corporate Governance Code. In addition, we developed training courses on corporate governance and sustainable development, carried out corporate governance diagnostics across all Halyk Group organisations, and formulated recommendations for improvement in this area.

There were also changes within the Halyk Group's structure. Acknowledging that the future of the financial market depends directly on the level of digitalisation, the speed of developing and implementing digital financial products, services, and tools, as well as the quality of user experience, we established a new subsidiary — "Halyk Lab." The company launched operations in Q4 2024 and focuses on the development and implementation of software for financial institutions, as well as providing technical support services to companies using our software solutions.

International Business Development

For five consecutive years, Tenge Bank in Uzbekistan has demonstrated steady growth. In 2024, the bank launched digital lending services for entrepreneurs, modernised its IT systems, and expanded its product range. Assets increased by 22.3%, while net profit grew by 19.1%, confirming the success of the Bank's strategy in this market. At the same time, the bank has become an important financial bridge between Kazakhstan and Uzbekistan, facilitating the development of cross-border operations. In 2024, the volume of transfers between the two countries through Halyk Bank reached KZT 2 trillion, while the cross-border loan portfolio amounted to KZT 511 billion. Tenge Bank earned strong market recognition, receiving the "Best Corporate Bank" award from The Banker and the "Best Foreign Bank" award in Uzbekistan from Asiamoney.

In Georgia, Halyk Bank upgraded its digital services, expanded its corporate client base, and strengthened its position in international settlements. The Bank's assets reached KZT 173.2 billion, and net profit amounted to KZT 3.6 billion. These results confirm the effectiveness of our regional strategy.

Social Responsibility and Sustainable Development

Alongside business development, Halyk Group is committed to fostering positive change in society. We actively invest in social and charitable projects, support national culture and the arts, healthcare and sport, education, and the protection of motherhood and childhood. In addition, we provide assistance to fellow citizens in need, allocating funds to help restore their lives following natural disasters, industrial accidents, and other emergencies. For instance, last year, in response to the spring floods in Kazakhstan, Halyk Bank and the Halyk Charity Fund contributed KZT 1 billion of their own funds to support those affected. In addition, employees of the Bank and the Fund donated a day's salary — totalling approximately KZT 200 million — to the victims, which the Bank's management more than doubled to KZT 450 million.

Another important social initiative we have supported for the past two years is the Qaryzsyz qogam ("Debt-Free Society") project, aimed at improving financial literacy among rural residents. In 2024, 235,000 people completed training under this programme. Last year, Halyk Bank allocated KZT 100 million to support the Qamqorshy AMANAT Fund, which will help tens of thousands of graduates of the programme increase their income by uniting their household farms into agricultural cooperatives. The Fund will finance training centres offering both theoretical and practical agricultural knowledge, including access to laboratories, project development tools, and "turnkey" implementation support. In addition, cooperatives created under this initiative will be provided with production equipment through leasing arrangements and will receive repayable grants.

New Strategic Cycle

Throughout the past year, we have strived to maximise the value of the Halyk Group for our esteemed shareholders, clients, partners, employees, the state, and society — fully recognising that the key to future success lies in the positive impact of our work. That is why we will continue to invest in the Bank's technological development, create fast and user-friendly financial services, support meaningful change, and help our fellow citizens build a happy and prosperous society.

On behalf of the Board of Directors and Halyk Bank, I would like to express my sincere gratitude to everyone who contributes to this important work.

Sincerely,
Chairman of the Board of Directors
Aleksandr Pavlov

CHAIRPERSON OF THE MANAGEMENT BOARD'S REVIEW

DEAR CLIENTS, PARTNERS AND SHAREHOLDERS,

The key geopolitical and macroeconomic challenges of 2024 continued to include local military conflicts and the resulting intensification of international sanctions, a slowdown in economic growth in developed countries due to moderately tight monetary conditions, and high exchange rate volatility in emerging market currencies. The election of Donald Trump as the new President of the United States and the shift towards a policy of state protectionism significantly intensified competition between the economies of the US, China, and the European Union, heightening mutual distrust and complicating international cooperation. At the same time, lower energy prices and declining inflation contributed to a more favourable operating environment.

Kazakhstan's integration into global trade processes and supply chains, along with its high dependence on commodity markets, foreign investment inflows, and the import of industrial and consumer goods, necessitated urgent government measures to mitigate emerging risks, limit the impact of negative factors, and create conditions for stable national economic growth, business development, and improved living standards. To this end, in May 2024, the President of Kazakhstan issued a decree on economic liberalisation aimed at reducing state participation in the economy through the privatisation of state-owned assets, fostering competition and entrepreneurial freedom, increasing the autonomy of the Samruk-Kazyna Fund and its subsidiaries, liberalising procedures for starting and running a business, and lowering the costs borne by private companies.

The implementation of a moderately tight monetary policy throughout the past year helped slow inflation in the first half of the year and contain its rise to 8.6% in the second half. A series of regulatory measures — including the requirement for quasi-state companies to sell 50% of their foreign currency earnings, the sale of foreign currency through the conversion of transfers from the National Fund, mirroring operations related to gold purchases, and sharp increases in the base rate in November 2024 and March 2025 — provided the necessary support for the tenge exchange rate. Further details on the sources of Kazakhstan's economic growth, as well as key challenges, events, and priorities in the country's fiscal and monetary policy, are provided in the Macroeconomic Overview section.

UMUT SHAYAKHMETOVA

Chairperson of the Management Board

Despite the adverse impact of last year's geopolitical and macroeconomic challenges — including high operational volatility, tight monetary conditions, persistent inflationary pressure, heightened regulatory oversight and lending requirements, as well as the anticipated increase in tax burden — Kazakhstani banks succeeded in delivering solid growth in assets and lending, while also increasing capitalisation, enhancing liquidity buffers, and improving sector profitability. The regulatory level of short-term liquidity, along with banks' Liquidity Coverage Ratios (LCR) and Net Stable Funding Ratios (NSFR), all met and significantly exceeded the established minimum requirements.

Banking Sector Development

The total assets of the banking sector increased by 19.7% in 2024, reaching KZT 61.6 trillion, primarily driven by a 20% expansion of the loan portfolio to KZT 35.8 trillion. Despite high interest rates, lending experienced double-digit growth in both the business segment (+16.5%) and retail segment (+23.9%).

Within the business sector, the corporate loan portfolio grew by 12%, supported by more favourable pricing conditions for this segment and the realisation of deferred demand from 2023 for large infrastructure projects. Growth in the small (+21%) and medium-sized (+18%) enterprise segments was sustained by regulatory incentives for business lending, the introduction of scoring-based lending products for SMEs, and broader credit penetration among entrepreneurs.

It is worth noting that 36% of business loans issued were short-term and intended to finance working capital, as entrepreneurs, under current conditions, consider long-term borrowing to be less practical.

As operating conditions improved, the cost of risk declined notably — from 6.0% to 5.5%. This was also reflected in the non-performing loan (NPL) ratio, which remained relatively low at 3.1% despite double-digit loan portfolio growth. The increase in interest margin — from 6.3% to 6.7% — supported by overall business expansion and stable loan portfolio quality, contributed to stronger profitability in the banking sector.

As a result, total net profit for the sector reached KZT 2.6 trillion, exceeding the 2023 figure by 17%. This, in turn, drove a 29.6% increase in sector capitalisation, which rose to KZT 8.9 trillion. By the end of 2024, the Tier 1 capital adequacy ratio (k1) stood at 20.4%, and the total capital adequacy ratio (k2) at 22% — both significantly above regulatory requirements and sufficient to cover potential banking sector risks.

Even more rapid was the increase in banks' corporate income tax payments — up by 39.2% to KZT 451.4 billion. As a result, the banking sector's share of total corporate income tax receipts in the national budget rose from 8.3% to 12.4%. The stable growth in banking sector profitability and capitalisation was also reflected in credit rating assessments: in 2024, banks' credit ratings were upgraded 13 times, and rating outlooks were revised upwards for six institutions. More detailed information on the performance of domestic banks in 2024 is available in the section Overview of Kazakhstan's banking sector.

Strong Financial Position

In 2024, Halyk Bank once again successfully demonstrated its resilience to adverse macroeconomic conditions, achieving all planned targets for asset, loan, and deposit growth across all business segments, and delivering a significant improvement in business profitability.

Thanks to significant growth in client funds, the Group's assets increased by 19.7% in 2024, reaching KZT 18.5 trillion as of 1 January 2025. Approximately 65% of the Group's total assets consist of the client loan portfolio, which grew by 23.2% (gross) during the reporting period. This was driven by growth across all business segments — with the retail portfolio increasing by 33.3% and the corporate portfolio by 18.4%.

On the liabilities side, the Group also recorded an 18.9% increase, supported by active inflows of client funds and the issuance of debt securities. As a result, corporate client funds grew by 13.5% over the reporting period, while retail deposits rose by 23.5%. At year-end, the share of corporate deposits denominated in tenge stood at 70.9%, while the share of tenge-denominated retail deposits amounted to 67.5%.

The significant growth of the Group's lending and transactional business in 2024 led to a record increase in net profit — up by 32.8% compared to 2023 — bringing total net profit to nearly KZT 921 billion. This impressive financial result underpinned a 23.9% increase in the Halyk Group's equity, which rose to KZT 3.1 trillion.

The current level of capitalisation enables Halyk Bank to absorb potential external shocks and confidently pursue business development in a volatile operating environment. More detailed information on Halyk Group's consolidated financial results is available in the Overview of Financial Performance results section.

Halyk Bank's investment-grade ratings from international credit rating agencies — Standard & Poor's, Fitch Ratings, and Moody's Investors Service — serve as confirmation of its strong financial position, balanced risk management approach, and ability to deliver high-quality, sustainable growth.

In April 2024, Fitch affirmed Halyk's long-term issuer default ratings in both foreign and local currency at BBB- with a stable outlook. In September, Moody's upgraded Halyk's ratings to a historically high, sovereign level of Baa1, also with a stable outlook. In December, S&P raised Halyk's long-term issuer credit rating to a historic high of BBB-, which matches the sovereign rating and also carries a stable outlook.

In their assessments, analysts from all three rating agencies highlighted Halyk's dominant position in the domestic market, its strong standing in the corporate lending sector, improvements in asset quality, high profitability, substantial capital and liquidity buffers, sound business diversification, and an experienced management team that has consistently delivered strong financial results across economic cycles.

Another important step highlighting Halyk Bank's strong resilience was the early repayment to the state of the full amount of historical financial support originally provided in 2015 to Kazkommertsbank in the form of a deposit from the Kazakhstan Sustainability Fund, which was transferred to Halyk Bank's balance sheet following the integration of Qazkom and Halyk Bank in 2018. In April 2024, Halyk Bank repaid the remaining balance of this government support, amounting to KZT 181.6 billion. Combined with the KZT 68.4 billion repaid in 2023, this enabled the Bank to fully and early meet its obligations to the state in full.

To maintain its growth momentum, diversify its funding base, and support broader corporate objectives, Halyk Bank secured a US$300 million syndicated loan in September 2024. The facility consisted of two tranches with maturities of one and three years. The transaction attracted participation from 12 banks across North America, Europe, the Middle East, and Asia. Due to strong investor demand, the initial syndication size was increased from US$200 million to US$300 million. Notably, this was the first transaction of its kind by a Kazakh commercial bank in the past 15 years, marking Halyk Bank's return to the international syndicated loan market.

As part of its efforts to optimise its capital structure, Halyk Bank announced the launch of a global depositary receipt (GDR) buyback programme in September 2024. The programme, with a total value of up to US$50 million, will run until 18 September 2025. The total number of GDRs to be repurchased will not exceed 1% of the Bank's total outstanding ordinary shares. Citigroup Global Markets Limited has been appointed as the riskless principal for the transaction, acquiring the GDRs on behalf of Halyk Bank and subsequently selling them back to the Bank.

The Bank's steadfast commitment to sustainable development and its efforts to support the decarbonisation of Kazakhstan's economy through environmentally sustainable projects were reflected in the debut issuance of Halyk Bank's three-year green bonds worth KZT 20 billion. These were placed on the Kazakhstan Stock Exchange (KASE) in December 2024. The proceeds will be used to finance projects that promote more efficient use of natural resources, reduce environmental impact, and mitigate the effects of climate change.

Halyk Finance, a subsidiary of the Bank, acted as the financial advisor and underwriter for the issuance and placement. Notably, Halyk Bank became the first commercial bank in Kazakhstan to issue green bonds on the local stock market, reaffirming its leadership in adopting best ESG practices and its commitment to making a tangible contribution to building a sustainable economy.

Further information about the Bank's activities through the lens of sustainability is available in the sections ESG Strategy and ESG Report.

Strategic Development of the Group

As the largest financial group in Central Asia, Halyk Group continued to implement its strategic initiatives in 2024, focusing on expanding its presence in the markets of Uzbekistan and Georgia, and actively developing both the banking and non-banking businesses of its subsidiaries.

The achievements of Tenge Bank, which is steadily strengthening its position in Uzbekistan, are particularly noteworthy. Last year, the bank launched digital lending services for entrepreneurs, upgraded its IT systems, and expanded its product portfolio. These developments enabled a 34.8% increase in the bank's assets, a 23.4% rise in equity, and a 19.1% growth in net profit (converted from Uzbek soums to tenge), confirming the success of our strategy in this market. This is further supported by the prestigious awards Tenge Bank received in 2024 — "Best Corporate Bank" and "Best Foreign Bank."

Significant progress was also achieved in Halyk Group's insurance business in 2024. Halyk Insurance, the Group's general insurance company, substantially expanded its operations in the international inward reinsurance segment, increasing the number of partners and achieving a 33% rise in inward reinsurance premiums compared to 2023. In addition, the company established cooperation with international insurance and reinsurance organisations, actively introduced new digital insurance products, and advanced its digital service offering.

Another major milestone was the introduction of artificial intelligence technologies to automate the claims settlement process, aimed at enhancing the level of digitalisation and ensuring more objective and transparent assessments for clients. These efforts contributed to a 33.4% increase in Halyk Insurance's assets and a 23.4% rise in equity by the end of 2024. In December, Fitch Ratings assigned the company a financial strength rating of 'BBB-' and a national rating of 'AA+(kaz)', both with a stable outlook.

Another key asset in the Group's insurance business is Halyk-Life, the life insurance company. Last year, it launched new products focused on critical illness insurance and accident coverage for children and adolescents, while also developing its digital services via a mobile application. As a result, the company's assets grew by 57.8% over the year, and its equity increased by 39.4%.

An important area of business for Halyk Group is the investment segment, where one of Kazakhstan's leading investment companies — Halyk Finance — has been operating successfully for many years, providing brokerage and asset management services. Last year, the company once again ranked first in terms of pension asset returns under management, achieving an annual yield of 18.07%, outperforming both the National Bank of the Republic of Kazakhstan and private asset managers.

It is worth noting that Halyk Finance also leads the market in terms of pension assets under management, holding over 66% of the market share among private asset management companies. Among the key achievements of the past year were acting as the sole financial advisor and underwriter for Halyk Bank's debut green bond issuance, connecting to the Tabadul exchange hub to participate in trading on the Abu Dhabi Stock Exchange, and receiving prestigious awards from international institutions such as Global Finance, Cbonds, EMEA Finance, as well as from Kazakhstan's domestic exchanges KASE and AIX.

Also worth highlighting are the achievements of Kazteleport — one of Kazakhstan's largest infocommunications and cloud service providers, and a member of Halyk Group. The company specialises in delivering IT infrastructure, cloud solutions, and cybersecurity services. In 2024, Kazteleport significantly expanded and modernised its technological infrastructure, commissioning a commercial data centre in Astana certified to international standards, as well as a new data centre in Almaty to support high-load services such as artificial intelligence.

In addition, Kazteleport expanded its cybersecurity service offering, ensured information security across the entire Halyk Group, and entered the Uzbek market with its cloud services and cyber protection solutions. In the new strategic cycle, the company plans to further develop cloud services and cybersecurity solutions for businesses, while strengthening synergies within the Halyk Group ecosystem.

Digital Ecosystem and Client Experience

At the core of Halyk Bank's business model — driving the growth of its customer base, market share, and profitability — is an integrated digital ecosystem that brings together a wide range of products, services, and solutions for all client segments, from individuals to large corporates. Users of our ecosystem benefit from comprehensive tools that enable them to manage their finances easily and seamlessly anytime, anywhere in the world, while also ensuring continuous improvement in the client experience and operational efficiency of Halyk Bank.

We actively invest in the development of digital service channels, continuously expand the functionality of our mobile applications and internet banking, and enhance the accessibility of services for both individual and corporate clients.

A key component of our ecosystem is the Halyk Super App — a retail client application (detailed in the section Halyk Super App: An Ecosystem of Life Solutions) — which today integrates dozens of financial and non-financial services. These include payments and transfers, online deposits and loans, insurance, the Halyk Invest investment platform, the Halyk Market marketplace, over 60 different government services, educational tools, and popular lifestyle services such as Halyk Travel and Kino.kz.

Last year, the app's GovTech functionality was expanded to include a digital spousal consent service, allowing notarised documents to be processed without visiting a notary, as well as two new digital services enabling parents to register a child in a kindergarten queue and complete enrolment. Further information on the integration of government services into the Halyk Super App is provided in the section GovTech – digitalisation of government services.

In addition, the Halyk Super App offers extensive opportunities for retail investors, who can easily purchase securities of Kazakhstani issuers listed on KASE through the Halyk Invest platform. Last year, many of our app users took advantage of the opportunity to participate in the IPO of the national airline, Air Astana. Halyk Group emerged as the leading platform in terms of the number of retail investor applications: over 30,000 applications were submitted by our clients (52% of the total), and more than 22,000 Halyk Group clients (30% of all participants) became shareholders of Air Astana. Further details on the investment opportunities available through the Halyk Super App are provided in the section Halyk Invest: Development of Brokerage Services.

The rapid growth in popularity of the Halyk Super App in 2024 was driven by the introduction of a personalised recommendation system powered by artificial intelligence and machine learning technologies, as well as the launch of a bonus programme aggregator that enables users to track rewards earned across the Bank's partner network. As a result, monthly active users (MAU) reached 7.9 million, with a five-year compound annual growth rate of 24.9%.

Another important component of the Halyk ecosystem is Onlinebank — a digital platform designed to serve corporate clients and SMEs (for more details, see the section Onlinebank: An Efficient Platform for Business). Through Onlinebank, entrepreneurs can manage their company's finances 24/7: register as individual entrepreneurs, open accounts, make various payments and transfers, convert currencies, issue guarantees, pay taxes and submit tax returns, process payroll, verify the reliability of counterparties, maintain online accounting, and access dozens of other digital services for efficient business management.

We continuously improve our services for corporate clients, focusing on the development of new products while enhancing their diversity, accessibility, and security. As a result, the number of active users of Onlinebank has been steadily growing: last year, the platform's monthly active users (MAU) reached 305,000, with a five-year compound annual growth rate of 28.2%.

This strong performance earned Onlinebank well-deserved recognition as the best mobile banking app for businesses in Kazakhstan, according to the Business Mobile Banking 2024 study conducted by SME Banking Agency. Previously, in May 2022, the same agency named Onlinebank the best internet banking platform for businesses in Kazakhstan.

It is worth noting that Halyk Bank's activities are consistently recognised by leading international experts. In 2024, for its outstanding achievements, strong growth, and record financial performance, Halyk Bank was honoured with the Euromoney Awards for Excellence in the category of "Best Bank in Kazakhstan."

Responsibility to Society

Another important area of our work — for which Halyk Bank was named a laureate of the national award "Qazaqstan Khalqynan" ("From the People of Kazakhstan") in November 2024 — is corporate social responsibility. This area is detailed in the section Social projects and charity.

For many years, we have initiated and supported a wide range of social projects in education, culture, grassroots sports, environmental protection, and healthcare. Over the past five years alone, the total amount allocated by Halyk Bank and its charitable subsidiary, Halyk Charity Fund, to these causes has exceeded KZT 128 billion.

Among the key social projects implemented last year with the direct involvement of the Bank and the Halyk Fund were: financial assistance to vulnerable social groups, the purchase of diagnostic equipment for medical institutions, support for veterans of the Great Patriotic War, and the Qaryzsyz Qogam public initiative aimed at improving financial literacy among rural populations.

In addition, Halyk Bank has long supported projects in the field of national culture and the arts. Notable initiatives include funding for the Astana Opera State Theatre of Opera and Ballet and the summer festival Music of Summer in Our Beloved City.

Significant attention is also devoted to supporting domestic sports. Last year, Halyk Bank allocated funds for several major initiatives, including the Fifth World Nomad Games — one of the largest ethno-sport events, the Astana Half Marathon mass run, the People's League social project to promote youth basketball among children from orphanages and boarding schools, as well as the ongoing activities of the Kazakhstan Gymnastics Federation and the Halyk Arena ice palace.

A Strategic Outlook

Throughout its more than century-long history, Halyk Bank has remained firmly committed to its core values — foremost among them, the unwavering dedication to serving the interests of our stakeholders: shareholders, clients, partners, employees, the state, and society as a whole. Over this long period, we have accumulated vast resources, expertise, and experience that have enabled us to navigate crises with resilience and emerge stronger, better equipped to face any complex challenges that may lie ahead.

Today, thanks to our well-calibrated business model, prudent risk management, highly professional team, and the loyalty of millions of our clients, we look to the future with confidence and optimism — and we would like to thank everyone who supports us in this important work.

With best regards,
Chairperson of the Management Board,
Umut Shayakhmetova

AT A GLANCE

'Halyk Bank of Kazakhstan' JSC (Halyk Bank) is a systemically important universal commercial bank that has been operating for over 100 years. The Bank is one of the most reliable and diversified financial institutions in Kazakhstan, offering a wide range of banking, insurance, and leasing services, as well as asset management and lifestyle services. Halyk Bank's operations extend beyond Kazakhstan to international markets, including Georgia and Uzbekistan.

Leader of the financial sector

Halyk Bank is the largest bank in Kazakhstan, with total assets of approximately KZT 17.9 trillion[1] as of December 31, 2024. The Bank plays a key role in lending to the real sector of the economy, providing more than 50% of total lending by commercial banks. With the largest client base in the country, Halyk Bank also has the most extensive branch network.

Market share		
29.1%	KZT 17.9 trillion[1]	by total assets among second-tier banks in Kazakhstan
34.5%	KZT 3.1 trillion[1]	by total equity among second-tier banks
32.8%	KZT 11.2 trillion[1]	by total loans among second-tier banks
29.6%	KZT 12.8 trillion[1]	by total deposits among second-tier banks

LARGEST BRANCH NETWORK IN KAZAKHSTAN

542 branches
across the country

44% of branches
located outside major cities

390.7 thousand
ATMs and POS terminals

[1] Bank data on an unconsolidated (solo) basis, as of 01.01.2025

Reliable partner

Halyk Bank is a publicly traded company with its shares listed on the Kazakhstan Stock Exchange, the London Stock Exchange, and the Astana International Exchange. High credit ratings from international agencies and a broad investor base, including major global investment funds, confirm the Bank's stability and reliability.

OLDEST PUBLIC COMPANY IN KAZAKHSTAN

KASE	LSEG	AIX (Astana International Exchange)
since 1998	since 2006	since 2019

HIGHEST CREDIT RATINGS AMONG NON-FOREIGN-OWNED SECOND-TIER BANKS IN KAZAKHSTAN AND THE REGION

	Halyk	Kazakhstan
Moody's	Baa1	Baa1
FitchRatings	BBB-	BBB
S&P Global	BBB-	BBB-

Leader in digitalisation and innovation

As a flagship of digital transformation, Halyk Bank actively develops its own ecosystem. Today, financial services are primarily delivered through the Bank's digital platforms. The Halyk ecosystem includes services in entertainment, travel, and marketplace sectors. Additionally, customers use the Halyk mobile app to access 66 of the most in-demand government services. The Bank also actively leverages big data and artificial intelligence to develop cutting-edge products and enhance customer service.

Sustainable development

Halyk Bank was the first in the country to publish an ESG report in accordance with GRI standards (2020) and joined the UN Global Compact (2022). It was also among the first to publish reports aligned with TCFD recommendations. In its ESG strategy, the Bank focuses on 12 key UN Sustainable Development Goals (SDGs) that are most relevant to its operations.

Halyk Bank continues to strengthen its position by ensuring reliability, quality, and innovation for millions of customers.

High level of corporate governance

Effective corporate governance serves as the foundation for the Bank's sustainable development and supports well-balanced strategic decision-making in the interests of all stakeholders.

The Bank's Board of Directors consists of eight members, six of whom are independent directors. The presence of independent members ensures objectivity and transparency in decision-making processes and aligns with international best practices in corporate governance.

The members of the Board of Directors have extensive experience and high qualifications in banking and finance, corporate governance and risk management, strategy, sustainable development, as well as expertise in various sectors of the real economy.

The Bank's Management Board is led by Umut Shayakhmetova, an experienced banker with over 30 years of experience in the financial sector. Under her leadership, the Bank has achieved significant success in implementing strategic initiatives and strengthening its market position.

Halyk Group

Halyk Group is a universal financial group operating in Kazakhstan, Uzbekistan, and Georgia. The Group provides a wide range of services in banking, insurance, leasing, brokerage, and asset management for retail and corporate clients, as well as small and medium-sized businesses, as well as lifestyle services.

Halyk Finance JSC
Brokerage and dealer services
Ownership 100%

Tenge Bank JSCB
Banking services, Republic of Uzbekistan
Ownership 100%

Halyk Bank Georgia JSC
Banking services, Georgia
Ownership 100%

Halyk-Leasing JSC
Leasing services
Ownership 100%

Halyk Insurance JSC
Insurance services
Ownership 99,99%

Halyk-Life JSC
Life insurance
Ownership 100%

Halyk Finservice LLP
Processing services
Ownership 100%

Halyk Collection LLP
Cash collection services
Ownership 100%

Kazteleport JSC
Telecommunications, processing, and IT services
Ownership 100%

Halyk Active LLP
Asset management
Ownership 100%

KUSA Halyk LLP
Management of the Bank's doubtful and non-performing assets
Ownership 100%

Halyk Global Markets JSC
Brokerage and dealer services
Ownership 100%

Halyk Lab LLP
Software development and maintenance
Ownership 100%

Capital structure

Information on shareholders of Halyk Group holding at least 5% of outstanding common shares of Halyk Bank (hereinafter — share) as of January 1, 2025 [2]:

Name	Total Shares Owned, units	Total shares owned as % of outstanding shares
Total authorised shares	**25,000,000,000**	**-**
Almex Holding Group	7,583,538,228	69.7%
GDR Holders (ISIN: US46627J3023 / US46627J2033)	3,075,090,560	28.3%
Other	221,345,828	2.0%
Total outstanding shares	**10,879,974,616**	**100.0%**
Shares repurchased by the Bank	(2,562,356,610)	-
Shares held by Group Companies	(5,213,556)	-
Total Issued Shares	**13,447,544,782**	**-**
Total Free-Float Shares (According to KASE Listing Rules)	**3,301,625,101**	**-**

[2] The Bank's ordinary shares were admitted to the official list of the Kazakhstan Stock Exchange in 1998, the Bank's ordinary shares in the form of global depositary receipts were admitted to the official list of the London Stock Exchange in 2006 and the Bank's ordinary shares were admitted to the official list of Astana International Exchange in 2019.

Almex Holding Group JSC is a holding company that owns a controlling stake in Halyk Bank.

International recognition

Halyk Bank consistently receives international recognition, earning awards from leading business publications and expert communities. Over the years, the Bank has been honored with prestigious awards that reaffirm its leadership position in Kazakhstan's financial sector:

These awards confirm the high level of Halyk Bank's financial services and its commitment to sustainability, innovation and social responsibility.

1

In 2022, Asiamoney, as part of the **Best Bank Awards for Kazakhstan** 2022, recognised Halyk Bank as the best in three categories: **Best Investment Bank, Best Bank for ESG, and Best Bank for Diversity & Inclusion**.

2

At the **Astana Finance Days 2023** conference, organised by the **Astana International Financial Centre (AIFC)**, the Bank was awarded the Best Green Investment Bank title for its dedication to sustainable development principles.

3

In 2023, Halyk Bank received a diploma and a Luca Awards trophy from the **Institute of Certified Financial Managers (ICFM)** in the Best Employer category for its commitment to developing employees' professional competencies.

4

In 2024, Halyk Bank received the **Euromoney Awards for Excellence** in the Best Bank in Kazakhstan category for outstanding achievements, high growth rates, and record financial performance.

5

In 2024, the Onlinebank mobile application by Halyk was recognised as the leading business application in Kazakhstan based on the results of the **Business Mobile Banking 2024** study conducted by the analytical agency **SME Banking Agency**.

6

In November 2024, the Bank became a laureate of the national award 'Qazaqstan Khalkynan', which is presented for contributions to the development of charity and corporate social responsibility in Kazakhstan.

7

In February 2025, KASE recognised the Bank with awards: 'For Striving for Transparency', 'Best Annual Report in the Financial Sector', 'Best Sustainability Report in the Financial Sector', and 'ESG Bond Market Leader'.

BUSINESS MODEL

Halyk Bank's business model is based on efficient resource utilisation, business diversification, and a wide range of client services, along with clearly defined strategic priorities and a focus on key stakeholders.

Our Resources

Strong financial position

Halyk Bank has high capitalisation and stable financial performance, ensuring reliability and customer trust.

Professional team

A team of experts delivering high-quality financial services and developing innovative solutions.

Advanced technology

Investments in digitalisation and IT infrastructure enable the Bank to offer cutting-edge digital services and mobile applications.

Extensive branch network

A broad network of branches and ATMs across Kazakhstan, ensuring service accessibility in different regions.

Corporate governance

An effective corporate governance system based on transparency, high ethical standards, and decision-making in the interests of all stakeholders.

Business Segments

1 Corporate business

- Comprehensive financial solutions for corporate clients, including lending, trade finance, factoring, foreign exchange contract support, payroll projects, and more.
- Support for entrepreneurs through financial service offerings, as well as specialised services that support business development, such as business registration and tax declaration solutions, the Halyk Market and Online-Duken platforms, and others.
- Ecosystem solutions for businesses, including information and communication and cloud services, internet acquiring, cash collection services, and others.

2 Retail banking

Building an ecosystem that integrates financial and non-financial services, including digital deposits and loans, insurance, Halyk Market marketplace, Kino.kz, Halyk Travel, GovTech, Kundelik educational platform, etc.

3 Brokerage services

Access to investment products and services through the Halyk Invest and Halyk Finance, including brokerage and asset management.

4 Insurance

Insurance services provided through subsidiaries Halyk Insurance and Halyk-Life, offering a wide range of insurance products for individuals and businesses.

5 Leasing

Leasing services for equipment and transport acquisitions, supporting business clients in upgrading and expanding their assets.

Strategic Priorities

Maintaining strong financial performance

Ensuring sustainable growth, profitability, and high capitalisation and liquidity.

Expanding the client base and service volumes

Attracting new clients and broadening service offerings to meet diverse market needs.

Developing core business through digitalisation

Integrating modern technologies and digital solutions to enhance customer experience and operational efficiency.

Expanding the ecosystem

Developing a unified platform that integrates various services and products to provide comprehensive solutions within a single ecosystem.

Scaling business solutions to international markets

Expanding successful business models and products to other markets, strengthening international presence.

ESG strategy

Further embedding environmental and social responsibility principles in the Bank's operations, striving for sustainable development and a positive societal impact.

Value Creation for Stakeholders

Shareholders

Ensuring stable growth and investment returns, transparency, and effective corporate governance.

Clients

Providing high-quality and innovative financial services tailored to the needs of various customer categories.

Employees

Creating favorable working conditions, professional development opportunities, career growth, and support for initiatives and innovations.

Government

Compliance with regulatory requirements, tax contributions, and participation in state programmes and initiatives that support economic development.

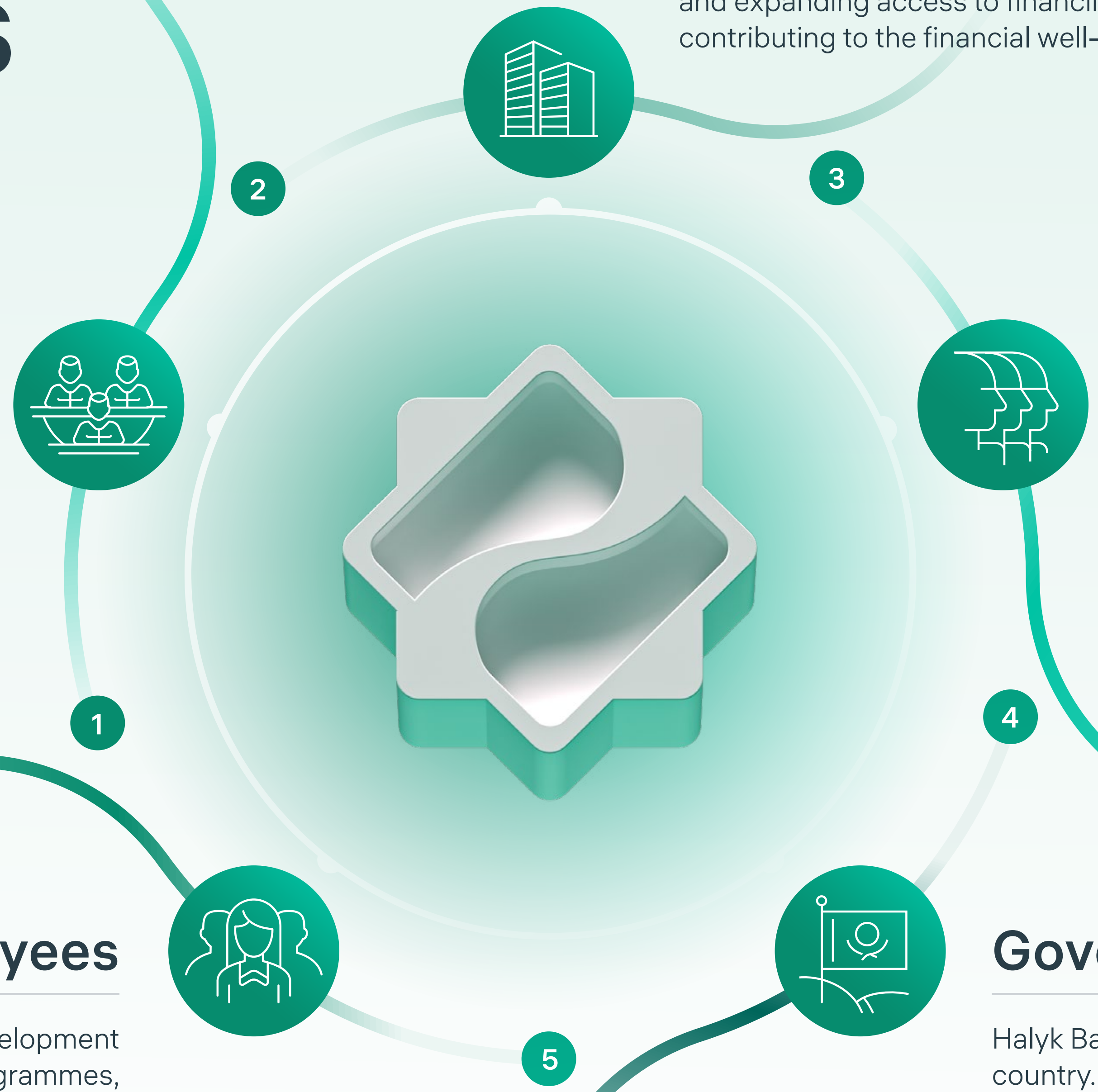
Society

Implementing social projects, supporting education, culture, and sports, contributing to improving living standards, and enhancing financial literacy.

HOW WE CREATE VALUE FOR STAKEHOLDERS

Clients

We provide modern digital services that make banking convenient and accessible. A continuous focus on quality and customer feedback allows us to improve products and maintain a high standard of service. The Bank is committed to protecting clients' interests, supporting them at every stage of their interaction, and expanding access to financing through its products and infrastructure, contributing to the financial well-being of individuals and businesses.



Shareholders

Halyk Bank ensures sustainable income growth for its shareholders by leveraging its strong financial position, balanced risk approach, and leading market positions. By integrating sustainability principles, the Bank focuses on long-term stable growth. Emphasising innovation, ecosystem expansion, development of new business areas, and geographic diversification strengthens its competitiveness and enhances value for shareholders.

Society

Halyk Bank makes a significant contribution to society as Kazakhstan's largest corporate philanthropist. **Between 2014 and 2024, the Bank and the Halyk Charity Fund implemented over 200 social and charitable projects, with total funding of KZT 128 billion**. Support covers key areas such as disaster relief, sports, education, culture, arts, and environmental initiatives.

Additionally, the Bank actively promotes financial literacy. In 2023, Halyk became the general partner of the **'Qaryzsyz Qogam'** project, which was highly praised by the Head of State. The Bank not only finances the initiative but also supports its expansion, helping to build an economically active and financially secure society.

Employees

The Bank offers professional growth and development opportunities through training and qualification programmes, including initiatives for students and young professionals. We foster a comfortable work environment, adhering to high ethical standards and principles of inclusivity. Special attention is given to corporate culture development, based on respect, equal opportunities, and employee support, ensuring engagement and long-term cooperation.

Government

Halyk Bank is one of the largest taxpayers in the country. **In 2024, the Bank contributed KZT 255 billion to the state budget, ranking first among financial institutions**. Additionally, the Bank is a major lender to key economic sectors, supporting strategically important industries. Active participation in government business support programmes fosters entrepreneurial growth and strengthens the country's economic resilience.

KEY ADVANTAGES OF HALYK BANK

1 Sustainable growth in a rapidly developing economy

Kazakhstan remains the largest economy in Central Asia, demonstrating stable GDP growth (4.8% in 2024, with a forecast of 5.3% for 2025).

The expansion of the middle class, infrastructure projects, and digitalisation growth create favorable conditions for increased banking penetration.

Key Figures:

9th country in the world

by area with a population of 20.3 million people

29.5 years

is the median age

63%

level of urbanisation

USD **14.2** thousand

GDP per capita

KEY ADVANTAGES OF HALYK BANK

2 Leader in the financial sector with a high credit rating and a diversified business model

Halyk Bank is the largest universal financial institution in Kazakhstan and Central Asia, serving both retail and corporate segments.

The Bank offers a comprehensive range of financial services, including insurance, leasing, brokerage, and investment solutions.

Key Facts:

Leading positions in key segments, including corporate banking and the fast-growing SME sector.

The only commercial bank in Kazakhstan with an investment-grade rating from all three major rating agencies (Moody's, Fitch, and S&P).

KEY ADVANTAGES OF HALYK BANK

3 A systemically important bank that plays a key role in the country's economy

CONTRIBUTION TO KAZAKHSTAN'S ECONOMIC DEVELOPMENT

Halyk Bank holds a leading position in financing Kazakhstan's economy among commercial banks, providing 53% of real sector funding and processing payments equivalent to 106% of the country's GDP.

REPAYMENT OF GOVERNMENT SUPPORT

As part of its responsible financial management approach, in April 2024, Halyk Bank fully repaid the KZT 250 billion government support package, which was initially provided to Kazkommertsbank through a deposit from the Kazakhstan Sustainability Fund in 2015.

Key Performance Indicators:

86% of the country's largest taxpayers

are clients of the Bank, highlighting its significant role in supporting the economy

Active business lending: Halyk Bank remains a key driver of corporate sector financing. Over the past three years, the corporate loan portfolio has grown by KZT 3 trillion, contributing to the sustainable development of entrepreneurship and industry.

In June and December 2023, the Bank had already repaid

KZT **68.4** billion

of the total amount

In April 2024, the remaining

KZT **181.6** billion

was repaid, demonstrating the Bank's financial stability

KEY ADVANTAGES OF HALYK BANK

4 Proven resilience and high profitability

Halyk Bank has consistently demonstrated stable profitability across various economic cycles, confirming the effectiveness of its business model and strategic management.

The Bank's high return on equity (ROE) and return on assets (ROA) allow it to maintain strong competitive positions and deliver sustainable returns to shareholders.

This approach ensures long-term financial stability, fosters trust among clients and partners, and supports the Bank's strategic objectives.

Key Figures:

×2.6
growth in net income over 5 years

30.7%
average return on average equity (RoAE) over 5 years

5.7%
average net interest margin (NIM) over 5 years

4.5%
average return on average assets (RoAA) over 5 years

KEY ADVANTAGES OF HALYK BANK

5 High returns for shareholders

Halyk Bank ensures stable investment appeal through a balanced financial policy and long-term growth strategy.

The Bank consistently demonstrates commitment to shareholder interests, providing sustainable dividend payouts and maintaining a high total shareholder return (TSR).

Continuous efforts to enhance operational efficiency, financial stability, and transparent corporate governance help maintain investor confidence and strengthen the Bank's position in financial markets.

Key Figures:

+22.9%

growth in earnings per share (EPS) over 5 years (CAGR)

+15.4%

growth in dividends per share over 5 years (CAGR)

+20.1%

growth in total shareholder return (TSR) over 5 years (CAGR)

+14.1%

average dividend yield over 5 years (GDR)

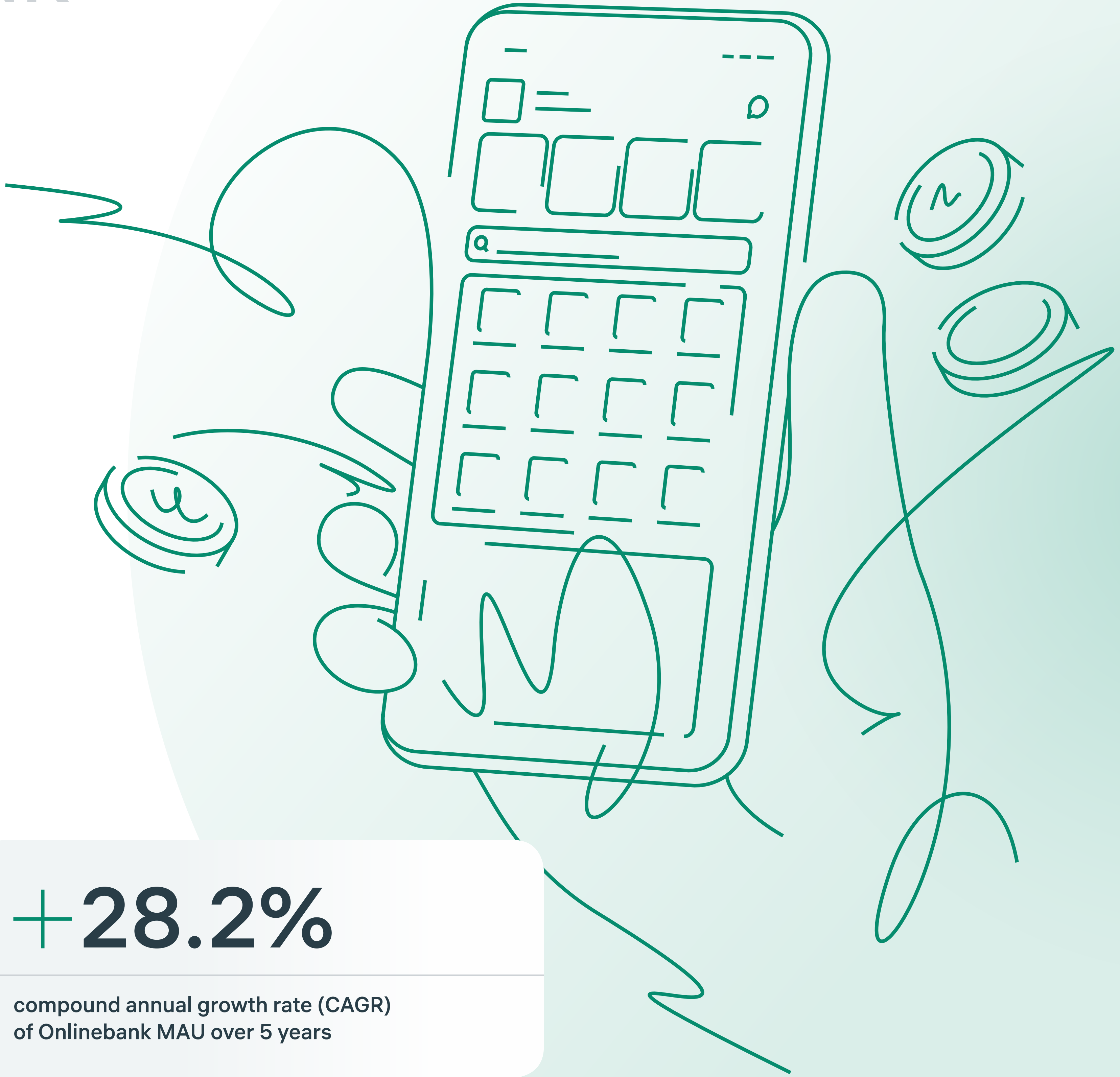
KEY ADVANTAGES OF HALYK BANK

6 Leader in digital transformation and ecosystem solutions

Halyk Bank actively invests in digital technology development, ensuring fast and convenient access to financial services for all client segments — from individuals to large businesses.

The Bank's digital ecosystem offers a wide range of products and services, enabling customers to manage their finances anytime, anywhere.

Innovative solutions and continuous improvements to digital service channels enhance the customer experience, expand the functionality of mobile and online banking, and increase accessibility for all user groups.



Key Solutions:

The Halyk ecosystem includes banking services, insurance, brokerage, leasing, investment solutions, as well as educational and entertainment platforms.

+24.9%

compound annual growth rate (CAGR) of Halyk Super App MAU over 5 years

+28.2%

compound annual growth rate (CAGR) of Onlinebank MAU over 5 years

KEY ADVANTAGES OF HALYK BANK

7 Commitment to Advanced Corporate Governance and ESG Standards

Halyk Bank is one of the oldest publicly listed companies in Kazakhstan, with a longstanding history of listings on three key stock exchanges: the Kazakhstan Stock Exchange (KASE) since 1998, the London Stock Exchange (LSE) since 2006, and the Astana International Exchange (AIX) since 2019.

The Bank's presence on both international and national trading platforms reflects its commitment to high corporate governance standards, transparency, and information disclosure, strengthening investor and stakeholder confidence.

Key Facts:

The Board of Directors includes independent experts with international experience in banking and finance.

The Bank actively implements ESG initiatives, contributing to sustainable development and long-term value creation for investors.

KEY ADVANTAGES OF HALYK BANK

8 Strategic growth and expansion in Uzbekistan

Halyk Bank leverages its proven and successful business model for strategic international expansion.

The Bank is actively developing its presence in Uzbekistan, a large economy with a population of 37.5 million.

By diversifying its geographical footprint, Halyk Bank effectively applies its expertise, expands its client base, and offers competitive financial solutions in a high-growth market.

Key growth factors in Uzbekistan:

37.5 million

The largest country in Central Asia in terms of population.

Stable population growth with an urbanization rate of

51%

20.7 million people

are economically active — almost half of Central Asia's labour force

6.5% GDP growth in 2024

stable growth driven by economic modernisation

27 years average age

young demography and favorable growth prospects

TOP 3 trading partner

Kazakhstan is Uzbekistan's top 3 trading partner after China and Russia

A broad privatization program — part of the government's plans to increase the share of the private sector in the economy to

85% over the next 5 years

MISSION

The mission of the Group is to provide financial services across all market segments in Kazakhstan and other countries at an international standard level, ensuring the safety, effective allocation, and growth of funds for clients and shareholders.

VALUES

1. Customer Focus
2. Reliability
3. Leadership
4. Responsibility
5. Integrity
6. Professionalism

STRATEGIC PRIORITIES OF THE BANK IN 2024

Growth of the client base and service volumes

Halyk Bank strengthens its position as Kazakhstan's leading financial institution by expanding its client base and increasing service volumes.

In 2024, the **corporate loan portfolio grew by 18.4%**, while the Bank continues to maintain one of the highest-quality credit portfolios in the market.

Halyk Bank remains a **market leader in the SME sector**, supporting both transactional business and lending. SME loan portfolio grew by 18.3% to KZT 1.9 trillion in 2024.

The retail banking segment shows steady growth: as of January 1, 2025, the retail loan portfolio reached KZT 4.1 trillion (19.6% market share) with a 33.3% annual increase. And the number of borrowers reached 1.85 million at the end of the year. In the deposit segment, the Bank occupies a leading position with a market share of 28.3%, with 91% of deposits opened online.

2.9 thousand — active corporate banking clients

Over 300 thousand — SME clients

11.3 million — active retail clients

KZT 6 trillion — corporate loan portfolio volume

KZT 1.9 trillion (18.3%) — standard SME loan portfolio

KZT 4.1 trillion — total retail loan volume

STRATEGIC PRIORITIES OF THE BANK IN 2024

Developing core business through digitalisation of products and services

Halyk Bank continues to implement a large-scale digital transformation programme aimed at enhancing convenience, accessibility, and efficiency of banking services for all client segments.

The adoption of cutting-edge technologies enables the Bank to automate key business processes, personalise customer experiences, and expand remote service capabilities, giving clients greater flexibility in managing financial solutions.

Launch of a new web portal for corporate clients:

In 2024, the Bank developed and launched a modern web portal for corporate clients, built on microservices architecture.

Expansion of digital lending products for SMEs:

The entire product line for entrepreneurs- from loans to credit limits on the Online-Duken platform — has been fully automated.

Support for individual entrepreneurs

The full suite of digital services was expanded in 2024 with features such as the submission of tax declarations and tax payments via the mobile app, significantly simplifying business operations.

Enhanced functionality of Halyk Super App for retail clients:

The app was expanded with new services, including the launch of 'My Bonus Club'. A personalised recommendation system powered by AI and machine learning was also implemented.

Growth of the transactional business:

The Bank continued to develop its digital guarantees system, streamlining and accelerating the process of issuing guarantee obligations.

Strengthened security measures:

A new Online Security service was introduced, providing secure access to internet banking for clients.

7.9 million MAU

Halyk Super App (for retail clients)

305.2 thousand MAU

Onlinebank (for corporate clients)

91% (by number)

Share of retail loans issued in digital format

94% (by number)

Share of SME loans granted in digital format

STRATEGIC PRIORITIES OF THE BANK IN 2024

Ecosystem development

Halyk Bank continues to actively develop and strengthen its digital services ecosystem, offering integrated solutions for seamless and comprehensive customer service.

The Bank is building a unified digital environment, enabling users to efficiently manage both financial and everyday tasks. In 2024, the Bank focused on expanding service offerings and enhancing customer convenience.

Lifestyle Services:

Kino.kz: The platform recorded strong growth, providing users with easy access to event ticket purchases. A major technical upgrade was carried out to improve service performance.

Halyk Travel: The service expanded its trip planning, ticket booking, and travel services, ensuring seamless integration within the Bank's ecosystem.

Government Services (GovTech):

Ongoing integration of new government services into the Bank's digital platform, providing customers with convenient access to essential public services within a single app.

Halyk Market Marketplace:

Halyk Market successfully continues to expand its product range and partner network, while enhancing integration with other ecosystem services. The platform maintains exclusive offers for customers.

KZT **17.5** billion ▲15.9%
Kino.kz GMV in 2024

KZT **375.1** billion ▲52%
Halyk Market GMV in 2024

17.5 million
GovTech service usage in 2024

Halyk Bank's ecosystem development in 2024 covered key sectors — from public services and e-commerce to the entertainment and travel industries.
The integration of digital solutions, enhanced system performance, and strategic partnerships have enabled the Bank to create a unique digital space that meets modern customer needs.

STRATEGIC PRIORITIES OF THE BANK IN 2024

Scaling business solutions in countries of presence

Halyk Group considers Uzbekistan a strategically important market for its international expansion, given the country's economic potential and rapid development of modern banking services.

The Group operates in Uzbekistan through its subsidiary Tenge Bank, which focuses on expanding retail and corporate banking services. In 2024, Tenge Bank made significant progress, strengthening its position as one of the leading private banks in Uzbekistan:

- Growth of the loan portfolio, expansion of the deposit base, and attraction of new clients, confirming high demand for the Bank's services and strong customer trust
- Development of digital solutions, including the successful launch of online onboarding for corporate clients and digital lending for individual entrepreneurs — innovative services in the Uzbek market.
- Strengthening its status as a key player in business interactions between Kazakhstan and Uzbekistan, which enhances economic ties between the countries and contributes to the development of cross-border financial operations.
- Recognition in the market, receiving the awards for 'Best Corporate Bank' and 'Best Foreign Bank' in 2024.

KZT 698 billion
total lending in Uzbekistan by Halyk Group

KZT 2 trillion
total volume of transfers between Kazakhstan and Uzbekistan via Halyk in 2024

KZT 511 billion
cross-border loan portfolio of Halyk Bank for borrowers from Uzbekistan

384 thousand
Tenge 24 MAU

3,019
monthly transactions per user (MTU) Tenge Business (2.4x year-over-year growth)

Ranks №4
Halyk Group ranks №4 among private banks in Uzbekistan by loan portfolio size[3]

[3] The direct financing portfolio of Halyk Bank for borrowers in Uzbekistan and the loan portfolio of Tenge Bank.

STRATEGIC PRIORITIES OF THE BANK IN 2024

ESG Strategy

Halyk Bank continues to strengthen its position as a leader in sustainable development among financial institutions in Kazakhstan.

In 2024, Halyk Bank **enhanced the integration of ESG risks into the lending process**, improving borrower assessment mechanisms and implementing digital ESG assessment tools. This work was carried out in compliance with updated regulatory requirements and global best practices.

One of the key priorities was **the development of technology in human resource management**. The digitalisation of HR processes has increased efficiency and accelerated decision-making, particularly in hiring processes. Significant efforts have also been made in training and professional development, especially for IT specialists through Halyk Academy.

Social responsibility remains an important part of Halyk Bank's strategy. In 2024, **more than KZT 5.4 billion was allocated to charitable and social initiatives**, including: KZT 2 billion to the Halyk Charity Fund, KZT 1.3 billion to the Bank's social projects, around KZT 2 billion to other sponsorship and charitable programmes.

As part of the Group Strategy for 2022–2024, the Bank for the first time defined strategic priorities in sustainable development, selecting 11 out of 17 UN Sustainable Development Goals (SDGs) as the most relevant to its operations. In line with the approved ESG strategy for 2025-2027, the Bank has **additionally included SDG 6** — 'Ensure availability and sustainable management of water and sanitation for all'.

Halyk Bank became the first commercial bank in Kazakhstan to issue green bonds on KASE, totaling KZT 20 billion. This issuance reaffirms the Bank's commitment to supporting environmentally sustainable projects and developing financing instruments that contribute to the decarbonisation of the economy.

Recognition of the Bank's progress in sustainable development was reflected in an upgrade of its ESG rating by MSCI from 'BB' to 'BBB'. The rating agency particularly highlighted the Bank's achievements in corporate governance, data protection, and consumer rights protection.

Over KZT **128** billion

allocated to charitable initiatives between 2020 and 2024

KZT **82** billion

from the Bank's majority Shareholders

KZT **46** billion

from Halyk Bank and the Halyk Charity Fund

KZT **31.4** billion

assistance to the population of Atyrau Region in recovering from devastating floods

KZT **6.9** billion

for the construction of social housing in Astana. In 2023 80 apartments were handed over, in 2024 — 320 apartments were handed over

KZT **12** billion

donated to the Qazaqstan Khalkyna Fund

KZT **11** billion

for the repair and restoration of MAEK (Mangystau Nuclear Energy Combine)

KZT **9** billion

allocated to the Astana-20 State Fund

KZT **10.6** billion

support for COVID-19 response efforts

KZT **1.2** billion

construction of a kindergarten in Auliekol District (Kostanay Region) as part of post-fire recovery efforts

STRATEGIC PRIORITIES OF THE BANK IN 2024

ESG Strategy

Increasing financial literacy of the population

қарызсыз қоғам
әлеуметтік жоба

'Qaryzsyz Qogam' — joint financial literacy project with Amanat

Over **165** thousand people

have completed courses in 2024

Largest Employer

More than **16.7** thousand people

working in Halyk Group in the Republic of Kazakhstan

Over **70** thousand people

supported, including employees' families

Educational Projects

Күнделік

Strategic partnership with Kundelik (financial literacy training, bonuses for good grades, online issuance of children's bank cards)

5 IT laboratories **3** coworking spaces

opened in 6 universities

Top 5 Taxpayer in Kazakhstan

KZT **259** billion

tax payments for 2024 provided by Halyk Bank

KZT **613** billion

in tax payments from 2022–2024

EXTERNAL CONDITIONS AND FACTORS INFLUENCING THE BANK'S STRATEGY

In a rapidly changing financial environment, the Bank adapts its strategy by considering various external factors and trends. The key aspects affecting the Bank's activities in recent years and at present include:

The Bank adapts its strategy to the evolving external environment, with a strong focus on technological development and digital innovation, sustainable financing, risk management system enhancement, and operational efficiency. This approach ensures resilience to external challenges and emerging risks, while providing clients with modern and reliable financial solutions in a rapidly changing world.

1 Competitive environment dynamics

Increasing competition: The financial market is experiencing active growth in digital services and ecosystem solutions, creating new opportunities for customer interaction. At the same time, competition is intensifying, requiring the Bank to remain flexible and adapt to evolving client needs and market conditions.

Development of foreign markets: In the countries where the Bank operates, particularly Kazakhstan and Uzbekistan, the financial sector and digital technologies are developing dynamically. This presents new opportunities for business expansion and strengthening market positions while also posing challenges and demands for continuous development.

2 Regulatory evolution

Changing regulatory requirements: The financial sector continues to adapt to evolving regulatory standards aimed at ensuring stability and transparency in the banking system. The Bank closely monitors regulatory trends and actively implements best practices to comply with new standards.

3 Macroeconomic factors and geopolitical environment

Geopolitical instability: The Russia-Ukraine conflict impacts the economic situation in the region, creating additional challenges for international transactions and business partnerships.

Fluctuations in interest rates and inflation: Changes in borrowing costs and inflationary processes affect demand for credit products, interest rate levels, and consumer activity.

4 Implementation of innovative solutions

Focus on technological advancements: The adoption of new digital services has become a key factor in competitiveness. The development of digital platforms, process automation, and enhancement of customer experience remain central to the Bank's strategy.

5 Sustainable development

Increasing importance of sustainability principles: The Bank continues to integrate ESG factors into its operations, emphasising sustainable financing, responsible business practices, and the implementation of best practices in environmental, social, and corporate governance initiative.

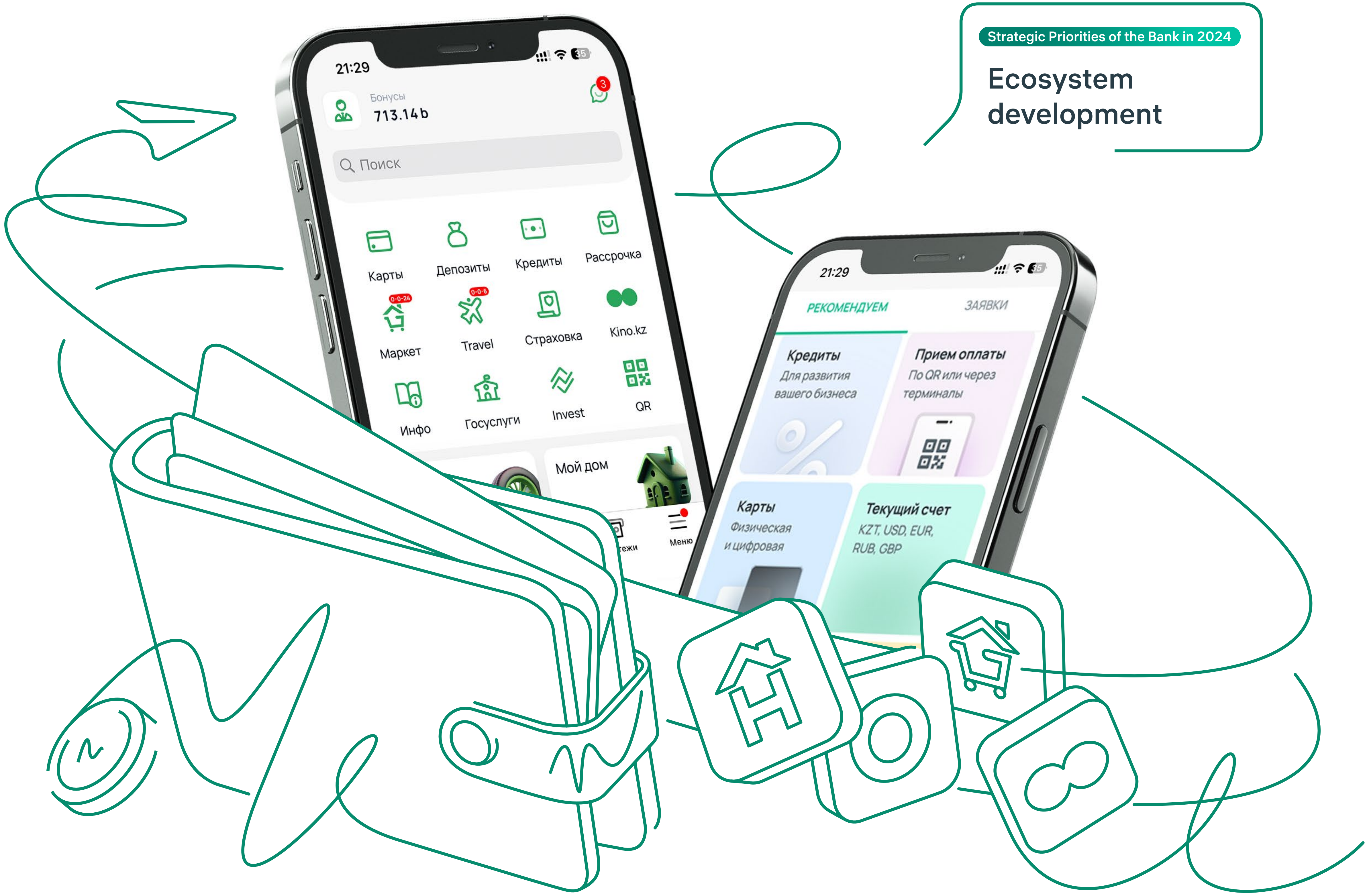
6 Human capital and workforce trends

Skills development and talent acquisition: With rapid technological advancements, the demand for highly skilled professionals is growing. The Bank continues to invest in human capital, fostering an environment that supports professional growth and career development.

2.

Strategic Priorities of the Bank in 2024

Ecosystem development



OPERATIONAL AND FINANCIAL PERFORMANCE

halykbank.com

MACROECONOMIC OVERVIEW

Economic growth

In 2024, Kazakhstan's economy maintained strong growth rates, nearly reaching the record levels of 2023. The main drivers of growth were trade (+9.1%) and manufacturing (+5.9%), despite a slight decline in the mining sector (-0.2%).

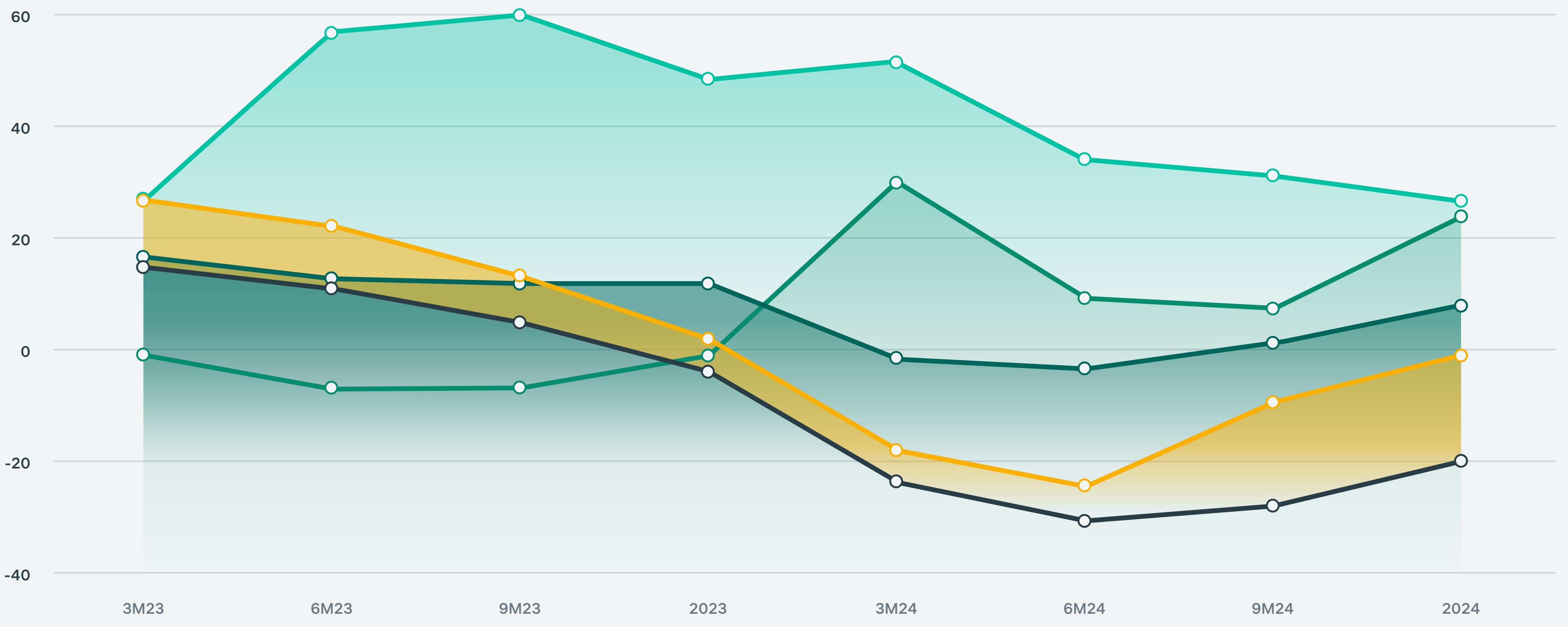
Government spending, which increased by 13.3%, had a significant impact on trade expansion. The slowdown in the mining sector was due to a reduction in oil production from 90 million to 87.6 million tons, caused by major maintenance work at large oil fields, OPEC+ production limits, and energy blackouts.

The manufacturing sector experienced steady growth (+5.9%), driven by metallurgy (+6.9%) and mechanical engineering (+9.7%). Agriculture (+13.7%) and construction (+13.1%) also posted double-digit growth rates, largely due to the low base effect from 2023.

The transportation sector showed strong momentum (+8.5%), particularly in road transport and urban electric transit. The telecommunications sector grew by 5%, primarily due to internet services, while mobile services declined (-15.8%).

Fixed capital investment increased by 7.5%, mainly in non-resource sectors such as manufacturing, transportation, real estate, and financial and insurance activities.

GDP dynamics by industry, % y/y



Source: Bureau of National statistics

Fiscal policy and the National Fund

The main challenge for fiscal policy in 2024 was a budget revenue shortfall. Corporate income tax (CIT) and value-added tax (VAT) collections met only 87.4% and 70.5% of their targets, respectively, while the budget deficit reached KZT 3.5 trillion.

The planned transfers from the National Fund (KZT 3.6 trillion) were fully utilised by July, prompting an increase of KZT 2 trillion in additional withdrawals. Further withdrawals from the fund included: KZT 467 billion for the purchase of shares in Kazatomprom and KZT 238 billion for bonds of Samruk-Kazyna National Wealth Fund

As a result, total withdrawals from the National Fund reached KZT 6.3 trillion, which is KZT 1 trillion more than in 2023.

8.6% 1.2 point

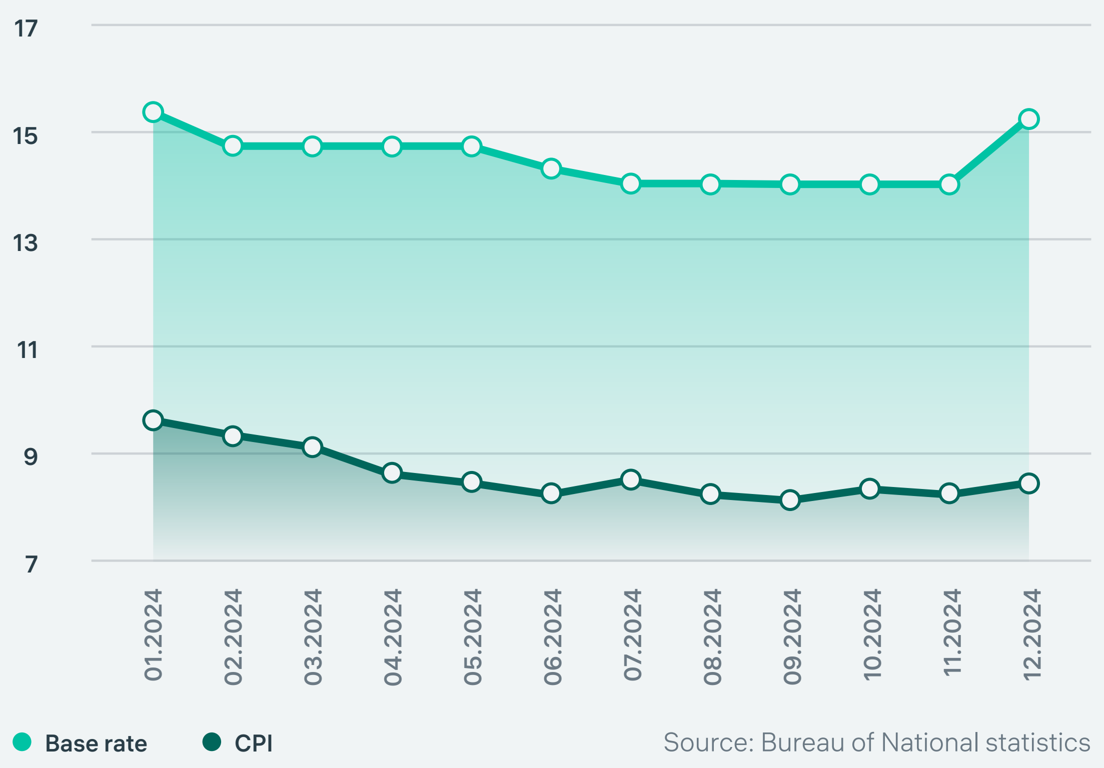
annual inflation in 2024

Inflation and monetary policy

By the end of 2024, the National Bank raised the base rate by 1 point to 15.25% per annum, reflecting revised forecasts for inflation and economic growth.

Annual inflation slowed to 8.6% (compared to 9.8% in 2023). A gradual decline in inflation was observed until the third quarter, but in Q4, inflation rebounded due to: higher utility tariffs, additional transfers from the National Fund, KZT volatility.

Dynamics of Inflation and the Base Rate, % YoY



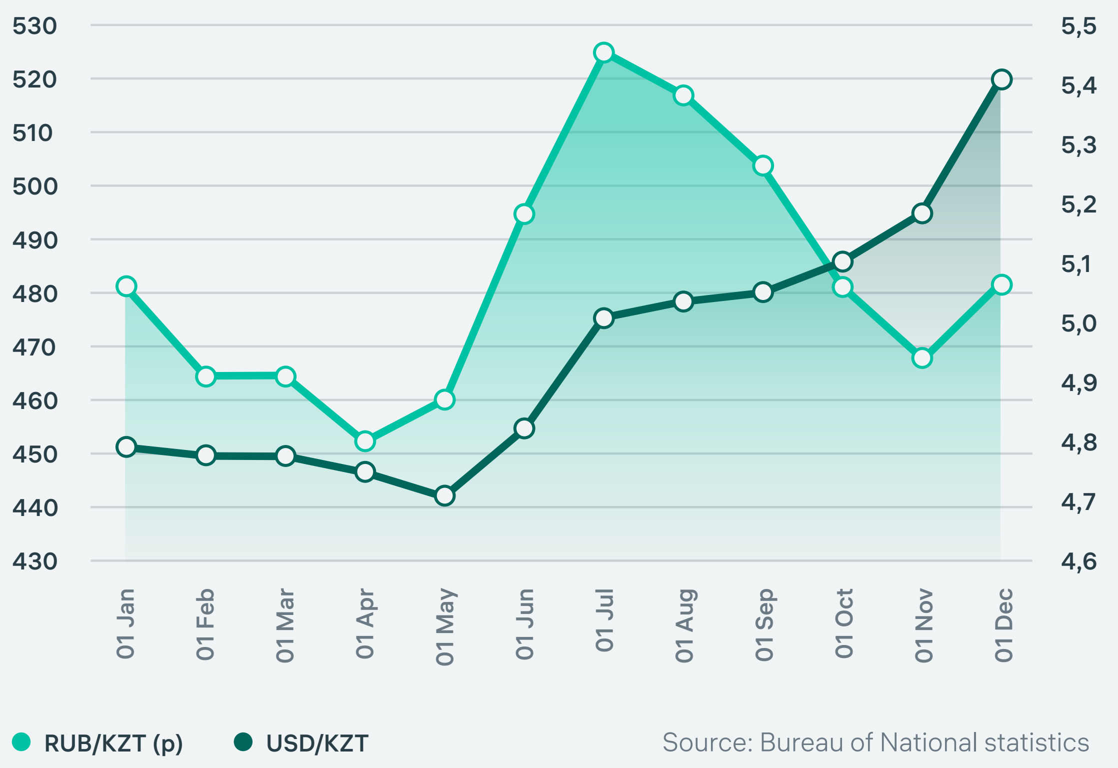
Source: Bureau of National statistics

Exchange rate

Over the year, the tenge depreciated by 14.3%, reaching 525.1 KZT per USD. The key factors driving this decline were global strengthening of the U.S. dollar following the U.S. elections, falling oil prices, new sanctions against Russia, which increased demand for foreign currency.

The National Bank conducted foreign exchange interventions totaling $1.3 billion and implemented measures to support the tenge, including mandatory sale of 50% of foreign exchange revenues by the quasi-public sector, halting foreign currency purchases for the Unified Accumulative Pension Fund (UAPF).

Exchange rate dynamics of KZT



Source: Bureau of National statistics

OVERVIEW OF KAZAKHSTAN'S BANKING SECTOR

Asset and lending growth

The banking sector of Kazakhstan in 2024 demonstrated improvements in key indicators:

- Assets grew by **19.7%**
- Capital increased by **29.6%**
- Bank profits rose by **17%**

Growth in the retail sector prevailed in both lending and deposits.

Loans to individuals grew by **23.9%**, mainly due to consumer loans (30%), driven by the popularity of installment plans and banks' marketing campaigns. In response, a law was enacted in 2024 to limit the growth of household debt. It introduced stricter requirements for issuing unsecured consumer loans and digital loans, additional mechanisms for assessing borrowers' creditworthiness, and a simplified bankruptcy procedure for individuals.

Corporate lending increased by **16.5%**, especially in the second half of the year.

Deposits from individuals grew by **19.9%**, while corporate deposits saw the most significant increase in November and December. At the same time, the level of deposit dollarisation declined.

Bank stability analysis

In 2024, the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market conducted another Asset Quality Review (AQR) of 11 largest banks, which account for **85%** of the sector's assets.

- System-wide banking stability was confirmed: Following the AQR, the capital adequacy ratio stood at **16.3%** (well above the minimum regulatory requirement of 5.5%).
- Provisioning adjustments decreased by **KZT 36.1 billion**, despite the growth of banks' loan portfolios.
- Loan portfolio quality improved due to portfolio growth, active debt restructuring efforts by banks, and improved financial discipline among borrowers. The share of non-performing loans (NPL90+) and delinquent loans declined.

Liquidity withdrawal

Liquidity withdrawal by the National Bank of the Republic of Kazakhstan significantly increased in 2024, rising by **69.8%**. The main regulatory tool was deposit auctions, while the issuance of short-term notes was suspended.

Compliance

Compliance and sanctions risks remained a key focus for banks in 2024. To mitigate sanctions-related risks, credit institutions continued to strengthen internal procedures and controls, including multi-level screening processes, and introduced a range of additional measures to prevent violations of sanctions regulations.

Halyk Bank — leader in the banking sector

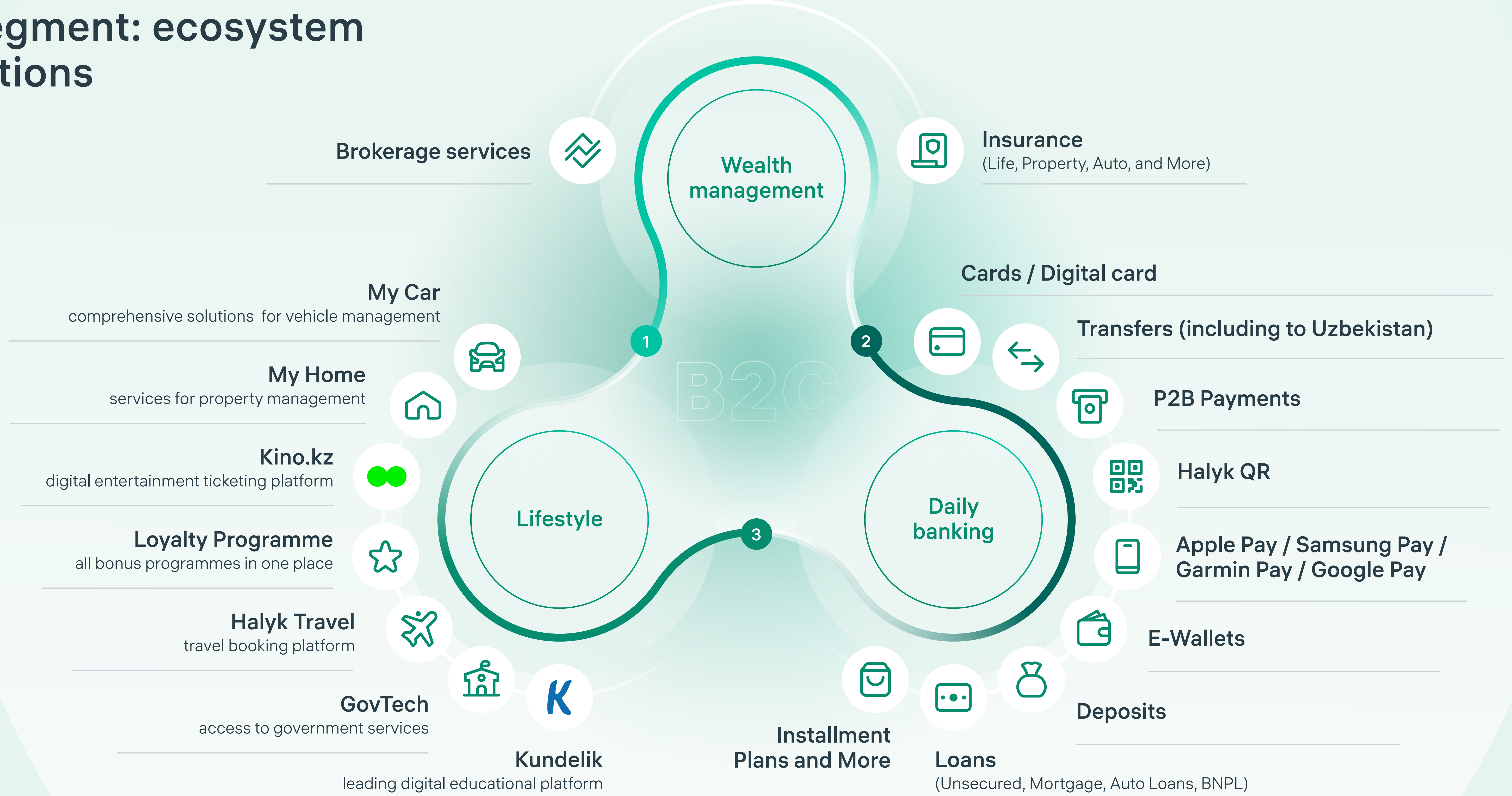
In 2024, Halyk Bank continued to strengthen its market position:

- The Bank's assets reached **KZT 17.9 trillion**, accounting for approximately one-third of the entire banking system.
- The Bank maintained its leadership in both deposits and lending volumes.

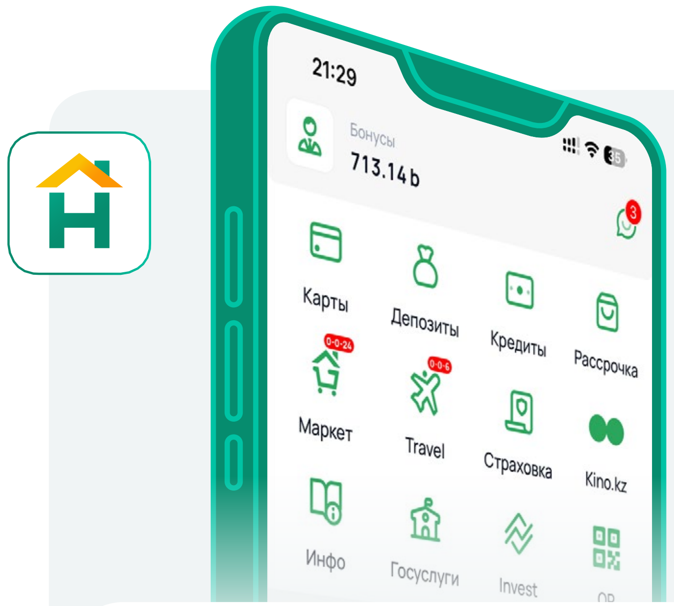
In December 2024, S&P Global Ratings upgraded Halyk Bank's credit rating to BBB-, making it the first commercial bank in the country to hold an investment-grade rating from all three major rating agencies.

OVERVIEW OF KEY BUSINESS AREAS

B2C segment: ecosystem of solutions



Halyk Super App — an ecosystem of life solutions



+38.5%

Increase of the total volume of payments and transfers in Halyk Super App in 2024

+28.5%

Growth of the number of transactions in 2024

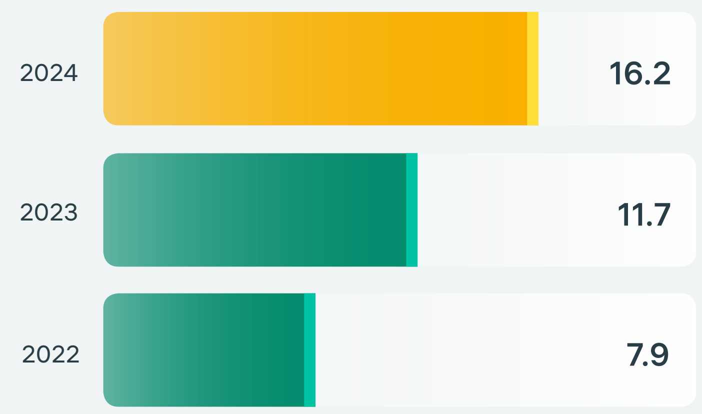
In 2024, Halyk Bank's retail business maintained its market leadership and reaffirmed its role as a key driver of the Bank's overall business. The primary focus of development remains on digitalisation, customer service, and ecosystem expansion.

Halyk Super App is a digital platform that offers a wide range of financial and non-financial services within a single ecosystem. The app integrates banking services, insurance and investment products, a marketplace, loyalty programmes, is connected with lifestyle services such as Kino.kz and Halyk Travel and offers access to a wide range of government services—providing customers with convenient access to diverse solutions for everyday needs.

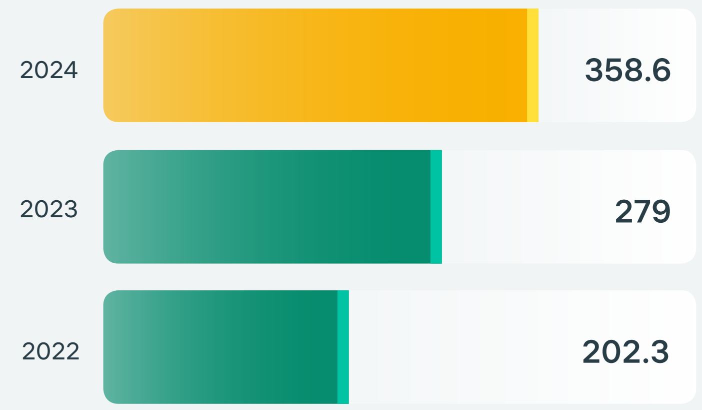
The application continues to experience strong demand, showing steady growth in user engagement and transaction volumes. The Monthly Active Users (MAU) of Halyk Super App reached 7.9 million, while the Daily Active Users (DAU) totaled 2.2 million. In 2024, the total volume of payments and transfers in Halyk Super App increased by 38.5%, while the number of transactions grew by 28.5%.

The key advantages of the platform include high transaction processing speed, security, and seamless integration with various services, making it a convenient and efficient solution for customers.

Volume of payments and transfers, KZT trillion



Number of payments and transfers, million



In 2024, the application integrated new convenient services such as 'My Home' and 'My Transport', which consolidate payments for utilities, fines, taxes, and other daily transactions into a single interface. This solution significantly simplified the customer journey, ensuring greater accessibility of financial tools in a digital format.

As part of the new 'My Bonus Club' service, users can view all active bonus offers and promotions from various partners and convert their bonuses between different loyalty programmes. High customer engagement confirms the strong demand for this initiative.

Additionally, a personalised communication and offer system was launched, utilising AI and machine learning tools. This new model enables customers to receive tailored offers based on their activity and preferences, enhancing the level of personalisation.

Daily banking

Halyk Bank continues to demonstrate strong growth in the retail banking segment, actively expanding digital channels and providing customers with convenient and modern financial solutions. By the end of the year, the number of active retail clients reached 11.3 million.

LOAN PORTFOLIO

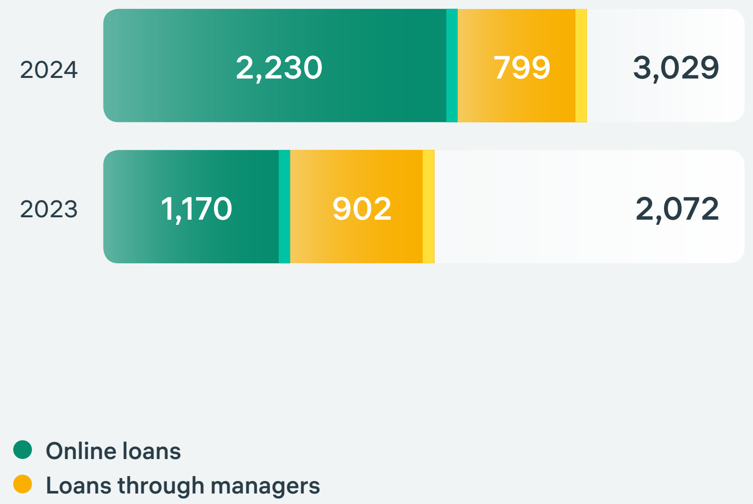
- As of January 1, 2025, the retail loan portfolio reached KZT 4.1 trillion, securing a 19.6% market share. The portfolio grew by 33.3% in 2024, confirming strong lending dynamics.
- The number of borrowers reached 1.85 million by the end of the year, while the Bank maintained high portfolio quality.
- Digital loans remain the main driver of growth, with 91% of all loans in 2024 issued through digital channels.

New digital services launched to enhance customer convenience:

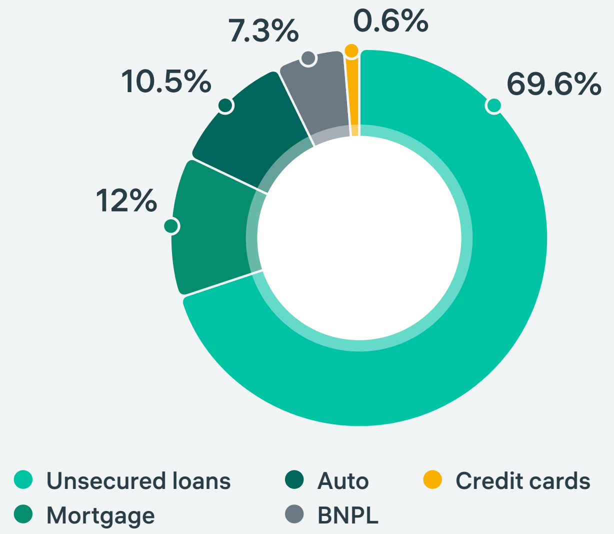
- **Online restructuring** — allows clients to receive a decision without visiting a branch;
- **Online mortgage** — simplifies application submission and enables fast processing via mobile and internet banking.

Number of active retail customers

Volume of loans issued, KZT bln



Loan portfolio structure, 2024



Loan portfolio quality

Indicator	01.01.2024	01.01.2025
Non-performing loans (90+ days overdue)	4.2%	4.5%
Coverage ratio for non-performing loans (90+ days overdue)	156.1%	136.4%

GROWTH IN AUTO LENDING — AS A RESULT OF STRONG SYNERGIES BETWEEN B2C AND B2B SEGMENTS

2024 saw significant expansion in auto lending, strengthening the Bank's market-leading position. The issuance of auto loans increased fivefold compared to 2023, with 97% of all car loans processed digitally.

The Bank's market share in auto lending grew to 33.8% in December 2024, 1.8 times higher than at the beginning of the year. This substantial growth was driven by strategic partnerships with seven of Kazakhstan's largest auto dealers, implementation of innovative digital solutions.

The speed of auto loan processing was optimised, reducing the application review time to less than one minute. This made the financing process as fast and convenient as possible for customers.

No. 1

in the auto loan market

33.8%

the Bank's market share in auto lending

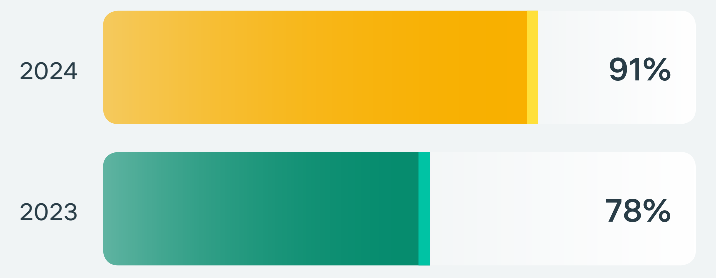
Volume of issued car loans, KZT billion

DEPOSIT PORTFOLIO

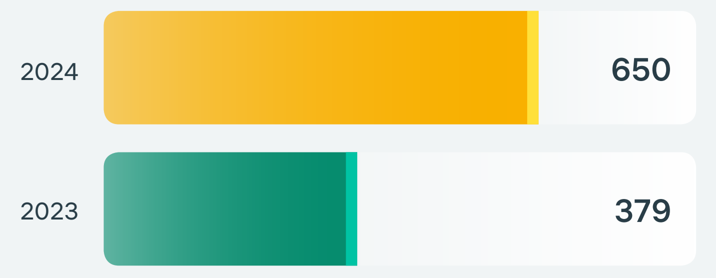
Market share in the deposit segment:

- 28.3%, maintaining the Bank's leading position.
- The deposit portfolio at the end of 2024 amounted to KZT 7.2 trillion.
- 91% of deposits in 2024 were opened online, reflecting a high level of digitalisation and strong customer interest in remote banking services.

Share of new deposits opened online, %



Number of new deposits opened online, thousand



PAYMENT SOLUTIONS

The Bank continues to expand digital payment solutions. In 2024, the Face Pay service was extended, enabling metro fare payments via facial biometrics. This innovation greatly simplified the payment process for passengers, especially during peak hours. Further expansion of the project is planned.

PAYROLL PROJECTS AND SOCIAL PAYMENTS

- Corporate clients using payroll services: 32,300 companies trust Halyk Bank for salary payments.
- Clients receiving salaries via Halyk Bank cards: 3 million people, representing around 40% of the country's working population.
- Service for pensioners and social benefit recipients: By the end of 2024, 2.6 million clients received social payments through the Bank.

BRANCH NETWORK TRANSFORMATION AND SELF-SERVICE DEVICES

Halyk Bank is actively modernising its infrastructure, making physical branches more functional and convenient. As part of this initiative:

- By the end of 2024, 60% of ATMs were upgraded, including new features such as cash deposit and withdrawal using QR codes.
- 55 additional self-embossing machines were installed, allowing clients to issue bank cards independently.
- 24/7 service areas in branches were expanded, increasing access to financial services at any time.

Additionally, a digital queue system was implemented in branches, enabling customers to receive a queue ticket via the mobile app, enhancing convenience and reducing wait times.

The Bank also continued to expand the Halyk Market ecosystem throughout the year. A major project, initiated in 2023, focused on scaling up Halyk Market order pickup points across the Bank's sales channels. As a result, in 2024, an additional 72 pickup points were installed, bringing the total to 93 locations across 24 Halyk Bank branches.

PROGRAMMES FOR CHILDREN

Halyk Bank has traditionally placed great emphasis on social projects, particularly those supporting children. In 2024, the Bank continued the 'Bonuses for Grades' programme, where students in grades 5–11 received rewards for excellent marks in their electronic school diary. An additional incentive for students was a monthly prize draw of 100,000 Halyk Bank bonuses, with the main condition being earning at least ten excellent grades per month. By the end of the year:

- The number of children's bank cards increased by 22%;
- The volume of cashless transactions using children's cards grew 4.6 times.

In 2025, the Bank will participate in the state programme 'Keleshek', aimed at building educational capital for children in Kazakhstan. Parents will be able to open targeted deposits via the mobile app to save for their children's future education expenses.

CYBERSECURITY AND CUSTOMER PROTECTION

With the growth of digital services, the Bank places special emphasis on protecting customer data. In 2024, cybersecurity measures were further strengthened to counter cyber threats, including protection against deepfakes and phishing attacks. Additionally, the Bank continued efforts to educate customers on safe usage of digital channels, enhancing overall awareness and security.

Ecosystem of life solutions

HALYK MARKET: EXCLUSIVE OFFERS FOR CUSTOMERS

Halyk Market continues to experience dynamic growth, strengthening its position within the Halyk ecosystem and creating new opportunities for customers. In 2024, the marketplace recorded a 52% increase in turnover compared to 2023, expanded its product range, improved the customer experience, and increased the number of partners. Additionally, efforts continued to enhance synergies with banking products.

Halyk Market clients receive:

- Attractive purchasing conditions — customers benefit from competitive prices, as Halyk Market provides exclusive deals for sellers;
- Unique financial products — the 0.0.24 installment plan (0% interest for 24 months) is available for the entire product range, all year round;
- Expanded bonus system — cashback and discount offers make shopping even more rewarding;
- Convenient delivery — an increased number of pickup points, ensuring easy access to orders across the country.

Development in 2024

A key achievement of the year was the significant expansion of the delivery network. Halyk Market increased the number of pickup points, including in Halyk Bank branches, providing customers with easier access to their purchases and offering entrepreneurs more opportunities to expand their business reach.

The 0.0.24 installment plan remained highly popular among marketplace customers. This product helps shoppers manage their budgets efficiently while benefiting from low prices, made possible by Halyk Market's strategic partnerships with sellers.

Halyk Market also continues to increase the range of products. In addition, in 2024, the marketplace expanded its partner network, including launching joint promotions with major suppliers and brands.

Synergy with Halyk products

Halyk Market has become an integral part of the Halyk ecosystem, driving customer loyalty and increasing transactional activity. The marketplace contributes to higher turnover on Halyk Bank cards, increased use of credit products and expanded engagement with the Bank's ecosystem For example, customers who purchase products on installment plans tend to use Halyk's financial tools more frequently, while B2B merchants actively utilise working capital loans and the Bank's transaction services.

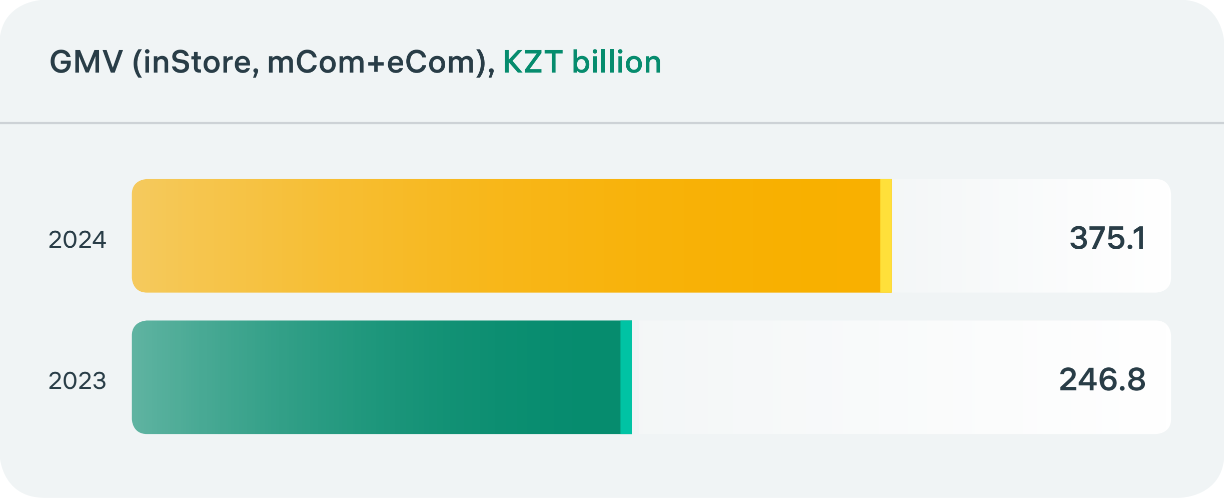
Halyk Market also enhances ecosystem integration with other Halyk Group services, such as Halyk Travel and Kino.kz. This synergy helps create a unified and interconnected service ecosystem, strengthening relationships with customers and partners while boosting the efficiency of all services.

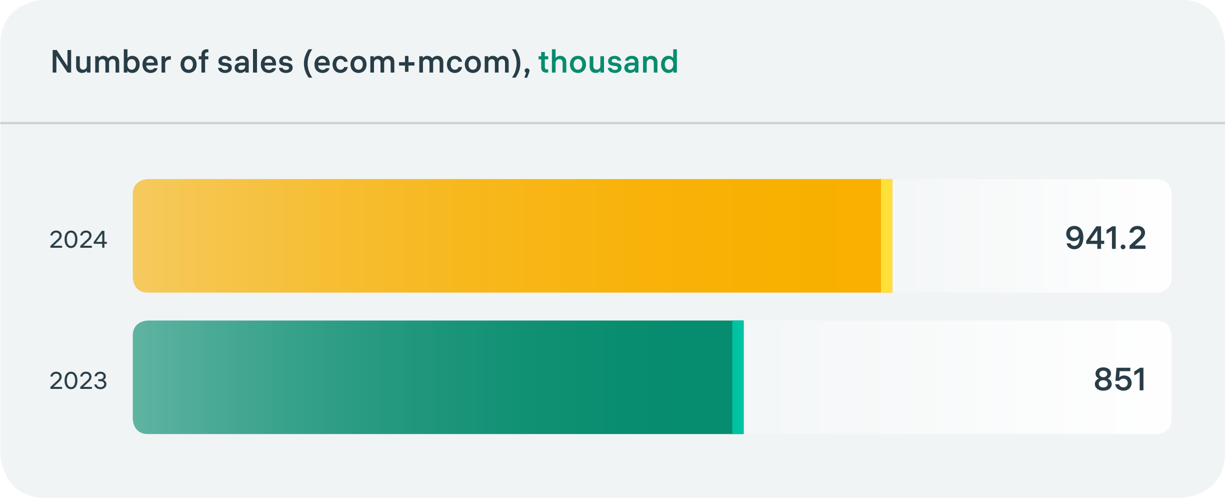
Plans for 2025

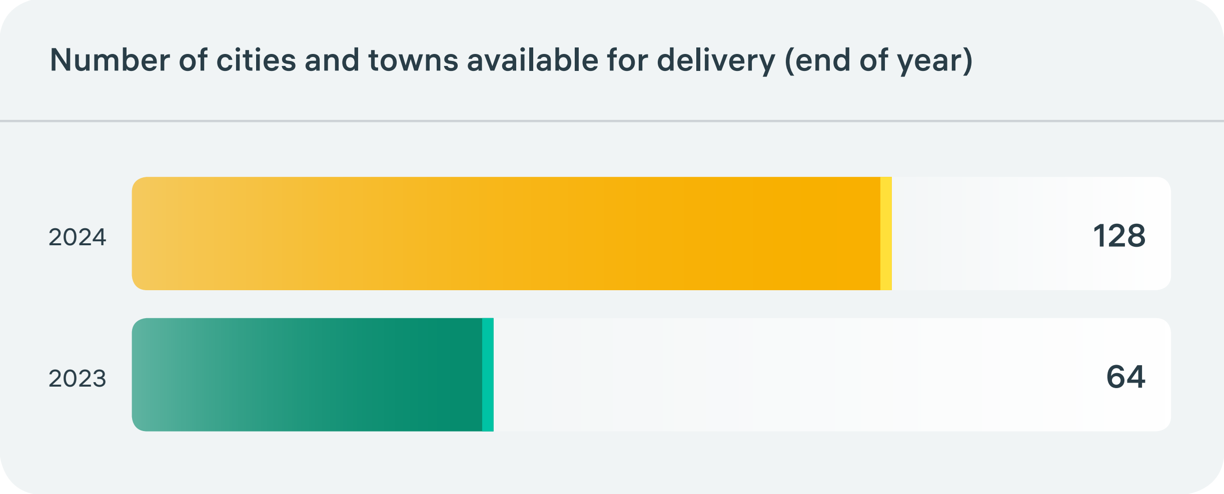
For 2025, Halyk Market has set ambitious goals:

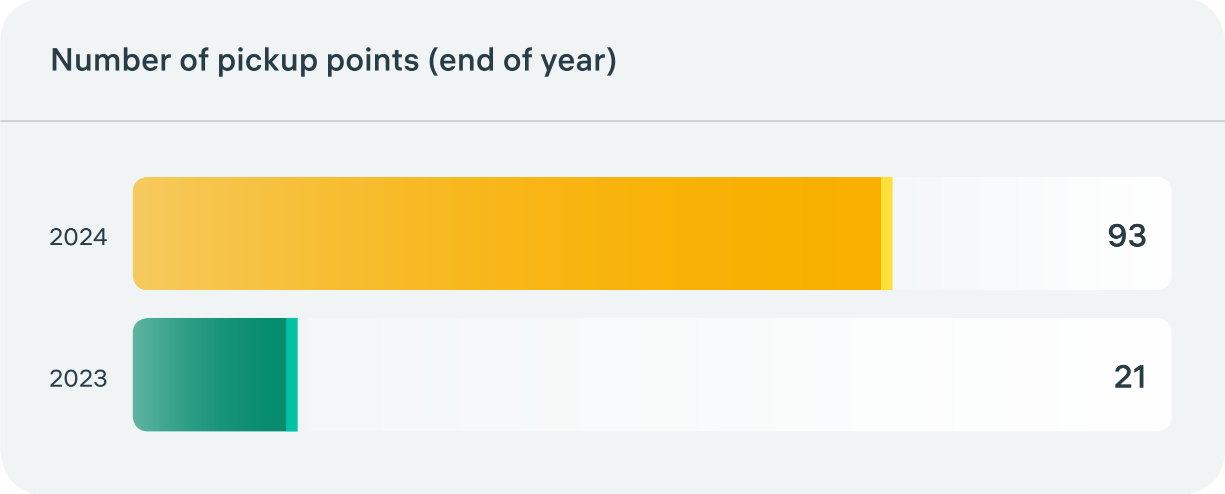
- Further GMV growth (Gross Merchandise Value);
- Expansion of the partner network and product assortment;
- Development of digital services and process automation for enhanced convenience for both customers and sellers;
- Deeper integration with other Halyk Bank products to strengthen ecosystem synergy.

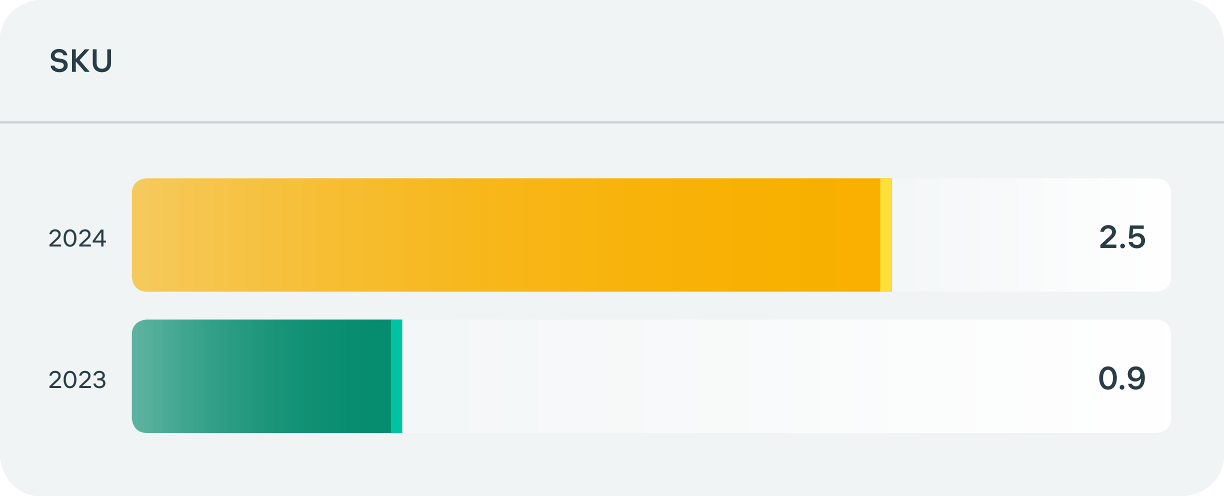
Through strategic growth and innovative solutions, Halyk Market will continue to reinforce its position as Kazakhstan's leading marketplace, delivering convenience and value to customers and partners.

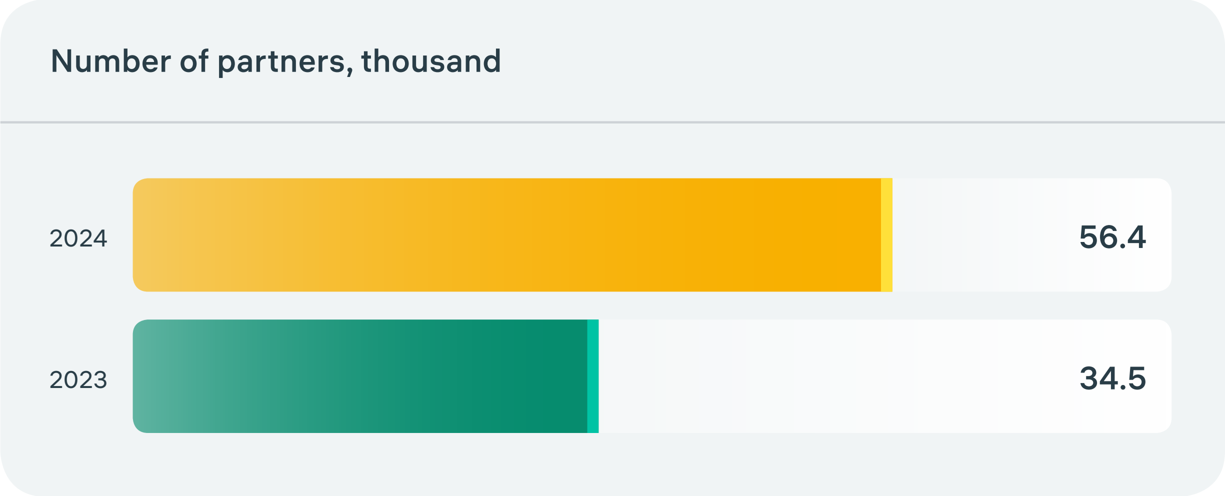












KINO.KZ: THE LEADER IN DIGITAL TICKET SALES

Kino.kz is Kazakhstan's largest digital ticketing platform, offering tickets for movies, concerts, theater performances, and sports events. The platform provides a user-friendly interface, a wide selection of events, and exclusive partnerships with leading organisers. In 2024, Kino.kz continued to strengthen its market position, expanding functionality, improving user experience, and introducing new digital solutions.

Key growth indicators

In 2024, Kino.kz maintained strong growth, reinforcing its position in the online ticketing market. Gross Merchandise Value (GMV) for the year reached KZT 17.5 billion, an increase of 15.9% compared to 2023. The number of registered users grew significantly, reaching 4.4 million—1 million more than the previous year. The maximum monthly active audience (MAU) in 2024 was 2.9 million users, demonstrating high demand for the platform.

The total number of tickets sold for the year reached 7.8 million, significantly outperforming closest competitors. According to independent analytics report, Kino.kz holds a 44.7% market share in online ticket sales for various events, including movies, concerts, theater performances, and sporting events. These results confirm Kino.kz's status as the leading ticketing platform in Kazakhstan.

Technical enhancements

In the Q4 of 2024, a major IT platform modernisation was undertaken to improve productivity, accelerate development and enhance the user experience:

Major projects and partnerships

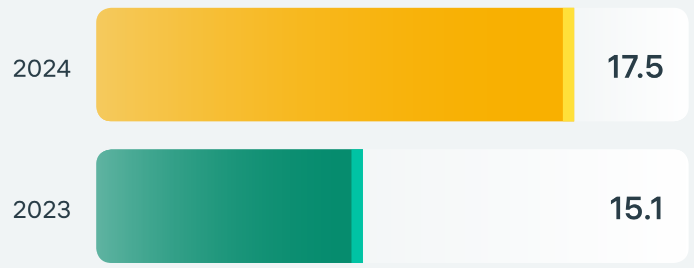
- In September 2024, Kino.kz organised the largest concert in Almaty, attracting 30,000 spectators. The event was praised for excellent organisation, with exclusive ticket sales through Kino.kz. Halyk Bank was the general partner.
- Exclusive partnerships were signed with Disney and Sony Pictures for the promotion of major film premieres.
- 13 new cinemas and 5 theaters joined the platform in 2024.

Launch of the KORU streaming service

A key development focus for Kino.kz in 2024 was ecosystem expansion through the launch of its own streaming service, KORU. The project was piloted in July 2024 and serves as a platform integrating six online cinemas.

As part of the subscription, users get access to the 'All Inclusive' package worth KZT 3 thousand, as well as exclusive Setanta Kazakhstan content, including broadcasts of the Champions League, UFC and other sporting events.

GMV, KZT billion



Number of tickets sold, million

HALYK TRAVEL: A COMPREHENSIVE TRAVEL ECOSYSTEM

Halyk Travel is a digital travel platform that provides users with access to flight bookings, hotel reservations, and travel packages. The service combines seamless booking mechanisms with exclusive deals, including flexible payment options. In 2024, Halyk Travel actively expanded its service offerings, enhanced the customer experience, and introduced new travel categories. Total sales for the year reached KZT 7.5 billion.

New services and expanded destinations

In 2024, Halyk Travel evolved into a fully integrated travel platform. A key enhancement was the introduction of package tour sales, allowing users to book both flights and accommodations. This new feature was launched in partnership with leading tour operators, ensuring a convenient and reliable solution for comprehensive trip planning.

Throughout the year, the platform also expanded its range of available destinations. New routes were added, including flights to China (Guangzhou), along with new collaborations with airlines such as FlyDubai and Air Astana. These updates provided users with more flight options at competitive prices.

Additionally, new financial tools were introduced to simplify the purchasing process. Customers can now pay for trips in full, in installments, or with credit options. A major innovation was the partial installment plan, making travel more accessible to a wider audience.

Customer satisfaction growth

In 2024, the Customer Effort Score (CES) reached:

92.5%

Kino.kz

88%

Halyk Travel

GOVTECH — DIGITALISATION OF GOVERNMENT SERVICES

Developing GovTech remains a strategic priority for the Bank. The key objective of this initiative is to integrate government services into banking applications, including automating internal business processes to simplify interactions with government agencies and make public services more accessible to clients. Users can request official certificates, verify personal data, and access other essential services directly through the Bank's app, eliminating the need for in-person visits to government institutions.

Since the launch of GovTech, the Bank has introduced 66 government services, maintaining its leading position among second-tier banks offering such solutions. These services are highly in demand — in 2024, Halyk Bank clients used them over 17.5 million times. The most popular features include: digital documents, vehicle ownership history checks, medical insurance status verification, various official certificates and records. Some of these solutions were showcased at major IT forums, including Digital Almaty, and were presented at the highest level with the participation of EAEU heads of government.

Halyk Bank has established itself as a trusted partner with a strong technological foundation, making it the primary choice for government agencies when developing new digital initiatives.

In 2025, the Bank plans to further expand this direction by launching new high-demand services tailored to customer needs.

17.5 million times

number of uses of the GovTech service by the Bank's clients in 2024

HALYK INVEST: DEVELOPMENT OF BROKERAGE SERVICES

Halyk Invest is an investment platform integrated into the Halyk mobile app, providing clients with simple and convenient access to securities of local and international companies.

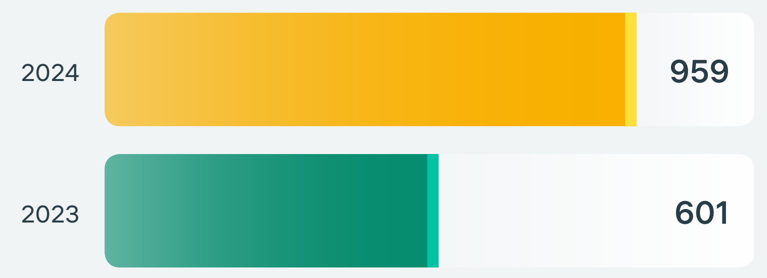
The platform offers a number of advantages, including fast replenishment of investment accounts without commissions, conversion between accounts without additional costs, the ability to trade securities with a minimum amount of KZT 5 and access to investment accounts in five currencies: KZT, USD, EUR, GBP and RUB. In addition, Halyk Invest provides direct access to KASE and AIX exchanges, allowing clients to trade on the stock market from anywhere in the world, and offers a wide range of international instruments.

The growth of brokerage services within the Bank's ecosystem was a key focus in 2024. Major milestones included:

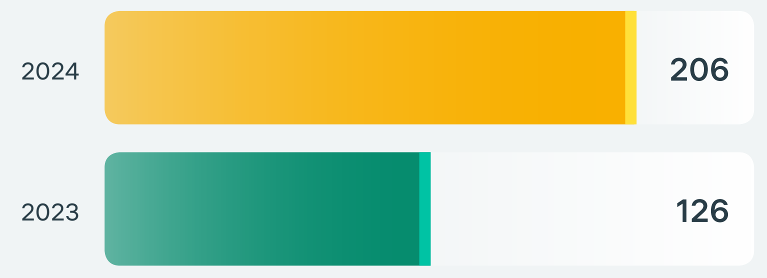
- **Successful IPO execution:** the Bank's trading platform delivered strong performance, accounting for over 50% of all applications submitted during the Air Astana IPO.
- **Rapid account growth:** By the end of the year, the number of costumers reached 959 thousand solidifying Halyk Invest's leading position in the market.
- **Qualified Intermediary (QI) Status:** The Bank became the first in Kazakhstan to obtain Qualified Intermediary status, offering clients significant tax benefits when trading U.S. securities. In 2024, work began on automating QI-related processes, enabling clients to complete the necessary documentation online and reduce withholding tax rates from 30% to 15% on certain types of fixed income from U.S. securities.
- **Investment culture development:** Expanding access to investment instruments and promoting stock market participation among the public was a key focus. Low commissions and seamless integration with bank accounts make it easier for clients to start investing.

IPO Air Astana supported by Halyk Invest and Halyk Group:

Number of clients, thousands



Number of active clients, thousands



Priorities for 2025

In the new year, the B2C team will focus on:

- Further digitalisation and expansion of online services;
- Personalising the customer journey based on interests and activity;
- Enhancing cybersecurity and protecting customer data;
- Scaling ecosystem solutions.

The Bank will continue to implement innovative solutions, providing convenient and reliable financial tools for customers. Sustainable growth and digital transformation remain the key priorities for the B2C segment in 2025.

INSURANCE SERVICES

Halyk Group offers a wide range of insurance services for retail clients through its subsidiaries: Halyk-Life and Halyk Insurance Company.

- Halyk-Life specialises in life insurance, offering products such as pension annuities, critical illness insurance, savings, and risk-based insurance programmes. The company provides life and health protection while also offering solutions for wealth preservation and family financial security.
- Halyk Insurance Company provides auto insurance, property insurance, and accident insurance, focusing on comprehensive protection for individuals.

In 2024, both companies actively expanded their digital services, diversified their product offerings, and enhanced customer service, ensuring convenient and beneficial insurance solutions for individuals.

Key advantages and opportunities for retail clients

Halyk Group's insurance companies provide comprehensive financial protection and convenient services, including:

- **Flexibility and accessibility:** possibility to purchase insurance products online and in mobile applications, convenient payment methods, installment payments.
- **Process digitalisation:** integration with Halyk Super App, execution and signing of contracts via Egov Mobile, automated termination and recovery of policies, as well as access to digital services via Halyk ID.
- **Innovative products:** in life, health and property insurance, including new critical illness protection programmes, retirement annuities and specialised insurance solutions for families.

Key achievements and initiatives in 2024

Halyk-Life:

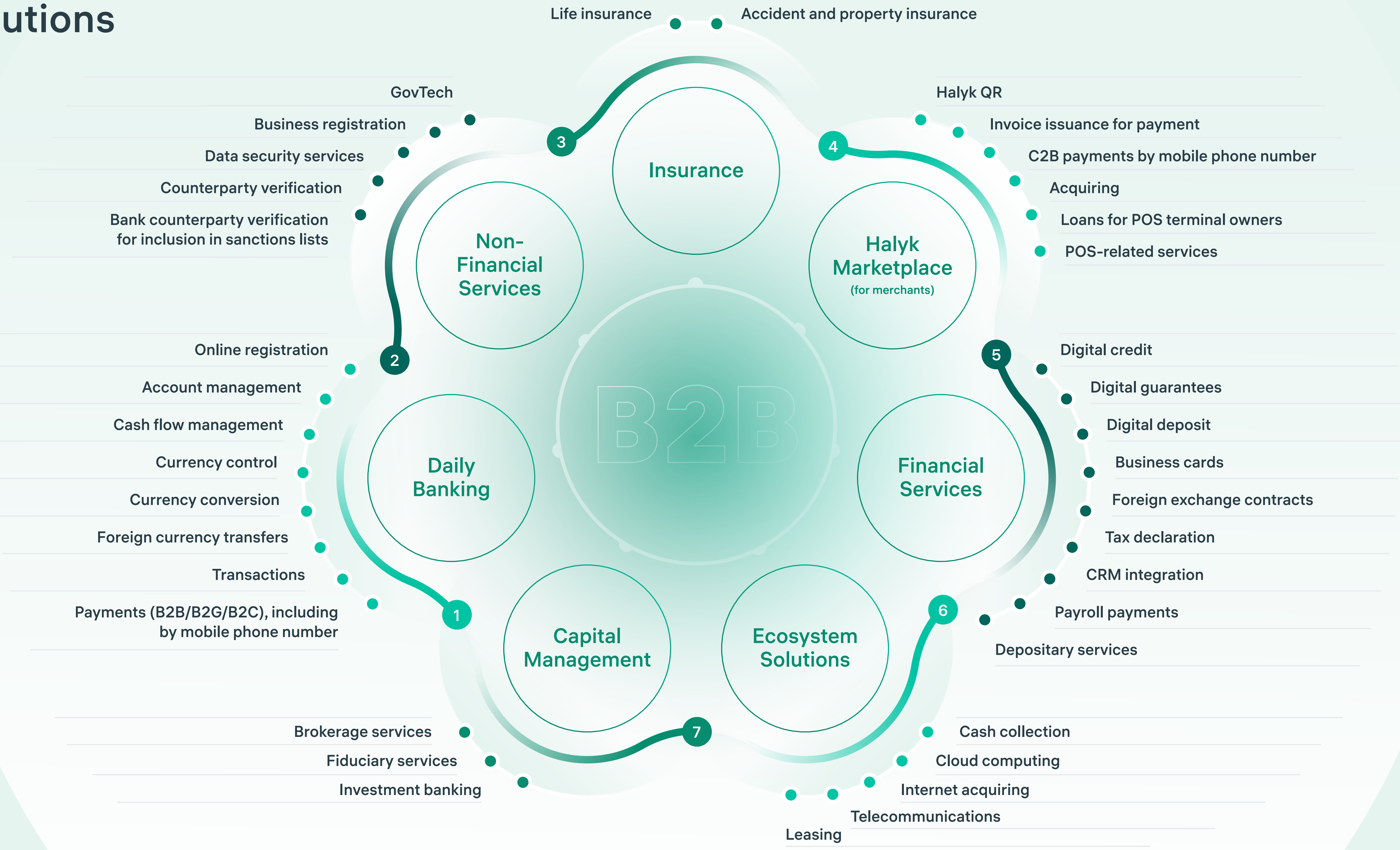
- Launch of new insurance products: 'Ümit-Life' (critical illness insurance) and 'Life-Renta+' (savings life insurance) were developed and introduced.
- Digitalisation of services: New features added to the Halyk-Life mobile app, including authentication via Halyk ID and eGov Mobile, payment calendar, auto-payments, push notifications, and an AI-powered chatbot.
- Launch of Balam - the digital insurance product for children and adolescents against accidents in Halyk SuperApp, with the option to submit a claim for insurance payout.
- Digitalisation and simplification of services: Implementation of an electronic policy issuance process for the 'Bilim-Life' programme by insurance agents. The Bilim-Life endowment life insurance product enables any citizen of Kazakhstan to accumulate the necessary funds for their child's university education, both domestically and abroad.
- Financial literacy and promotion of insurance products: Participation in Astana Forum 2024, live broadcast with FinGramota.kz on pension annuities, release of two life insurance podcasts on YouTube.
- Support for the journalism community: Organisation of a nationwide competition among regional media for the best coverage of life insurance topics.

Halyk Insurance Company:

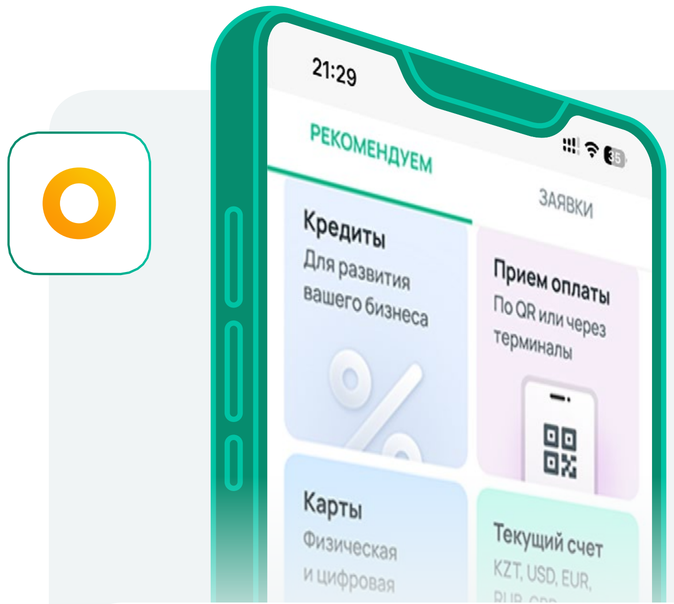
- Development of insurance programmes:
  - Launch of the Halyk KASKO programme with a 50% discount and installment payment option.
  - Enhancement of the 'My Protection' property insurance product and introduction of an installment plan.
- Upgrade of digital platforms: Launch of the new integrated transactional website skhalyk.kz.
- Customer preference research: Conducted the Brand Health Tracking marketing study to analyse brand perception.
- Open dialogue with customers: organised a customer meeting to present updated insurance products.

Halyk-Life and Halyk Insurance Company demonstrated stable growth in 2024, continuing to expand their range of insurance services and enhance customer experiences. Innovative products, digitalisation, and a customer-focused approach have strengthened the Group's market position, providing retail clients with reliable and affordable financial protection.

B2B Solutions



Onlinebank — an efficient platform for business



+16.2%

Increase of the the total transaction volume processed through Onlinebank

+20.1%

Increase in the number of transaction processed through Onlinebank

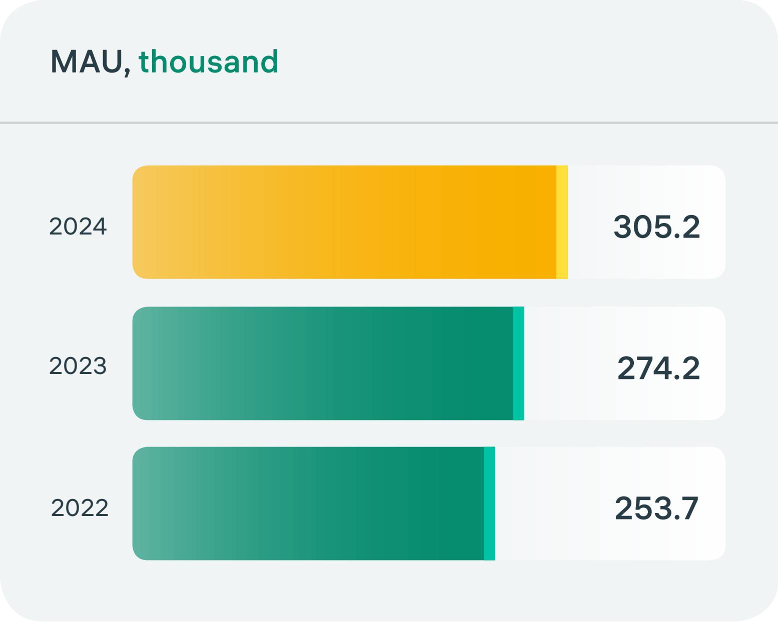
Onlinebank is the leading digital platform for legal entities in Kazakhstan, offering a comprehensive business solution that provides seamless access to financial services, including account management, payments, and loans — all online.

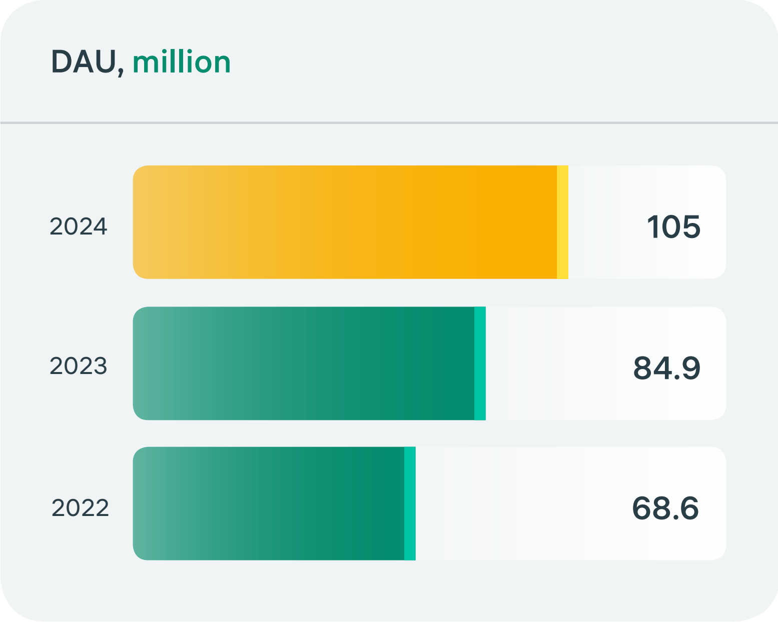
Key Advantages of the Platform:

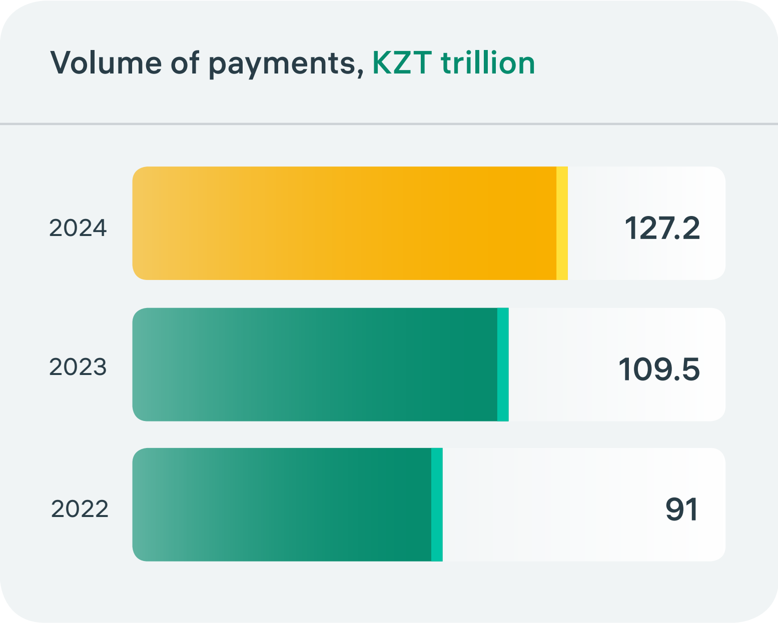
- **High functionality** — users can make payments, transfers, apply for loans, and manage their finances without visiting a bank branch.
- **Security** — a state-of-the-art data protection system and multi-factor authentication ensure the security of transactions.
- **Integration with accounting systems** — API support enables process automation, reducing manual operations.
- **Flexibility and scalability** — the platform is suitable for both small businesses and large corporate clients.

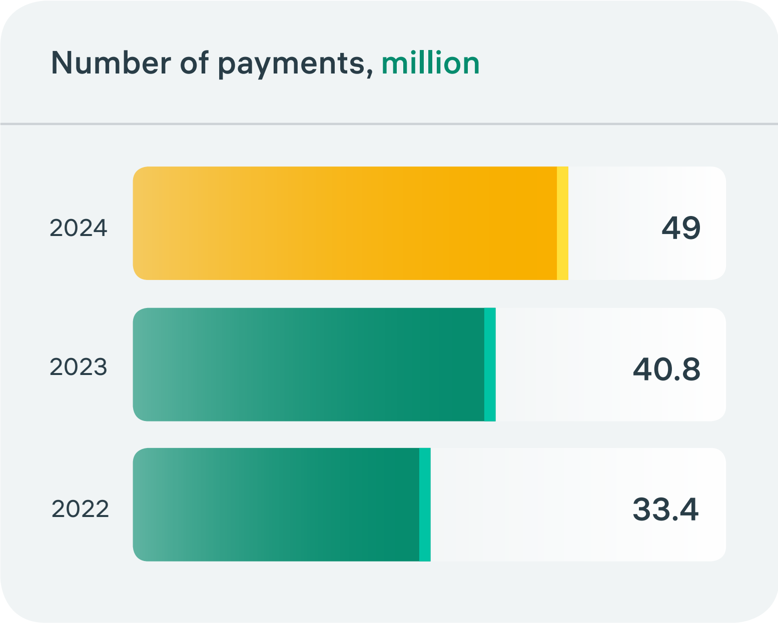
Onlinebank continues to evolve, adapting to market needs and providing users with convenient and innovative financial tools—and clients recognise this. In 2024, the total number of users grew to 305.2 thousand, demonstrating the high demand for the service among businesses. The average daily active users (DAU) reached 105 thousand.

The total transaction volume processed through Onlinebank increased by 16.2% in 2024, reaching KZT 127.2 trillion. Meanwhile, payments processed through the platform totaled 49 million transactions, growing 20.1% compared to last year.

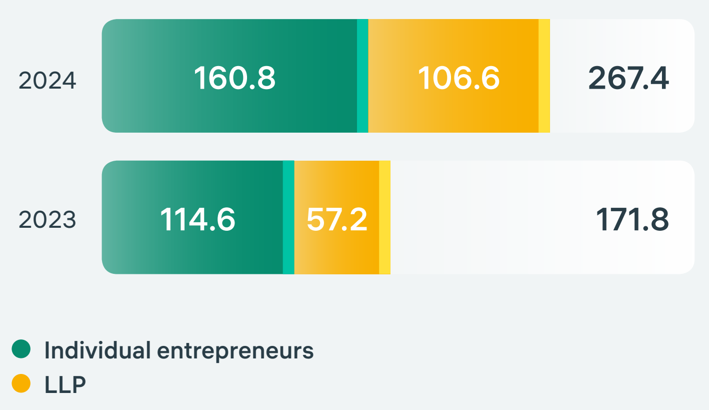




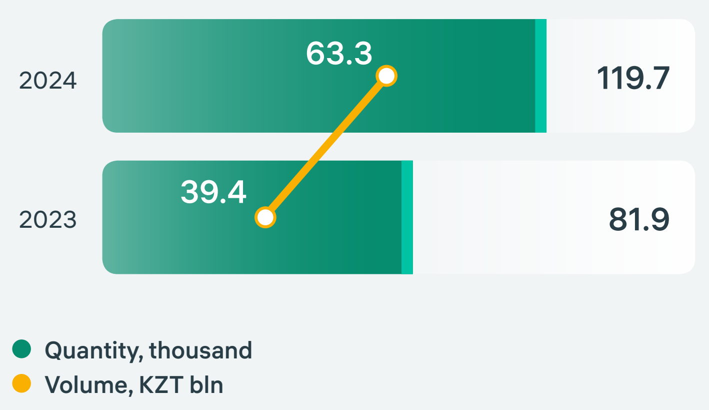




Portfolio of digital loans of legal entities, KZT billion



Trends in digital guarantee issuance



In 2024, the web portal for legal entities was updated and built on a microservice architecture. Clients were able to use a more convenient and flexible tool for managing financial transactions.

The Bank actively developed ecosystem areas, including integration with accounting software. In 2024, integration with 1C was realised, allowing customers to remotely issue invoices in the Onlinebank, simplifying document flow and payment processes. API integrations were also expanded, allowing to upload statements, generate payments and manage financial flows without the need for manual data entry.

Among the significant achievements of the year was the development of the digital guarantee system. The number of digital tender guarantees issued went up to almost 120 thousand in 2024. In addition, the Bank launched a new product — a blank performance guarantee for winners of tenders.

Corporate Business

Corporate Business remains one of Halyk Bank's strategic priorities, supporting Kazakhstan's largest companies and contributing to their continued growth. The Bank finances projects in key economic sectors, including energy, agribusiness, transportation, and industry, as well as participates in state-level projects.

Halyk Bank maintains significant competitive advantages:

- High lending limits for borrower groups allow the financing of large-scale projects, including infrastructure initiatives.
- High liquidity in both tenge and foreign currencies ensures flexibility and resilience against market fluctuations.

Our clients include some of the largest enterprises in Kazakhstan: 86% of the country's largest taxpayers are served by Halyk Bank, contributing to more than half of the state budget revenues.

Comprehensive financial solutions for corporate clients:

- lending;
- trade finance and documentary operations;
- cash management services and foreign exchange transactions;
- international payments and foreign exchange contract support;
- payroll projects and acquiring services.

Additional services offered by the Halyk Group:

- insurance;
- brokerage services;
- cash collection and other financial instruments.

Halyk Bank provides high-quality client service and a broad range of products, services, and financial tools to fully meet client needs. Despite the continuous growth of the corporate client base, the average number of products used per client remains high: 4.5 products per transactional client and 5.9 products per borrower.

Halyk Bank also supports Kazakh companies in international markets, particularly by facilitating the development of their projects in Uzbekistan, where the Bank's market position significantly strengthened in 2024.

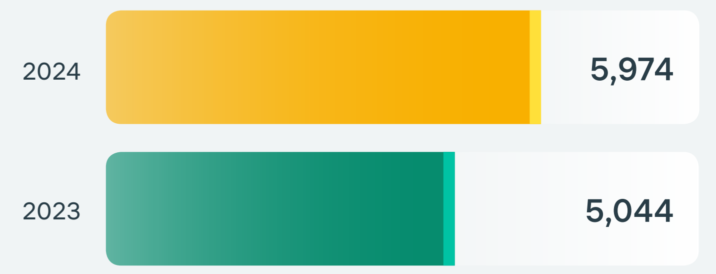
86%

of the country's largest taxpayers are served by Halyk Bank

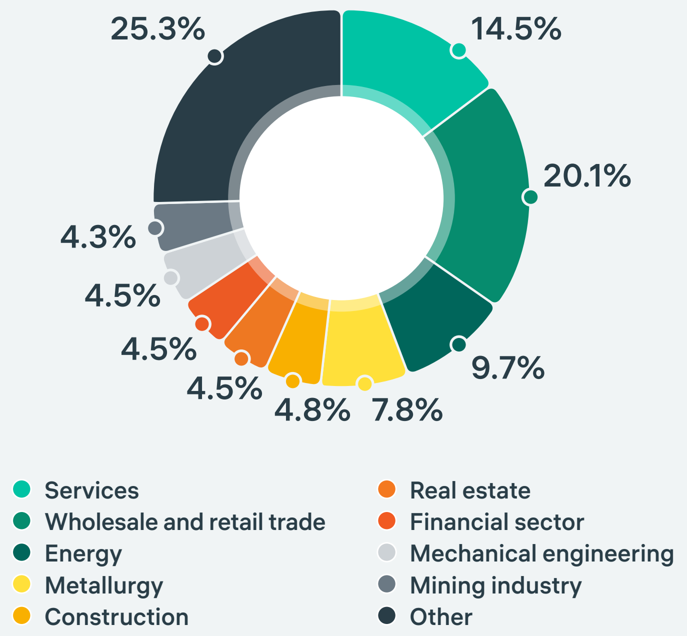
FINANCIAL PERFORMANCE AND DYNAMICS

Corporate lending constitutes the largest share of the Bank's overall loan portfolio. In 2024, the corporate loan portfolio grew by 18.4%, reaching KZT 5,974 trillion. By the end of the year, the Bank had 2,900 active corporate clients, including 781 borrowers. Despite strong lending activity, the Bank maintains one of the highest-quality loan portfolios in the market, adhering to a conservative risk assessment approach.

Corporate loan portfolio at the end of the year, KZT billion



Loan portfolio structure at the end of 2024



Drivers of loan portfolio growth

- Infrastructure projects aimed at developing the real sector of the economy.
- Increased demand for working capital financing.
- Investments related to the ESG agenda.
- Digitalisation of the lending process.
- Financing joint projects with subsidiary banks.
- Participation in syndicated lending.

Drivers of non-interest income growth

- Synergy between different business segments.
- Expansion of services and offerings for clients.

Loan portfolio quality

Indicator	01.01.2024	01.01.2025
Non-performing loans (90+ days overdue)	1.0%	1.0%
Coverage ratio for non-performing loans (90+ days overdue)	434.5%	380.8%

FACTORING AS A KEY DIGITAL PRODUCT

Factoring is becoming one of the most in-demand digital solutions offered by Halyk Bank, enabling corporate clients to efficiently manage accounts receivable and enhance liquidity.

Key advantages of Halyk Bank's factoring services:

- Fast financing without additional collateral.
- Risk mitigation against unpaid invoices.
- Flexible terms and seamless integration with digital platforms.

In 2024, the volume of factoring services significantly increased, allowing clients to optimise cash flow management and minimise cash gaps.

INTERNATIONAL SYNDICATED LENDING

Halyk Bank participates in international syndicated lending, financing large-scale projects that require substantial capital investment and cooperation among multiple financial institutions.

Benefits of participating in syndicated loans include:

- Strengthening the Bank's position in the corporate sector;
- Structuring complex financial solutions for clients;
- Effective risk management;
- Attracting foreign investments into Kazakhstan through international projects.

Syndicated transactions create synergies between financial institutions, unlocking new opportunities for financing large-scale projects and driving economic development in the country.

STATE SUPPORT PROGRAMMES

Halyk Bank actively participates in large-scale business financing programmes through Development Bank of Kazakhstan, funding projects worth KZT 36 billion. The funds were allocated to enterprises in pharmaceuticals, chemicals, textiles, food production, oil refining, construction materials, and paper manufacturing.

Additionally, the Bank participated in the long-term funding programme for second-tier banks, supported by pension assets from UAPF.

ADVANCEMENT OF DIGITAL SOLUTIONS

Halyk Bank continues to implement cutting-edge technologies, enhancing corporate sector financing.

Key digital initiatives in 2024:

- integration of modern technologies to improve business process efficiency;
- automation of processes and data analytics for personalised services;
- expansion of digital platforms for remote client service;
- online loan issuance using electronic digital signatures — in 2024, over 95% of loans were issued in digital format.

ESG AND SUSTAINABLE DEVELOPMENT

The Bank integrates sustainable development principles into corporate lending, recognising its role in reducing environmental impact and promoting responsible business practices.

Key areas of the Bank's ESG Policy:

- Financing 'green' projects and renewable energy initiatives;
- Supporting energy-efficient technologies to reduce the carbon footprint;
- Developing credit products that contribute to sustainable business growth.

PLANS FOR 2025

In 2025, Halyk Bank will continue expanding its corporate business, focusing on:

- Strengthening relationships with existing clients;
- Expanding its client base;
- Increasing the usage of Halyk Group's products and services;
- Growing the corporate loan portfolio;
- Boosting transactional revenues.

The Bank will continue offering comprehensive financial solutions, leveraging the capabilities of the Halyk Group and new digital technologies.

Small and medium-sized enterprises

MARKET LEADERSHIP IN SME SERVICES

Halyk Bank maintains its leading position in the SME segment, both in transactional banking and lending. As of January 1, 2025, the Bank serves over 300,000 active SME clients, including 39,500 borrowers. In 2024, the Bank issued 80,900 loans to SME clients.

KZT 1.9 trillion — 18.3% — the SME loan portfolio

KZT 2.4 trillion — 18.7% — total SME lending

9% — growth of SME deposits and current account balances

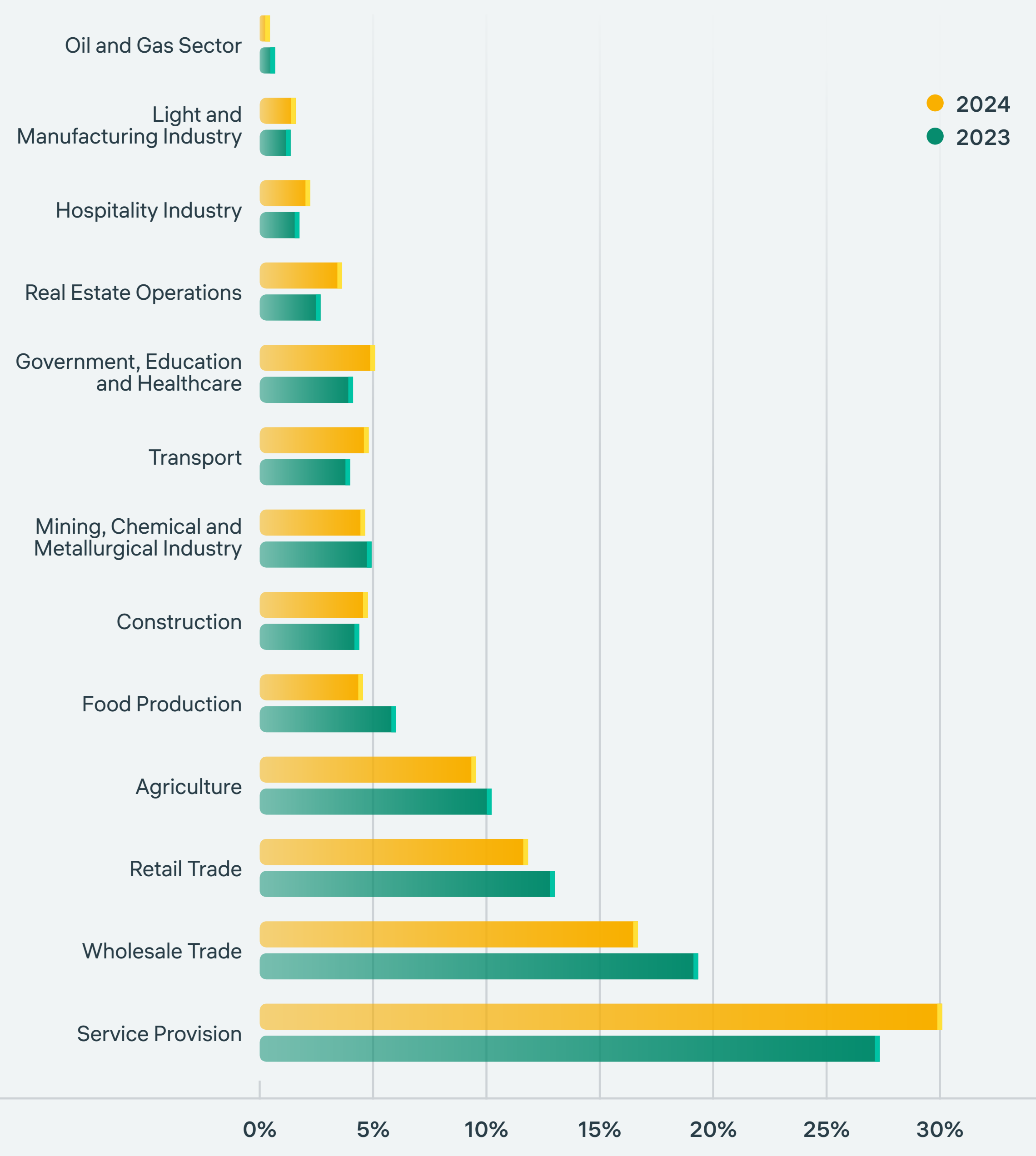
SME loan portfolio, KZT billion

Volume of SME lending, KZT billion

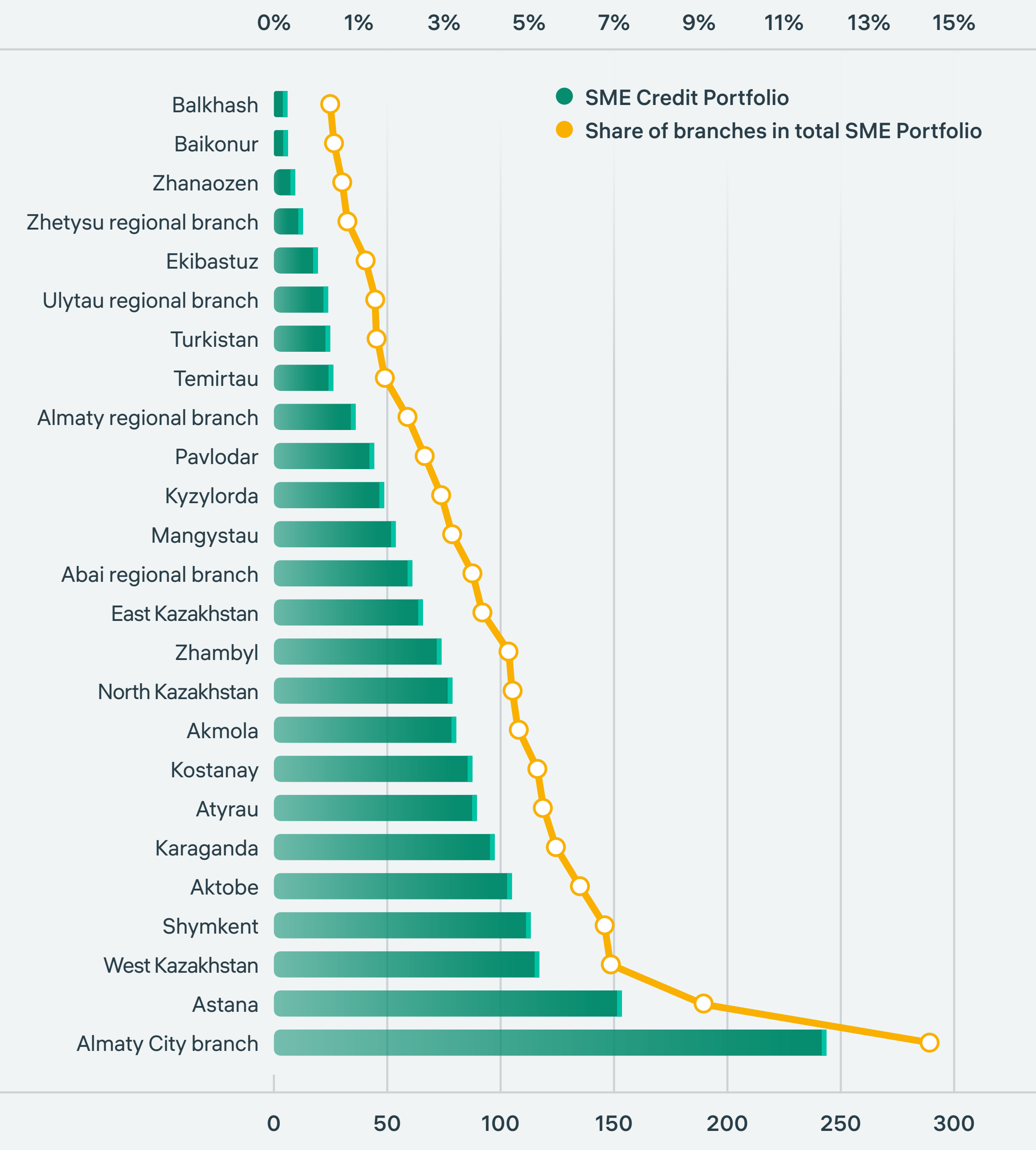
Loan portfolio quality

Indicator	01.01.2024	01.01.2025
Non-performing loans (90+ days overdue)	3.6%	3.5%
Provision coverage of non-performing loans (overdue by more than 90 days)	110.6%	115.4%

Structure of SME Financing by industry



SME Financing by Region as of December 31, 2024



BUSINESS ENGAGEMENT

In 2024, Halyk Bank actively engaged with entrepreneurs from all regions of Kazakhstan. A series of business breakfasts were held in eight cities, including Almaty, Kokshetau, Kostanai, Aktobe, Karaganda, Atyrau, Astana, Pavlodar, Ust-Kamenogorsk and Shymkent. The meetings discussed financial results of the year, new products, information security issues, as well as credit and transaction solutions for SMEs.

SUPPORT FOR WOMEN'S ENTREPRENEURSHIP

Halyk Bank continued the implementation of its dedicated programme to support women-owned businesses, providing financing to individual entrepreneurs and legal entities where women hold at least 50% ownership in the charter capital.

- In 2024, an additional KZT 1 billion was allocated for lending at an 8% annual rate, with a maximum loan amount of KZT 20 million. The programme operates on a revolving basis, bringing **the total funding for women's business support to KZT 7 billion**.
- **In 2024, 26 clients were financed for a total of KZT 472.5 million**, and 17 more clients are in the process of receiving funding totaling KZT 336 million.
- As part of the global **'She's Next'** initiative, in partnership with Visa, offline events were held in 8 regions of Kazakhstan for women entrepreneurs.

EXPANSION OF DIGITAL LENDING

The Bank is actively developing a line of digital loan products for individual entrepreneurs, including business loans, loans for POS terminal holders and credit limits on the Online-Duken platform. All products are automated: applications are submitted and processed online without the need to upload documents, reducing the decision time to 10 minutes. The process includes online onboarding and biometric identification.

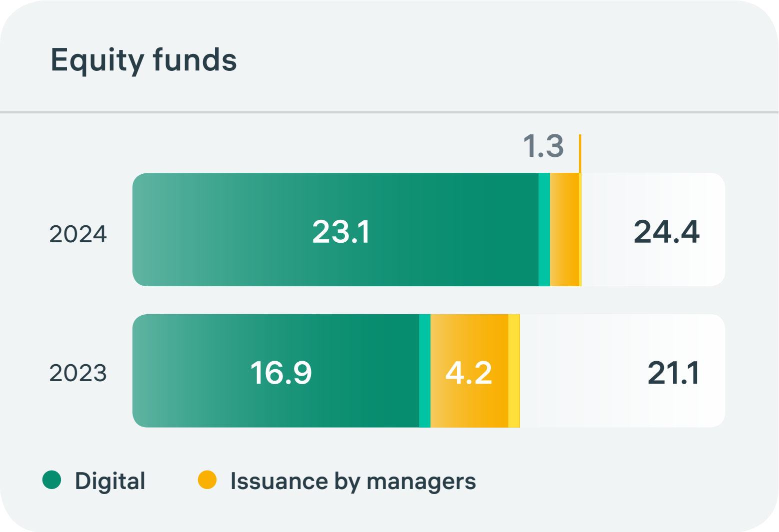
Digital lending for LLPs:

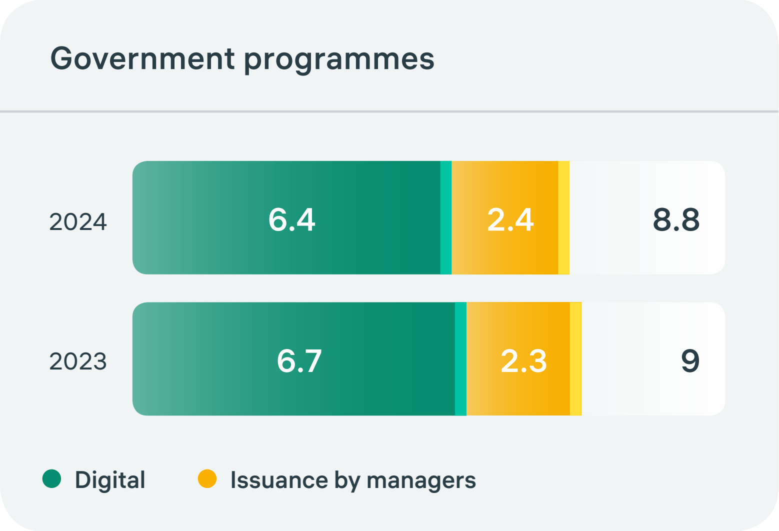
- Maximum loan amount — **KZT 300 million**, term — **up to 24 months**. Issued for working capital replenishment.
- Processing time from application to fund disbursement — **up to 10 minutes**.
- In 2024, 4,800 businesses were financed for a total of **KZT 211 billion**.
- The loan portfolio for digital loans doubled.

Digital approval for collateralised loan applications:

- Clients receive a response within **5 minutes**.
- Maximum financing amount — **KZT 1 billion**.
- **56%** of legal entities with existing loans at the Bank use digital lending services.

Dynamics of the number of individual entrepreneur borrowers, thousand clients





ONLINE-DUKEN PLATFORM

In September 2024, Halyk Bank launched Online-Duken, a digital platform connecting major distributors and neighborhood convenience stores. The platform helps entrepreneurs develop and strengthen their businesses by providing a convenient tool for interacting with distributors and automating procurement processes.

Advantages for distributors

- Payments without commissions.
- Possibility to scale sales volumes by connecting new clients to the platform.
- Reduction of operating costs by transferring remote customers from the 'with a sales representative' format to online.

Advantages for neighbourhood shops

- Possibility to pay for goods without commissions.
- Increased sales due to the Bank's favourable 'deferred payment' service, which allows shops to increase purchases and attract new customers.
- Convenient interface for placing orders and monitoring their status, accounting of goods and sales, financial management and crediting.
- Possibility to place orders on the Online-Duken platform 24/7.

Around **3** thousand stores

have joined the platform

Integration with **13** major distributors

has been completed

Over **12,000** orders

have been processed, including 1,066 installment purchases

STATE SUPPORT PROGRAMMES FOR SMES

Halyk Bank actively participates in government initiatives to support entrepreneurship:

- By the end of 2024, the Bank subsidised 4,058 micro and small business projects totaling **KZT 37.9 billion** and provided guarantees for 1,618 projects worth **KZT 18.19 billion**.
- For medium and large businesses, subsidies were issued for 1,173 projects amounting to **KZT 195.6 billion**, with guarantees issued for 441 projects worth **KZT 34.95 billion**.
- Under the 'Ken Dala' programme, aimed at supporting the agribusiness sector, 198 projects were financed with a total of **KZT 70 billion**.
- As part of the Regional SME Financing Programme, 13 loan agreements were signed in 7 regions of the country, totaling **KZT 4.3 billion**.
- Halyk Bank was among the first to participate in the women's entrepreneurship lending programme 'Umit', signing an agreement for **KZT 5.5 billion**.

The Bank maintains a leading position in funding allocation, the number of signed agreements, and the volume of financing, subsidies, and guarantees provided through these programmes.

ENHANCED TRANSACTION SECURITY

With the growth of cyber threats, the Bank paid special attention to security. In 2024, the 'third factor' of transaction confirmation was introduced — a risk analysis system that warns customers about suspicious transactions. The Bank also launched the Online Security service, which provides secure access to online banking outside the standard browser environment.

The Pre-Validation service, introduced in 2024, allows clients to verify beneficiary details before sending international payments, reducing transaction errors. Now, the entire process from foreign exchange contract initiation to FX payment completion is available fully online.

DEVELOPMENT OF PAYMENT SOLUTIONS AND ACQUIRING

In 2024, the Bank implemented several innovative acquiring solutions. Key achievements include:

- Expansion of the POS terminal network and increased system resilience.
- Launch of FacePay — a facial recognition payment system, introduced in a pilot programme for subway fares.
- Enhancement of internet acquiring, including Halyk ID integration for seamless transactions.
- Introduction of QR acquiring, enabling clients to pay via the Halyk Super App.

Additionally, the Bank tested alternative channels for cross-border payments. In partnership with Visa, the Bank launched Visa B2B Connect, a solution that accelerates international transactions through direct routing via integrated banks.

SERVICES FOR INDIVIDUAL ENTREPRENEURS

In 2024, the Bank expanded its offerings for individual entrepreneurs, introducing convenient digital solutions to simplify business management.

- **Digital Customer Journey:** Entrepreneurs can open an account, connect acquiring services, make payments, file tax returns, and pay taxes—all remotely via the mobile app.
- **Automation of tax payments:** Introduced pre-populated tax forms and automatic calculation of payments, including pension and social security contributions. A service for submitting tax form 910 has also been implemented. The new service simplifies tax payments and reduces the risks of errors and penalties.
- **Expanded acquiring capabilities:** QR-acquiring, Halyk ID for Internet acquiring.
- **Business security and protection:** Implementation of predictive risk analysis system and secure online banking.

Individual entrepreneurs are a key priority segment for the Bank, and Halyk Bank will continue developing new services to support business growth and expansion.

SUPPORT FOR BORROWERS

In 2024, the Bank provided support to SME borrowers affected by emergencies, aiming to assist entrepreneurs during challenging times.

Spring floods:

- Restructuring of 233 loans totaling **KZT 12.6 billion**.
- Payment deferral from March to June 2024.
- Cancellation of fines and penalties, simplified application process.

Abai region wildfires:

- Interest rate reduction to **0.1%** for six months.
- Extension of payment terms, cancellation of fines and penalties.

Ecosystem solutions for business

HALYK MARKET: NEW OPPORTUNITIES FOR BUSINESSES

Halyk Market creates unique opportunities for entrepreneurs by offering favorable collaboration terms, access to a wide customer base and delivery network, and digital financial solutions to support business growth.

For partners, Halyk Market offers:

- Competitive rates — favorable terms allowing merchants to offer the best prices;
- Extensive sales geography — delivery available to over 100 cities and towns;
- Access to Halyk's financial tools — the Bank's ecosystem provides new financing and growth opportunities for partners;
- Flexible marketing solutions — subsidised delivery, co-investment in discount campaigns, and joint promotions with major brands.

In 2024, work was carried out to further automate onboarding, which allowed partners to significantly reduce the time it takes to enter the marketplace: this process now takes only a few minutes. The procedure for displaying product cards on the storefront was also fully automated, making the work of merchants much easier.

Continued synergy with the Halyk ecosystem provides entrepreneurs with extensive cross-selling opportunities, while the digitalisation of the platform ensures flexibility and efficiency of their business.

INSURANCE OPPORTUNITIES FOR LEGAL ENTITIES

Halyk Group offers comprehensive insurance solutions for legal entities through Halyk Insurance Company and Halyk-Life. These companies provide reliable financial protection for businesses, helping to minimise risks and ensure long-term stability.

САҚТАНДЫРУ КОМПАНИЯСЫ HALYK СТРАХОВАЯ КОМПАНИЯ

Halyk Insurance Company

Halyk Insurance Company offers a wide range of corporate insurance solutions, including:

- Property insurance — protection of real estate, equipment, and inventory against damage or loss risks.
- Liability insurance — coverage for professional and civil liability risks, including environmental insurance and directors' and officers' (D&O) liability insurance.
- Auto insurance — coverage for corporate vehicle fleets against damage and theft.
- Cargo insurance — protection of goods during transportation against potential losses.

The company is actively developing international reinsurance and digitalising insurance processes.

Key Achievements in 2024:

- Significant expansion of inbound international re-insurance, with a threefold increase in the number of partners and insurance premiums in this segment. Strengthened cooperation with international insurance and reinsurance organisations, including partnerships in India and Turkey.
- Development of digital solutions, including an AI-powered automated claims settlement process. Full transition to digital document management and the introduction of new digital insurance products.
- Transition to the new IFRS 17 accounting standard, affecting the accounting of insurance reserves and revenues.

On December 10, 2024, Fitch Ratings assigned the company a financial strength rating of 'BBB-' and a national rating of 'AA+(kaz)' with a Stable outlook.

ӨМІРДІ САҚТАНДЫРУ КОМПАНИЯСЫ HALYK LIFE КОМПАНИЯ ПО СТРАХОВАНИЮ ЖИЗНИ

Halyk-Life

Halyk-Life provides corporate life and health insurance programmes that enhance employee social protection and increase staff loyalty:

- Voluntary health insurance — coverage of employees' medical expenses in top clinics across the country.
- Life and accident insurance — financial protection for employees and their families in case of unexpected events.
- Corporate savings programmes — long-term plans aimed at social support and employee pension savings.

The wide range of insurance solutions offered by Halyk Group allows companies to mitigate risks, enhance social responsibility, and ensure sustainable business development.

CAPITAL MANAGEMENT

SUBSIDIARY OF HALYK BANK KAZAKHSTAN
HALYK FINANCE
ДОЧЕРНЯЯ ОРГАНИЗАЦИЯ НАРОДНОГО БАНКА КАЗАХСТАНА

Halyk Finance

Halyk Finance is one of the leading investment companies in Kazakhstan, providing services in brokerage, asset management, market and issuer analysis, consulting, underwriting, and pension asset management.

KZT **65.6** billion

the gross investment portfolio at the end of the year

Key Achievements in 2024:

- For the second consecutive year, the company led in pension asset returns, achieving 18.07% per annum, surpassing NBRK and private asset managers;
- Maintained leading market positions in pension asset management, covering over 66% of the private asset management market;
- Acted as the sole financial advisor and underwriter for the debut issuance of Halyk Bank's green bonds worth KZT 20 billion, with a 3-year maturity;
- Became a member of the Abu Dhabi Stock Exchange by connecting to the Tabadul exchange hub;
- Gained access to the Abu Dhabi Stock Exchange by connecting to the Tabadul exchange hub;
- Once again awarded the title of 'Best Investment Bank in Kazakhstan' by Global Finance, Cbonds, and EMEA Finance, and recognised by KASE and AIX stock exchanges.

In March 2024, Fitch Ratings reaffirmed Halyk Finance's long-term issuer default ratings in foreign and national currencies at 'BBB-' with a Stable outlook.

HALYK GLOBAL MARKETS

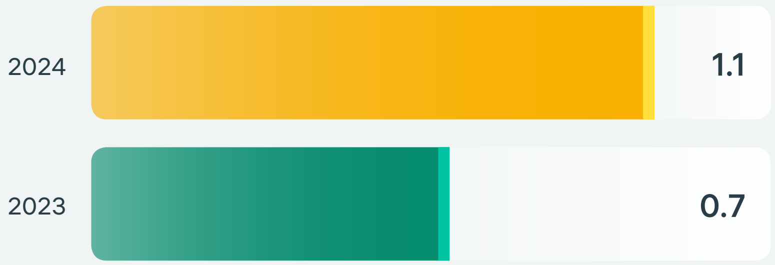
Halyk Global Markets

Halyk Global Markets is an investment company engaged in brokerage, dealer operations, and investment portfolio management. The company provides clients with access to global financial markets, offering a wide range of investment instruments.

KZT **11.4** billion

at the end of the year, the company's gross investment portfolio

Assets under management, KZT trillion



Brokerage assets, KZT trillion

Performance of Halyk Finance and Halyk Global Markets

INFORMATION AND COMMUNICATION TECHNOLOGIES

Halyk Group includes one of Kazakhstan's largest infocommunication and cloud service providers, Kazteleport. The company specialises in IT infrastructure, cloud solutions, and cybersecurity services for medium and large organisations. In 2024, Kazteleport completed its 2022–2024 strategic cycle and launched a new strategy aimed at expanding its client base by entering the SME market.

Key Achievements in 2024:

- Launch of a new data centre in Astana for 100 server racks, certified according to Tier III Uptime Institute standard.
- Full utilisation of the data centre in Almaty, which was the basis for the start of construction of a new facility for 30 racks for high-load services.
- Expansion of cybersecurity services: implementation of the information security plan for the entire Halyk Group, as well as entering the Uzbek market with cyber-attack protection services.
- Development of digital services for SMEs and integration with the Halyk ecosystem to expand the product offering.

In 2025, the company plans to launch a marketplace of IT services for SMEs, fill the data centre in Astana, and develop new cloud services in cooperation with Halyk Bank.

LEASING SERVICES

Halyk-Leasing is one of the first leasing companies in Kazakhstan, specialising in financial leasing for various sectors of the economy. The company finances the acquisition of specialised, road construction, industrial, oil and mining equipment, agricultural machinery, commercial transport, and other assets.

In 2024, the 'Digital Leasing' online platform was developed and launched, integrating with Halyk Bank.

Key Figures for 2024:

- Actual volume of issuance under leasing amounted to **KZT 12,542 million**.
- The loan portfolio (gross) at the end of the year reached **KZT 21,184 million** (net — KZT 20,951 million).
- Interest income amounted to **KZT 2,944 million**.

Leasing activities are financed through funds from Halyk Bank, the Damu Fund, and the Industrial Development Fund.

CASH COLLECTION SERVICES

Halyk Collection. the largest cash-in-transit organisation in Kazakhstan, provides banknote, coin, and valuables transportation for Halyk Bank and its clients. The company operates an extensive nationwide network with 20 branches and 34 offices, as well as the largest fleet of specialised vehicles in the country.

Key Achievements in 2024:

- Replacement of **60 specialised vehicles** as part of a five-year fleet renewal plan, enhancing transport reliability and improving working conditions for employees.
- Implementation of a new service — cash collection from self-service devices (ATMs and payment terminals) without the involvement of a bank cashier. The pilot project was successfully launched and is set to be scaled in 2025.
- Inclusion in the Register of Reliable and Socially Significant Enterprises, securing a leading position in the **top 100 regional supplier** registry in Almaty.

Beyond servicing the Halyk Group, the company continues to expand cooperation with secondtier banks.

INTERNET ACQUIRING

Halyk Finservice is a subsidiary of Halyk Bank responsible for technological support of processing, including collection, processing, and storage of data generated from card transactions by the bank's clients and agent banks. The company is also engaged in the development of the Halyk Market marketplace.

Development of banking business abroad

TENGE BANK

Tenge Bank is a universal bank in Uzbekistan and a member of the Halyk Group. In 2024, the bank successfully completed a series of strategic projects aimed at enhancing operational efficiency and digitalising key services.

Key Achievements in 2024:

- Launch of digital lending for individual entrepreneurs. Entrepreneurs can now open a settlement account online in just 8 minutes and obtain an unsecured loan of up to UZS 300 billion. The new service has already shown stable demand.
- Development of mobile banking. The bank transitioned the Tenge24 application to in-house development, accelerating updates and improving the user experience. A similar transition is planned in 2025 for the Tenge-Business app for legal entities.
- Migration to the new operating system. This transition expanded the product range, reduced manual labour, and increased data processing speed.
- Launch of the VISA payment system. The bank introduced Classic, Gold, Platinum, and premium VISA Infinite cards.

Key awards:

1. 'Best Corporate Bank Uzbekistan 2024' from Global Banking & Finance Awards
2. 'Best Foreign Bank — Uzbekistan 2024' from International Finance
3. 'Best Bank 2024' from Global Finance
4. 'Best Mobile Bank for Business' from PLUS Galaxy Award 2024
5. 'Most Innovative Digital Loan Products for Individual Entrepreneurs — Uzbekistan 2024' from International Finance
6. 'For success in Mastercard cashback programmes in Uzbekistan'
7. Award from HUMO for 'Developing Cashless Payments'
8. 'Successful and Fruitful Cooperation' from Mastercard

By the end of the year, the bank's assets grew by 22.3%, reaching UZS 8,390 billion (KZT 341,482 million). Total equity increased by 11.9% to UZS 1,595 billion (KZT 64,901 million), while the gross loan portfolio rose by 3.9% to UZS 4,598 billion (KZT 187,155 million). Net income increased by 19.1%, reaching UZS 174.5 billion (KZT 6,489 million).

The bank maintains its Moody's Investors Service at the level of the country's sovereign rating-Ba3 (Stable Outlook).

HALYK BANK GEORGIA

ხალიკ ბანკი

Halyk Bank Georgia is a commercial bank operating in the Georgian market with a focus on the corporate segment, small and medium-sized enterprises (SMEs), and retail clients. The bank is actively expanding its digital services, branch network, and strengthening its position in international financial operations.

Key achievements in 2024:

- Upgraded digital services, including internet banking and the mobile application, improving the convenience of remote banking.
- Expanded the corporate client base, particularly by attracting companies operating through the Batumi and Poti ports.
- Strengthened international partnerships, including with leading correspondent banks, improving access to international settlements.
- Launched initiatives to open new branches, including locations in strategically important regions.

As of December 31, 2024, the bank's assets amounted to GEL 917 million (KZT 173,146 million), while the loan portfolio reached GEL 773.5 million (KZT 146,101 million). Total equity stood at GEL 255.5 million (KZT 48,267 million), and net income for the year totaled GEL 20.5 million (KZT 3,574 million).

Fitch Ratings affirmed the bank's long-term rating at BB+ with a Negative outlook.

Service quality improvement

In the rapidly evolving banking sector, a client-centric approach is an essential component of competitiveness. For us, it is crucial not only to provide reliable and efficient financial solutions but also to ensure high-quality service, making interactions with the bank convenient, transparent, and technologically advanced.

A high level of service is not just a matter of comfort but a key tool that helps clients solve everyday tasks, achieve financial goals, and grow their businesses. Within the Halyk ecosystem, entrepreneurs gain access to digital tools that enable flexible financial management and business growth support, while individual clients can seamlessly make payments, apply for loans, accumulate savings, and invest within a unified digital space.

In 2024, the bank implemented a range of initiatives aimed at enhancing customer service quality. The key focus areas included:

- Development of digital services and modernisation of the mobile application, which contributed to increased customer loyalty. As a result, customer satisfaction rose from 92% in 2023 to 94% in 2024.
- Optimisation of feedback collection and inquiry processing, as well as the expansion of customer experience evaluation services within the mobile application, allowing for prompt responses to requests and improved client interactions.

At the same time, the bank continues to invest in innovation, enhance digital channels and services, optimise internal processes, and develop employee competencies, anticipating customer expectations. Building an ecosystem of financial and non-financial solutions that ensures service accessibility, supports entrepreneurial initiatives, enables clients to confidently achieve their financial goals, address everyday needs, and improve quality of life remains our top priority.

REVIEW OF FINANCIAL PERFORMANCE RESULTS

Indicator	12M 2024 (KZT billion)	YoY Change, %
Net income	921	32.8%
Net interest income [4]	1107.9	39.0%
Net non-interest income	385.8	19.4%
Net fee and commission income	125.3	10.2%
Net insurance income [5]	49.9	-4.5%
Net gain from foreign currency operations, financial assets and liabilities [6]	216.9	36.7%
Other expenses / non-interest income [7]	-6.3	x4.2
Expected credit loss expenses and recovery of other credit losses	-128.5	44.2%
Operating expenses	-263.4	21.7%
Income tax expense	-180.9	49.1%

Balance sheet indicators	31 Dec 2024	Change YTD, %
Assets, KZT billion		
Total assets	18,548	19.7%
Cash and reserves	1,780	9.7%
Gross loan portfolio	12,039	23.2%
Stock of provisions	-573	17.0%
Net loan portfolio	11,466	23.5%
Total debt securities [11]	4,515	20.7%
Total interest-earning assets	17,307	23.1%
Liabilities and equity, KZT billion		
Total liabilities	15,480	18.9%
Total deposits	12,990	18.9%
Total interest-bearing liabilities	14,683	18.8%
Total equity	3,068	23.9%
Book value per common share, KZT	**280.5**	**24.1%**

Net income attributable to common shareholders increased by 32.8% in 2024 compared to the same period of the previous year, driven by significant growth in the lending and transactional business.

Interest income[8] in 2024 rose by 30.0% compared to the 12 months of 2023, primarily due to an increase in the average rate and the balance of loans to customers.

Interest expenses in 2024 increased by 21.8% compared to 2023, mainly as a result of the rise in the average interest rate on customer liabilities, as well as an increased share of liabilities denominated in tenge and the share of deposits in the total liability structure.

Throughout 2024, the net interest margin was affected by higher average rates on both loans to customers and liabilities to customers. In addition, the growth in the net interest margin was positively influenced by an increase in the share of higher-yielding retail loans in the total loan portfolio, the share of loans to customers in total interest-earning assets, and the share of tenge-denominated interest-earning assets in cash and cash equivalents. As a result, the net interest margin increased to 7.2% per annum in 2024, compared to 6.1% per annum in 2023.

Despite the negative effect from transition to amortisation of tariff packages for legal entities starting from November 2023 and revision of some retail tariffs in 2H of 2023, Fee and commission income in 12M 2024 vs. 12M 2023 grew by 5.8% as a result of increased number of clients and the growth of clients' transactional activity.

Despite the increase in service fees for payment cards, commission expenses in 2024 remained virtually unchanged compared to 2023, thanks to a new commercial agreement with VISA, which provides for partial reimbursement of loyalty programme expenses. As a result, net fee and commission income for 2024 increased by 10.2% compared to 2023.

Other expenses/non-interest income[9] for 2024 were under pressure due to a recognised one-off loss related to the anticipated early redemption of the KSF deposit in accordance with IFRS, which had a more significant impact compared to a similar situation in 2023.

Operating expenses[10] for 2024 increased by 21.7% compared to 2023, primarily driven by wage indexation and other employee-related payments.

The Bank's cost-to-income ratio decreased to 17.6% compared to 19.2% for the 12 months of 2023, amid growth in operating income in 2024.

The cost of risk in 2024 remained at a normalised level, aligned with the annual forecast at 1.2%.

[4] Before credit loss expenses.
[5] I nsurance revenue less insurance service expense, financial expenses from insurance contracts issued, net reinsurance expense
[6] Net gains from financial assets and liabilities measured at fair value through profit or loss, net realised gains/(losses) from financial assets measured at fair value through other comprehensive income, net gains from foreign currency transactions.
[7] Share of profits from an associate, income from non-banking activities, impairment loss on assets held for sale, and other net expenses.
[8] Interest income calculated using the effective interest rate method and other interest income.
[9] Share in profit of associate, income from non-banking activities, other (expenses)/income, impairment loss on assets held for sale.
[10] Including (loss from)/recovery of impairment of non-financial assets.
[11] Financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, debt securities carried at amortized cost less allowance for expected credit losses on a consolidated basis in accordance with IFRS.

As of the end of 2024, total assets increased by 19.7% year-to-date, primarily driven by growth in liabilities to customers.

Compared to the end of 2023, loans to customers increased by 23.2% in gross terms and by 23.5% in net terms. Growth in the gross loan portfolio was driven by a 33.3% increase in retail loans, while the corporate loan portfolio expanded by 18.4%.

By the end of 2024, the share of Stage 3 loans decreased from 7.5% to 6.3% year-to-date due to effective management of problem loans and overall loan portfolio growth.

Compared to year-end 2023, corporate and retail deposits increased by 13.5% and 23.5%, respectively, driven by inflows from Bank customers.

As of the end of 2024, the share of tenge-denominated deposits in total corporate deposits was 70.9%, compared to 72.9% at year-end 2023, while their share in total retail deposits increased to 67.5% from 63.4% at year-end 2023.

Liabilities to credit institutions increased by 4.6% compared to year-end 2023, driven by growth in repo transactions and the raising of a syndicated term loan of $300 million.

As of the end of 2024, the volume of issued debt securities increased by 34.6% year-to-date. The structure of the Bank's debt securities portfolio was as follows:

Security description	Nominal amount outstanding	Interest rate	Maturity date
Local bonds	KZT 131.7 billion	7.5% per annum	February 2025
Subordinated coupon bonds	KZT 101.1 billion	9.5% per annum	October 2025
Local bonds	KZT 140.2 billion	12.79% per annum	July 2031
Local bonds	KZT 20.0 billion	TONIA + 1,25%	December 2027
Local bonds listed at Astana International Exchange	USD 190 million	3.5% per annum	May 2025
Local bonds listed at Astana International Exchange	USD 298 million	3.5% per annum	May 2025
Local bonds listed at Astana International Exchange	USD 423.5 million	3.5% per annum	July 2025

As of the end of 2024, the Bank's total equity increased by 23.9% compared to year-end 2023, primarily due to net profit generated in 2024, partially offset by dividend payments.

The Bank's capital adequacy ratios were as follows[12]:

Indicator	31.12.2024	30.09.2024	30.06.2024	31.03.2024	31.12.2023
Halyk Bank. Capital adequacy ratios, unconsolidated:					
k1-1	19.6%	19.2%	17.6%	19.0%	19.6%
k1-2	19.6%	19.2%	17.6%	19.0%	19.6%
k2	19.7%	19.4%	17.7%	19.2%	19.9%
Capital adequacy ratios, consolidated:					
Common Equity Tier 1 (CET 1)	18.8%	19.0%	17.4%	19.5%	19.3%
Tier 1 capital adequacy ratio	18.8%	19.0%	17.4%	19.5%	19.3%
Total capital adequacy ratio	18.9%	19.1%	17.5%	19.7%	19.6%

+19.7%
increase in total assets by the end of 2024

+23.5%
increase of loans to customers in net terms

+13.5%
increase of corporate deposits

+23.5%
increase of retail deposits

[12] Minimum regulatory capital adequacy requirements are 9.5% for k1, 10.5% for k1-2, and 12% for k2, including a capital conservation buffer of 3% and a systemic buffer of 1% for each ratio.

FINANCIAL PERFORMANCE OF SUBSIDIARY ORGANISATIONS

Subsidiary	Total Assets, KZT billion			Total Equity, KZT billion		
	2023	2024	Change, %	2023	2024	Change, %
Halyk Bank Georgia	154.2	**173.1**	12.3%	40.3	**48.3**	19.9%
Halyk Finance	54.8	**73.8**	34.6%	30.3	**37.2**	22.5%
Halyk Global Markets	17.4	**11.6**	-33.5%	17.2	**11.6**	-32.9%
Halyk Insurance	134.5	**179.3**	33.4%	78.5	**96.9**	23.4%
Halyk Life*	366.6	**578.6**	57.8%	120.3	**167.8**	39.4%
Halyk Leasing	20.9	**27.1**	30%	8.5	**8.8**	4.3%
Halyk Collection	8.5	**9.3**	8.65%	7.3	**7.9**	7.32%
Kazteleport	11.1	**11.8**	6.1%	8.8	**9.2**	5.2%
Halyk Finservice	4.3	**4.2**	-1.6%	2.6	**2.4**	-6.8%
KUSA Halyk	82.0	**54.2**	-33.9%	31.7	**33.8**	6.5%
Halyk Activ	99.5	**109.3**	9.9%	48.8	**63.3**	29.8%
Tenge Bank*	253.3	**341.5**	34.8%	52.6	**64.9**	23.4%
Halyk Lab*	-	**0.02**	-	-	**0.02**	-

* unaudited financial statements

EXPANDING ACCESS TO FINANCIAL SERVICES AND PRODUCTS

HALYK BANK HOLDS A LEADING POSITION IN THE KAZAKHSTANI MARKET, REMAINING A KEY FINANCIAL PARTNER FOR BOTH INDIVIDUALS AND BUSINESSES. THE BANK IS ACTIVELY DEVELOPING ITS ECOSYSTEM, ENSURING CONVENIENT ACCESS TO FINANCIAL SERVICES AND PRODUCTS, WHICH REFLECTS A HIGH LEVEL OF TRUST FROM ITS CLIENTS.

Extensive infrastructure

One of the key components of financial service accessibility is a widespread network of branches and self-service devices. Halyk Bank has the largest banking infrastructure in Kazakhstan, providing clients with convenient access to financial and non-financial services in all regions of the country. The bank's network includes 542 branches, 44% of which are located outside urban areas. Halyk Bank covers 70% of the rural population, ensuring financial inclusion throughout the country. Additionally, the bank's infrastructure includes 390.7 thousand ATMs and POS terminals, making financial transactions as convenient as possible.

542 branches

Bank's network

390.7 thousand ATMs and POS terminals

Bank's infrastructure

Development of digital services

Halyk Bank places a strong focus on digitalisation, which enhances the accessibility and efficiency of financial services for all customer segments. A key step in this direction has been the development of a mobile application ecosystem. Halyk Super App, designed for individuals, demonstrates a high level of engagement, serving 7.9 million monthly active users (MAU). For legal entities and entrepreneurs, Onlinebank is available, with 305,200 active users per month. Digital solutions enable clients to conduct financial transactions remotely, which is especially important for regions with limited physical infrastructure.

Key financial partner for the population

As of today, Halyk Bank serves 11.3 million active retail clients, making it one of the largest players in the financial market. The total volume of individual deposits in the bank amounts to KZT 7.2 trillion, representing a 28.3% market share, while the volume of consumer lending exceeded KZT 3 trillion in 2024.

The largest payment agent for socially significant payments

The bank holds a 40% share of the payroll services market, facilitating financial transactions for 2.6 million clients receiving social benefits. The reliability and scale of Halyk Bank's payment infrastructure contribute to increased convenience and efficiency in processing payments.

Socially significant financial products

A key focus of the bank's activities is the development and implementation of financial products that help address pressing social issues. One such initiative is the women's entrepreneurship support programme, which provides financing for individual entrepreneurs and companies where women hold at least 50% ownership. The bank allocated KZT 1 billion for preferential-rate lending, and in 2024, 26 clients have already received funding totaling KZT 472.5 million.

Entrepreneurship support

Supporting entrepreneurship remains a top priority in the development of Halyk Bank's products and services. We strive to foster entrepreneurial initiative through a wide range of services and digital solutions tailored to this client segment. These include remote business account opening, merchant acquiring services, payment processing, tax declaration submissions, and tax payments via the mobile app. This digital customer journey significantly simplifies business operations and reduces administrative barriers.

Participation in government initiatives

Halyk Bank actively participates in government initiatives aimed at supporting entrepreneurship. Through various programmes, including the Damu Fund's Business Support Programmes, the Ken Dala Programme for the agro-industrial sector, the Regional SME Financing Programme, and the Umit Women's Entrepreneurship Lending Programme, the bank holds a leading position in terms of allocated funds and the number of signed agreements for financing, subsidies, and guarantees.

With its extensive branch network, digital solutions, and active involvement in social and government initiatives, Halyk Bank continues to play a key role in ensuring access to financial services for individuals and businesses across the country.

FRAUD PREVENTION

In 2024, the bank continued to actively strengthen both internal and external fraud prevention systems, enhancing the security of financial transactions and protecting customer funds.

The introduction of a unified cross-channel system that integrated the Anti-Fraud system with the bank's key platforms significantly improved the efficiency of detecting and preventing fraudulent transactions.

Strengthening cooperation

In 2024, the bank integrated its systems with the Anti-Fraud Centre of the National Bank of the Republic of Kazakhstan, bringing together the efforts of the entire financial sector to combat fraudulent activities, improve the security of banking operations, and facilitate the exchange of critical information between financial institutions.

The use of advanced technologies, including big data analytics and artificial intelligence tools, has significantly enhanced the accuracy of fraud detection and prevention. By working with international payment systems Visa, Mastercard, and SWIFT, the bank actively utilises their VRM, FRM, and Payment Controls tools, enabling stricter transaction monitoring and prompt responses to suspicious activity.

In 2024, the bank established working groups that addressed 163 critical issues for individuals and 84 for legal entities, contributing to the timely identification and elimination of vulnerabilities, as well as the enhancement of fraud prevention mechanisms.

Employee training

The bank places great importance on employee training and increasing awareness in the field of financial security. In 2024, all bank employees completed a mandatory course on identifying financial fraud, strengthening internal protection mechanisms and improving staff readiness to detect potential threats.

Customer assistance

To protect clients from fraud, the Bank introduced in-app security alerts in its mobile banking applications. Additionally, information campaigns are conducted through push notifications, and educational content is published across various online platforms. The bank regularly updates its official website and social media pages with the latest information on emerging fraud schemes, helping clients stay informed about potential threats and take timely precautionary measures.

The effective measures implemented by the bank helped prevent fraud attempts totaling over KZT 58 billion in 2024, ensuring the reliable protection of customer funds and strengthening trust in financial services.

IMPROVING FINANCIAL LITERACY

Halyk Bank places special emphasis on financial literacy, striving to help people better understand financial instruments, make informed decisions, and manage their resources more effectively. In 2024, the Bank continued to fund key educational initiatives in this area.

KZT 100 million

budget of the ‘Qaryzsyz qogam’ Programme for 2024

KZT 8 million

budget of the Yerkin Soz Kazakh media competition

The ‘Qaryzsyz qogam’ Programme

Halyk Bank is taking part in the implementation of a large-scale project aimed at improving financial literacy among the population of Kazakhstan. Since the programme’s launch, more than 235,000 people across all regions of the country have completed the training. According to surveys, after completing the training:

85.5%

of participants reported an improvement in their financial situation

38%

reduced the number of loans they had

59%

opened savings deposits

65%

lowered their monthly loan payments

75%

learned how to protect themselves from fraudulent schemes

90%

became more conscious when taking out loans, assessing their repayment capacity in advance

Yerkin Soz Kazakh media competition

For nine years, Halyk Bank has supported the ‘Yerkin Soz’ competition, aimed at enhancing the professionalism of journalists covering financial topics and improving financial literacy within the media.

In 2024, **more than 1,000 journalists** from Astana, Almaty, Atyrau, Semey, and Kyzylorda submitted applications to participate.

Winners were recognised in the following categories:

- Best Article (newspaper)
- Best Online Article
- Best TV Report

The competition’s budget amounted to KZT8 million.

INFORMATION SECURITY

Information security system

The Bank prioritises information security, considering it a key element of sustainable operations and strategic development. To minimise risks and protect data, a comprehensive approach is implemented, including the enhancement of management systems, the adoption of advanced technologies, and regular staff training.

The Information Security Policy is developed in accordance with ISO 27001:2022, covering all information assets and regulating data protection in compliance with the legislation of the Republic of Kazakhstan and international standards. Compliance with this policy is mandatory for all employees, interns, trainees, clients, and third parties with access to the Bank's information systems and documents.

Principles: Information security is based on legality, continuity, comprehensiveness, economic feasibility, minimisation of user privileges, employee professionalism, as well as interaction and personal responsibility.

Protected assets: The security system safeguards confidential information, IT systems and networks, software, data processing facilities, and personnel with access to sensitive data.

The Information Security System is designed to protect banking secrecy, personal data, and other critical assets, ensuring their confidentiality, integrity, and availability.

Information Security Policy of 'Halyk Bank of Kazakhstan' JSC

Development work in 2024

IN 2024, THE BANK CONTINUED TO ACTIVELY DEVELOP ITS INFORMATION SECURITY SYSTEM, FOCUSING ON STAFF TRAINING, THE IMPLEMENTATION OF ADVANCED CYBERSECURITY PRACTICES, AND THE ENHANCEMENT OF TECHNOLOGICAL SOLUTIONS.

SKILLS ENHANCEMENT AND TRAINING

To improve employees' knowledge and skills in information protection, the Bank conducts annual awareness programmes on information security. In 2024, the following initiatives were implemented:

- Training was conducted, ensuring 100% employee coverage with testing on data leakage prevention principles. This aligns with the KPI indicators of CISO division heads under the ESG Strategy.
- 37% of the Cybersecurity Department staff completed external specialised training and obtained information security certifications.
- IT department employees also underwent specialised training:
  - 10 Team Leads and DevOps engineers were certified in the 'Secure Application Development Specialist' course.
  - Over 100 developers completed training on the 'Fundamental Web Application Vulnerabilities' course.
- The Bank actively participates in professional working groups of second-tier banks (STBs) on information security and fraud prevention.

TECHNOLOGICAL INITIATIVES AND CYBERSECURITY ENHANCEMENT

- The Bank operates under a zero-trust policy, granting data access only after strict authentication and compliance with access control policies.
- Special attention is given to DevSecOps, integrating security principles throughout the entire application lifecycle.
- An R&D lab has been launched to explore the application of artificial intelligence in cybersecurity and anti-fraud, including advancements in biometric client identification.
- The Bank continues to develop its in-house cybersecurity expertise centre, a white hat hacker team.

CYBER RESILIENCE TESTING

- A series of internal and external stress tests were conducted to assess the resilience of internet banking and ecosystem products.
- The Red Team conducts quarterly phishing exercises, testing employee preparedness for social engineering attacks.

These initiatives enable the Bank to effectively counter cyber threats, enhance data protection, and implement advanced information security practices

Information security system control

The Bank ensures strict compliance with information security requirements, adhering to regulatory acts, international standards, and internal regulations. All processes comply with ISO/IEC 27001, PCI DSS, PCI 3DS, SWIFT CSP, and the legal requirements of the Republic of Kazakhstan.

Third-party access to the Bank's information resources is granted only after a risk assessment and the implementation of necessary security measures. When required, the Bank audits counterparties for security compliance, including adherence to the PCI DSS standard.

The Independent Internal Audit Department (IAD), which reports to the Board of Directors, regularly assesses the information security management system and reports its findings to the Bank's Executive Board. External audits are conducted annually to verify compliance with international standards PCI DSS, PCI 3DS, SWIFT CSP, including penetration testing and resilience checks against phishing attacks.

Since 2022, the Bank has operated an Architectural Committee, where cybersecurity specialists evaluate new solutions and system changes for compliance with security requirements. Internal audits of ISO 27001 standards are jointly conducted by the Cybersecurity Department and the Internal Audit Department.

Regulatory oversight is conducted at least once every three years.

In 2024, the latest QSA audit confirmed the Bank's compliance with PCI DSS 3.2.1 and PCI 3DS standards. Additionally, the Bank successfully passed the SWIFT CSP compliance assessment, reaffirming the reliability of its local infrastructure.

Personal data protection

The Bank ensures the protection of personal data in compliance with the legislation of the Republic of Kazakhstan and best international practices. All activities in this area are governed by the Policy on the Collection, Processing, and Protection of Personal Data, approved by the Board of Directors.

In 2024, in accordance with the Law of the Republic of Kazakhstan "On Personal Data and Their Protection," and as a supplement to the above-mentioned Policy approved by the Board of Directors regulating all processes related to the processing of personal data of employees, clients, and other individuals, Halyk Bank approved an updated Methodology for Ensuring the Protection of Personal Data. The Methodology outlines practical approaches to safeguarding personal data at all stages of processing, including recording, systematisation, storage, use, transfer, anonymisation, and deletion — both with and without the use of automated tools.

To prevent data leaks and unauthorised access, the Bank employs a comprehensive set of measures. All data processing is carried out using legal, organisational, and technical security measures, including encryption mechanisms, anonymisation, and strict access controls. The scope of collected personal data is strictly limited to the information necessary for the Bank's operations.

Standard contracts with counterparties include confidentiality obligations and liability for breaches. All agreements and supplementary contracts undergo a security compliance review. Employees granted access to confidential data must sign binding non-disclosure agreements (NDAs).

To minimise risks, the Bank has implemented an access management system based on the principle of limited access—personal data is accessible only to employees who need it for their tasks. Access rights are strictly controlled and monitored, with all actions logged and analysed. Additionally, continuous monitoring and auditing ensure compliance with personal data protection requirements.

A critical component of the information security system is incident preparedness and response. In the event of a data breach, clear procedures are in place to minimise consequences and protect client rights. Specialised security systems help prevent leaks, and if a breach occurs, the affected client is promptly notified. If an investigation confirms the Bank's responsibility, compensatory measures are taken.

The Bank regularly conducts cybersecurity drills and tests to enhance employee preparedness for potential threats. As part of the ongoing development of security mechanisms, cybersecurity systems have been upgraded, and control measures have been strengthened at all stages of personal data handling, including software development processes. Specialised training courses have also been introduced to help employees better understand modern threats and prevention methods.

In 2024, no cases of data leaks, theft, or loss were recorded.

The personal data protection system continues to evolve, adapting to new challenges and aligning with best international standards.

Indicator	2019	2020	2021	2022	2023	2024
Total number of registered and justified cases of data leaks, theft, and loss of client data, including:	0	0	7	0	2	**0**
Cases of data leaks	0	0	0	0	0	**0**
Cases of data theft	0	0	4	0	2	**0**
Cases of data loss	0	0	0	0	0	**0**
Cases of client data disclosure by Bank branch employees	0	0	3	0	0	**0**

Personal Data Collection, Processing and Protection Policy

3.

Strategic Priorities of the Bank in 2024

ESG Strategy

ESG REPORT

halykbank.com

APPROACH TO SUSTAINABLE DEVELOPMENT MANAGEMENT

Halyk Bank recognises its significance in the economy of the Republic of Kazakhstan and takes into account the unique opportunities and responsibilities associated with it. The Bank strives to maximise its potential and leverage opportunities for ESG transformation of both its business and the country by integrating sustainability principles into all aspects of its operations.

By supporting international initiatives such as the United Nations Sustainable Development Goals (SDGs) and the UN Global Compact, the Bank focuses on creating long-term value for its stakeholders.

The Bank is committed to shaping an economy of prosperity, one that is efficient for society and environmentally sustainable, ensuring a balance between economic growth and sustainability priorities.

As part of its sustainability strategy, the Bank has identified priority UN Sustainable Development Goals (SDGs), including:

The Bank's key sustainability focus areas include:

1. **Responsible financing — integration of ESG criteria into lending and risk management processes.**
2. **Environmental responsibility — reducing the Bank's own negative impact, lowering financed emissions, and supporting positive-impact financing**
3. **Social policy — supporting entrepreneurship, charitable initiatives, and promoting inclusivity.**
4. **Stakeholder engagement — ensuring transparency, open dialogue, and considering the interests of shareholders, clients, employees, and society.**
5. **Corporate governance — embedding ESG principles into the business model and operational processes.**

To ensure effective sustainability management, the Bank has implemented a multi-level ESG management system, which includes strategic planning, initiative oversight, performance monitoring, and regular reporting. The Bank publishes a sustainability report based on international GRI standards and in accordance with TCFD recommendations and takes into account current regulatory requirements.

The Bank aims to make ESG principles an integral part of its operations, contributing to the sustainable development of the economy, society, and the environment.

Sustainable Development Policy

ESG RISK MANAGEMENT IN LENDING

In 2024, the Bank continued to actively integrate ESG risks into the lending process, implementing responsible financing principles and improving mechanisms for assessing environmental, social, and governance (ESG) risks of borrowers. Key areas of focus include the implementation and digitalisation of ESG assessment tools, adapting processes to evolving regulatory requirements.

ESG risk management tools

To assess ESG risks, the Bank employs three key tools:

1 Borrower self-declaration

The self-declaration serves as a primary assessment tool for borrowers. Clients confirm their compliance with ESG requirements by making several statements regarding their activities. Based on their level of commitment, borrowers are assigned the following ESG risk levels:

- Low risk — No involvement in ESG-sensitive sectors.
- Medium risk — Non-acceptance of 1 to 3 ESG commitments.
- High risk — Non-acceptance of more than 3 ESG commitments.
- Critical risk — Complete refusal to accept ESG commitments.

2 Exclusion list (restricted activities list)

The Bank does not finance projects or companies whose activities contradict sustainability principles. The Exclusion List includes:

- Production and trade of illegal goods.
- Weapons, gambling, pornography, child labour, and other restricted industries.

Additionally, the Bank scores projects and transactions if the loan amount exceeds KZT 25 billion. In such cases, a detailed ESG risk assessment and an evaluation of the project's positive impacts are conducted.

3 ESG-scoring

The comprehensive ESG scoring system implemented by the Bank consists of four stages:

- **Stage 1: ESG Segmentation** — analysis of the borrower's sector considering ESG risks.
- **Stage 2: Industry-Specific Risk Mitigation Analysis** — identification of best ESG practices in the industry and creation of a target borrower profile.
- **Stage 3: Assessment of ESG Risk Adaptation and Mitigation Measures** — evaluation of the borrower's efforts to reduce ESG impact.
- **Stage 4: ESG Rating Assignment** — rating scale from AAA (lowest risk) to CCC (high ESG risk requiring mitigation measures).

ESG assessment digitalisation

In 2024, the Bank completed the first phase of its ESG risk management digitalisation project by launching a platform featuring two ESG risk assessment tools: the Exclusion List and Self-Declaration. The next step will be the digitalisation of ESG scoring for borrowers, which will also cover ESG scoring for investment projects, as well as the development of a methodology for climate stress testing.

Responsible Finance Policy

GREEN FINANCE DEVELOPMENT

On December 3, 2024, Halyk Bank successfully issued its debut green bonds on the Kazakhstan Stock Exchange, raising KZT20 billion with a three-year maturity. This step reflects the Bank's commitment to supporting environmentally sustainable projects and contributing to the decarbonisation of Kazakhstan's economy.

The proceeds from the bond issuance will be allocated to finance projects that promote:

- Efficient use of natural resources
- Reduction of environmental impact
- Mitigation and adaptation to climate change
- Achievement of the UN Sustainable Development Goals (SDGs)

The categories of eligible projects are determined based on the Taxonomy of Green Projects of the Republic of Kazakhstan, international taxonomies, and the Green Bond Principles (GBP) established by the International Capital Market Association (ICMA).

The financial advisor and underwriter for the bond issuance and placement was Halyk Finance. An independent Second Party Opinion (SPO) on the issuer's internal policies and alignment with ICMA's Green Bond Principles was provided by Green Investment Group.

In 2024, Halyk Bank also approved the Green Finance Framework, which outlines the key principles for financing projects with positive environmental impact. This initiative demonstrates the Bank's commitment to international standards, including the Green Bond Principles and Green Loan Principles.

The Bank has implemented a clear selection and monitoring system for financed projects and is committed to publishing an annual report on the use of proceeds and achieved environmental impacts. An essential aspect of transparency is the maintenance of a Register of Eligible Projects, which is regularly updated.

The adoption of this Green Finance Framework is a significant milestone in the development of sustainable finance in Kazakhstan, reinforcing the Bank's leadership in responsible investment and supporting projects with long-term positive environmental impact.

Green Finance Framework

HUMAN RESOURCE MANAGEMENT

Today, Halyk Bank is a team of more than 13,000 employees, whose professionalism and engagement ensure the Bank's leading position in Kazakhstan. The Bank is committed to creating comfortable working conditions, fostering career growth, and supporting professional development by leveraging modern HR practices, digital solutions, and a corporate culture that unites employees around shared values.

HR policy

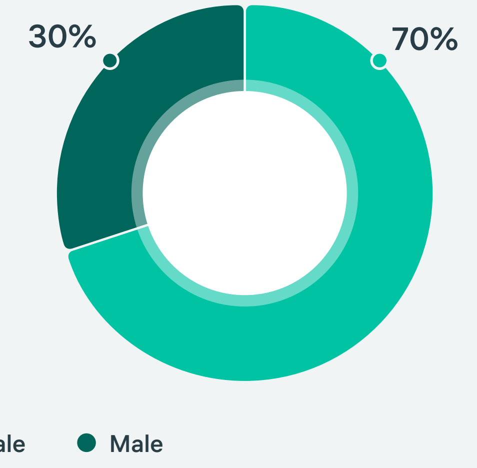
Halyk Bank develops its HR policy in accordance with the legislation of the Republic of Kazakhstan and the strategy of the Halyk Group. The key focus areas remain talent acquisition and development, employee engagement, motivation, and the reward system.

The Bank is committed to ensuring equal career opportunities for all employees, regardless of gender or age. Special attention is given to creating conditions for young professionals, developing young leaders, and supporting employees of retirement age by ensuring comfortable working conditions and professional fulfillment.

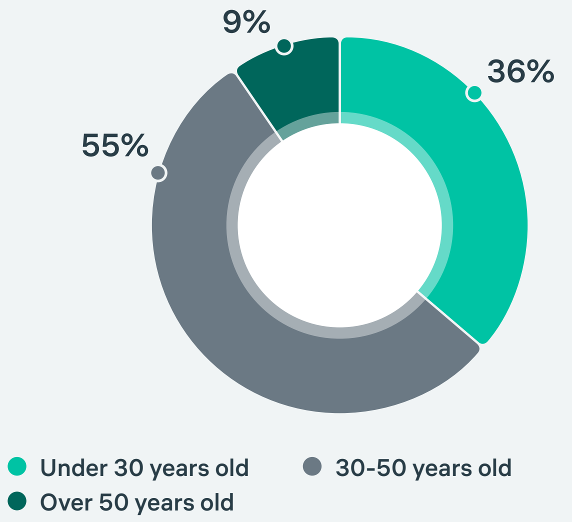
The Code of Ethics and Business Conduct outlines the core principles of interaction within the team and with all stakeholders, ensuring transparency, integrity, and responsibility.

- Code of Ethics and Business Conduct of 'Halyk Bank of Kazakhstan' JSC
- Policy on Freedom of Association, Collective Bargaining, Diversity, and Inclusion of 'Halyk Bank of Kazakhstan' JSC

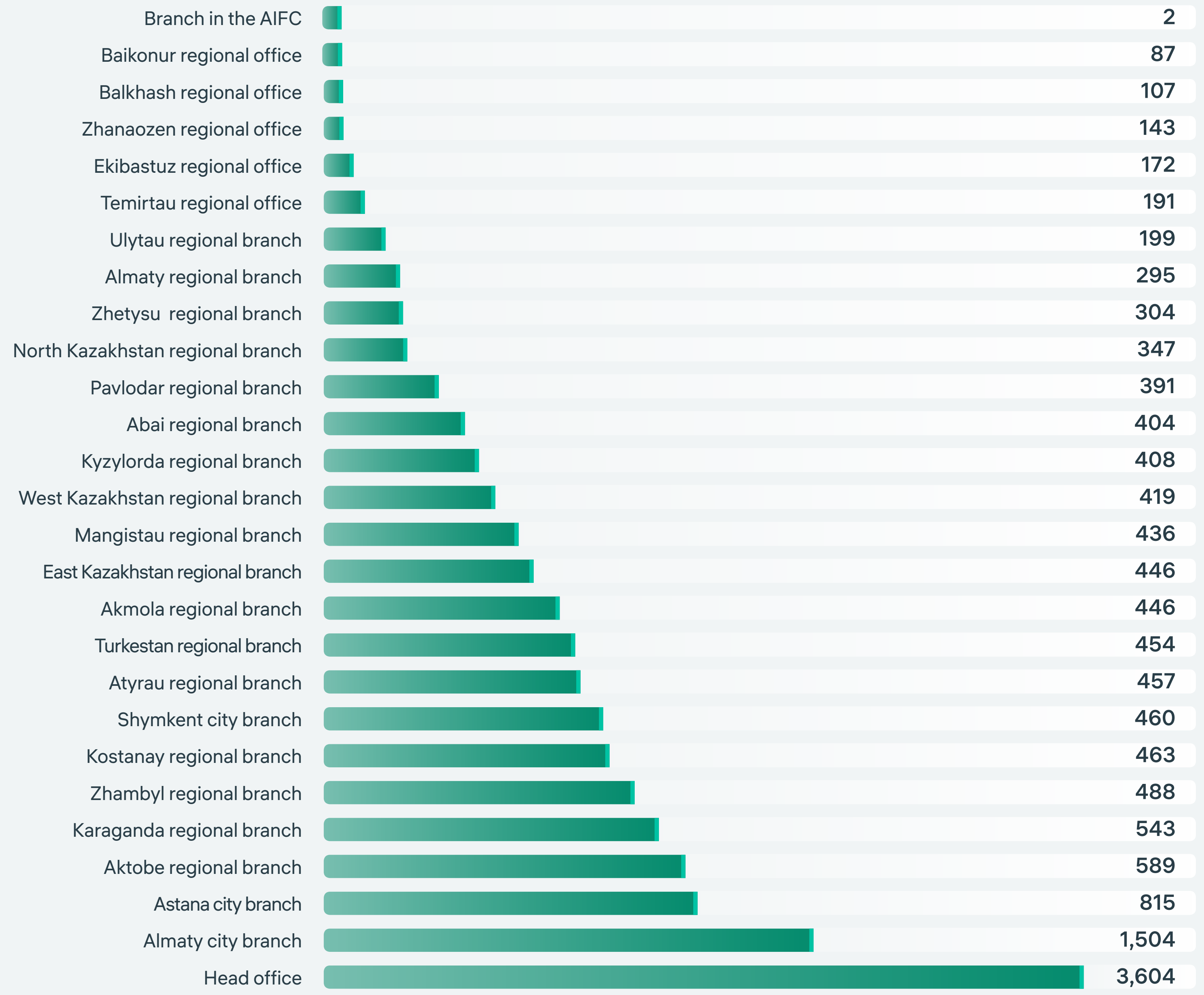
Workforce Structure by Gender Groups as of the End of 2024



Workforce Structure by Age Groups as of the End of 2024



Staff structure by branch as of the end of 2024



Digitalisation of HR processes

The development of technologies in personnel management is one of the priorities of Halyk Bank. In 2024, the digitalisation of HR processes was scaled, which allowed for increased work efficiency and faster decision-making.

A number of changes, in particular, took place in the recruitment processes:

- Robotic Process Automation technologies were implemented, optimising the recruitment process, automatically scheduling interviews, and interacting with candidates.
- A monitoring dashboard was developed, allowing real-time tracking of all stages of employee recruitment.
- The process of posting vacancies on internal and external platforms was automated, which reduced recruitment timelines.

In addition, a centralised HR email improved internal communication, which enhanced transparency and operational efficiency in interactions with employees.

Training and development programmes

Halyk Bank continues to actively develop its human resources potential. The main training areas in 2024 included the development of digital skills, customer service, and service standards, taking into account the features of sales channels. Attention is also paid to personal and team efficiency, building career paths, and developing programmes for front-office departments.

As part of corporate training, 471 participants underwent distance learning in 2024. More than 20 training events were held in a corporate format (in-person/webinar) with the involvement of external providers, attended by more than 500 employees of the Head Office and branches. 169 employees of the Bank participated in individual training.

Internal schools for training external listeners for the front office, such as the Digital Service Managers School and the Cashiers School, allowed for the preparation of 1,043 new specialists who were hired by the Bank.

The successful development of Halyk Academy continues, within which we help aspiring IT specialists gain relevant experience through training in our proprietary courses with further employment. Co-working zones and laboratories have been established at KBTU, SDU, Satbayev University, and MIIT, providing students with access to the Bank's educational resources. In 2024, new platforms were opened at KazNU, where students teach ChatGPT the Kazakh language, and at AlmaU, where a space for productive work and development was created.

In 2024, the development of HiPro continued — a programme aimed at identifying and developing employees with high potential. It is based on an objective evaluation system: successful completion of KPIs grants access to the 270-degree assessment, where colleagues and managers provide independent feedback. Based on the obtained rating, a decision is made regarding a salary increase — up to 30%. On average, in 2024, employees participating in the programme received a 20% increase beyond the planned salary increase.

The Bank pays great attention to supporting, developing, and enhancing the status of the Kazakh language in the business environment. Annual testing helps determine the level of language proficiency among employees. Language training is available for all employees at the Bank's expense.

Motivation and engagement

The reward system at the Bank remains competitive. In 2024, the average salary increase was 12%, with certain employee categories receiving up to 20%. The Bank annually indexes salaries and pays bonuses.

Halyk Bank actively develops employee feedback programmes. In 2024, the global engagement survey continued, analysing key aspects of employee satisfaction: working conditions, reward system, learning opportunities, and career growth. As a result, the engagement level reached 85% by the end of the year.

Internal client satisfaction is assessed quarterly, allowing for analysis of interdepartmental interactions and improving team efficiency.

Various communication channels are in place for prompt interaction with employees, including a helpline, corporate email, and a feedback platform on the Bank's website.

Corporate social responsibility

Halyk Bank pays special attention to supporting its employees and society. In 2024, the Bank's employees raised KZT 200 million to assist those affected by floods, and the Bank increased this amount to KZT 450 million. As part of the New Year campaign 'Tree of Wishes,' employees traditionally help children from low-income families and also provide support to educational and medical institutions.

Corporate culture

The Bank's corporate culture combines an innovative approach with respect for traditions. Educational programmes, a system of recognition, corporate events, and initiatives aimed at strengthening team spirit play an important role in its development. In 2024, new formats of interaction were implemented, including thematic workshops, intellectual quizzes, and sports tournaments. The 'Leaders Teach Leaders' project was launched, where top managers and department heads of the Bank conduct master classes and lectures for colleagues, sharing their experience and knowledge.

The Bank continues to develop internal professional communities that facilitate knowledge sharing and teamwork. In the reporting year, initiatives that unite employees by interest, such as environmental projects, mountain hikes, and thematic discussion clubs, gained popularity.

Halyk Bank continues to implement innovative HR initiatives, creating a comfortable working environment and ensuring the sustainable development of human resources potential.

SOCIAL PROJECTS AND CHARITY

HALYK BANK PLACES GREAT IMPORTANCE ON SOCIAL RESPONSIBILITY AND SUPPORTING PUBLIC INITIATIVES. THE BANK IMPLEMENTS LARGE-SCALE PROJECTS IN CHARITY, SPORTS, CULTURE, EDUCATION, AND SOCIAL SUPPORT AIMED AT IMPROVING THE QUALITY OF LIFE FOR CITIZENS OF KAZAKHSTAN. IN 2024, THE TOTAL AMOUNT OF SPONSORSHIP AND CHARITABLE ASSISTANCE EXCEEDED KZT 5.4 BILLION. OF THIS, KZT 2 BILLION WAS DIRECTED TO THE HALYK CHARITY FUND, MORE THAN KZT 1.3 BILLION WAS ALLOCATED TO THE BANK'S PLANNED SOCIAL PROJECTS, AND ABOUT KZT 2 BILLION WENT TO OTHER INITIATIVES WITHIN SPONSORSHIP AND CHARITY.

Support for Kazakhstani sports

Astana Half Marathon

In May 2024, Halyk Bank and the 'Courage to Be First' Foundation signed a five-year cooperation agreement, under which the Bank became the general partner of the Astana Half Marathon. This is one of the largest sporting events in the country, attracting thousands of participants from all over the world. In 2024, the marathon gathered a record 6,000 participants from 37 countries. Bank employees also actively participated in the race. The project budget amounted to KZT 41 million.

People's League

From 2005 to 2019, Halyk Bank supported the social project 'People's League,' aimed at developing basketball among children from orphanages and boarding schools. After a forced break during the pandemic, the project resumed in 2023. The Bank funds training for children from various regions of the country, purchases sports equipment and clothing. Over the past 16 years, more than 3,500 children have participated in the 'People's League,' and in 2024, 346 children participated. The budget amounted to KZT 59.8 million.

Cup of Hope

From June 18 to 22, 2024, the 'Cup of Hope' championship among the children of the 'People's League' took place in Almaty. 283 children from 16 regions of Kazakhstan participated in the tournament. Halyk Bank financed travel, accommodation, rental of sports facilities, and also prepared gifts and awards. The budget amounted to KZT 73.5 million.

Gymnastics Federation

The Bank continues to support the Kazakhstan Gymnastics Federation. In 2024, Nariman Kurbanov became the first Kazakh gymnast to win a silver medal at the Olympic Games. As part of the support, the Bank funded payments to coaches, the purchase of sports uniforms, and the participation of athletes in international competitions. The budget amounted to KZT 150 million.

Halyk Arena

The Bank continues its cooperation with the Halyk Arena ice palace, supporting the development of mass sports. In 2024, funding was directed to the branding of the sports complex and attracting an audience to events. The complex is visited by more than 5,000 people monthly, including over 350 athletes from youth sports schools. The budget amounted to KZT 90 million.

Support for culture and arts

Astana Opera

Halyk Bank is the general partner of the State Opera and Ballet Theater 'Astana Opera' — the largest theater in Central Asia. Since 2013, KZT 1 billion has been directed to support the theater. In 2024, funding amounted to KZT 50 million.

'Summer Music in Your Favourite City' Festival

The summer Open Air festival organised by the Bank took place in Taraz and Atyrau. The series of open-air concerts filled ordinary evenings with vibrant emotions and music. The budget amounted to KZT 65 million.

Image projects

5th World Nomad Games

The Bank became the general partner of the World Nomad Games, the largest ethnosport event in the world. The competition is based on traditional games of the historically nomadic peoples of Central Asia. The World Nomad Games are included in the UNESCO List of Intangible Cultural Heritage. In 2024, the Games in Astana gathered about 4,000 participants from more than 100 countries. The budget amounted to KZT 1 billion.

Digital Almaty Forum

Halyk Bank supported the Digital Almaty 2024 forum, which brought together representatives from business, government, and digital industry experts. Over three days, the forum was attended by around 30,000 people, and more than 200 speakers presented. The budget amounted to KZT 30 million.

FCBK Conference

The FCBK conferences are a series of events for professionals in the financial market, held since 2016. The theme of FCBK in 2024 focused on the development and digitalisation of SMEs. The budget amounted to KZT 3 million.

Women in Business Forum

The Bank continues its support for women's entrepreneurship, being a partner of the 'Women in Business' forum organised by the Businesswomen's Council of 'Atameken' in Almaty. The budget amounted to KZT 6.5 million.

Halyk Bank strives to actively participate in society by supporting important initiatives that contribute to the development of Kazakhstan.

Social projects

Free Gasification

The Bank continues the gasification programme for the homes of socially vulnerable populations in Almaty and Astana. In 2024, the project was transferred to the management of the Halyk Charity Fund. The budget amounted to KZT 200 million.

'Qamqorshy AMANAT' Public Fund

As part of the 'Debt-Free Society' programme, the Public Foundation 'Qamqorshy AMANAT' was launched, financing training and methodological centres where participants can acquire practical skills in various areas of agriculture. These centres provide laboratories, necessary tools, and support for the implementation of 'turnkey' projects.
In addition to educational programmes, cooperative enterprises are provided with production equipment for lease and refundable grants.

The first 'Agrosawat' centre was opened in the Merke district of the Zhambyl region.

In 2024, training was provided to:

- 3,000 people in the Zhambyl region,
- 1,000 people in the Almaty region.

The Bank supported 9 personal subsidiary farms (PSFs) in the following areas: strawberry and raspberry cultivation, stone fruit cultivation, sugar beet farming, cattle and small livestock feeding and maintenance, as well as poultry farming.

The budget amounted to KZT 100 million.

Assistance to Flood Victims

In spring 2024, Kazakhstan faced floods that affected 10 regions of the country. The floods destroyed or damaged homes in 60 settlements, forcing more than 119,000 people to leave their homes. The Bank allocated KZT 1.2 billion for the construction and repair of housing for affected families.

Support for the Ayala Charity Fund

The project aims to reduce child disability due to hearing loss and covers 5 medical institutions in Almaty. In 2024, funding was allocated for the purchase of equipment for hearing diagnostics for children. The budget amounted to KZT 18 million.

Victory Marathon

The Bank traditionally supports World War II veterans. In 2024, material assistance was provided to 42 veterans for Victory Day. The budget amounted to KZT 4.2 million.

Road to School

Halyk Bank annually provides assistance to low-income families by giving first-graders sets of school supplies. In 2024, support was provided to 2,900 families. The budget amounted to KZT 62.3 million.

4.

CORPORATE GOVERNANCE REPORT

Strategic Priorities of the Bank in 2024

Developing core business through digitalisation of products and services

halykbank.com

We present to you the Bank's Corporate Governance Report for 2024. This section outlines our principles, policies, and practices aimed at ensuring transparency, efficiency, and sustainable development.

In an ever-evolving financial environment, we continue to enhance our corporate governance system by adhering to best international standards and complying with regulatory requirements. Our key priorities include protecting shareholder interests, strengthening client trust, and upholding principles of ethics and accountability. The Bank's corporate governance structure is based on respect for the rights and interests of all stakeholders and contributes to the Bank's successful operations, including increasing its value, maintaining financial stability and profitability, and ensuring that investors' and shareholders' funds are used efficiently.

In the reporting year, we implemented a number of initiatives aimed at enhancing the efficiency of corporate governance bodies, improving the internal control and risk management system, and advancing the ESG agenda. These measures contribute to the Bank's long-term sustainable growth and strengthen its competitive position.

We are confident that the implementation of advanced corporate governance practices will allow us to continue strengthening the trust of clients, shareholders, investors, and society.

The following principles are set forth in the Bank's Corporate Governance Code:

- Providing shareholders with a real opportunity to exercise their right to participate in the management of the Bank, ensuring equal treatment of all categories of the Bank's shareholders;
- Enabling shareholders to participate in the distribution of the Bank's net income (receiving dividends);
- Ensuring timely and complete disclosure of reliable information to the Bank's shareholders regarding the Bank's financial position, economic indicators, performance results, and management structure to enable shareholders and investors to make informed decisions;
- Exercising strategic management of the company's activities by the Bank's Board of Directors and ensuring effective oversight of the activities of the company's executive body, as well as the accountability of Directors to its shareholders;
- Providing the Bank's Management Board with the ability to conscientiously and effectively oversee the Bank's current operations while establishing its accountability to the Board of Directors and the Bank's shareholders;
- Defining ethical standards for the Bank's shareholders and ensuring maximum transparency in the activities of the Bank's executives;
- Creating long-term economic value for all stakeholders;
- Respecting human rights, ensuring inclusivity, diversity, and fair and equal treatment for all;
- Practicing environmental responsibility;
- Developing responsible financing practices and effective ESG risk management;
- Complying with all applicable legal regulations and fulfilling undertaken commitments;
- Adhering to ethical business practices and implementing best corporate governance practices;
- Improving information disclosure and transparency.

The Bank's current Corporate Governance Code defines the key standards and principles applied in the Bank's management process, including the relationships between the Board of Directors and the Management Board, shareholders and the Bank's officials, as well as the procedures for the functioning and decision-making of the Bank's governing bodies.

The Board of Directors and the Management Board of the Bank confirm that the Bank's activities are carried out in accordance with the principles, provisions, and corporate governance procedures established by the Corporate Governance Code.

By adopting, improving, and strictly complying with the provisions of the Bank's Corporate Governance Code, the Bank's Charter, and other internal regulatory documents, the Bank reaffirms its intention to contribute to the development and improvement of proper corporate governance practices.

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

This section of the Annual Report has been prepared in accordance with the Corporate Governance Regulation (DTR 7.2.) of the Disclosure and Transparency Rules of the UK Financial Conduct Authority.

The Bank is not formally required to comply with the UK Corporate Governance Code published by the Financial Reporting Council, an independent regulator in the United Kingdom. However, in accordance with DTR 7.2., the Bank is required to disclose in its Annual Report information regarding its compliance with the Kazakh Corporate Governance Code, as well as information on the corporate governance principles currently in place that are applied in addition to the practices mandated by the legislation of the Republic of Kazakhstan.

The Bank considers the UK Corporate Governance Code as a benchmark for the further development of its corporate governance practices.

Halyk Bank's Corporate Governance Code is available on the corporate website at the following link: https://halykbank.kz/about-bank/korporativnoe-upravlenie

The Bank's Code differs in several respects from the UK version. The key differences are outlined below:

	UK Corporate Governance Code:	The Bank's Corporate Governance Code
1	Stipulates a maximum three-year term for the re-election of directors.	It does not contain a requirement for the regular re-election of the Board of Directors. Instead, the general meeting of shareholders is authorised to determine the term of office of the Board of Directors. At the General Meeting of Shareholders held on May 25, 2023, a three-year term of office was established for the current composition of the Board of Directors.
2	Requires independent directors to hold separate meetings at least once a year, specifically to assess the performance of the Chair of the Board of Directors.	In 2024, informal meetings were held with the participation of the Corporate Secretary and independent directors to discuss strategy, improvements in corporate governance processes, the activities of the Board of Directors, and the enhancement of the Corporate Secretary's work.
3	At least half of the Board of Directors, excluding the Chair, must consist of independent directors.	In accordance with the legislation of the Republic of Kazakhstan, at least one-third of the Board of Directors must be independent directors. The composition of the Board of Directors elected by the General Meetings of Shareholders on May 25, 2023, and December 1, 2023, includes six independent directors out of eight members of the Board of Directors.
4	Non-executive directors must thoroughly assess the work of the Management Board to ensure its alignment with agreed-upon goals and objectives, oversee its activities, and ensure the completeness of financial reporting, as well as the effectiveness and reliability of financial control and risk management systems.	In accordance with the legislation of Kazakhstan, all members of the Board of Directors oversee the activities of the Management Board.
5	The Board of Directors must ensure proper succession planning when appointing members of the Board of Directors and senior management to maintain an appropriate balance of skills and experience within the company and the Board of Directors and to ensure a gradual renewal of the Board's composition.	Establishes the procedure for forming the Board of Directors and specific requirements for candidates to the Board of Directors to ensure an optimal balance of experience and knowledge necessary for the effective operation of the Board.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF KAZAKHSTAN

The Bank sent a letter to the Kazakhstan Stock Exchange, confirming that it had conducted an assessment of compliance with the principles of the Model Code and concluded that 93% of the total number of principles were being observed. Since 2021, there has been a positive trend in compliance with the Model Code principles, increasing from 85.5% to 93%.

The Bank continuously works on developing its corporate governance system. In particular, sustainability (ESG) principles and policies are being integrated into the corporate governance framework, a project for automating the workflow of collegial bodies is being implemented, the transformation of committees under the Bank's Board of Directors has taken place, an effective risk management and internal control system is in place, and regular professional development is provided for internal audit staff, risk management service, compliance officers, and the corporate secretary.

CORPORATE GOVERNANCE EVENTS IN 2024:

On April 25, 2024, the Bank held its Annual General Meeting of Shareholders (hereinafter — AGM), at which seven resolutions were adopted on the agenda items, including the presentation of information on shareholder inquiries regarding the actions of the Bank and its executives.

The AGM resolved to pay dividends for 2023 at the rate of KZT 25.43 per one common share, amounting to 40% of total consolidated net income for 2023. The total amount of dividends actually paid to shareholders of the Bank, whose current payment details were registered with the Bank in the securities holders register system or nominee holding accounting system, from June 3, 2024 (the dividend payment commencement date) to July 24, 2024 inclusive, amounted to KZT 276.691 billion, including dividends on global depositary receipts whose underlying assets are the Bank's issued common shares — KZT 79.045 billion. Accrued but unpaid dividends, totaling KZT 707 million due to the absence of shareholders' current payment details, were transferred by the Bank on July 25, 2024, to an account opened with Central Securities Depository JSC (hereinafter — the 'Central Depository') for recording unclaimed funds, in accordance with the requirements of the Law of the Republic of Kazakhstan on joint-stock companies.

At the AGM, amendments to the Methodology for Determining the Value of Shares upon their Buyback by Halyk Bank on the Unorganised Securities Market were approved with the following purposes:

- clarification of the wording regarding the buyback by the Bank of its global depositary receipts, whose underlying assets are the Bank's common shares (hereinafter — the 'GDR'), on the unorganised securities market, specifying that particularities of conducting GDR buybacks on international markets shall be taken into account. Such clarification is of a technical nature due to specifics of GDR issued under foreign legislation and traded on international exchanges, and it reflects current practices for carrying out GDR buyback procedures;
- reducing excessive regulation of the documentation required when the Bank conducts share buybacks on the unorganised securities market (list of documents to be provided by the shareholder, requirements for their content and execution procedure). This change is driven by digitalisation widely adopted in business relationships, allowing flexibility in various situations when formalising share buyback transactions with shareholders;
- other technical and editorial amendments of clarifying nature aimed at aligning provisions of the Methodology with current practices.

On December 9, 2024, an extraordinary general meeting of shareholders of the Bank (hereinafter — the 'EGM') was held, at which 4 resolutions were adopted on the matters under consideration.

At the EGM, a resolution was adopted on an additional dividend payment for 2023 at the rate of KZT 9.57 per one common share, totaling KZT 104.203 billion, including dividends on global depositary receipts whose underlying assets are the Bank's issued common shares — KZT 29.494 billion. Dividends accrued but unpaid due to the absence of current shareholder payment details were transferred by the Bank within the timeframe established by the legislation of the Republic of Kazakhstan to an account opened with Central Depository for recording unclaimed funds, in accordance with the requirements of the Law of the Republic of Kazakhstan on joint-stock companies.

At the EGM, a resolution was adopted to determine the procedure, maximum quantity, and period for the placement (sale) of shares of Halyk Bank without exercising pre-emptive purchase rights, in order to implement clause 7 of Article 16 of the Law of the Republic of Kazakhstan on joint-stock companies, according to which the Bank is entitled to place (sell) shares without exercising pre-emptive purchase rights when paying remuneration to members of the Board of Directors in shares and incentivising Bank employees with shares.

Within the framework of the EGM, Deloitte was appointed as the auditing organisation to conduct the audit of financial statements of Halyk Bank for the years ended 2025–2027.

CORPORATE GOVERNANCE EVENTS IN 2024:

- In 2024, an evaluation (self-assessment) of the performance of the Bank's Board of Directors was conducted in accordance with best international practices. The results of the evaluation (self-assessment) of the Bank's Board of Directors performance were presented to the Bank's shareholders for consideration at the AGM.
- During 2024, 10 official inquiries from the Bank's shareholders were reviewed regarding dividend payments for the period of ownership of the Bank's common shares; provision of information on the availability/absence of data on securities holders in the securities holders registry system of Central Depository; provision of information related to materials of the Bank's general meeting of shareholders agenda; submission of information to a notary concerning inheritance proceedings related to the ownership of the Bank's securities and accrued dividends; other issues related to the Bank's activities; and matters relating to the securities market legislation of the Republic of Kazakhstan
- In 2024, the Internal Audit Department conducted a consultation, the primary objective of which was to analyse key components of the Bank's corporate governance system for compliance with best international practices and to provide recommendations for improving its effectiveness. Based on the results of this consultation, an Action Plan was developed aimed at enhancing the risk management, internal control, and corporate governance systems.
- In 2024, reports on the progress of implementing the Action Plan for the Integration of Sustainable Development Principles and Goals for 2022–2024 were reviewed at in-person meetings of the Board of Directors.
- The Bank's Sustainability Report for 2023 was prepared and published to systematise the Bank's approach to sustainability activities.
- In 2024, training courses on corporate governance and sustainable development (ESG) were developed, and seminars were conducted for Corporate Secretaries and executives of Halyk Group.
- A diagnostics of the corporate governance level in the Bank's Kazakhstani and foreign subsidiaries was conducted, and a report along with recommendations for its improvement was prepared.
- In 2024, certification of employees responsible for the operation and development of corporate governance in the Bank and its subsidiaries was conducted.

CORPORATE GOVERNANCE STRUCTURE

The following consultative and advisory bodies have been established and operate under the Bank's Board of Directors: the Strategic Planning Committee, Audit Committee, Human Resources and Remuneration Committee, Sustainable Development Committee, and Risk Committee. A more detailed report on the activities of these Committees is provided in the respective subsection below.

Under the Management Board, several working bodies have been established, including directorates, Committees, and working groups. This enables detailed consideration of major issues within each individual segment. When required or mandated by legislation, decisions taken by these working bodies are submitted for approval to the Management Board or the Board of Directors.

To implement best corporate governance practices, the Board of Directors receives support from internal and external auditors, the Head of Internal Audit, the Chief Risk Officer, Chief Compliance Controller, Chief Legal Advisor, Corporate Secretary, etc.

The distribution of functions between the Board of Directors and the Management Board has been carried out in accordance with the legislation of the Republic of Kazakhstan.

Board of Directors structure

As of January 1, 2025, the composition of the Board of Directors was as follows:

Alexander Pavlov

Chairman of the Board of Directors, Independent Director, Chairman of the Risk Committee

Arman Dunayev

Chairman of the Audit Committee, Member of the Board of Directors, independent non-executive director

Frank Kuijlaars

Chairman of the Human Resources and Remuneration Committee, Member of the Board of Directors, independent non-executive director

Zhaksybek Kulekeyev

Member of the Board of Directors — Independent Director

Zhomart Nurabayev

Member of the Board of Directors, Representative of ALMEX Holding Group JSC

Herman Tischendorf

Chairman of the Sustainable Development Committee, Member of the Board of Directors, independent non-executive director

Piotr Romanowski

Chairman of the Strategic Planning Committee, Member of the Board of Directors, independent non-executive director

Umut Shayakhmetova

Member of the Board of Directors, Chairperson of the Management Board

In determining the independence of Directors, the criteria established by the legislation of Kazakhstan were applied.

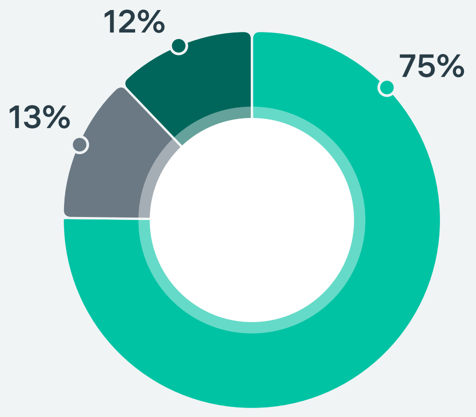
Directors' skills and experience

The Bank strives to achieve the best possible balance of experience, skills, and perspectives among the members of the Board of Directors. The presence of diverse viewpoints during the discussion of issues allows the Board of Directors to most effectively perform its functions and represent the interests of shareholders.

Independent Directors bring international management experience, strategic vision, knowledge of the specifics of the key industries in which the Bank operates, corporate governance, and risk management.

At the same time, all Directors possess knowledge in banking business, finance in general, and human resource management, including remuneration issues.

Structure of the Bank's Board of Directors



- Independent Directors
- Representative of the major shareholder ALMEX Holding Group JSC
- Executive Directors (Chairperson of the Management Board)

Below is summarised information on the skills and experience of the members of the Board of Directors:

8 Directors — Strategic vision

7 Directors — Banking

8 Directors — Leadership

8 Directors — Corporate governance

4 Directors — Oil and gas and mining industries

4 Directors — Risk management

8 Directors — Human resource management

6 Directors — Other real sector industries

1 Directors — Medicine and biotechnology

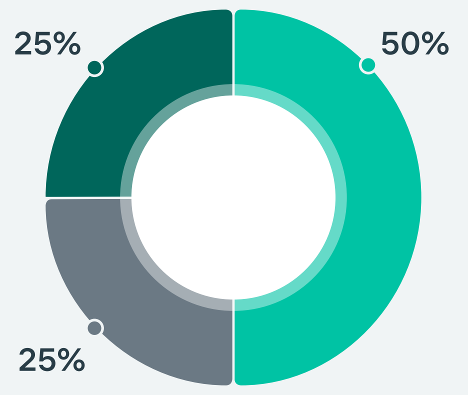
8 Directors — Sustainable development

8 Directors — Finance

5 Directors — International experience

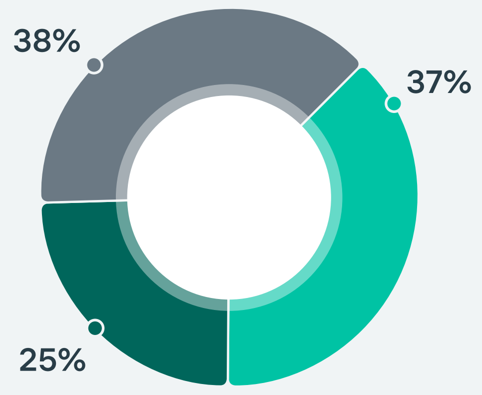
1 Directors — Information technology and telecommunications

The structure of the Bank's Board of Directors by age is as follows



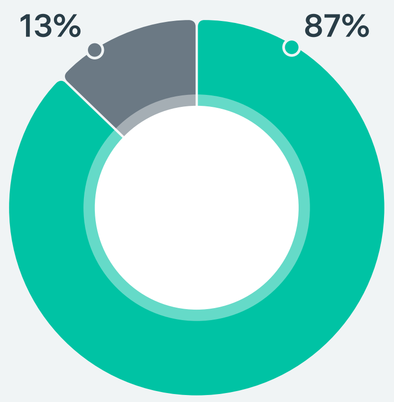
- up to 55 years old
- from 56 to 66 years old
- from 67 to 72 years old

Structure of the Bank's Board of Directors by duration of service



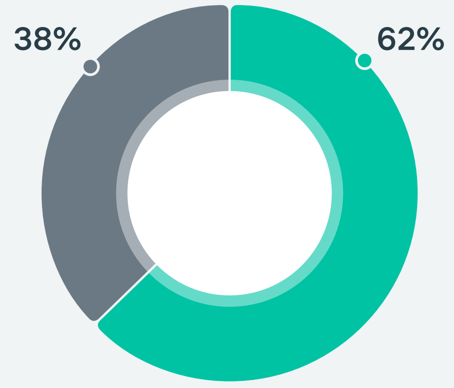
- More than 12 years
- from 4 to 11 years old
- from 1 to 3 years old

Gender structure of the Bank's Board of Directors



- Men
- Women

Share of citizens of Kazakhstan and foreign citizens in the composition of the Board of Directors



- Citizens of Kazakhstan
- Foreign citizens

Activities of the Board of Directors

Overall, the Board of Directors and its Committees conduct their activities in accordance with the approved work plans for the respective periods.

In total, during 2024, 5 in-person meetings of the Board of Directors of Halyk Bank were held, during which 39 issues were considered, as well as 58 meeting by correspondence, during which 511 items were considered.

Statistics on the participation of members of the Board of Directors in the meetings are as follows:

Name of the Board member	In-person meetings		Absentia meetings	
	Number of meetings / number of matters considered	Attendance %	Number of meetings / number of matters considered	Attendance %
Alexander Pavlov	5/39	100%	58/511	100%
Arman Dunayev	5/39	100%	58/511	100%
Frank Kuijlaars	5/39	100%	58/511	100%
Zhaksybek Kulekeyev	5/39	100%	55/484	95%*
Zhomart Nurabayev	5/39	100%	56/498	96%*
Piotr Romanowski	5/39	100%	58/511	100%
Hermann Tischendorf	5/39	100%	58/509	100%
Umut Shayakhmetova	5/39	100%	52/478	90%*
Total	**5/39**	**100%**	**58/511**	**100%**

* did not participate in voting during periods of vacation or business trips, in accordance with clause 5 of Article 40 of the Law of the Republic of Kazakhstan 'On Banks and Banking Activities in the Republic of Kazakhstan', and Articles 36 and 53 of the Law of the Republic of Kazakhstan on joint-stock companies.

Activities of the Board of Directors

The activities of the Board of Directors are organised strictly in accordance with the approved semi-annual plans, within which the following most important matters were considered:

1. Halyk Group Development Strategy for 2025–2027.
2. ESG Strategy of the Bank for 2025–2027.
3. Preliminary approval of materials for the EGM on determining the procedure, maximum quantity, and period for the placement (sale) of the Bank's shares without exercising pre-emptive purchase rights.
4. Results of scenario analysis on the impact of potential risks on the Bank's financial stability for 2025.
5. In accordance with the requirements of the Charter and the Corporate Governance Code, the Bank has made a voluntary commitment to assess on an annual basis its compliance with the provisions of the Model Code[13] in accordance with the 'comply or explain' principle. As part of fulfillment of this obligation, the Bank sent a letter to the Kazakhstan Stock Exchange, according to which it confirmed that the Bank has assessed compliance with the principles of the Model Code.
6. The Bank's Sustainability Report for 2023 was prepared and published, which is a document that discloses key aspects of the Bank's environmental, social responsibility and corporate governance activities. The Bank has voluntarily committed to transparently reporting key information on its sustainability performance through the publication of this report.
7. In accordance with the requirements of the Bank's Corporate Governance Code, an assessment (self-assessment) of the performance of the members of the Board of Directors for 2023 was carried out, the results of which were submitted to the AGM for consideration;
8. As part of the preparation of AGM materials, amendments to the Methodology for Determining the Value of Shares upon their Buyback by 'Halyk Bank on the Unorganised Securities Market were developed and preliminarily approved; these amendments were subsequently approved at the AGM.

The Board of Directors systematically reviewed:

1. Semi-annually:
   - reports on the execution of the 2022–2024 Halyk Group Development Strategy by the Bank's Management Board and subsidiaries;
   - reports on the performance results and budget execution of the Bank and Halyk Group organisations for the year 2023 and the first half of 2024;
   - reports on the work performed and current operational issues of stress asset management companies within the Halyk Group;
2. Quarterly performance reports from the Bank's Management Board and budget execution of the Halyk Group, based on which the Board of Directors made the necessary adjustments;
3. Report on compliance with internal capital and liquidity adequacy assessments for 2024;
4. Information on the current status of the Bank's 20 largest borrowers, including loans and contingent liabilities;
5. Risk management issues, particularly the analysis of credit portfolio quality and the review of transactions with related parties to prevent preferential lending conditions for such entities;
6. Internal audit matters;
7. Other management information provided in accordance with the requirements of the legislation of the Republic of Kazakhstan.

The results of the Bank's credit portfolio stress testing were reviewed, including scenario modelling of global economic developments, assessing their impact on the loan portfolio and the capital of Halyk Bank.

The Board of Directors confirmed that even under the worst-case scenario, the Bank's position would remain sufficiently strong.

Additionally, reports were heard from the Chief Risk Officer and the Chief Compliance Officer regarding the effectiveness of compliance risk management within the Bank and certain subsidiaries, as well as on the work carried out in the field of Anti-Money Laundering and Counter-Terrorism Financing.

As part of the review of reports on the implementation of the Halyk Group Development Strategy for 2022–2024, the Board of Directors confirmed that the Strategy had been successfully executed, enabling Halyk Group companies to strengthen their market positions.

Overall, the objectives set by the Board of Directors for Halyk Group — maintaining the Bank's No. 1 position in Kazakhstan, improving customer service, and developing banking products — have been achieved. At the same time, the subsidiary organisations are implementing a range of measures aimed at strengthening their leading positions in their respective fields.

[13] Model Code — Corporate Governance Code of the Republic of Kazakhstan (approved by the decision of the Presidium of the National Chamber of Entrepreneurs of the Republic of Kazakhstan «Atameken» dated April 27, 2021 No. 4).

Detailed committee reports

GENERAL PROVISIONS

The committees under the Board of Directors serve as advisory bodies of the Bank's Board of Directors. All proposals developed by the committees are recommendations submitted for consideration by the Board of Directors.

In accordance with the legislation of the Republic of Kazakhstan, the committees consist of members of the Board of Directors and experts. More detailed information on the composition of the committees is provided in the subsections on the activities of the respective committees.

AUDIT COMMITTEE

The Audit Committee was established in July 2005.

The Committee is composed of three Board members elected by majority vote of all Board members. The Committee is chaired by an independent director of the Bank.

The members are:

1. **Arman Dunaev** — chairman of the audit committee, independent non-executive director;
2. **Alexander Pavlov** — member of the audit committee, independent non-executive director;
3. **Peter Romanowski** — member of the audit committee, independent non-executive director.

All Committee members are independent non-executive directors with knowledge and experience in accounting, taxation, financial reporting, internal and external auditing, and risk management.

Committee functions

The committee assists the Board of Directors in matters concerning the completeness and authenticity of financial and other reports, compliance of the Bank and its subsidiaries with legal requirements and internal documents (compliance control), selection and independence of the external auditor, adequacy and efficiency of internal control and risk management systems, and coordination of external and internal audit activities.

Committee activity

For 2024, there were 3 in-person meetings, where 6 matters were considered, and 42 absentee meetings, where 51 matters were considered.

	In-Person Meetings		Absentia Meetings	
Member of the Audit Committee	Number of meetings / Number of matters considered	Attendance %	Number of meetings / Number of matters considered	Attendance %
Arman Dunayev	3/6	100%	42/51	100%
Alexander Pavlov	3/6	100%	42/51	100%
Piotr Romanowski	3/6	100%	42/51	100%
Total	**3/6**	**100%**	**42/51**	**100%**

To ensure the completeness and reliability of the financial statements, the committee reviewed the external auditor's interim (quarterly) financial reports, as well as letters to the management of the Bank and subsidiaries. It also approved the annual financial statements for 2023 and submitted them to the Board of Directors for consideration. As part of this work, the committee discussed the principles of the most important accounting judgments, policies and procedures, among other matters, with the external auditor and the Bank's finance department.

In 2024, the Committee reviewed materials regarding the selection of an audit firm to conduct the financial audit of Halyk Bank for the 2025–2027 reporting periods.

In 2024, the committee worked closely with the internal audit department and considered the following matters: the internal audit budget and working plan; results of audits; management reports on internal audit issues; internal audit department personnel matters; and draft internal regulatory documents governing the internal audit department's work.

In 2024, the committee also reviewed the quarterly analytical reports on the Bank's portfolio quality prepared by the risk management service.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee was established in September 2007.

The committee consists of three members of the Board of Directors who are elected by a majority of Board members. At least two of the committee's members must be independent non-executive directors.

The Committee members are:

1. **Frank Kuijlaars** — chairman, independent non-executive director;
2. **Alexander Pavlov** — member, independent non-executive director;
3. **Arman Dunayev** — member, independent non-executive director.

All members of the committee are independent non-executive directors and have extensive experience in human resources management, including remuneration issues.

Committee functions

The committee makes recommendations to the Board of Directors regarding candidates for the Board of Directors, Management Board and boards of directors of the Bank's subsidiaries; the remuneration system for members of the Board of Directors and Management Board; the salaries of the boards of directors and executive bodies of subsidiaries; and ways to improve ethical standards to enhance the corporate culture at the Bank.

Committee activity

In 2024, the committee held 12 meetings in absentia, at which it considered a total of 16 matters.

Member of the Nomination and Remuneration Committee	In-Person Meetings		Absentia Meetings	
	Number of meetings / Number of matters considered	Attendance %	Number of meetings / Number of matters considered	Attendance %
Frank Kuijlaars	-	-	12/16	100%
Alexander Pavlov	-	-	12/16	100%
Arman Dunayev	-	-	12/16	100%
Total	**-**	**-**	**12/16**	**100%**

The Nomination and Remuneration Committee reviewed the following: the report on the assessment (self-assessment) of the performance of the Bank's Board of Directors members, proposed amendments and additions to the Bank's organisational structure, proposed amendments and additions to the Conflict of Interest Resolution Policy, and reports on monitoring the implementation of the Code of Ethics and Business Conduct by the Bank's structural divisions.

The remuneration of the members of the Board of Directors and the Management Board of Halyk Bank in the year 2024 was as follows (in KZT):

	Total revenues
Members of the Board of Directors and Management of the Bank	5,231,595,985.06

In 2024, the following mandatory deductions are made from the above income of the members of the Board of Directors and the Management Board of Halyk Bank (in KZT):

Members of the Board of Directors and the Management Board	
Individual income tax	519,164,738.25
Mandatory pension contributions	41,246,209.87
MSHI contributions	1,972,000
Total mandatory withholdings	**562,382,948.12**

The remuneration of the Bank's Management Board members is determined by three key factors:

- job evaluation, which assesses the significance (value) of the position within the organisation and the extent to which the executive's performance impacts the Bank's overall results.
- market benchmarking, which considers the remuneration levels for comparable positions in the regional labour market.
- performance assessment, which serves as the basis for awarding annual bonuses based on the executives' achievements.

The key principles of the remuneration system for the Board of Directors ensure that compensation is:

- linked to individual qualifications and contribution to the Bank's performance.
- tied to the fulfillment of responsibilities and achievement of objectives aligned with the interests of the Bank and its shareholders.

STRATEGIC PLANNING COMMITTEE

The Strategic planning committee was established in April 2012.

The Committee consists of five members of the Board of Directors, who were elected by a majority vote of all Board members, and four non-voting experts—members of the Management Board responsible for the Bank's most strategic areas of activity.

The Committee members are:

1. **Petr Romanowski** — chairman, independent non-executive director;
2. **Zhomart Nurabayev** — member, representative of the Bank's largest shareholder Holding Group ALMEX;
3. **Alexander Pavlov** — member, independent non-executive director;
4. **Herman Tischendorf** — member, independent non-executive director;
5. **Umut Shayakhmetova** — member, Chairperson of the Management Board;
6. **Olga Vuros** — member (non-voting expert);
7. **Murat Koshenov** — member (non-voting expert);
8. **Nariman Mukushev** — member (non-voting expert);
9. **Dauren Sartayev** — member (non-voting expert).

The Chairman of the Strategic Planning Committee is an independent member of the Bank's Board of Directors. The Committee comprises Board members and experts with professional experience in the following areas: information technology development; banking services development and provision; risk management and budget planning.

Committee functions

The Committee assists the Board of Directors in: reviewing the Halyk Group's strategy, the Bank's sustainability strategy and monitoring their implementation; setting medium/long-term goals and key performance indicators (KPIs) in the area of sustainability and monitoring the implementation of the action plan to achieve them; analysing reports on the implementation of the strategy; monitoring the external environment and its impact on the Group's strategic plans. Performs the preliminary review of the Bank's draft budget for the respective year, as well as the preliminary review of the Bank's draft Profitability Management Policy, and monitors and controls the Bank's and its employees' compliance with the said policy.

Committee activity

In 2024, five in-person meetings were held, during which nine issues were considered, and two absentee meetings of the Committee were conducted, during which three issues were reviewed.

Member of the Strategic Planning Committee	In-Person Meetings		Absentia Meetings	
	Number of meetings / Number of matters considered	Attendance %	Number of meetings / Number of matters considered	Attendance %
Piotr Romanowski	5/9	100%	2/3	100%
Alexander Pavlov	5/9	100%	2/3	100%
Zhomart Nurabaev	5/9	100%	2/3	100%
Umut Shayakhmetova	5/9	100%	2/3	100%
Olga Vuros*	5/9	100%	2/3	100%
Murat Koshenov*	5/9	100%	2/3	100%
Nariman Mukushev*	5/9	100%	2/3	100%
Dauren Sartayev*	5/9	100%	2/3	100%
Total:	**5/9**	**100%**	**2/3**	**100%**

* Members of the Strategic Planning Committee (non-voting experts)

The Committee reviewed and preliminarily approved the Halyk Group Development Strategy for the period 2025–2027 and the ESG Strategy of Halyk Bank for 2025–2027.

Additionally, the Committee reviewed the performance results of the Halyk Group Development Strategy (2022–2024) for 2023 and for the first half of 2024. The analysis indicated satisfactory progress toward the established goals.

The Committee also reviewed the Bank's draft budget for 2025 and the budget performance results for the first half of 2024.

Furthermore, the Committee continues to analyse changes in the external environment (including regulatory, economic, and financial factors) and assesses their impact on the Halyk Group Development Strategy (2022–2024).

SUSTAINABLE DEVELOPMENT COMMITTEE

In April 2022, the Social Affairs Committee was reorganised into the Sustainable Development Committee.

The Committee consists of five members of the Board of Directors, elected by a majority vote of all Board members, and two non-voting experts—members of the Management Board overseeing ESG, sponsorship, and philanthropy. The majority of the Committee members are independent directors.

Committee Composition:

1. **Herman Tischendorf** — chairman, independent non-executive director
2. **Arman Dunaev** — member, independent non-executive director
3. **Frank Kylars** — member, independent non-executive director
4. **Zhaksybek Kulekeyev** — member, independent non-executive director
5. **Umut Shayakhmetova** — member
6. **Murat Koshenov** — member, expert (non-voting member)
7. **Dauren Sartayev** — member, expert (non-voting member).

Committee functions

The main objectives of the Sustainable Development Committee are to assist the Bank's Board of Directors in fulfilling the functions of establishing a sustainable development system in the Bank, ensuring its functioning and informing the Bank's Board of Directors about the measures taken to implement the principles of sustainable development and ESG in the Bank's activities.

Committee activity

For 2024, 3 face-to-face meetings were held, where 4 issues were considered.

	In-Person Meetings		Absentia Meetings	
Member of the Sustainable Development Committee	Number of meetings / Number of matters considered	Attendance %	Number of meetings / Number of matters considered	Attendance %
Hermann Tischendorf	3/4	100%	-	-
Frank Kuijlaars	3/4	100%	-	-
Arman Dunayev	3/4	100%	-	-
Zhaksybek Kulekeyev	3/4	100%	-	-
Umut Shayakhmetova	3/4	100%	-	-
Dauren Sartayev*	3/4	100%	-	-
Murat Koshenov*	3/4	100%	-	-
Total:	**3/4**	**100%**	**-**	**-**

* Members of the Committee on Sustainable Development (non-voting experts)

The Sustainable Development Committee reviewed and acknowledged the following matters:

- Reports on the implementation progress of the Action Plan for the Integration of Sustainability Principles and Goals for 2022–2024.
- A report on the sponsorship and charity activity of Halyk Bank and the Halyk Fund for 2024.
- Key Sponsorship and Charity Events Plan of Halyk Bank and the Halyk Charity Fund for 2025.

RISK COMMITTEE

The Risk Committee was established in May 2020.

Its members are:

1. **Alexander Pavlov** — chairman, independent non-executive director;
2. **Arman Dunaev** — member, independent non-executive director;
3. **Petr Romanowski** — member, independent non-executive director;
4. **Umut Shayakhmetova** — member, Chairperson of the Management Board;
5. **Roman Mashchyk** — member (non-voting expert).

Committee functions

The Risk Committee is a collegial body under the Bank's Board of Directors. Its main objectives are to assist the Board of Directors in establishing an effective risk management and internal control system within the Bank, to ensure its proper functioning, and to keep the Board informed about the level of risks undertaken by the Bank. The main areas of activity and responsibilities of the Risk Committee include:

1. conducting regular risk assessments inherent in the Bank's activities, including reviewing risk management reports and maintaining an up-to-date risk profile;
2. providing recommendations to the Board of Directors on:
   - Management of the Bank's key risks, including credit risk, liquidity risk, market risk, capital management, operational risk, business continuity risk, IT risk, information security risk, strategic risk, reputational risk, and ESG risks, for strategic decision-making related to the Bank's risk appetite and risk profile;
   - compliance risk management within the Bank;
   - ensuring the adequacy and effectiveness of the internal control system;
   - other matters within the Committee's competence, provided they do not contradict legislation and the Bank's internal regulations.
3. overseeing the functionality of the internal control system;
4. ensuring the implementation of procedures for identifying, prioritising, and managing ESG risks of the Bank's borrowers;
5. ensuring the integration of responsible financing principles and embedding ESG criteria into decision-making processes for project financing by incorporating them into the Bank's Credit Policy;
6. integrating ESG risk management into the overall risk management system, aiming to minimise the negative impact of credit and investment activities;
7. implementing climate risk impact assessments on the Bank's business model and strategic planning, including scenario analysis and stress testing.

Committee activity

During 2024, 4 in-person meetings were held, at which 7 matters were considered, and 19 meetings were held in absentia, at which 23 matters were considered.

Member of the Risk Committee	In-Person Meetings: Number of meetings / Number of matters considered	In-Person Meetings: Attendance %	Absentia Meetings: Number of meetings / Number of matters considered	Absentia Meetings: Attendance %
Arman Dunayev	4/7	100%	19/23	100%
Alexander Pavlov	4/7	100%	19/23	100%
Piotr Romanowski	4/7	100%	19/23	100%
Umut Shayakhmetova	4/7	100%	18/20	95%*
Roman Mashchyk **	4/7	100%	19/23	100%
Total:	**4/7**	**100%**	**19/23**	**99%**

* on a business trip

** member of the Risk Committee of the Board of Directors (non-voting expert)

During its in-person meetings, the Risk Committee reviewed the following matters:

- report on compliance (self-assessment) of internal processes for assessing capital adequacy and liquidity adequacy for 2023;
- presentations on the analysis of the Bank's portfolio quality for the reporting period;
- reports on the top 20 largest borrowers of the Bank for the reporting quarter.

The Committee conducted remote voting on operational matters that fall within its competence under legislative and internal regulatory documents, including:

- risk management reports of the Bank;
- Review and approval of stress testing scenarios and results;
- validation approval of the probability of default model for monitoring Small Business clients under the Early Warning System (EWS);
- validation approval of scoring models for the Unsecured Lending and Consumer Goods Financing products;
- review of the results of monitoring and evaluating the effectiveness of the Bank Management Board's implementation of the compliance risk management policy and the internal control policy, as well as recommendations aimed at minimising compliance risks and improving elements of the Bank's internal control system;
- amendments and additions to the Bank's internal regulatory documents.

Assessment of the performance of the Bank's Board of Directors for 2024:

1 Evaluation of the Work Style and Culture of the Board of Directors:

The Board of Directors adheres to the classical governance model and its activities are based on the need to comply with the requirements of applicable legislation, risks and interests of shareholders. The working environment and leadership style of the Board of Directors contribute to its constructive and efficient work. Regular face-to-face meetings with members of the Board of Directors, the Management Board and other key employees of the Bank should be maintained in order to exchange information and develop new ideas for the Bank's sustainable development and fulfilment of Halyk Group's Development Strategy 2025-2027;

The key motivation factors for the members of the Board of Directors are: the scale of the Bank's activities as the largest financial institution in the country; strong leadership of the Bank's top management; the opportunity to share experience and knowledge with other members of the Board of Directors; desire to contribute at a strategic level; the high level of transparency and corporate governance.

The Board of Directors supports initiatives to develop corporate governance, ESG, the ecosystem and the introduction of new tools to improve its performance.

During in-person meetings, the Board of Directors is recommended to pay more attention to the following priority issues: development of banking products and services (building an ecosystem, improving customer service); development of IT infrastructure (increasing the level of system resilience); analysis of the competitive environment (domestically and regionally); cyber defence strategies; financial technologies (FinTech); analysis of risks (internal and external) that may have a significant impact on the Bank and its subsidiaries; sustainable development and implementation of the Bank's corporate governance and ESG policies; and the Bank's corporate governance strategy.

The Board of Directors has the required competences in finance, financial reporting, internal control and audit, banking, risk management, IT and corporate governance.

The most sought-after competences in the work of the Board of Directors are: digital transformation; innovation development; risk management; finance, internal control and audit; HR and talent development; strategic management expertise; and sustainability (ESG).

Key skills for effective Board performance, are: ability to make decisions under uncertainty; constructive criticism and feedback; creative thinking and sourcing of ideas; international business and IT experience.

There are no explicit or implicit conflicts among the members of the Board of Directors that affect its efficiency; all members of the Board of Directors are oriented towards its efficient work as a collegial management body.

Relations between the Board of Directors and the Management Board of the Bank are constructive and contribute to the successful operation of the Bank in the interests of shareholders and other stakeholders (customers, employees, etc.).

2 Results of the assessment of the composition and structure of the Board of Directors:

The composition of the Board of Directors is optimal and balanced (in terms of knowledge and experience of its members) to fulfil its functions, including control over the implementation of the Bank's Development Strategy. The Board of Directors intends to develop competences in IT, cyber security, artificial intelligence, audit, ESG, Big Data and innovations in the banking business.

The system of competence and qualification development of the members of the Board of Directors in the Bank is optimal. Taking into account the development of technologies and new approaches to banking business, we monitor such changes both in Kazakhstan and other countries where the Bank operates, and if necessary, additional training will be organised for members of the Board of Directors. During 2024, information sessions (seminars, trainings) for the Board of Directors and the Management Board on artificial intelligence and strategic management were organised.

Assessment of the performance of the Bank's Board of Directors for 2024:

2 Results of the assessment of the composition and structure of the Board of Directors:

- The system of selecting members of the Board of Directors in the Bank is sufficiently effective and ensures attraction of real professionals. The Bank has created a register of candidates who are eligible to apply for the positions of independent directors of the Bank and its subsidiaries. Information from the Bank's minority shareholders (lists of potential candidates to the Board of Directors, which can be requested by the IR service within a timeframe sufficient to check their compliance with the requirements of the laws of the Republic of Kazakhstan) can serve as a potential source of information on candidates to the Bank's Board of Directors.

- Currently, the gender structure of the Bank's Board of Directors consists of 87% men and 13% women (minor changes in the gender structure of the Board of Directors occurred as a result of the increase in the total number of members of the Board of Directors from 7 to 8 in 2023). In order to comply with international best practice, it is recommended to consider increasing the gender structure of the Bank's Board of Directors from 13% to 30% women (e.g., in the USA women in the management bodies account for 30%, in Europe — 39%).

- The average age of the members of the Board of Directors of the Bank is 60 years (for comparison, in the 2023 report, the average age of the members of the Board of Directors was 59 years), while according to the review of corporate governance practices in Kazakhstan prepared by the international consulting company Korn Ferry[14], the average age of a member of the Board of Directors in Kazakhstan is 53 years, in Europe — 60 years.

3 Results of assessment of the procedure for planning and organisation of the work of the Board of Directors:

- The competence of the Board of Directors defined by the Bank's Charter, Corporate Governance Code and Regulations on the Board of Directors corresponds to the current strategic objectives and does not require any adjustments.

- The number, regularity and duration of meetings of the Board of Directors, including the ratio of in-person and absentee meetings corresponds to the Bank's needs. Members of the Board of Directors intend to continue working in a hybrid format (2-3 in-person meetings in the format of face-to-face meetings, 2-3 in-person meetings in the format of videoconference).

- Members of the Board of Directors are recommended to hold information sessions for the Bank's executives (members of the Management Board, directors of departments) in order to share experience and improve their skills.

- In 2024, a strategic session with participation of all members of the Board of Directors and the Management Board was organised and held in order to prepare the Development Strategy of Halyk Group for 2025-2027. It is recommended that the Board of Directors and the Management Board increase the number of communications in the form of both formal and informal working meetings (e.g., on the platforms of the committees under the Board of Directors) to hold in-depth sessions on the implementation of the Bank's business objectives and strategy.

- In 2024, the Internal Audit Department conducted a consultation, the main purpose of which was to analyse the key components of the Bank's corporate governance system for compliance with international best practices (G20/OECD[15] Corporate Governance Principles and the UK Corporate Governance Code[16]) and to provide recommendations on how to improve its effectiveness. Based on the results of this consultation, an action plan was developed to improve the risk management, internal control and corporate governance systems.

[14] https://forbes.kz/actual/stats/kak_vyiglyadyat_sovetyi_direktorov_kompaniy_v_kazahstane/

[15] https://www.oecd-ilibrary.org/governance/g20-oecd-principles-of-corporate-governance-2023_ed750b30-en

[16] https://www.frc.org.uk/library/standards-codes-policy/corporate-governance/uk-corporate-governance-code/

Assessment of the performance of the Bank's Board of Directors for 2024:

4 Results of corporate procedures and document flow efficiency assessment:

- The current corporate procedures allow the Board of Directors to promptly respond to external and internal threats (pandemic, terrorist attacks, military conflicts, sanctions, etc.) and, if necessary, take measures aimed at ensuring the continuity of the Bank's operations.
- It is recommended to create an analytical group of employees of the Bank and/or its subsidiaries (e.g. a group of analysts of Halyk Finance), who will continuously monitor and analyse changes in the global economy (USA, China, European Union, Russia, etc.), emergence/development of new technologies (artificial intelligence, quantum computers, satellite communications, etc.) that may affect the activities of the Bank and Halyk Group entities. It is necessary to regularly consider recommendations and proposals of such analytical group at in-person meetings of the Board of Directors.
- The process of organising the preparation and holding of meetings of the Board of Directors is regulated in detail by the Bank's internal regulatory documents and describes the work algorithms and logistics in the normal mode (without restrictions).
- The new version of the Rules on preparation of documents related to convening and holding meetings of the Bank's Board of Directors had an impact on improving the quality and reducing the volume of paper materials for Board members (the volume of printed hard copy Board materials decreased by 70% compared to the period 2020-2021).
- In 2024, the second stage of the THESIS electronic document management system development project was launched to develop and implement services for: 1) issuance/revocation of EDS of the internal certification centre; 2) holding meetings of collegial bodies in electronic format (module 'Meetings').
- The Bank's internal documents and policies, the development and/or approval of which falls within the competence of the Board of Directors, comply with the best practices and take into account the specifics of the Bank's activities. The Board of Directors regularly analyses the Bank's IRDs (consideration and approval of which is within the competence of the Board of Directors) and considers proposals of the Management Board in order to bring them in line with the current legislation of the Republic of Kazakhstan, reduce bureaucratic norms and simplify corporate governance processes.

5 Results of assessment of functional areas of the Board of Directors' work:

- Materials submitted for the meetings of the Board of Directors are complete, of high quality and contain necessary and sufficient information on agenda items for a member of the Board of Directors to make an informed decision. The procedures for preparation of materials for the meetings of the Board of Directors of the Bank are standardised and set out in the relevant IRD of the Bank, which is reviewed on a regular basis and adapted to changes in the processes of preparation and holding of meetings of the Board of Directors of the Bank.
- To enhance control over the implementation of the Bank's Strategy and development plans (programmes), the Board of Directors holds discussions on the Bank's business, strategy, market development trends in the short and long term, analysis of competitors in Kazakhstan and the countries where Halyk Group operates on the platform of the Strategic Planning Committee and within the framework of informal meetings of the members of the Board of Directors and the Management Board.
- The Board of Directors determines and approves key performance indicators for the Bank's senior executives, regularly reviews the performance of the Bank's Management Board on key performance indicators within the framework of budget indicators and strategic objectives for the reporting period with a frequency of at least once every six months.

Management Board

Shayakhmetova Umut Bolatkhanovna

1969 birth year

Chairperson of the Management Board, Member of the Board of Directors

Education:

Bachelor's Degree in Economics, Peoples' Friendship University of Russia (P. Lumumba University). Master of Business Administration (MBA), Rutgers University, USA.

Since 2009, has been leading Halyk Bank. Previously served as Deputy Chairperson of the Management Board, overseeing strategic development and risk management. Under her leadership, the Bank has undergone key transformation phases, including the integration of Kazkommertsbank, digitalisation, and expansion of international presence.

Possesses extensive experience in the financial sector, having held executive positions at ABN AMRO Asset Management and ABN AMRO Bank Kazakhstan. Joined Halyk Bank in 2004 as Deputy Chairperson of the Management Board.

Actively participates in business communities and international organisations. Since 2015, serves as Chairperson of the Regional Council of Businesswomen under the Almaty Chamber of Entrepreneurs. Since 2019, a member of the Mastercard Europe Advisory Board. Since 2022, a member of the Mastercard EEMEA Advisory Board (Eastern Europe, Middle East, and Africa). Since 2019, a member of the National Investors' Council under the President of the Republic of Kazakhstan. Since 2022, a member of the Foreign Investors' Council under the President of the Republic of Uzbekistan. Since November 2023, an expert of the Commission under the President of the Republic of Kazakhstan on Digitalisation Implementation. Also a Board Member of Nazarbayev University's Board of Trustees and a Board Member of the Halyk Charity Fund's Board of Trustees.

Sartayev Dauren Zhankiseyevich

1982 birth year

First Deputy Chairman of the Management Board (Corporate Business, Small and Medium-Sized Business, Marketing, PR, Acquiring)

Education:

Kazakh Humanities and Law University ('Jurisprudence'), MBA (Moscow International Higher Business School 'MIRBIS' and T. Ryskulov Kazakh Economic University).

Began his career in the banking sector in 2004. Held senior positions in various financial institutions. At Kazkommertsbank, was responsible for corporate lending, SME development, and branch network supervision. At Temirbank, managed credit risk. Later worked at Kcell and in the international audit firm Ernst & Young (EY).

At Halyk Bank since 2018, responsible for the development of small and medium-sized business, marketing, and acquiring. Since 2025, he has additionally been responsible for overseeing the corporate business segment.

Since 2018, Deputy Chairman of the Management Board of Halyk Bank. Since 2019, Chairman of the Board of Directors of Halyk Leasing. Since March 2023, a member of the Supervisory Board of AKB 'Tenge Bank'.

Management Board

Koshenov Murat Uzakbaevich, CFA, FRM

1973 birth year

Deputy Chairman of the Management Board (International Activities, Finance, Accounting, Subsidiaries, Compliance)

Education:

Al-Farabi Kazakh National University ('Physics'), Kazakhstan Institute of Management, Economics, and Strategic Research ('Master of Business Administration'), Chief Financial Officer Program at Columbia Business School Executive Education.

In the banking sector since 2000. Worked at ABN AMRO Bank Kazakhstan, progressing from risk manager to Deputy Chairman of the Management Board. Joined Halyk Bank in 2010, holding positions as Head of Risk Management and Compliance Controller, and since 2014 has served as Deputy Chairman of the Management Board. From 2014 to 2022, he was responsible for the development of the corporate business. From 2022 to 2023, he oversaw all current areas of activity except compliance. Since 2024, his responsibilities have also included compliance.

Since September 2018, Chairman of the Supervisory Board of AKB 'Tenge Bank'.

Salimov Ertay Ismailovich

1974 birth year

Deputy Chairman of the Management Board (Operations, Contact Centre)

Education:

Kazakh State Academy of Management ('Finance and Credit').

Has been with Halyk Bank since 1995, advancing from lead banker to Deputy Chairman of the Management Board in 2015. Possesses extensive experience in operations, treasury, and banking resource management.

Since 2019, a member of the Board of Directors of Halyk Finance. Since 2021, a member of the Board of Directors Kazakhstan Stock Exchange. On November 27, 2023, was elected as a member of the Board of Directors of Halyk Global Markets.

Management Board

With Halyk Bank since 2003, previously holding key positions in the Bank's corporate segment. Was appointed Deputy Chairperson of the Management Board and elected as a Management Board member on April 1, 2022.

Vuros Olga Vladimirovna

1983 birth year

Deputy Chairperson of the Management Board (Corporate Business)

Education:

Abai Kazakh National Pedagogical University ('International Economics'), MBA in 'Management' from the International Academy of Business.

An expert in risk management with international experience in banking institutions across Poland, Ukraine, and Russia. Held senior positions at major financial organisations in Europe and the CIS.

At PKO BP SA (Poland), served as an advisor to the Chairman of the Management Board, responsible for risk management. At National Bank 'Trust' (Russia), was Chief Risk Advisor to the President and a member of the Executive Committee. At Nadra Bank (Ukraine), served as Deputy Chairman of the Management Board and Chief Risk Officer.

Additionally, held roles in Kazakhstani commercial banks (Deputy Chairman of the Management Board at Bank CenterCredit, Advisor to the Chairman of the Management Board at Eurasian Bank), as well as in banks in Poland and Ukraine, specializing in risk analytics, credit portfolios, and modern risk management models.

Joined Halyk Bank in 2020 and currently heads the risk management division.

Mashchyk Roman Alexander

1966 birth year

Deputy Chairman of the Management Board, Head of Risk Management (Risk and Data Science)

Education:

Master of Science, University of Warsaw ('Theoretical Physics'), PhD, University of Warsaw ('Theoretical Physics'), postgraduate studies at the University of Oxford ('Mathematics'), postgraduate studies at the Warsaw School of Banking and Finance ('Banking').

Management Board

Mukushev Nariman Nurlanovich

1984 birth year

Deputy Chairman of the Management Board (Digital Government Services and Ecosystems, Retail Business)

Education:

Suleyman Demirel University ('Software and Hardware'), International Academy of Business ('Management', MBA).

Has significant experience in IT and digital transformation. At Kazpost, served as Director of the IT Department before becoming Chief Innovation Officer, overseeing the introduction of digital services and process automation. At Kazkommertsbank, progressed from specialist to Managing Director for Business and IT Transformation, focusing on digital banking ecosystems and technology integration.

From 2018 to 2020, served as Vice Minister of Labour and Social Protection of Kazakhstan. Joined Halyk Bank in 2021, was appointed Deputy Chairman of the Management Board in 2022.

Since 2023, Chairman of the Supervisory Board of Halyk Finservice and a member of the Board of Directors of the joint company — Private Company Open Networks Ltd.

Zavarzin Andrey Vladimirovich

1977 birth year

Deputy Chairman of the Management Board (IT Block)

Education:

Academy of the Federal Security Service of the Russian Federation, Russian Research Institute of Information Technologies and Automated Design Systems, Plekhanov Russian University of Economics, Financial University under the Government of the Russian Federation.

In the system of Halyk Bank since June 2023. On March 7, 2025, he was appointed Deputy Chairman of the Management Board of Halyk Bank. Prior to that, he held the positions of Chief Executive Officer for Ecosystem and IT, Advisor to the Executive Board and Deputy Chairman.

Previously worked in leading Russian financial and IT organisations. At Sberbank PJSC (Russia) he was Director for Digital Services Development at Moscow Bank, at Alfa-Bank OJSC he was Deputy Chief Director of the BI Centre and Process Director, at Volga-Dnepr-Moscow LLC he was IT Director, and was advisor at Lukoil-Inform CJSC.

Currently, he is a member of the Supervisory Board of Halyk Finservice and Chairman of the Board of Directors of Kazteleport.

Management Board

Matkenov Tlegen Sovetuly

1966 birth year

Deputy Chairman of the Management Board (Security Division)

Education:

Almaty Special Secondary School of Militia under the USSR Ministry of Internal Affairs; Almaty Higher Investigative Academy of the State Investigative Committee of the Republic of Kazakhstan.

Joined the Halyk Bank on March 7, 2025. Oversees the Security Division.

A police Major General with extensive experience in law enforcement. Held senior positions in the Ministry of Internal Affairs of the Republic of Kazakhstan, including leadership roles in departments for combating drug-related crimes, as well as in the police departments (DIA) of the Zhambyl, Kostanay, Akmola, and Karaganda regions. Also served in the structure of the Almaty City Department of Internal Affairs and the Ministry of Emergency Situations of the Republic of Kazakhstan, including as an advisor to the Minister.

ENGAGEMENT WITH MINORITY SHAREHOLDERS

The Bank continuously improves its interaction system with minority shareholders, enabling them to ask questions and receive necessary consultations through various convenient channels (written requests, email, and/or telephone).

The structure of minority shareholder inquiries and requests is regularly analysed. The Bank informs shareholders about all significant updates, corporate events, and operational changes affecting securities holders' interests, as well as planned activities, through the Bank's corporate website, stock exchange websites, and the financial reporting depository's online resources.

As needed, Head Office employees provide guidance to branch staff on shareholder-related matters, including dividend payments, changes in banking details and personal data, inheritance-related ownership transfers, and other shareholder services.

DIVIDEND POLICY

Shareholder dividend rights and payment procedures are established in the Bank's Charter and the Corporate Governance Code, both approved by the General Meeting of Shareholders.

In September 2012, the Bank's Board of Directors approved the Dividend Policy, which aims to establish a transparent and clear mechanism for shareholders regarding dividend payment decisions, including determining the amount, payment procedures, and timelines. In March 2024, amendments were made to the Dividend Policy regarding the frequency of dividend payments — changing from once to twice a year.

Dividend payments on common shares are processed within 90 calendar days from the day after the General Meeting of Shareholders approves the dividend payout, provided that the Bank has up-to-date shareholder details in its shareholder registry or in the nominee holding system.

If up-to-date shareholder details are not available in the Bank's records, shareholder registry, or nominee holding system, dividend payments on common shares are transferred to an unclaimed funds account in the Central Depository's accounting system within five business days after the 90-day period following the General Meeting's dividend payment decision.

Total dividends of the Bank at the end of financial years * (KZT billion):

	For 2023	For 2022	For 2021	For 2020	For 2019	For 2018	For 2017	For 2016	For 2015	For 2014	For 2013
On preferred shares	Not in circulation								0.338	2.61	1.8
On common shares	381.6	276.85	138.64	211.57	200.76	126.71	69.38	-	-	34.26	18.55
Total	**381.6**	**276.85**	**138.64**	**211.57**	**200.76**	**126.71**	**69.38**	**-**	**0.338**	**36.87**	**20.35**

* information is presented on an unconsolidated basis.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Roles and responsibilities

In the area of risk management and internal control, functions within the Bank are distributed as follows:

- The Board of Directors provides strategic oversight of the Bank's activities in risk management and internal control, approves and periodically reviews policies. The Risk Committee and Audit Committee act as the working bodies of the Board of Directors on risk management and internal control matters.
- The Board of Directors reviews major transactions, transactions involving conflicts of interest, and transactions with related parties to ensure the absence of preferential conditions.
- The Management Board is responsible for implementing risk management policies. The Bank operates several key committees responsible for various risk management and control functions, including the Head Office Credit Committee, Branch Network Credit Committee, Retail Credit Committee, Problem Loan Committee, Asset and Liability Management Committee, and Risk Committee.
- Bank divisions are directly responsible for identifying and assessing the risks inherent in their activities, ensuring adequate control, and maintaining business continuity.
- Independent risk management and compliance units are responsible for organising the risk management system, ensuring the identification, assessment, control, and monitoring of credit, operational, market, compliance, and liquidity risks. The Risk Management Department is led by the Chief Risk Officer, while the Compliance Department is overseen by the Chief Compliance Officer.
- The Internal Audit Department conducts an independent assessment of the effectiveness of risk management, internal control, and corporate governance systems.

Compliance risk management system

The Bank has developed an effective compliance risk management system (hereinafter — the System), which ensures:

- Efficient operation of the Bank in alignment with its strategy, risk profile, and risk appetite;
- A compliance risk management system that corresponds to the current market environment, the Bank's strategy, size, and operational complexity;
- Compliance of the Bank's activities and those of each employee with the laws of the Republic of Kazakhstan, including regulatory acts of the authorised body, internal documents governing service provision, applicable foreign laws, and international compliance standards. This includes documents from the Basel Committee on Banking Supervision, FATF, and the Wolfsberg Principles on AML/CFT;
- Minimisation of the risks of adverse consequences associated with losses incurred due to non-compliance by the Bank and its employees with the legislation of the Republic of Kazakhstan, including regulatory legal acts of the authorised body, the Bank's internal documents governing the provision of services and execution of operations in the financial market, as well as the legislation of foreign countries that affects the Bank's activities;
- Reduction of risks related to potential sanctions, including suspension or revocation of licences for banking operations, fines, and enforcement measures imposed by regulatory authorities;
- Establishment of a unified compliance risk management system across the Bank;
- Business conduct in accordance with corporate ethics and the standards of the Halyk Group

Risk management and internal control system based on the Three Lines of Defence

The Bank's risk management and internal control system operates based on a three-tiered defence system.

1 The first line of defence

The first line of defence is ensured by the Bank's business units, which are responsible for identifying, measuring, monitoring, and controlling risks in a timely manner. They report risk-related information to the second line of defence, including the Risk Management Department. The first line of defence operates within the Bank's approved risk appetite levels and adheres to established risk management policies. It includes internal controls designed to ensure the correct execution of daily operations by various business units. These controls, developed by business divisions, are an integral part of business processes, designed to minimise risks and ensure compliance with internal policies and external regulatory requirements. Business units manage and monitor controls, allowing them to identify risks, weaknesses, and potential unforeseen events and respond to them in a timely manner.

2 The second line of defence

The second line of defence is provided by independent risk management and compliance departments, along with other units performing control functions. The Risk Management Department conducts comprehensive risk analysis, prepares reports for the Board of Directors and Risk Committee, and facilitates critical risk assessments by management and business divisions.

3 The third line of defence

The third line of defence is ensured by the Internal Audit Department, which independently evaluates the effectiveness of the risk management system, internal control framework, and the first and second lines of defence.

System for monitoring compliance with international and national economic sanctions

The Bank complies with international and national economic sanctions and adheres to the principles of transparency, fairness, and integration into the global financial system.

The necessity for the Bank to comply with international and national economic sanctions is based on:

1. The Republic of Kazakhstan's membership in the United Nations (UN), which requires adherence to sanctions and embargoes imposed by UN Security Council resolutions.
2. The listing of the Bank's securities on the London Stock Exchange.
3. The Bank's contractual relationships with foreign counterparties, including nostro correspondent relationships with banks in the United States (US), the European Union (EU), the United Kingdom (UK), and other jurisdictions.
4. The extraterritorial application of international economic sanctions.

To minimise compliance risks, the Compliance Department, in collaboration with relevant Bank divisions, conducts client and transaction analyses to ensure adherence to applicable sanction requirements. When analysing client transactions and counterparties, including potential sanction violations or evasion schemes, the following measures are taken::

1. Screening all transaction participants (beneficial owners, founders/shareholders, authorised representatives) against sanction lists of applicable jurisdictions, including but not limited to US OFAC, EU, UK, UN, and local sanction lists, if required;
2. Checking for negative information about all transaction and/or deal participants in reliable information sources, including specialised databases used by the Bank (such as World-Check and others);
3. Assessing the country (geographic) risk of transaction and/or deal participants;
4. Verifying goods/services for compliance with applicable sanctions compliance, including an assessment of product manufacturers, end users of goods/services, and other participants involved, if applicable.

To mitigate the risks of non-compliance with international economic sanctions when servicing clients, the Bank reserves the right to refuse or terminate the execution of a transaction/payment/transfer of a client, including a bank that holds a Loro correspondent account with the Bank, at any stage, in any currency, if such refusal or termination is due to:

1. The application of international and national economic sanctions;
2. The application of international and national economic sanctions restricting the export/import of goods, technologies, equipment, natural resources, etc.;
3. Activities intended to bypass international sanctions.

Given the global geopolitical complexities and the dynamic sanctions environment, the Bank regularly monitors information and updates regarding international economic sanctions, using official public sources. Based on this monitoring, the Bank, if necessary, reviews and updates its procedures to minimise the risks of sanctions violations or circumvention

INTERNAL AUDIT

The Internal Audit Department (IAD) serves as the third line of defence within the Bank.

To ensure independence and objectivity, the IAD is functionally subordinate and accountable to the Board of Directors. Interaction with members of the Board of Directors is conducted both through the Audit Committee and directly.

In accordance with the International Professional Standards for Internal Auditing (hereinafter — the Standards), the mission of internal audit is to preserve and enhance the value of the Halyk Group by conducting independent audit reviews and consulting services based on a risk-oriented approach and providing recommendations for improving the Group's operations.

In its activities, internal audit adheres to legislation, regulatory requirements, the Standards, and the Bank's internal regulatory documents. According to the Regulations on the IAD, approved by the Board of Directors, IAD employees may conduct audit assignments in any structural unit or subsidiary of the Bank based on a risk-oriented approach. During audit assignments, they have unrestricted access to relevant documents, information, premises, and assets.

The annual work plan and budget of the IAD are approved by the Board of Directors. Reports on the results of audit assignments and IAD activities are submitted to branch councils, the Management Board, the Audit Committee, and the Board of Directors. Current issues related to the IAD's operations are discussed on an operational basis with the Chairpersons of the Management Board, the Audit Committee, and/or the Board of Directors.

The IAD's activities comply with the International Professional Standards for Internal Auditing (hereinafter — the Standards) and the Code of Ethics for Internal Auditors of the Institute of Internal Auditors. In accordance with the Standards, this compliance must be confirmed every five years by independent external assessors. The most recent confirmation of full compliance with the Standards was obtained in 2022.

The IAD continuously provides methodological support to improve the compliance of internal audit functions in the Bank's subsidiaries with the Standards and the Code of Ethics for Internal Auditors.

A significant proportion of IAD employees hold international professional certifications in internal audit, IT audit, and information security.

In the reporting year, a new Internal Audit Strategy was developed and approved as part of the Halyk Group's Development Strategy for 2025–2027. One of its key priorities is '...the study and implementation of artificial intelligence tools and automated data analysis methods to enhance the efficiency of internal audit processes.'

EXTERNAL AUDIT

Transparency and independence of external audit are key components of Halyk Bank's corporate governance. To maintain reporting integrity and strengthen stakeholder confidence, the Bank conducts a tender every three years to select an audit firm.

The external audit covers the annual separate and consolidated financial statements, as well as quarterly review reports. During the audit process, auditors adhere to the Code of Professional Ethics, and in cases of identified violations, they assess their materiality and take measures to eliminate the consequences.

According to the legislation of the Republic of Kazakhstan, an audit firm must be rotated if it has continuously audited the same organisation for more than seven years. If the contract with the current auditor is extended, an independence assessment is conducted. In this case, auditors analyse compliance with the independence principle in the contract. The Bank submits the independence review to the Audit Committee under the Board of Directors for consideration.

In 2024, the Bank's external auditor is Deloitte. The total cost of audit services amounted to KZT 484.7 million. The cost of audit-related services amounted to KZT 53.8 million. No non-audit services were provided by the auditor.

CODE OF ETHICS AND BUSINESS CONDUCT

Adhering to the principles of business ethics and maintaining responsible conduct are fundamental elements of corporate culture in any company. Every employee of the Bank makes daily decisions that can have financial and reputational consequences for the Bank, as well as impact people and society.

As part of the short-term plan for integrating sustainability principles and objectives, the Bank has developed and approved the Code of Ethics and Business Conduct (hereinafter — the Code of Ethics), which replaced the previously applicable Rules of Corporate Ethics. The Code of Ethics was developed in accordance with internationally recognised principles and norms of international law, the legislation of the Republic of Kazakhstan, corporate governance standards, as well as based on the Charter, Corporate Governance Code, and other internal documents of the Bank, along with business conduct customs.

The objectives of the Code of Ethics are as follows:

1. Establishing the mission, values, principles, and norms of business ethics and conduct that guide the Bank's executives and employees in their professional activities.
2. Developing a unified corporate culture based on high ethical standards, fostering an atmosphere of trust, mutual respect, and integrity within the team.
3. Strengthening and maintaining trust in the Bank among its shareholders, clients, business partners, government authorities, the public, and other stakeholders, while enhancing its reputation as a transparent and honest participant in the financial market.
4. Facilitating effective engagement with stakeholders.
5. Preventing violations of the legislation of the Republic of Kazakhstan by the Bank's employees.

The Code of Ethics provides an updated understanding of the Bank's values and principles, as well as the general ethical rules that must be understood and followed by everyone representing the Bank. It establishes mandatory ethical and business conduct standards, serving as a guide and benchmark for decision-making by all executives and employees, regardless of their position or employment status, including those working part-time or under service contracts.

All Bank documents, including those regulating relationships with clients, business partners, government authorities, competitors, and employees, are developed and approved in accordance with the Code of Ethics. Collectively, these documents create a well-defined framework to ensure compliance with business ethics requirements and are an integral part of the Bank's ethical norms structure.

The Code of Ethics serves as a guideline for decision-making, a model for conducting open and honest business, and a standard for responsible and professional ethical behaviour.

The Bank's executives set a personal example of commitment to the Bank's values, dedicating time to talent development, mentorship, and team-building, aligning employees with a shared mission, values, and principles.

Each employee is responsible for maintaining the Bank's image and business reputation at a high level.

In cases where the ethical standards established by the Code of Ethics are higher than those set by business practices and applicable laws, the Bank will adhere to the higher standards outlined in the Code of Ethics.

Information on the appointment and contracting of members of the Board of Directors

When appointed, Directors must be approved by the regulator in accordance with the Rules for Granting Consent for the Appointment (Election) of Executive Officers of Financial Organisations, Branches of Non-Resident Banks of the Republic of Kazakhstan, Branches of Non-Resident Insurance (Reinsurance) Organisations of the Republic of Kazakhstan, Branches of Non-Resident Insurance Brokers of the Republic of Kazakhstan, Banking and Insurance Holdings, and the Joint-Stock Company 'Insurance Payments Guarantee Fund', including requirements for executive officers of non-resident bank branches, insurance (reinsurance) organisations, and insurance broker branches of the Republic of Kazakhstan, as well as criteria for the absence of an impeccable business reputation and the list of documents required for approval.

The conclusion of contracts with Directors is carried out in accordance with the provisions of the Policy on Executive Compensation and the Formation of a Bonus Reserve Based on Annual Performance Results.

The decision on payment and individual compensation amounts for Directors (excluding the Chairman of the Board of Directors and the Chairman of the Management Board) is made by the Chairman of the Board of Directors based on the recommendations of the Nomination and Compensation Committee under the Board of Directors.

Contracts defining the individual compensation amount, payment frequency, conditions for remuneration, and withholding of mandatory payments in accordance with the legislation of the Republic of Kazakhstan for Directors (excluding the Chairman of the Management Board) are concluded on behalf of the Bank by the Chairman of the Management Board.

Informing and training of Board Members and the Management Board

In 2024, the Bank conducted seminars and training sessions for the Board of Directors and the Management Board on topics related to strategic development, change management, and information technology.

The Board of Directors is also regularly informed about key changes in banking legislation.

The Bank intends to continue and enhance efforts to improve the awareness and qualifications of the Board members.

Liability insurance for Bank Executives

The Board of Directors and the Management Board recognise the risks associated with incorrect or erroneous management decisions or actions.

To protect shareholders from potential losses arising from such events, the Bank maintains Directors and Officers (D&O) liability insurance.

ANTI-CORRUPTION MEASURES

Approaches to anti-corruption

Halyk Bank consistently adheres to the principles of zero tolerance for any form of corruption and strives to build a sustainable corporate culture based on integrity, transparency, and compliance with legal norms.

The internal document regulating anti-corruption principles and measures is the Anti-Bribery Policy, approved by the Board of Directors.

The Policy defines key requirements for compliance with anti-corruption legislation, control mechanisms, and measures to prevent violations. Its provisions apply to all Bank employees, as well as third parties acting on its behalf. The Internal Security Department is responsible for coordinating activities in this area.

To ensure effective anti-corruption measures, the Bank has implemented a three-tiered protection system:

1. **First line of defence** — all structural units of the Bank, responsible for the day-to-day management of corruption risks.
2. **Second line of defence** — the Risk Management Department, Compliance Control, and other control divisions.
3. **Third line of defence** — the Internal Audit Department, which conducts independent assessments of the effectiveness of anti-corruption mechanisms.

Anti-corruption measures in 2024

In 2024, the Bank continued implementing a comprehensive approach to combating corruption, with a particular focus on employee training, strengthening internal control mechanisms, and increasing staff awareness of potential risks.

One of the key areas of work was the large-scale training of employees on anti-corruption standards. Through the distance learning system (DLS), more than 10,000 employees completed a course on the Anti-Corruption Policy, allowing them to gain a deeper understanding of the key provisions of the document and its practical application. Following training and testing, 99% of participants successfully completed the programme, except for a small number of employees who were on extended sick leave or unpaid leave.

Significant attention in 2024 was given to anti-corruption training for new employees. All candidates hired by the Bank undergo mandatory orientation aimed at fostering an understanding of corporate ethical standards and principles of fair business conduct.

Additionally, seminars and lectures on identifying and minimizing corruption risks were organised for heads of security services in regional and operational branches. These activities helped enhance the competencies of employees responsible for ensuring compliance with anti-corruption standards in the Bank's divisions.

Furthermore, the Bank systematically monitors corruption risks, including counterparty verification, compliance oversight of procurement procedures, analysis of potential conflicts of interest, and other measures aimed at preventing corruption.

Transparency and reporting

As part of its commitments under the Anti-Corruption Policy, the Bank annually submits a report on the implementation of anti-corruption measures for review by the Board of Directors.

In 2024, no cases of corruption-related offenses were recorded in the Bank.

The Bank continues to enhance its anti-corruption system by implementing best practices in corporate governance and internal control, ensuring transparency in processes, and fostering a culture of zero tolerance for corruption at all levels of corporate governance.

RISK MANAGEMENT

The Group's risk management policy is aimed at developing a comprehensive risk management system that aligns with the nature and scale of its activities, the risk profile it assumes, and the needs of its future business development. The Group continuously improves its risk management system by implementing measures to enhance risk identification, assessment, control, and management methods.

Risk appetite management

Halyk Bank's risk appetite strategy establishes clear boundaries for significant risks as part of the overall Halyk Group Development Strategy. It also defines the Bank's risk profile to prevent or minimise their negative impact on financial stability.

The approaches to risk appetite management are outlined in the Risk Appetite Strategy, approved by the Board of Directors.

Risk appetite represents an aggregated level of significant risks that the Bank is willing to accept or exclude while implementing its strategy.

The Risk Appetite Strategy includes general risk appetite management approaches, covering policies, processes, control mechanisms, and systems that ensure its definition, monitoring, and integration across all levels of the Bank's organisational structure.

For each significant risk level, the Board of Directors approves quantitative indicators that consider the Bank's business model, operational scale, and transaction complexity. The compliance with risk appetite levels is regularly monitored through risk management reporting.

Credit risk management

To ensure effective credit risk management, the Bank has implemented a risk management system and business processes that separate sales functions from risk management. An organisational structure for credit risk management has been established, including collegial bodies and divisions responsible for assessing and managing credit risks.

Credit risk management includes:

- The three lines of defence approach, involving risk analysis by the initiating division, the risk management unit, and internal audit.
- Setting counterparty limits based on transaction types.
- Diversifying the credit portfolio to minimise risk concentration.
- Monitoring the credit portfolio to detect early signs of asset quality deterioration.
- Creating adequate reserves for potential losses.

The Bank's credit decision-making system is based on delegated authority, with the Board of Directors assigning funding limits to relevant collegial bodies.

Credit portfolio monitoring is conducted on a continuous basis. If necessary, the Bank reviews the limits of independent decision-making and the authority matrix of credit committees in subsidiary banks.

New self-financing limits have been set for business purposes in medium and small enterprises, as well as for digital credit products and the retail business. The credit process for MSMEs and retail businesses has been optimised.

In 2024, the Bank conducted stress testing of the credit portfolio, applying conservative forecasts that accounted for macroeconomic and geopolitical factors. The results demonstrated the resilience of the Bank's capital to asset quality deterioration.

The Risk Rate rating model used by the Bank assesses clients' probability of default and is applied in stress testing. In 2024, the model was recalibrated, improving forecasting accuracy. Currently, ratings in the corporate and medium-sized business segments are being updated.

Digital lending procedures, especially regarding LLPs, were revised. As a result, anti-fraud modules were added, and the models were recalibrated and improved. The default probability model for digital lending to legal entities was updated, and the loss given default (LGD) rate for unsecured loans was adjusted.

In the retail business, the number of credit models increased from 24 to 33 in 2024.

A new approach to credit risk assessment was developed using borrowers' supply chain analysis. This method, applied to distributor supply chains, significantly improved lending efficiency and reduced risks.

Throughout 2024, the Bank's digital risk engine was adapted for new products, including:

- Collateral-backed credit line up to KZT1 billion.
- Digital leasing for Halyk Leasing.
- Digital factoring for clients with contracts on the Government Procurement Portal of the Republic of Kazakhstan.

In 2024, the Bank continued the active integration of ESG risks into the lending process. The first stage of digitalising ESG client assessment was implemented.

To optimise operations, the Early Warning System (EWS) was supplemented with additional tools, including:

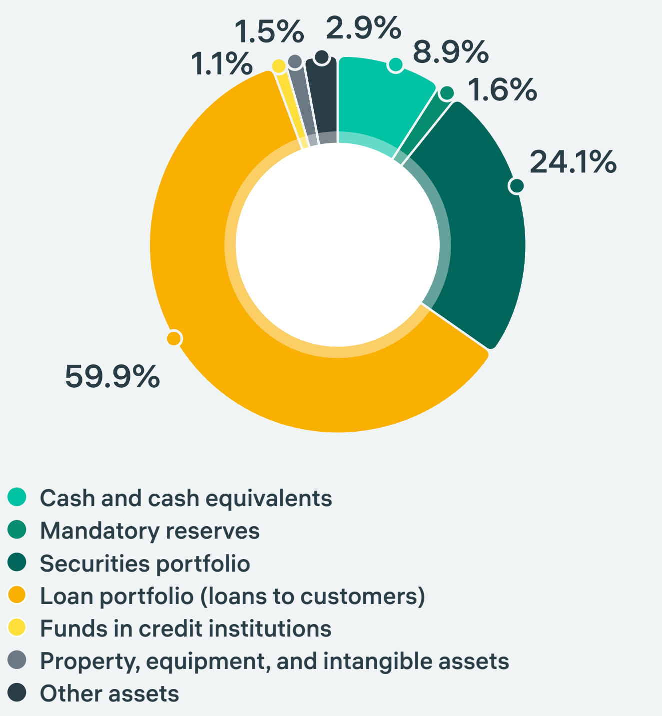
- NAVI report for error tracking.
- Automated EWS monitoring in the Kolvir system.
- Automated WatchList notifications sent to relevant departments and branches.

Throughout 2024, the Bank continued work on problem debt, including collateral realisation, legal claims, and the write-off of bad debts. As a result, the share of overdue debt decreased.

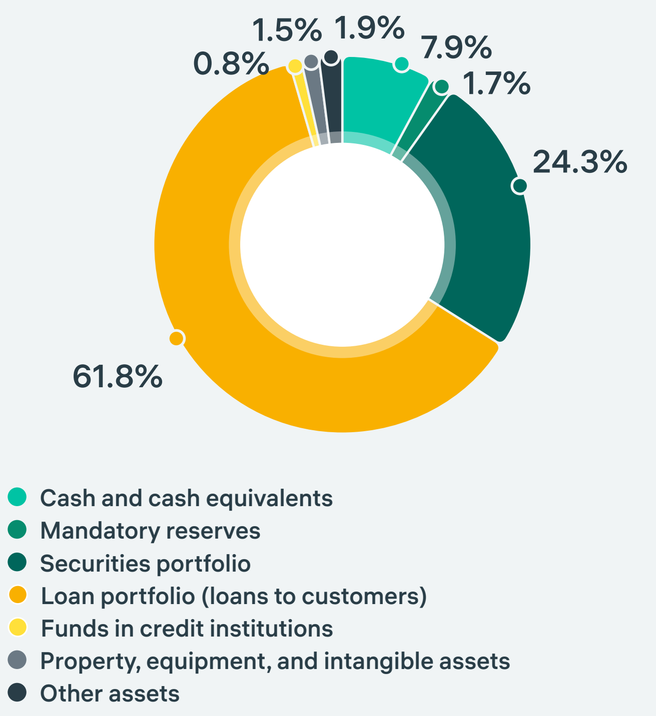
Asset and liability management

As part of ensuring an optimal asset structure, Halyk Group implements a balanced approach to managing the risk-return ratio. The Bank invests in both domestic and external assets, ensuring their diversification across banking product types, economic sectors, currencies, and maturities.

Halyk Group Asset Structure as of December 31, 2023*



Halyk Group Asset Structure as of December 31, 2024*



* Cash and cash equivalents include, among other things, precious metals.

The securities portfolio includes financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, and debt securities measured at amortised cost net of expected credit loss provisions, excluding derivative financial instruments.

Property, equipment, and intangible assets include, among other things, goodwill, commercial real estate, and investment property.

By the end of 2024, the Group's assets increased by 19.7%, driven by a net loan portfolio growth of KZT 2,180.8 billion (23.5%) and an increase in the securities portfolio by KZT 773.9 billion (20.7%). The loan portfolio remains the largest asset category, accounting for 61.8% of total assets as of December 31, 2024. The securities portfolio (24.3%) and cash and cash equivalents (7.9%) also represent significant shares of the asset structure.

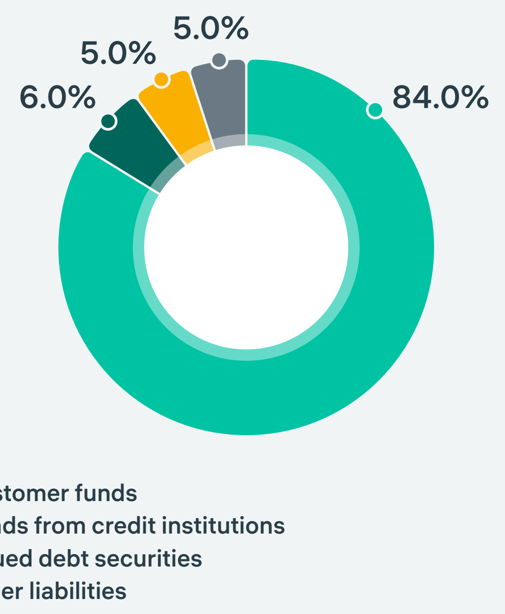
The Group continuously monitors counterparty bank limits. If negative factors are identified in the activities of counterparties or in the countries where they operate, the Bank promptly takes corrective measures, including reducing the volumes and maturities of established limits.

To manage liquidity, the Bank maintains a stable and diversified liability structure, which includes both term and demand deposits.

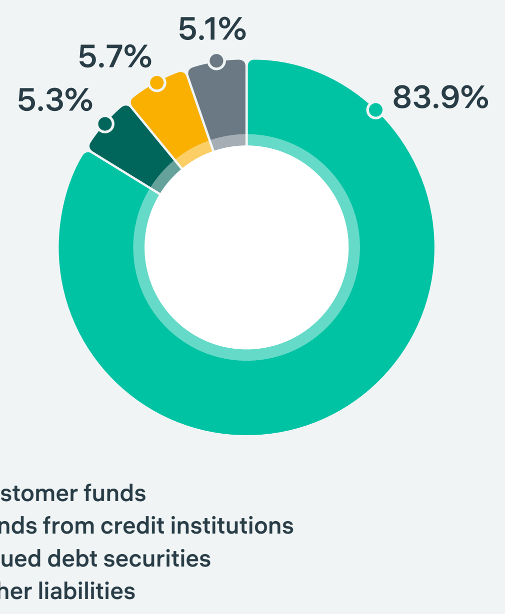
By the end of 2024, the Group's assets increased by

19.7%

Halyk Group Liability Structure as of December 31, 2023



Halyk Group Liability Structure as of December 31, 2024



In 2024, the key changes in the liability structure were driven by an increase in customer funds by KZT 2,060.5 billion (18.9%). Customer funds remain the primary source of funding, accounting for 83.9% of total liabilities (compared to 84.0% at the beginning of 2024).

The distribution of term deposits and current accounts changed slightly, reaching 76% and 24%, respectively, as of the reporting date.

Funds raised from individuals increased by 23.5%, while corporate deposits grew by 13.5%.

Despite a slight decline in the share of customer funds, the Bank continues to maintain its leading position in the funding market. As of January 1, 2025, Halyk Bank holds 28.6% of the market for individual deposits (compared to 27.4% in 2023) and 31.0% of the market for corporate deposits (compared to 36.5% in 2023).

The Group's asset and liability management strategy is aimed at ensuring the stability of the financial structure, diversifying funding sources, and maintaining liquidity. A flexible counterparty limit regulation policy and prompt response to market changes enable the Bank to maintain a balanced position and minimise risks, ensuring an effective risk-return ratio.

Market risk management

In 2024, the Bank continued to adhere to a conservative approach to managing foreign currency positions, maintaining neutral positions across all currencies. There was a shift in the Group's asset and liability structure toward an increased share of tenge-denominated assets and liabilities. The share of assets in tenge accounted for 70.3% of total financial assets, compared to 68.5% in 2023, while the share of the loan portfolio in tenge decreased from 82.6% to 78.8%. At the same time, the share of the deposit base in tenge increased to 69.1%, compared to 67.8% the previous year.

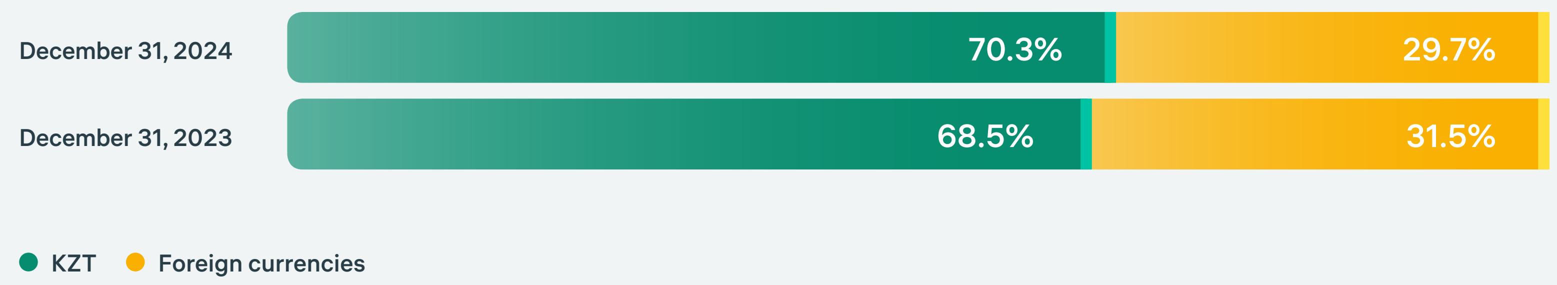
The Group identifies several key sources of interest rate risk, including risks associated with the securities portfolio and risks arising from mismatches in the maturity or repricing of interest rates on assets and liabilities sensitive to interest rate changes. These risks are managed through the control of the Group's interest rate position, which helps maintain a positive interest margin.

Market risk control (foreign exchange, interest rate, and price risk) is ensured by setting internal limits, which are approved by the authorised bodies within the established risk appetite framework. Compliance with these limits is monitored daily, and their revision is carried out based on current market conditions.

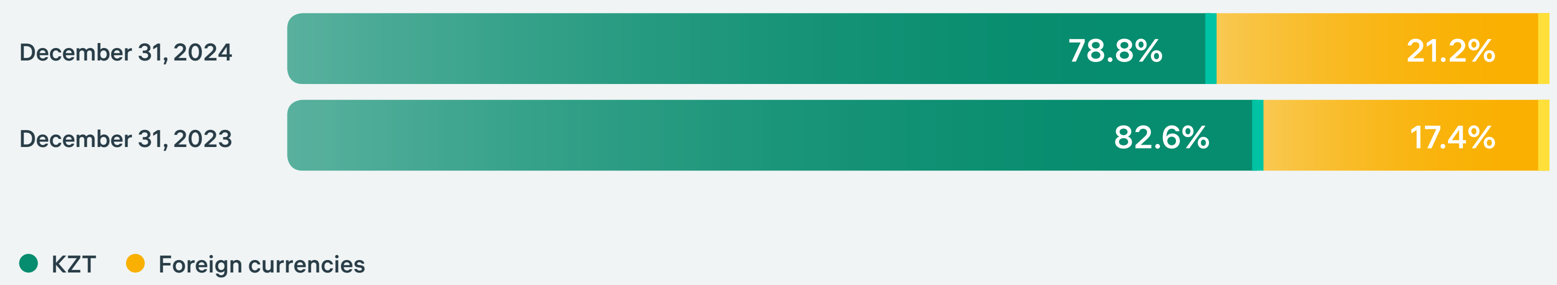
In 2024, amid rising inflation risks, the National Bank of the Republic of Kazakhstan increased the base rate from 14.25% (effective since July 2024) to 15.25%. Under these conditions, the Bank's interest rate risk remained within acceptable limits under the established risk appetite framework.

The Bank follows a balanced approach to market risk management by maintaining conservative foreign currency positions and controlling interest rate and price risks. A flexible system for setting limits and regular monitoring allows the Bank to minimise potential financial losses and ensure stable profitability in changing market conditions.

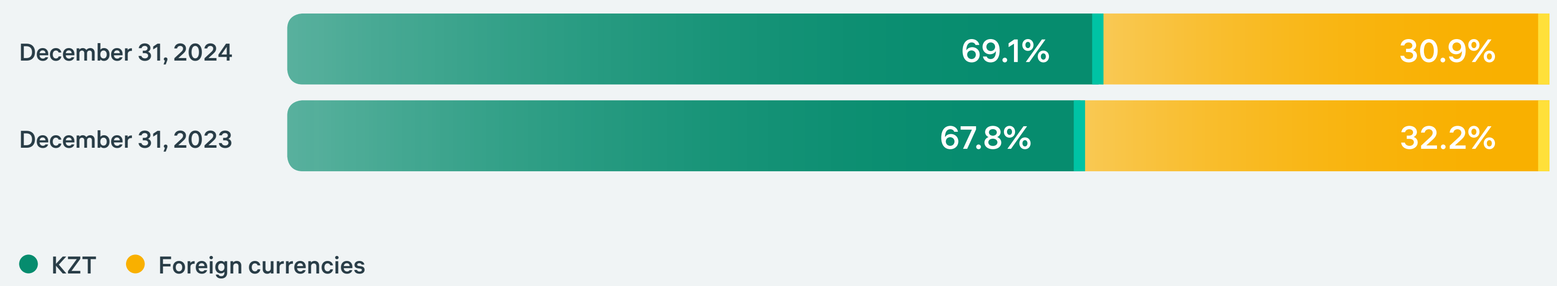
Halyk Group Financial Assets by Currency



Halyk Group Loan Portfolio (Net) by Currency



Halyk Group Customer Funds by Currency



Operational risk management

The Bank is exposed to operational risk, which is defined as the probability of losses due to the inadequacy or failure of internal processes, human resources, systems, or the impact of external events. Strategic and reputational risks are excluded.

To manage operational risks, the Bank has a specialised unit responsible for developing and implementing various monitoring and control tools.

One of the key mechanisms is the assessment of operational risk when introducing new products, activities, processes, and systems, as well as when making changes to existing business processes. This analysis includes control testing and monitoring of new solutions. In this area, the Bank actively uses the ORAP tool, which has been in operation since 2010 and covers the most significant areas of activity.

The collection and analysis of operational risk event data are conducted on a regular basis. All identified cases are recorded and classified in accordance with international standards (Basel), and the collected information is used to generate management and regulatory reports. This allows for analysing incident causes and implementing corrective actions to minimise operational losses.

The Bank continues to improve its operational risk monitoring system, including the development of key risk indicators. A system of such indicators is currently in place across various business areas, allowing for the timely identification and control of risks associated with critical IT systems and business processes.

Additionally, the Bank actively uses operational risk management tools such as scenario analysis and risk self-assessment, which enhance the effectiveness of preventive measures and reduce the likelihood of operational incidents.

The Bank implements a comprehensive approach to operational risk management, utilising modern assessment, control, and monitoring tools. The operational risk management system is focused on the early identification of threats, their analysis, and the development of corrective measures, allowing the Bank to minimise potential financial and reputational losses.

Business continuity management

The Bank manages business continuity to ensure stable operations in the event of potential emergencies. A comprehensive system has been established, including regulatory legal documents, infrastructure, trained personnel, and other elements that enable an effective response to potential disruptions and threats.

The Bank has implemented a hybrid work format, allowing key employees to transition to remote work on a rotational basis. This approach enhances operational resilience and reduces the impact of potential external factors on business processes.

The business continuity management system includes a well-developed notification framework. In the event of an incident, clear protocols are in place for informing members of the Rapid Response Headquarters, the Crisis Management Centre, and key division heads. This ensures a swift response to restore operations and minimise the consequences of potential disruptions.

To increase employee awareness, distance learning has been conducted since 2023, covering both headquarters staff and regional branch employees. Upon completion of training, testing is required to assess staff preparedness and readiness to act in crisis situations.

The Bank continues to develop its business continuity management system, ensuring a high level of preparedness for potential crises. The implementation of modern work formats, a well-structured notification system, and regular employee training contribute to reducing operational risks and maintaining stable operations.

IT risk and information security management

In 2024, the Bank continued implementing measures to manage risks in information technology and information security. The risk management system is continuously improving to ensure IT infrastructure resilience and protect customer data.

One of the key areas is the annual review of the list of critical information assets. This allows for timely identification and consideration of changes in data protection and infrastructure priorities. At the same time, key risk indicators are regularly updated based on both internal data and external event analysis.

At the end of 2024, the approach to managing IT and information security risks was revised and updated, laying the foundation for further system improvements in 2025. During this process, the Bank strengthened controls over factors affecting IT system security and implemented additional measures to mitigate cyber threats.

In collaboration with specialised departments, comprehensive measures are carried out to analyse and minimise fraud-related risks, including in the field of information technology. These measures aim to prevent unauthorised access to systems, protect against external attacks, and ensure compliance with internal security policies.

The Bank continuously enhances its IT risk and information security management system by implementing modern monitoring, analysis, and threat prevention technologies. A comprehensive approach to managing these risks minimises potential threats, ensuring data protection, IT system stability, and maintaining customer trust.

Compliance risk management system

For information on the existing system for monitoring the Bank's compliance with international and national economic sanctions, see the 'Corporate Governance' section.

Capital management

In 2024, the Bank continued its capital management efforts to ensure the uninterrupted operations of all Group entities and optimise the ratio of borrowed and own funds. Throughout the reporting period, the Bank worked to comply with capital adequacy requirements set by the regulator, as well as the recommendations of the Basel Committee on Banking Supervision.

Since January 1, 2016, the Group's capital adequacy has been calculated in accordance with prudential standards established by the Kazakhstani regulator, incorporating Basel III principles. The calculation methodology includes specific regulatory adjustments permitted under Basel III recommendations.

To strengthen the capital adequacy risk management system, the Bank has implemented an Internal Capital Adequacy Assessment Process (ICAAP). This process covers key risk management aspects, considering asset volume, operational complexity, organisational structure, strategic plans, and regulatory requirements. ICAAP enables the aggregation and assessment of significant risks to determine the target capital level required to maintain financial stability.

In 2023, as part of capital management system improvements, the Bank developed and implemented an internal methodology for calculating internal (economic) capital. This methodology covers credit, market, and operational risks, allowing for a more precise assessment of the Bank's business specifics and ensuring a high level of financial stability.

The Bank follows a balanced capital management policy aimed at ensuring capital adequacy in accordance with both international and domestic regulatory frameworks. Internal capital assessment and planning mechanisms enable timely responses to market changes and ensure the Group's long-term stability.

VIABILITY STATEMENT

In line with the principles of corporate governance, the Board of Directors of Halyk Bank assesses the Bank's ability to continue as a going concern and to meet its obligations as they fall due over the course of the strategic cycle. This assessment takes into account the Bank's current financial stability, key risks, and strategic initiatives.

VIABILITY ASSESSMENT PERIOD

When determining the viability assessment period, the Bank relied on its strategic plan, which includes business development forecasts, financial performance, capital, and liquidity projections for the period 2025–2027. This time horizon aligns with the Bank's strategic planning framework and the implementation timeline of its key initiatives.

ASSESSMENT FACTORS

In preparing the Viability Statement, the Board of Directors considered the following key factors:

- **Key and Potential Risks**: The Bank conducts regular analysis of the macroeconomic environment, banking sector trends, and regulatory requirements. The main risks include changes in monetary policy, exchange rate fluctuations, geopolitical factors, shifts in consumer demand, and regulatory initiatives.
- **Strategic Plan**: The Bank's strategy focuses on the development of digital services and ecosystem, strengthening its position in the retail, small, and medium business segments, expanding in countries of operation, and maintaining high levels of liquidity and reliability.
- **Financial Stability**: Halyk Bank demonstrates strong profitability and capital performance. In 2024, net profit amounted to KZT 921 billion, and the capital adequacy ratio remained above regulatory requirements.
- **Bank Risk Management**:
  - **Credit Risk**: The Bank employs a three-level defence system, which includes risk assessment by the sales division, independent review by the risk management unit, and internal audit. In 2024, stress testing confirmed the Bank's capital resilience under deteriorating asset quality scenarios.
  - **Liquidity Risk**: The Bank's asset and liability management strategy is aimed at ensuring the stability of the financial structure, diversifying funding sources, and maintaining adequate liquidity levels.
  - **Market Risk**: The Bank follows a conservative approach to managing currency, interest rate, and price risks by setting limits and conducting regular monitoring.
  - **Operational Risk**: The Bank utilises the ORAP system for tracking and analyzing operational incidents, and performs scenario analysis and self-assessments of risks.
  - **IT and Information Security Risks**: In 2024, the Bank revised its IT risk management approaches, strengthened cybersecurity measures, and enhanced client data protection protocols.
- **Stress Testing**: As part of its viability assessment, the Bank conducts stress testing under various scenarios, including macroeconomic shocks, liquidity crises, and market disruptions. The analysis demonstrates that even under severe stress conditions, the Bank maintains sufficient capital and liquidity reserves to meet its obligations.

For more information on the Bank's risk management approach, please refer to the 'Risk Management' section of this Annual Report.

ROLE OF THE BOARD OF DIRECTORS IN RISK MANAGEMENT

- **Oversight of the Risk Management System**: The Board of Directors is responsible for shaping and overseeing the implementation of the Bank's risk strategy. It approves key risk management principles and sets the Bank's risk appetite.
- **Supervision of Risk Management**: Through the Risk Committee, the Board regularly reviews reports on credit, market, operational, and strategic risks, along with recommendations for their mitigation.
- **Stress Testing and Crisis Management**: The Board reviews the outcomes of stress tests and scenario analyses, evaluating the Bank's resilience to various internal and external shocks.

The Board of Directors of Halyk Bank has concluded that, based on the Bank's current financial stability, strategic plan, and risk management framework, the Bank has sufficient resources to continue its operations and meet its obligations for at least the next three years (through the end of 2027).

Accordingly, the Board affirms the Bank's viability and its ability to successfully adapt to a changing macroeconomic environment.

RESPONSIBILITY STATEMENT

We hereby confirm that, to the best of our knowledge:

- the consolidated financial statements in this annual report are prepared in accordance with International Financial Reporting Standards and give a true and fair view of the financial position, results, cash flow and changes in equity of Halyk Bank and its subsidiaries; and
- the annual report includes a fair review of the development and performance, and of the financial position, of Halyk Bank and its subsidiaries included in the consolidated financial statements and taken as a whole, as well as the principal risks and uncertainties that Halyk Bank faces,
- Sustainability Report for 2024 will be published by the end of June 2025.

Umut Shayakhmetova
Chairperson of the Management Board

INFORMATION FOR SHAREHOLDERS

JOINT STOCK COMPANY HALYK BANK OF KAZAKHSTAN

Registered address
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Telephone
+ 7 (727) 259 0777

Website
- halykbank.kz
- halykbank.com
- halykbank.kz/about/shareholders_investors/investoram

Registered with
NJSC "State Corporation" Government for Citizens

Registration number
BIN 940140000385

Date of re-registration
05 June 2023

CONTACT INFORMATION

Investor Relations

Holders of GDRs:
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Holders of common shares:
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Tel: +7 (727) 259 07 77

Securities holder registrar JSC Central Securities Depositary

Kazakhstan

050040/A15P5B5, Almaty, st. Satpaeva, 30/8, non-residential premises 163
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010000, Astana, district «Almaty», st. Amangeldy
Tel.: +7 (717) 247 67 50

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Depositary

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SWIFT: IRVTUS3N

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Almaty Regional Branch
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SUBSIDIARIES

Kazakhstan:

Halyk Collection
97, Rozybakiyev Street, Almaty, Kazakhstan
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Halyk-Leasing
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Halyk Finance
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Tel: +7 727 339 72 71

Kazteleport
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Halyk Finservice
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Halyk-Life
109V, Abay Avenue, Almaty, Kazakhstan
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Halyk Insurance Company
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Tel: +7 727 250 22 22
Tel: +7 727 295 22 33 (call centre)
Tel: 797 (free from mobile)

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Halyk Aktiv
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Georgia:

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74, Kostava Street, Tbilisi 0171
Tel: +995 32 224 07 07

Republic of Uzbekistan:

Tenge Bank JSCB
66, Parkentskaya Street, Tashkent 100007
Tel: +998 71 203 8899

USEFUL LINKS

National Bank of the Republic of Kazakhstan
www.nationalbank.kz

The Agency for Financial Market Regulation and Development
www.gov.kz/memleket/entities/ardfm

Kazakhstan Stock Exchange, KASE
www.kase.kz

Astana International Exchange
www.aix.kz

London Stock Exchange, LSE
www.londonstockexchange.com

Financial Conduct Authority, FCA
www.fca.org.uk

Prudential Regulation Authority, PRA
http://www.bankofengland.co.uk/pra

5.

Strategic Priorities of the Bank in 2024

Scaling business solutions in countries of presence

CONSOLIDATED FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS’ REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

halykbank.com

Statement of Management's Responsibilities for the Preparation and Approval of the Consolidated Financial Statement for the Year ended 31 December 2024

Management of JSC Halyk Bank is responsible for the preparation of the consolidated financial statements that present fairly the financial position of JSC Halyk Bank (the "Bank") and its subsidiaries (collectively — the "Group") as at 31 December 2024, the related consolidated statement of profit or loss, comprehensive income for the year then ended, changes in equity and cash flows for the year then ended, and of material accounting policies and notes to the consolidated financial statements (the "consolidated financial statements") in compliance with International Financial Reporting Standards ("IFRS Accounting Standards").

In preparing the consolidated financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRS Accounting Standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS Accounting Standards;
- Maintaining statutory accounting records in compliance with legislation of the Republic of Kazakhstan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

The consolidated financial statements of the Group for the year ended 31 December 2024 were approved by the Management Board on 12 March 2025.

On behalf of the Management Board:

Umut B. Shayakhmetova|
Chairperson of the Board

12 March 2025
Almaty, Kazakhstan

Dana S. Talzhanova
Chief Accountant

12 March 2025
Almaty, Kazakhstan

Independent auditors' report

To the Shareholders of JSC Halyk Bank

Opinion

We have audited the consolidated financial statements of JSC Halyk Bank and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy 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 ("IASB").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "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.

Why the matter was determined to be a key audit matter?

Individual assessment of the expected credit losses on loans to customers

Stage 3 loans to customers which are subject to individual impairment assessment with operating cash flows used in estimation of expected credit losses.

The measurement of ECL on individually significant credit-impaired loans is based on the estimation of future cash flows under different scenarios.

Due to complexity and subjectivity of management's judgements in estimation of future cash flows from operating activities of borrowers and calculation of the allowance for expected credit losses for such loans, we identified the individual assessment of ECL for credit-impaired loans as a key audit matter.

Refer to Notes 4, 11 and 33 to the consolidated financial statements for the description of impairment indicators on individually significant loans and disclosure of gross carrying amounts and related allowances for such loans.

How the matter was addressed in the audit?

We obtained an understanding of the loan origination. We assessed the Group's definitions of significant increase in credit risk and credit-impairment for assessment of individual loans' ECL. We also evaluated the design and implementation of controls related to individual assessment of the ECL on loans to customers.

For a sample of loans identified as stage 1, we performed a detailed credit review and challenged the Group's analysis of whether there was a significant increase in credit risk (stage 2) or default (stage 3). In order to evaluate whether the loans have been appropriately classified to the respective stage, we analysed internal credit ratings (scoring), credit risk factors and checked if relevant impairment events, such as delinquency of interest or principal, restructuring events, external information and certain financial performance indicators had been identified on a timely manner.

On a sample basis, we re-performed calculations of allowances for ECL for individually significant loans in stage 3, including reviewing the Group's documented credit assessment of the borrowers, challenging assumptions underlying the ECL calculation, such as estimated future cash flows and the fair value of collateral.

We evaluated the adequacy and completeness of disclosures in the consolidated financial statements relating to the loans to customers in accordance with IFRS Accounting Standards requirements.

Other Information — Annual Report

Management is responsible for the other information. The other information comprises the information included in the Annual report but does not include the consolidated financial statements and our auditors' report thereon. The Annual report 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 an 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.

When we read the Annual report, if we conclude that there is a material misstatement there in, we are required to communicate the matter to those charged with governance.

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 as issued by the IASB, 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Roman Sattarov

Engagement Partner
Qualified Auditor
Republic of Kazakhstan
Qualification certificate
No. MF-0000149
dated 31 May 2013

Zhangir Zhilysbayev

General Director Deloitte LLP

State licence on auditing in the Republic of Kazakhstan
No. 0000015, type MFU-2, issued by the,
Ministry of Finance of the Republic of Kazakhstan
dated 13 September 2006

12 March 2025 Almaty,
Republic of Kazakhstan

Consolidated financial statements for the year ended 31 December 2024

Consolidated Statement of Financial Position as at 31 December 2024 and 2023 (millions of Kazakhstani Tenge)

	Notes	31 December 2024	31 December 2023
ASSETS			
Cash and cash equivalents	5	**1,473,802**	1,377,315
Obligatory reserves	6	**306,330**	244,866
Financial assets at fair value through profit or loss	7	**822,817**	589,362
Amounts due from credit institutions	8	**156,966**	171,754
Financial assets at fair value through other comprehensive income	9	**2,924,760**	2,425,902
Debt securities at amortised cost, net of allowance for expected credit losses	10	**766,937**	725,343
Loans to customers	11, 37	**11,465,649**	9,284,872
Investment property	12	**37,822**	47,326
Commercial property	13	**57,378**	74,882
Current income tax assets	21	**3,506**	7,956
Deferred tax assets	21	**418**	351
Property and equipment and intangible assets	14	**285,299**	226,170
Insurance contract assets	16	**2,314**	10,289
Reinsurance contract assets		**38,400**	22,776
Other assets	17, 37	**197,183**	173,662
Total assets before assets classified as held for sale		**18,539,581**	15,382,826
Assets classified as held for sale	15	**8,833**	111,542
TOTAL ASSETS		**18,548,414**	**15,494,368**
LIABILITIES AND EQUITY			
LIABILITIES			
Amounts due to customers	18, 37	**12,990,043**	10,929,504
Amounts due to credit institutions	19	**814,069**	778,311
Financial liabilities at fair value through profit or loss	7	**6,973**	4,202
Debt securities issued	20, 37	**879,212**	653,393
Current income tax liability	21	**26,829**	946
Deferred tax liability	21	**22,024**	59,799
Provisions	24	**10,964**	11,695
Insurance contract liabilities	16	**430,320**	273,065
Reinsurance contract liabilities		**-**	5,321
Other liabilities	22	**299,931**	242,756
Total liabilities before liabilities directly attributable to assets held for sale		**15,480,365**	12,958,992
Liabilities directly attributable to assets held for sale	15	**-**	58,422
Total liabilities		**15,480,365**	**13,017,414**
EQUITY			
Share capital	23	**209,027**	209,027
Share premium reserve		**8,769**	8,667
Treasury shares	23	**(263,625)**	(258,514)
Share-based payment reserve		**10,000**	-
Retained earnings and other reserves		**3,103,866**	2,517,764
Total equity attributable to owners of the Group		**3,068,037**	2,476,944
Non-controlling interest		**12**	10
Total equity		**3,068,049**	**2,476,954**
TOTAL LIABILITIES AND EQUITY		**18,548,414**	**15,494,368**

On behalf of the Management Board:

Umut B. Shayakhmetova|
Chairperson of the Board

12 March 2025
Almaty, Kazakhstan

Dana S. Talzhanova
Chief Accountant

12 March 2025
Almaty, Kazakhstan

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss for the years ended 31 December 2024 and 2023 (millions of Kazakhstani Tenge)

	Notes	Year ended 31 December 2024	Year ended 31 December 2023
Interest income calculated using the effective interest method	25, 37	**2,116,154**	1,627,018
Other interest income	25	**54,632**	42,764
Interest expense	25, 37	**(1,062,876)**	(872,642)
NET INTEREST INCOME BEFORE CREDIT LOSS EXPENSE	**25**	**1,107,910**	**797,140**
Expected credit loss expense	5, 8, 10, 11, 17	**(129,348)**	(90,665)
NET INTEREST INCOME		**978,562**	**706,475**
Fee and commission income	26	**211,734**	200,060
Fee and commission expense	26	**(86,450)**	(86,347)
Fees and commissions, net		**125,284**	**113,713**
Net gain on financial assets and liabilities at fair value through profit or loss	27	**104,369**	72,594
Net realised gain/(loss) from financial assets at fair value through other comprehensive income		**2,503**	(4,055)
Net foreign exchange gain	28	**110,043**	90,114
Insurance revenue	29	**259,923**	239,189
Share in profit of associate	37	**15,526**	13,593
Income on non-banking activities	31	**24,419**	23,582
OTHER NON-INTEREST INCOME		**516,783**	**435,017**
Operating expenses	30, 37	**(264,510)**	(216,888)
Reversal of impairment of non-financial assets		**1,137**	483
Recovery of other credit loss expense	24	**876**	1,563
Loss from impairment of assets held for sales	15	**(60)**	(3,781)

	Notes	Year ended 31 December 2024	Year ended 31 December 2023
Insurance service expense	29	**(148,200)**	(117,023)
Financial expenses from insurance contracts issued		**(26,266)**	(14,824)
Net reinsurance expense		**(35,525)**	(55,077)
Other expense, net		**(46,188)**	(34,884)
NON-INTEREST EXPENSES		**(518,736)**	**(440,431)**
PROFIT FOR THE YEAR BEFORE TAX		**1,101,893**	**814,774**
Income tax expense	21	**(180,902)**	(121,338)
NET INCOME		**920,991**	**693,436**
Attributable to:			
Non-controlling interest		**3**	1
Common shareholders		**920,988**	693,435
		920,991	**693,436**
EARNINGS PER SHARE (in Kazakhstani Tenge)			
Basic and diluted earnings per share	32	**84.50**	63.65

On behalf of the Management Board:

Umut B. Shayakhmetova|
Chairperson of the Board

12 March 2025
Almaty, Kazakhstan

Dana S. Talzhanova
Chief Accountant

12 March 2025
Almaty, Kazakhstan

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Other Comprehensive Income as at 31 December 2024 and 2023 (millions of Kazakhstani Tenge)

	Year ended 31 December 2024	Year ended 31 December 2023
Net income	**920,991**	**693,436**
Other comprehensive income:		
Items that will not be subsequently reclassified to profit or loss:		
Gain/(loss) resulting on revaluation of property and equipment (2024 and 2023 — net of tax — KZT 3,559 million and KZT 2 million, respectively)amei	**14,152**	(13)
Loss on revaluation of equity financial assets at fair value through other comprehensive income	**(221)**	(202)
Items that may be subsequently reclassified to profit or loss:		
Gainon revaluation of debt financial assets at fair value through other comprehensive income, including impaired during the period (2024 and 2023 — net of tax — KZT 1,195 million and KZT 811 million, respectively)	**25,730**	48,308
Reclassification adjustment relating to financial assets at fair value through other comprehensive income disposed of in the period (2024 and 2023 — net of tax — KZT nil)	**(2,503)**	4,055
Share of other comprehensive (loss)/income of associate on revaluation of debt financial assets at fair value through other comprehensive income	**(989)**	1,189
Share of other comprehensive income of associate on revaluation of property and equipment	**-**	24
Foreign exchange differences on translation of foreign operation	**8,639**	(8,283)
Other comprehensive income for the year	**44,808**	45,078
Total comprehensive income for the year	**965,799**	**738,514**
Attributable to:		
Non-controlling interest	**3**	1
Common shareholders	**965,796**	738,513
	965,799	**738,514**

On behalf of the Management Board:

Umut B. Shayakhmetova|
Chairperson of the Board

12 March 2025
Almaty, Kazakhstan

Dana S. Talzhanova
Chief Accountant

12 March 2025
Almaty, Kazakhstan

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity for the years ended 31 December 2024 and 2023 (millions of Kazakhstani Tenge)

	Share capital Common shares	Share premium reserve	Treasury common shares	Provision for share-based payments	Cumulative translation reserve*	Revaluation reserve of financial assets at fair value through other comprehensive income*	Property revaluation reserve*	Retained earnings*	Total equity	Non-controlling interest	Total equity
31 December 2023	**209,027**	**8,667**	**(258,514)**	**-**	**3,459**	**(25,299)**	**41,125**	**2,498,479**	**2,476,944**	**10**	**2,476,954**
Net income	-	-	-	-	-	-	-	920,988	920,988	3	920,991
Other comprehensive income/(loss)	-	-	-	-	8,639	22,018	14,152	-	44,809	(1)	44,808
Total comprehensive income	**-**	**-**	**-**	**-**	**8,639**	**22,018**	**14,152**	**920,988**	**965,797**	**2**	**965,799**
Treasury shares purchased (Note 23)	-	(99)	(6,445)	-	-	-	-	-	(6,544)	-	(6,544)
Treasury shares sold (Note 23)	-	201	1,334	-	-	-	-	-	1,535	-	1,535
Dividends — common shares (Note 23)	-	-	-	-	-	-	-	(381,434)	(381,434)	-	(381,434)
Accrued stock options	-	-	-	10,000	-	-	-	-	10,000	-	10,000
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	-	-	(1,901)	1,901	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	(796)	2,535	1,739	-	1,739
31 December 2024	**209,027**	**8,769**	**(263,625)**	**10,000**	**12,098**	**(3,281)**	**52,580**	**3,042,469**	**3,068,037**	**12**	**3,068,049**

* These amounts are included within Retained earnings and other reserves in the consolidated statement of financial position.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity (continued) for the years ended 31 December 2024 and 2023 (millions of Kazakhstani Tenge)

	Share capital Common shares	Share premium reserve	Treasury common shares	Cumulative translation reserve*	Revaluation reserve of financial assets at fair value through other comprehensive income*	Property revaluation reserve*	Retained earnings*	Total equity	Non-controlling interest	Total equity
31 December 2022	**209,027**	**7,966**	**(260,535)**	**11,742**	**(78,649)**	**43,309**	**2,079,373**	**2,012,233**	**9**	**2,012,242**
Net income		-	-	-	-	-	693,435	693,435	1	693,436
Other comprehensive (loss)/income		-	-	(8,283)	53,350	11	-	45,078	-	45,078
Total comprehensive (loss)/income		**-**	**-**	**(8,283)**	**53,350**	**11**	**693,435**	**738,513**	**1**	**738,514**
Treasury shares purchased (Note 23)	-	-	(1,509)	-	-	-	-	(1,509)	-	(1,509)
Treasury shares sold (Note 23)	-	701	3,530	-	-	-	-	4,231		4,231
Dividends — common shares (Note 23)	-	-	-	-	-	-	(276,524)	(276,524)	-	(276,524)
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	-	(2,195)	2,195	-	-	-
31 December 2023	**209,027**	**8,667**	**(258,514)**	**3,459**	**(25,299)**	**41,125**	**2,498,479**	**2,476,944**	**10**	**2,476,954**

* These amounts are included within Retained earnings and other reserves in the consolidated statement of financial position.

On behalf of the Management Board:

Umut B. Shayakhmetova|
Chairperson of the Board

12 March 2025
Almaty, Kazakhstan

Dana S. Talzhanova
Chief Accountant

12 March 2025
Almaty, Kazakhstan

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows For the years ended 31 December 2024 and 2023 (millions of Kazakhstani Tenge)

	Year ended 31 December 2024	Year ended 31 December 2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received from financial assets at fair value through profit or loss	**36,884**	27,602
Interest received from cash and cash equivalents and amounts due from credit institutions	**173,897**	49,906
Interest received on financial assets at fair value through other comprehensive income	**166,244**	126,082
Interest received on debt securities at amortised cost, net of allowance for expected credit losses	**52,341**	76,747
Interest received from loans to customers	**1,586,960**	1,318,173
Interest paid on amounts due to customers	**(930,565)**	(713,167)
Interest paid on amounts due to credit institutions	**(46,703)**	(45,285)
Interest paid on debt securities issued	**(32,694)**	(32,542)
Interest paid on deposit insurance	**(15,054)**	(13,357)
Fee and commission received	**210,399**	199,058
Fee and commission paid	**(83,782)**	(85,529)
Insurance revenue	**234,010**	266,536
Ceded reinsurance share paid	**(35,525)**	(55,638)
Receipts from financial derivatives	**37,459**	28,831
Other expense paid	**(21,770)**	(11,302)
Operating expenses paid	**(217,778)**	(192,094)
Insurance service expense	**(138,126)**	(147,601)
Financial expenses from insurance contracts issued	**(26,266)**	(14,824)
Cash flows from operating activities before changes in net operating assets	**949,931**	**781,596**

	Year ended 31 December 2024	Year ended 31 December 2023
Changes in operating assets and liabilities:		
Decrease/(increase) in operating assets:		
Obligatory reserves	**(61,464)**	14,678
Financial assets at fair value through profit or loss	**(152,404)**	(81,550)
Amounts due from credit institutions	**59,524**	(41,711)
Loans to customers	**(1,991,575)**	(1,552,968)
Assets classified as held for sale	**4,182**	2,130
Insurance contract assets	**18,264**	(33,509)
Other assets	**23,630**	9,378
Increase/(decrease) in operating liabilities:		
Amounts due to customers	**1,763,948**	531,724
Amounts due to credit institutions	**(213,861)**	(87,520)
Financial liabilities at fair value through profit or loss	**2,771**	(6,426)
Insurance contract liabilities	**141,860**	84,506
Other liabilities	**26,308**	47,121
Net cash inflow/(outflow) from operating activities before income tax	**571,114**	**(332,551)**
Income tax paid	**(193,165)**	(153,512)
Net cash inflow/(outflow) from operating activities	**377,949**	**(486,063)**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows (continued) For the years ended 31 December 2023 and 2022 (millions of Kazakhstani Tenge)

	Notes	Year ended 31 December 2024	Year ended 31 December 2023
CASH FLOWS FROM INVESTING ACTIVITIES:			
Disposal of subsidiaries		**(33,559)**	-
Purchase and prepayments for property and equipment and intangible assets		**(66,884)**	(44,845)
Proceeds on sale of property and equipment and intangible assets		**211**	77
Proceeds on sale of investment property		**4,942**	3,396
Proceeds on sale of commercial property		**17,265**	8,978
Proceeds from sale of financial assets at fair value through other comprehensive income		**535,270**	653,043
Purchase of financial assets at fair value through other comprehensive income		**(735,186)**	(898,450)
Proceeds from sale of debt securities at amortised cost, net of allowance for expected credit losses		**206,895**	289,170
Purchase of debt securities at amortised cost, net of allowance for expected credit losses		**(220,392)**	(9,343)
Capital expenditures on commercial property	13	**(49)**	(3,039)
Net cash outflow from investing activities		**(291,487)**	**(1,013)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from syndicated loan		**157,533**	-
Proceeds on sale of treasury shares		**1,535**	4,231
Purchase of treasury shares		**(6,544)**	(1,509)
Dividends paid — common shares	23	**(308,595)**	(276,524)
Redemption and repayment of debt securities issued	20	**(136,155)**	(140,705)
Proceeds from issue of debt securities issued	20	**294,736**	325,696
Repayment of lease liabilities		**(3,325)**	(2,273)
Net cash outflow from financing activities		**(815)**	**(91,084)**
Effect of changes in foreign exchange rates on cash and cash equivalents		**10,840**	(73,356)
Net change in cash and cash equivalents		**96,487**	(651,516)
CASH AND CASH EQUIVALENTS, beginning of the year	5	**1,377,315**	**2,028,831**
CASH AND CASH EQUIVALENTS, end of the year	5	**1,473,802**	**1,377,315**

During the years ended 31 December 2024 and 2023, there were non-cash transfers, which were excluded from the consolidated statement of cash flows and were disclosed in Notes 11, 12, 13, 14, 15 and 21.

On behalf of the Management Board:

Umut B. Shayakhmetova|
Chairperson of the Board

12 March 2025
Almaty, Kazakhstan

Dana S. Talzhanova
Chief Accountant

12 March 2025
Almaty, Kazakhstan

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. PRINCIPAL ACTIVITIES

JSC Halyk Bank (the "Bank") and its subsidiaries (collectively, the "Group") provide corporate and retail banking services principally in Kazakhstan, Georgia and Uzbekistan, leasing services, as well as asset management, insurance and brokerage services in Kazakhstan. The primary state registration of the Bank with the authorities of justice of Kazakhstan was made on 20 January 1994. The Bank operates under license No. 1.2.47/230/38/1 for carrying out banking and other operations and activities on the securities market, renewed by the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market on 23 June 2023. The Bank is a member of the obligatory deposit insurance system provided by the JSC Kazakhstan Deposit Insurance Fund.

The Bank's primary business includes originating loans and guarantees, collecting deposits, trading in securities and foreign currencies, executing transfers, cash and payment card operations, as well as rendering other banking services to its customers. In addition, the Bank acts as a non-exclusive agent of the Government of the Republic of Kazakhstan in channeling various budgetary payments and pensions through its nationwide branch network.

The Bank has a primary listing with the Kazakhstan Stock Exchange («KASE») and Astana International Exchange. The Bank's Global Depository Receipts («GDRs») are primary listed on the London Stock Exchange, KASE and Astana International Exchange.

As at 31 December 2024 and 2023, the Group is ultimately controlled by Timur Kulibayev and his wife Dinara Kulibayeva via JSC HG Almex.

As at 31 December 2024, the Bank operated through its head office in Almaty and its 25 regional branches, 119 sub-regional offices and 398 cash settlement units (31 December 2023 — 25, 119, and 426, respectively) located throughout Kazakhstan. The address of the Bank's registered office is: 40 Al-Farabi Avenue, Almaty, A26M3K5, Republic of Kazakhstan.

As at 31 December 2024, the number of the Group's employees was 16,656 (31 December 2023 — 16,833).

The consolidated financial statements of the Group for the year ended 31 December 2024 were authorised for issue by the Management Board on 12 March 2025.

Legal proceedings

From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material unaccrued losses will be incurred and accordingly, no provision has been made in these consolidated financial statements.

Operating environment

Kazakhstan is one of a number of emerging economies that are often characterized by high levels of GDP growth, building financial infrastructure, and significant government involvement. At the same time, emerging markets are exposed to political, social, and regulatory risks that are different from those of more developed markets. Kazakhstan is integrated into the world economy, while geographically neighboring large economic markets, thereby occupying the position of the main «transit hub» in the Central Asian region.

Due to the fact that the economy of Kazakhstan is export-oriented, changes in world prices for raw materials have a significant impact on it. In addition to world energy prices, the further development of the Kazakh economy also largely depends on fiscal discipline and the geopolitical situation in the region.

In 2024, the average price of Brent crude oil was around USD 80.7 per barrel. According to the short-term economic indicator, in January-December 2024, the economy of Kazakhstan grew by 4.8% compared to the corresponding period of the previous year. Inflation in December 2024 was 8.6% year-on-year.

In November 2024, the Monetary Policy Committee of the National Bank of the Republic of Kazakhstan decided to raise the base rate to the level of 15.25% per annum with a corridor of +/- 1.0 percentage points. Additionally, at the end of 2024, the national currency weakened by 14.3% against the backdrop of the strengthening of the global dollar index DXY and the introduction of new sanctions against Russia, which affected the ruble exchange rate. These conditions create prerequisites for maintaining a tight monetary policy regime in Kazakhstan.

Management of the Group is monitoring developments in the economic, political, and geopolitical situation and taking measures it considers necessary to support the sustainability and development of the Group's business for the foreseeable future.

1. PRINCIPAL ACTIVITIES (CONTINUED)

Operating environment (continued)

On 12 July 2023, the Law of the Republic of Kazakhstan «On the Return of Illegally Acquired Assets to the State» (the «Law») was signed. The Law entered into force on 24 July 2023, with the exception of Articles 7, 12-31, which entered into force on 12 September 2023.

The Asset Recovery Committee of the Prosecutor General's Office of the Republic of Kazakhstan (the «Committee») is the authorised body for asset recovery. The objectives of the Committee are the identification and return of illegally acquired assets, the development of international legal cooperation in this area, the identification and elimination of the causes and conditions that contributed to the illegal concentration of economic resources and the illegal withdrawal of assets, as well as other tasks in accordance with the legislative acts of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan. The Group's management believes that this Law does not have a material impact on the Group's activities, including the Group's loan portfolio.

Ownership

As at 31 December 2024 and 2023, the Group was owned by the following shareholders, which own individually more than 5% of the issued shares of the Group:

31 December 2024

	Total shares (Common shares)	Stake in total shares in circulation
JSC HG Almex	**7,583,538,228**	**69.7%**
GDR holders	**3,075,090,560**	**28.3%**
Other	**221,345,828**	**2.0%**
Total shares in circulation (on consolidated basis)	**10,879,974,616**	**100%**

31 December 2023

	Total shares (Common shares)	Stake in total shares in circulation
JSC HG Almex	7,583,538,228	69.6%
GDR holders	3,109,586,880	28.5%
Other	209,046,483	1.9%
Total shares in circulation (on consolidated basis)	**10,902,171,591**	**100%**

2. BASIS OF PRESENTATION

Statement of compliance

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

These consolidated financial statements have been prepared assuming that the Group is a going concern, as the Group have the resources to continue in operation for the foreseeable future. In making this assessment, the management have considered a wide range of information in relation to present and future economic conditions, including projections of cash flows, profit, and capital resources.

These consolidated financial statements are presented in millions of Kazakhstani Tenge ("KZT" or "Tenge"), except for earnings per share amounts and unless otherwise indicated.

These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are accounted for at fair value and insurance contract liabilities which are accounted at their fulfillment value in accordance with IFRS 17 for based on actuarial calculations and certain property and equipment which are carried at revalued cost less depreciation and impairment as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

For the years ended 31 December 2024 and 2023 (Millions of Kazakhstani Tenge)

2. BASIS OF PRESENTATION (CONTINUED)

Statement of compliance (continued)

In addition, for financial reporting purposes, fair value measurement is classified on the basis of a fair value hierarchy (Level 1, 2 or 3). The levels correspond to the possibility of direct determination of fair value based on market data and reflect the significance of the input data used in estimating fair value as a whole:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group presents its consolidated statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the date of the consolidated statement of financial position (current) and more than 12 months after the date of the consolidated statement of financial position (non-current) is presented in Note 33.

Functional currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Bank is KZT. The presentation currency of the consolidated financial statements is KZT.

Consolidated subsidiaries

These consolidated financial statements include the following subsidiaries:

Subsidiaries	Holding %		Country	Industry
	31 December 2024	31 December 2023		
JSC Halyk-Leasing	**100**	100	Kazakhstan	Leasing
JSC Kazteleport	**100**	100	Kazakhstan	Telecommunications
JSC Halyk Finance	**100**	100	Kazakhstan	Broker and dealer activities
LLC Halyk Collection	**100**	100	Kazakhstan	Cash collection services
JSC Halyk-Life	**100**	100	Kazakhstan	Life insurance
JSC Insurance Company Halyk	**99.99**	99.99	Kazakhstan	General insurance
JSC Halyk Bank Georgia	**100**	100	Georgia	Banking
JSC Halyk Global Markets	**100**	100	Kazakhstan	Broker and dealer activities
LLP KUSA Halyk	**100**	100	Kazakhstan	Management of doubtful and loss assets
LLP Halyk Activ	**100**	100	Kazakhstan	Management of doubtful and loss assets
LLP Halyk Finservice	**100**	100	Kazakhstan	Payment card processing and other related services
JSCB Tenge Bank	**100**	100	Uzbekistan	Banking
JSC "Halyk Lab"	**100**	-	Kazakhstan	Development, implementation and support of software

On 4 October 2024, the Group received permission from the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market to establish a subsidiary, Halyk Lab LLP.

On 30 October 2024, a subsidiary of Halyk Lab LLP was registered with the Government for Citizens State Corporation. On 6 November 2024, the authorised capital of the subsidiary in the amount of KZT 20 million was formed.

3. MATERIAL ACCOUNTING POLICIES

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Bank and entities (its subsidiaries) controlled by the Bank and its subsidiaries. Control is achieved when the Bank:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Bank has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- the size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Bank, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

The profit or loss and each component of other comprehensive income are attributed to the owners of the Bank and to any non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Bank and to any non-controlling interests even if this results in any non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group. Transactions with non-controlling shareholders are presented as financing activities in the consolidated statement of cash flows.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, unrestricted balances on correspondent accounts and amounts due from credit institutions and reverse repo agreements with original maturities within three months.

Obligatory reserves

Obligatory reserves represent funds in correspondent accounts with the National Banks of Kazakhstan and Georgia and cash which are not available to finance the Group's current operations and, hence, are not considered as part of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Amounts due from credit institutions

In the normal course of business, the Group maintains current restricted accounts or deposits for various periods of time with other banks. Amounts due from credit institutions with a fixed maturity term are subsequently measured at amortised cost using the effective interest method. Those that do not have fixed maturities are carried at cost. Amounts due from credit institutions are carried net of any allowance for expected credit losses.

Recognition and measurement of financial instruments

Financial assets and financial liabilities are recognised in the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets and liabilities are recognised using settlement date accounting. Where regular way purchases of financial instruments will be subsequently measured at fair value, the Group accounts for any change in the fair value of the asset between trade date and settlement date in the same way it accounts for acquired instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. The accounting policies for subsequent re-measurement of these items are disclosed in the respective accounting policies set out below.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss ("FVTPL"). Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of IFRS 9 Financial Instruments ("IFRS 9") are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- *Retention of an asset to obtain the cash flows stipulated by the contract.* This business model suggests financial asset management aims to realize cash flows by receiving principal and interest payments over the life of the financial instrument. Within the framework of this business model, holding a financial asset to maturity is a priority, but early disposal is not prohibited.
- *Retention of an asset with a view for obtaining contractual cash flows and sale of financial assets.* This business model assumes that the management of financial assets is aimed at both obtaining contractual cash flows and sale of financial assets. Within the framework of this business model, the receipt of cash from the sale of a financial asset is a priority, which is characterized by a greater frequency and volume of sales compared to «retention of an asset to obtain the cash flows stipulated by the contract» business model.
- *Retention of an asset for other purposes.* Within the framework of this business model, financial assets can be managed with the following purposes:
  - management with a view to selling cash flows through the sale of financial assets;
  - liquidity management to meet daily funding needs;
  - a portfolio, which management and performance is measured on a fair value basis;
  - a portfolio, which matches the definition of held for trading. Financial assets are deemed to be held for trading if they were acquired mainly with a view to subsequent disposal in the near future (up to 180 days), gaining short-term profit, or represent derivative financial instruments (except for a financial guarantee or derivative financial instrument that was designated as a hedging instrument).

In accordance with IFRS 9, financial assets are classified as follows:

- bank loans classified as assets at amortised cost are contained within the framework of a business model which aims to receive cash flows exclusively for repayment of unpaid interest and principal stipulated by loan agreement and that have contractual cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding;
- balances on correspondent accounts, interbank loans/deposits, repo transactions are classified, as a rule, as assets, estimated at amortised cost, since they are managed within the framework of a business model, which aims to receive cash flows stipulated by the contract, and that have contractual cash flows that are SPPI;
- debt securities may be classified into any of the three classification categories, taking into account the selected business model and compliance with the SPPI criterion;
- equity securities are generally classified as instruments at fair value through profit or loss;
- trading securities and derivatives are classified as financial assets at fair value through profit or loss.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial assets or financial liabilities at fair value through profit or loss

Financial assets at FVTPL are:

- Assets with contractual cash flows that are not SPPI; or/and
- Assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- Assets designated at FVTPL using the fair value option.
- Financial liabilities are classified as at fair value through profit or loss where the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recorded in net (loss)/gain on financial assets and liabilities at fair value through profit or loss. Interest earned or incurred is accrued in interest income or expense, respectively, according to the terms of the contract, while dividend income is recorded in “Other income” when the right to receive the payment has been established.

Debt instruments at amortised cost or at fair value through other comprehensive income (“FVTOCI”)

The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Group’s business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is performed at the date of initial application of IFRS 9 to determine the classification of a financial asset. The business model is applied retrospectively to all financial assets existing at the date of initial application of IFRS 9. The Group determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group’s business model does not depend on management’s intentions for an individual instrument; therefore, the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Group has more than one business model for managing its financial instruments that reflect how the Group manages its financial assets in order to generate cash flows. The Group’s business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group considers all relevant information available when making the business model assessment. However, this assessment is not performed based on scenarios that the Group does not reasonably expect to occur, such as so-called ‘worst case’ or ‘stress case’ scenarios. The Group takes into account all relevant evidence available such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity’s key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Group determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current reporting period, the Group has not identified a change in its business models.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Debt instruments at amortised cost or at fair value through other comprehensive income (“FVTOCI”) (continued)

When a debt instrument measured at FVTOCI is derecognized, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity. Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Reclassification of financial assets

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Group’s financial assets. Changes in contractual cash flows are considered under the accounting policy on *“Modification and derecognition of financial asset”* described below.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously monitors renegotiated loans to ensure that they are performing and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan’s original EIR. Renegotiated terms are evidence of impairment for loans assessed for impairment on an individual basis, for which deterioration of the financial position is observed.

The Group renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The Group has an established forbearance policy, which applies for corporate and retail lending.

When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group’s policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Group considers qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants.

When a financial asset is modified due to commercial reasons, the Group considers various qualitative factors (change in currency, interest rate, maturity) and on that basis concludes whether old loan should be derecognised and new loan should be recognised at fair value.

In the case where the financial asset is derecognized the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated credit-impaired asset. This applies only in the case where the fair value of the new loan is recognized at a significant discount to its revised par amount because there remains a high risk of default, which has not been reduced by the modification. Please also refer to Note 11 for more details.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment

Calculation of financial assets impairment is carried out taking into account the following factors:

- In order to calculate the ECL, the Bank performs a loan assessment on an individual basis and on a group basis depending on general credit risk features.
- ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.
- Calculations are based on justified and verified information, which may be received without any significant costs or efforts. Calculation of the present value of the expected future cash flows of the secured financial asset reflects the cash flow that may result from foreclosure, less the cost of obtaining and selling collateral, regardless of whether the recovery is probable or not. The allowance is based on the Group's own experience in assessing losses and management assumptions about the level of losses likely to be recognised on assets in each category of a credit risk, based on debt servicing capabilities and borrower's credit track record.
- Impairment for treasury operations (investments in debt securities, reverse repurchase transactions, interbank loans and deposits, correspondent account transactions, accounts receivable under treasury transactions) is calculated taking into account the counterparty's rating, probability of default, duration of a transaction and the extent of loss in case of a default.
- The estimated credit losses for treasury operations are estimated on an individual basis (except for individual claims in the form of receivables).

Financial assets are segmented by stages in accordance with the following approach:

- Stage 1: There is no significant increase in credit risk since recognition of an asset, impairment is recognised as expected losses over the next 12 months;
- Stage 2: Significant increase in credit risk since recognition of an asset, impairment is recognised as expected losses over the life of a financial asset;
- Stage 3: Financial asset is in default or has signs of impairment.

Allowances for expected credit losses

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

For more details about staging refer to Notes 5, 8, 10, 11 and 17.

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

- For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Group if the holder of the commitment draws down the loan and the cash flows that the Group expects to receive if the loan is drawn down; and
- For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original effective interest rate ("EIR"), regardless of whether it is measured on an individual basis or a collective basis.

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default, which affects both the measurement of ECLs and the identification of a significant increase in credit risk (Note 4).

For the details of supportable forward-looking information, please refer to Note 33 for more details.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. In accounting for a transfer of a financial asset that does not qualify for derecognition, the Group does not offset the transferred asset and the associated liability. Income and expense is not offset in the consolidated statement of profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

Credit-impaired financial assets

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. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- The disappearance of an active market for a security because of financial difficulties; or
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event instead; the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted, the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes signs of the absence of probability of payment and the expiration of the payment term (if 90 days or more are overdue). The decision to use cross-default is based on case-by-case assessment of client's facility conditions such as collateral and materiality of exposure.

Purchased or originated credit-impaired ("POCI") financial assets.

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Group recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in profit or loss. A favorable change for such assets creates an impairment gain (recovery of credit loss expense).

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or a part of a group of similar financial assets) is derecognised where:

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

A financial asset is derecognised when it has been transferred and the transfer qualifies for derecognition. A transfer requires that the Group either: (a) transfers the contractual rights to receive the asset's cash flows; or (b) retains the right to the asset's cash flows but assumes a contractual obligation to pay those cash flows to a third party. After a transfer, the Group reassesses the extent to which it has retained the risks and rewards of ownership of the transferred asset. If substantially all the risks and rewards have been retained, the asset remains on the consolidated statement of financial position. If substantially all of the risks and rewards have been transferred, the asset is derecognised. If substantially all the risks and rewards have been neither retained nor transferred, the Group assesses whether or not it has retained control of the asset. If it has not retained control, the asset is derecognised. Where the Group has retained control of the asset, it continues to recognise the asset to the extent of its continuing involvement.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets and liabilities (continued)

Modification and derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that 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 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 is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

Taxation

The current income tax expense is calculated in accordance with the regulations of Kazakhstan and other countries where the Group operates.

Deferred tax assets and liabilities are calculated in respect of temporary differences using the balance sheet liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also charged or credited directly to other comprehensive income or equity.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset and reported net in the consolidated statement of financial position if:

- The Group has a legally enforceable right to offset current income tax assets against current income tax liabilities; and
- Deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Kazakhstan and other countries where the Group operates also have various operating taxes that are assessed on the Group's activities. These taxes are recorded as taxes other than income tax.

The Group records a provision for uncertain tax positions if it is probable that the Group will have to make a payment to tax authorities upon their examination of a tax position. This provision is measured at the Group's best estimate of the amount expected to be paid. Provisions are reversed to income in provision for (recovery of) income taxes in the period in which management determines they are no longer required or as determined by statute.

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment, except for any buildings and construction which are carried at revalued amount, being the fair value at the date of the revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property and equipment (continued)

Depreciation of an asset begins when it becomes available for use. Depreciation is calculated using the straight-line method over the following estimated useful lives of the assets:

	Years
Buildings and constructions	20-100
Vehicles	5-7
Computers and banking equipment	5-10
Other	7-10

Depreciation of improvements to leased property is calculated over the useful life of the corresponding leased assets. Maintenance and overhaul expenses are recognised in the consolidated income statement as operating expenses in the period in which they are incurred, unless they meet capitalisation requirements.

The carrying amount of property and equipment is analysed at each reporting date for a possible excess of the recorded amount over their recoverable amount, and if the carrying amount exceeds such estimated recoverable amount, the value of the assets is reduced to recoverable amount. An impairment loss is recognised in the relevant period and included in operating expenses.

Buildings and construction held for use in supply of services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, determined from market-based evidence by appraisal undertaken by professional independent appraisers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such buildings and construction is credited to the property revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the consolidated statement of profit or loss to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such buildings and construction is charged as an expense to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings and construction is charged to the consolidated statement of profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to retained earnings.

Construction in progress is carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such construction in progress is classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Assets held for sale

Non-current assets and the liabilities directly associated with non-current assets are classified as held for sale ("disposal group") if it is highly probable that the net asset's carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification of an asset as held for sale.

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. If the fair value less costs to sell of an asset held for sale is lower than its carrying amount, an impairment loss is recognised in profit or loss. Any subsequent increase in an asset's fair value less costs to sell is recognised to the extent of the cumulative impairment loss that was previously recognised in profit or loss in relation to that specific asset.

Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the year in which they arise.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investment property (continued)

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the property is derecognised.

Commercial property

In certain circumstances, the Group may foreclose commercial properties as part of the settlement of loan agreements with customers. The Group intends to sell these properties in the normal course of business and therefore these are initially measured at fair value including transaction costs and subsequently measured at the lower of cost or net realisable value. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the commercial property is expected to be realised for. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the year to the extent that such events confirm conditions existing at the end of the year.

Amounts due to customers and credit institutions

Amounts due to customers and credit institutions are initially recognised at the fair value of the consideration received, less directly attributable transaction costs. Subsequently, amounts due are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method. If the Group purchases its own debt, it is removed from the consolidated statement of financial position and the difference between the carrying amount of the liability and the consideration paid is recognised in the consolidated statement of profit or loss.

Debt securities issued

Debt securities issued represent bonds issued by the Group, which are accounted for according to the same principles used for amounts due to customers and credit institutions. Any difference between proceeds received, net of debt issuance costs, and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Equity

The Group classifies a financial instrument that it issues as a financial asset, financial liability or an equity instrument in accordance with the substance of the contractual arrangement. An instrument is classified as a liability if it is a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities on potentially unfavorable terms. An instrument is classified as equity if it evidences a residual interest in the assets of the Group, after the deduction of liabilities.

The components of a compound financial instrument issued by the Group are classified and accounted for separately as financial assets, financial liabilities or equity instruments as appropriate.

Share capital

External costs directly attributable to the issue of new shares, other than in a business combination, are shown as a deduction from the proceeds in equity. Prior to 13 May 2003, any excess of the fair value of consideration received over the nominal value of shares issued was recognised as share premium reserve. Effective 13 May 2003, upon a change in the law concerning "Joint Stock Companies", the nominal amount concept was restricted to placement of shares only between the founders of an entity. For all other investors, share capital is recorded at placement value being the consideration received by an entity for its shares.

Treasury shares

When the Group acquires its own share capital, the amount of the consideration paid, including directly attributable costs, net of any related tax benefit, is recognised as a change in equity. Repurchased shares are classified as treasury shares and are held at cost. These shares are treated as a deduction from the issued and weighted average number of shares, and the cost price of the shares is presented as a deduction from total equity. Dividends on shares purchased by the Group's subsidiaries are eliminated upon consolidation.

Dividends

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Equity (continued)

Share-based payments

In connection with the introduction of the long-term incentive programme in December 2024, the Group recognised a provision for share-based payments as part of equity in the consolidated statement of financial position as at 31 December 2024. The awards offered are equity-settled share-based payment transactions and are therefore within the scope of IFRS 2 Share-based Payments. The fair value of the services received is measured based on the fair value of the share options initially at the grant date and thereafter at each reporting date. The fair value of the options is calculated based on the Black-Scholes-Merton model, which includes, among other things, the market value of the shares as of the decision date, the volatility of the shares and the dividend yield rate.
The cost of employee services received in respect of share options granted is recognised in the consolidated income statement as operating expenses during the period in which the services are rendered, after which the share rights are transferred. A stock-based payment allowance is recognised at the current fair value of the option at each reporting date.

Equity reserves

The reserves recorded in equity (other comprehensive income) on the Group's consolidated statement of financial position include:

- Revaluation reserve of financial assets at fair value through other comprehensive income which comprises changes in fair value of financial assets at fair value through other comprehensive income and allowances for expected credit losses on debt financial assets at fair value through other comprehensive income;
- Cumulative translation reserve which is used to record foreign exchange differences arising from the translation of the net investment in foreign operations;
- Property revaluation reserve, which comprises revaluation reserve of land and buildings.

Contingencies

Contingent liabilities are not recognised in the consolidated statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognised in the consolidated statement of financial position but disclosed when an inflow of economic benefits is probable.

Recognition of income and expense

Interest income and expense for all financial instruments, except for financial assets measured or designated at fair value through profit or loss are recognised in 'Net interest income' as 'Interest income calculated using the effective interest method' and 'Interest expense' in the profit or loss account using the effective interest method.

Interest income on financial instruments measured at fair value through profit or loss is included in 'Other interest income' in the consolidated statement of profit or loss.

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognized in profit or loss at initial recognition.

The interest income/interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets, the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses). For financial assets POCI the EIR reflects the expected credit losses in determining the future cash flows expected to be received from the financial asset.

Loan origination fees for loans issued to customers are (together with related direct costs) recognised as an adjustment to the effective yield of the loans. Where it is probable that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are deferred, together with the related direct costs, and recognised as an adjustment to the effective interest rate of the resulting loan. Where it is unlikely that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are recognised in profit or loss over the remaining period of the loan commitment. Where a loan commitment expires without resulting in a loan, the loan commitment fee is recognised in profit or loss on expiry.

Fee and commission income

Fee and commission income is recognised to reflect the transfer of services to customers at an amount that reflects the consideration that is expected to be received in exchange for such services. The Group identifies the performance obligation, i.e. the services agreed with the customer, and the consideration, and recognises income in line with the transfer of services, the performance obligation, agreed with the customer.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Recognition of income and expense (continued)

Fee and commission income (continued)

For each performance obligation identified, the Group determines at contract inception whether it satisfies the performance obligation over time or at a point in time, and whether the consideration is fixed or variable, including whether consideration is constrained by, for instance, external factors outside the Group's influence. The consideration is subsequently allocated to the identified performance obligation.

Fee and commission income from maintenance of customer accounts and cash operations include fees earned from deposit products in lieu of compensating balances, service charges for transactions performed upon depositors' request, as well as fees earned from performing cash management activities. Service charges on deposit products are recognized over the period in which the related service is provided, typically monthly. Service fees are recognized at a point in time upon completion of the requested service transaction. Fees on cash management products are recognized over time as services are provided.

Plastic cards operations fee and commission income include interchange income from credit and debit card transactions and are recognized at a point in time upon settlement by the associated network. Interchange rates are generally set by the associated network based on purchase volume and other factors. Other card-related fees are recognized at a point in time upon completion of the transaction.

Other banking fees include fees for various transactional banking activities such as bank transfers, letters of credit fees and other transactional services. These fees are recognized in a manner that reflects the timing of when transactions occur and as services are provided. Letter of credit fees primarily includes fees received related to letter of credit agreements and are generally recognized upon execution of the contract.

The adoption of IFRS 15 has not had any material impact on the disclosures or on the amounts reported in the consolidated financial statements.

Foreign currency translation

The consolidated financial statements are presented in KZT, which is the functional currency of the Bank and each of its subsidiaries, except for foreign subsidiaries. Transactions in foreign currencies are initially recorded in the functional currency, converted at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the currency rate of exchange as quoted by KASE as at the reporting date. Gains and losses resulting from the translation of foreign currency transactions into functional currency are recognised in the consolidated statement of profit or loss as net foreign exchange gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date, the assets and liabilities of overseas subsidiaries are translated into the Group's presentation currency at the exchange rates as at the consolidated statement of financial position date, and their statements of profit or loss are translated at the average exchange rates for the year. Exchange differences arising on translation are taken directly to a separate component of equity. On disposal of a foreign subsidiary, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

Differences between the contractual exchange rate of a transaction in a foreign currency and the market exchange rate on the date of the transaction are included in net foreign exchange gain or loss. The market exchange rate at 31 December 2024 was — KZT 525.11 to USD, KZT 4.88 to RUB, KZT 546.74 to EUR (at 31 December 2023 was — KZT 454.56 to USD, KZT 5.06 to RUB, KZT 502.24 to EUR).

Insurance contracts

On 1 January 2023, the Group implemented IFRS 17, Insurance Contracts.

A. Key types of insurance contracts issued and reinsurance contracts held

The Group issues the following types of contracts that are accounted for in accordance with IFRS 17 Insurance Contracts.

Life business — non-participating contracts including:

- Term life insurance contracts providing level or decreasing sum assured coverage for a limited period of time in exchange for non-renewable fixed premiums.

This group of contracts include the following material products of the Group — voluntary accumulative life insurance Halyk Kazyna, voluntary accumulative life insurance Baiterek, voluntary accumulative life insurance Bolashak Life, voluntary life insurance Halyk Retail, voluntary life insurance Halyk MB (small business), voluntary life insurance Halyk Eurasia and others.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Insurance contracts (continued)

A. Key types of insurance contracts issued and reinsurance contracts held (continued)

The Group accounts for these policies using the General Model.

- Fixed annuity contracts providing the annuitant with a guaranteed income payout for life.

This group of contracts include the following material products of the Group — pension annuity and annuities under employer liability. The Group accounts for these policies applying the General Model.

Motor and property insurance policies:

These comprise comprehensive and third-party liability car insurance policies as well as property insurance policies for contents and buildings and other properties with coverage of one year or more. This group of contracts includes the following significant products of the Group: compulsory motor vehicle liability insurance, property insurance, and motor vehicle and liability insurance. The Group accounts for these contracts applying the Premium Allocation Approach (PAA).

B. Definitions and classifications

Products sold by the Group are classified as insurance contracts when the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

This assessment is made on a contract-by-contract basis at the contract issue date. In making this assessment, the Group considers all its substantive rights and obligations, whether they arise from contract, law or regulation.

The Group determines whether a contract contains significant insurance risk by assessing if an insured event could cause the Group to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance even if the insured event is extremely unlikely or the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract.

C. Combining a set or series of contracts

Sometimes, the Group enters into two or more contracts at the same time with the same or related counterparties to achieve an overall commercial effect. The Group accounts for such a set of contracts as a single insurance contract when this reflects the substance of the contracts. When making this assessment, the Group considers whether:

- The rights and obligations are different when looked at together compared to when looked at individually
- The Group is unable to measure one contract without considering the other

D. Separating components from insurance and reinsurance contracts

In addition to the provision of the insurance coverage service, some insurance contracts issued by the Group have other components such as an investment component.

The Group assesses its products to determine whether some of these components are distinct and need to be separated and accounted for applying other IFRS Accounting Standards. When these non-insurance components are non-distinct, they are accounted for together with the insurance component applying IFRS 17.

Separating investment components

The Group issues certain life insurance policies. These include an investment component under which the Group is required to repay to a policyholder in all circumstances, regardless of an insured event occurring.

In assessing whether an investment component is distinct and therefore required to be accounted for separately applying IFRS 9, the Group considers if the investment and insurance components are highly interrelated or not. A contract with equivalent terms to the investment component is sold (or could be sold) separately in the same market or in the same jurisdiction by other entities, including those issuing insurance contracts.

When the investment component meets the definition of an investment contract with discretionary participation features, it is then accounted for applying IFRS 17.

In determining whether investment and insurance components are highly interrelated the Group assesses whether the Group is unable to measure one component without considering the other and whether the policyholder is unable to benefit from one component unless the other component is present, i.e. whether cancelling one component also terminates the other. The Group has not identified any distinct investment components. The Group applies IFRS 17 to account for non-distinct investment components as part of its insurance contracts.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Insurance contracts (continued)

D. Separating components from insurance and reinsurance contracts (continued)

Separating insurance components of a single insurance contract

Once investment components are separated, the Group assesses whether the contract should be separated into several insurance components that, in substance, should be treated as separate contracts to reflect the substance of the transaction. To determine whether insurance components should be recognised and measured separately, the Group considers whether there is an interdependency between the different risks covered, whether components can lapse independently of each other and whether the components can be priced and sold separately. When the Group enters into one legal contract with different insurance components operating independently of each other, insurance components are recognised and measured separately applying IFRS 17.

E. Level of aggregation

The Group identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the Group considers the similarity of risks rather than the specific labelling of product lines. The Group has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, they represent a portfolio of contracts. Some products issued by different entities within the Group are considered as being managed at the issuing entity level. This is because the management of the solvency capital management, which supports the issuance of these contracts, is ring-fenced within these entities.

Each portfolio is subdivided into groups of contracts to which the recognition and measurement requirements of IFRS 17 are applied. At initial recognition, the Group segregates contracts based on when they were issued. A cohort contains all contracts that were issued within a 12-month period. Each cohort is then further disaggregated into two groups of contracts:

- Contracts that are onerous on initial recognition
- Contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently

The determination of whether a contract or a group of contracts is onerous is based on the expectations as at the date of initial recognition, with fulfilment cash flow expectations determined on a probability-weighted basis. The Group determines the appropriate level at which reasonable and supportable information is available to assess whether the contracts are onerous at initial recognition and whether the contracts not onerous at initial recognition have a significant possibility of becoming onerous subsequently. The Group applies significant judgement in determining at what level of granularity the Group has sufficient information to conclude that all contracts within a set will be in the same group. In the absence of such information, the Group assesses each contract individually.

The composition of groups established at initial recognition is not subsequently reassessed. See Note 1.M below for the accounting policy on levels of aggregation for contracts that existed as at the transition date to IFRS 17.

For motor and property insurance contracts accounted for applying the PAA, the Group determines that contracts are not onerous on initial recognition, unless there are facts and circumstances indicating otherwise. The Group assesses the likelihood of changes in applicable facts and circumstances to determine whether contracts not onerous on initial recognition belong to a group with no significant possibility of becoming onerous in the future. If facts and circumstances indicate that some contracts may be onerous at initial recognition or the group of contracts has become onerous, the Group performs a quantitative assessment to assess whether the carrying amount of the liability for remaining coverage determined applying the PAA is less than the fulfilment cash flows related to remaining coverage determined applying the General Model. If the fulfilment cash flows related to remaining coverage determined applying the General Model exceed the PAA carrying amount of the liability for remaining coverage, the difference is recognised in profit or loss and the liability for remaining coverage is increased by the same amount.

When motor insurance contracts within a portfolio would only fall into different groups due to specific constraints imposed by law or regulation on the Group’s practical ability to set a different price or level of benefits for male and female policyholders, the Group nevertheless includes those contracts in the same group.

F. Recognition

The Group recognises groups of insurance contracts issued from the earliest of the following dates:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group becomes due (in the absence of a contractual due date, this is deemed to be when the first payment is received)
- The date when a group of contracts becomes onerous

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Insurance contracts (continued)

F. Recognition (continued)

The Group recognises only contracts issued within a one-year period meeting the recognition criteria by the reporting date. Subject to this limit, a group of insurance contracts can remain open after the end of the current reporting period. New contracts are included in the group when they meet the recognition criteria in subsequent reporting periods until such time that all contracts expected to be included within the group have been recognised. Investment contracts with discretionary participation features are initially recognised at the date the Group becomes a party to the contract.

Investment treaties with discretionary participation conditions are initially recognised when the Group becomes a party to the contract.

G. Contract boundaries

The measurement of a group of insurance contracts includes all future cash flows expected to arise within the boundary of each contract in the group.

In determining which cash flows fall within a contract boundary, the Group considers its substantive rights and obligations arising from the terms of the contract, and from applicable laws, regulations and customary business practices. The Group determines that cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums or the Group has a substantive obligation to provide the policyholder with insurance contract services.

A substantive obligation to provide insurance contract services ends when the Group has the practical ability to reassess the risks of a particular policyholder and, as a result, to change the price charged or the level of benefits provided for the price to fully reflect the new level of risk. If the boundary assessment is performed at a portfolio rather than individual contract level, the Group must have the practical ability to reprice the portfolio to fully reflect risk from all policyholders. The Group's pricing must not take into account any risks beyond the next reassessment date.

In determining whether all risks have been reflected either in the premium or in the level of benefits, the Group considers all risks that policyholders would transfer had the Group issued the contracts (or portfolio of contracts) at the reassessment date. Similarly, the Group concludes on its practical ability to set a price that fully reflects the risks in the contract or portfolio at a renewal date by considering all the risks it would assess when underwriting equivalent contracts on the renewal date for the remaining service. The assessment on the Group's practical ability to reprice existing contracts takes into account all contractual, legal and regulatory restrictions. In doing so, the Group disregards restrictions that have no commercial substance. The Group also considers the impact of market competitiveness and commercial considerations on its practical ability to price new contracts and repricing existing contracts. The Group exercises judgement in deciding whether such commercial considerations are relevant in concluding as to whether the practical ability exists at the reporting date.

In estimating expected future cash flows of a group of contracts, the Group applies judgement in assessing future policyholder behaviour surrounding the exercise of options available to them. These include surrender options, and other options falling within the contract boundary.

Cash flows are within the boundaries of investment contracts with discretionary participation features if they result from a substantive obligation of the Group to deliver cash at a present or future date.

The Group assesses the contract boundary at initial recognition and at each subsequent reporting date to include the effect of changes in circumstances on the Group's substantive rights and obligations.

H. Measurement of insurance contracts issued

H1. Measurement on initial recognition for contracts other than PAA

The Group measures a group of contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the contractual service margin representing the unearned profit in the contracts relating to services that will be provided under the contracts.

Fulfilment cash flows within contract boundary

The fulfilment cash flows are the best estimates of the present value of the future cash flows, including a risk adjustment for non-financial risk. The estimates of future cash flows reflect conditions existing at the measurement date including assumptions at that date about the future.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Insurance contracts (continued)

H. Measurement of insurance contracts issued (continued)

H1. Measurement on initial recognition for contracts other than PAA (continued)

The Group estimates expected future cash flows for a group of contracts at a portfolio level and allocates them to the groups in that portfolio in a systematic and rational way. When estimating future cash flows, the Group includes all cash flows within the contract boundary including:

- Premiums and any additional cash flows resulting from those premiums;
- Reported claims that have not yet been paid, claims incurred but not yet reported, future claims expected to arise from the policy and potential cash inflows from recoveries on future claims covered by existing insurance contracts;
- An allocation of insurance acquisition cash flows attributable to the portfolio to which the issued contract belongs;
- Claim handling costs;
- Policy administration and maintenance costs including recurring commissions expected to be paid to intermediaries for policy administration services only (recurring commissions that are insurance acquisition cash flows are treated as such in the estimate of future cash flows)
- An allocation of fixed and variable overheads directly attributable to the fulfilment of insurance contracts including overhead costs such as accounting, human resources, information technology and support, building depreciation, rent, and maintenance and utilities
- Other costs specifically chargeable to the policyholder under the terms of the contract

See Note 16 for fulfilment cash flows of reinsurance contracts held.

Discount rates

The time value of money and financial risk is measured separately from expected future cash flows with changes in financial risks recognised in profit or loss at the end of each reporting period unless the Group has elected the accounting policy to present the time value of money separately in profit or loss. The Group measures the time value of money using discount rates that reflect the liquidity characteristics of the insurance contracts and the characteristics of the cash flows, consistent with observable current market prices. They exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts (e.g. credit risk).

A mix of the bottom-up and top-down approaches was applied in the determination of the discount rates for different products. Bottom-up approach is used for cash flows denominated in foreign currencies. Top-down approach is used for cash flows denominated in KZT. Discount rates determined at the reporting date are disclosed in Note 16.

Risk adjustment for non-financial risk

The Group measures the compensation it would require for bearing the uncertainty about the amount and timing of cash flows arising from insurance contracts, other than financial risk, separately as an adjustment for non-financial risk.

In calculating the risk adjustment coefficient, the impact of the following actuarial assumptions on the level of insurance risk is taken into account:

- Probability of death by sex and age;
- Amount of administrative expenses;
- Probability of termination (if any);
- Probability of prolongation.

The calculation is made using the Value at Risk (VaR) method. Under this approach, the Group calculates the present value of future cash flows under a number of different scenarios (each scenario representing uncertainty resulting from non-financial risks) in order to reproduce the distribution of risks. The risk adjustment for non-financial risk is taken to be equal to the difference between the cost measure of risk at a given level of confidence and the average value — its best estimate. The reliability equal to 75% are accepted.

Contractual service margin (CSM)

The CSM is a component of the overall carrying amount of a group of insurance contracts representing unearned profit that the Group will recognise as it provides insurance contract services over the coverage period.

At initial recognition, the Group measures the CSM at an amount that, unless a group of insurance contracts is onerous, results in no gains recognised in profit or loss arising from:

- The expected fulfilment cash flows of the group
- The amount of any derecognised asset for insurance acquisition cash flows allocated to the group
- Any other asset or liability previously recognised for cash flows related to the group
- Any cash flows that have already arisen on the contracts as of that date

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Insurance contracts (continued)

H. Measurement of insurance contracts issued (continued)

H1. Measurement on initial recognition for contracts other than PAA (continued)

If a group of contracts is onerous, the Group recognises a loss on initial recognition. This results in the carrying amount of the liability for the group being equal to the fulfilment cash flows, and the CSM of the group being nil. A loss component is recognised for any loss on initial recognition of the group of insurance contracts. See Note 16.

The Group determines at initial recognition the group's coverage units. The Group then allocates the group's CSM based on the coverage units provided in the period.

Insurance acquisition cash flows

The Group includes insurance acquisition cash flows in the measurement of a group of insurance contracts if they are directly attributable to either the individual contracts in a group, the group itself or the portfolio of insurance contracts to which the group belongs.

The Group estimates, at a portfolio level, insurance acquisition cash flows not directly attributable to the group but directly attributable to the portfolio. The Group then allocates them to the group of newly written and renewed contracts on a systematic and rational basis.

The Group recognises an asset in respect of costs to secure a portfolio or group of insurance contracts, such as costs of selling and underwriting, when these costs are incurred before the recognition of the group of insurance contracts to which these costs relate. The Group recognises such an asset for each existing or future group of insurance contracts to which insurance acquisition cash flows are allocated. The related portion of the asset for insurance acquisition cash flows is derecognised and included in the measurement of the fulfilment cash flows of the associated group of contracts when the group is initially recognised. When only some of the insurance contracts expected to be included within the group are recognised as at the end of the reporting period, the Group determines the related portion of the asset that is derecognised and included in the group's fulfilment cash flows. The related portion is determined on a systematic and rational allocation method that considers the timing of recognition of the contracts in the group.

At each reporting date, the Group reviews the carrying amounts of the asset for insurance acquisition cash flows to determine whether there is an indication that the asset has suffered an impairment. If any such indication exists, the Group adjusts the carrying amount of the asset so that the carrying amount of the asset does not exceed the expected net cash inflow for the associated future groups of contracts. An impairment loss is recognised in profit or loss for the difference. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the extent the impairment conditions no longer exist or have improved and the cumulative amount of impairment loss reversal does not exceed the impairment loss recognised for the asset in prior years.

H.2 Subsequent measurement under the General Model

In estimating the total future fulfilment cash flows, the Group distinguishes between those relating to already incurred claims and those relating to future service.

At the end of each reporting period, the carrying amount of the group of insurance contracts will reflect a current estimate of the liability for remaining coverage (LRC) as at that date and a current estimate of the liability for incurred claims (LIC).

The LRC represents the Group's obligation to investigate and pay valid claims under existing contracts for insured events that have not yet occurred, amounts that relate to other insurance contract services not yet provided (i.e. provision of investment-return and investment-related services) and investment components and other amounts not related to insurance contract services that have not yet been transferred to the LIC. The LRC is comprised of (a) the fulfilment cash flows relating to future service, (b) the CSM yet to be earned and (c) any outstanding premiums for insurance contract services already provided.

The LIC includes the Group's liability to pay valid claims for insured events that have already incurred, other incurred insurance expenses arising from past coverage service and the liability for claims incurred but not yet reported. It also includes the Group's liability to pay amounts the Group is obliged to pay the policyholder under the contract. This includes repayment of investment components, when a contract is derecognised. The current estimate of LIC comprises the fulfilment cash flows related to current and past service allocated to the group at the reporting date.

Changes in fulfilment cash flows

At the end of each reporting period, the Group updates the fulfilment cash flows for both LIC and LRC to reflect the current estimates of the amounts, timing and uncertainty of future cash flows, as well as discount rates and other financial variables.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Insurance contracts (continued)

H. Measurement of insurance contracts issued (continued)

H.2 Subsequent measurement under the General Model (continued)

The Group has an accounting policy choice which calculates changes in fulfilment cash flows at the end of a reporting period for changes in non-financial assumptions, changes in discount rates and financial assumptions. The Group first calculates the changes in discount rates and financial assumptions on the fulfilment cash flows (as expected at the beginning of the period) and then calculate changes on those cash flows from the change in non-financial assumptions.

Experience adjustments are the difference between:

- The expected cash flow estimate at the beginning of the period and the actual cash flows for premiums received in the period (and any related cash flows paid such as insurance acquisition cash flows); or
- The expected cash flow estimate at the beginning of the period and the actual incurred amounts of insurance service expenses in the period (excluding insurance acquisition expenses)

Experience adjustments relating to current or past service are recognised in profit or loss. For incurred claims (including incurred but not reported) and other incurred insurance service expenses, experience adjustments always relate to current or past service. They are included in profit or loss as part of insurance service expenses.

Experience adjustments relating to future service are included in the LRC by adjusting the CSM. The release of the CSM depends on whether the contract does not participate, participates indirectly, or directly participates in the performance of the specified underlying items. At the end of each reporting period, the Group re-estimates the LRC fulfilment cash flows, updating for changes in assumptions relating to financial and non-financial risks.

Margin adjustment for contractual services

In the case of non-equity insurance contracts, the margin for contracted services for a group of insurance contracts should be adjusted for changes in cash flows for the performance of contracts relating to deferred services. Such changes include:

- Experience adjustments relating to the premiums received in the period that relate to future service, and any related cash flows such as insurance acquisition cash flows and premium-based taxes measured at the 'locked in' discount rates applicable when the contracts in the group were initially recognised;
- The change in the estimate of the present value of expected future cash flows in the liability for remaining coverage, related to non-financial variables, measured at the 'locked in' discount rates applicable when the contracts in the group were initially recognised. All financial variables are locked in at initial recognition;
- Changes in the risk adjustment for non-financial risk relating to future service. The Group has elected not to disaggregate the change in the risk adjustment for non-financial risk between (i) a change related to non-financial risk and (ii) the effect of the time value of money and changes in the time value of money;
- Differences between the amount of investment components that were expected to be payable in the period and the amount of investment components that actually became payable. The amount of investment components expected to be payable in the period is measured at the discount rates applicable before it became payable.

The following adjustments do not relate to future service and thus do not adjust the CSM:

- Changes in fulfilment cash flows for the effect of the time value of money and the effect of financial risk and changes thereof;
- Changes in the fulfilment cash flows relating to the LIC;
- Experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

Any further increases in fulfilment cash flows relating to future coverage are recognised in profit or loss as they occur, increasing the loss component of the group of insurance contracts. Any subsequent decreases in fulfilment cash flows related to future coverage do not adjust the CSM until the loss component of the group is fully reversed through profit or loss.

At the end of the reporting period, the carrying amount of the CSM for a group of insurance contracts without direct participating features is the carrying amount at the beginning of the period adjusted for:

- The effect of any new contracts added to the group;
- Interest accreted on the carrying amount of the CSM measured at the discount rates determined at initial recognition;
- The changes in fulfilment cash flows related to future service, except:
  - Increases in fulfilment cash flows that exceed the carrying amount of the CSM, giving rise to a loss that results in the group of contracts becoming onerous or more onerous
  - Decreases in fulfilment cash flows that reverse a previously recognised loss on a group of onerous contracts
- The effect of any currency exchange differences on the CSM;
- The amount recognised as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining coverage period.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Insurance contracts (continued)

H. Measurement of insurance contracts issued (continued)

H.2 Subsequent measurement under the General Model (continued)

Recognition of the CSM in profit or loss

An amount of the CSM is released to profit or loss in each period during which the insurance contract services are provided. In determining the amount of the CSM to be released in each period, the Group follows three steps:

- Determine the total number of coverage units in the group. The amount of coverage units in the group is determined by considering the quantity of benefits provided under the contract and the expected coverage period for each contract;
- Allocate the CSM at the end of the period (before any of it is released to profit or loss to reflect the insurance contract services provided in the period) equally to each of the coverage units provided in the current period and expected to be provided in the future;
- Recognise in profit or loss the amount of CSM allocated to the coverage units provided during the period.

The number of coverage units change as insurance contract services are provided, contracts expire, lapse or surrender and new contracts are added to the group. The total number of coverage units depends on the expected duration of the obligations that the Group has from its contracts. These can differ from the legal contract maturity because of the impact of policyholder behaviour and the uncertainty surrounding future insured events. By determining a number of coverage units, the Group exercises judgement in estimating the likelihood of insured events occurring and policyholder behaviour to the extent that they affect expected period of coverage in the group, the different levels of service offered across periods (e.g. policyholder exercising an option and adding an additional coverage for a previously guaranteed price) and the 'quantity of benefits' provided under a contract.

Contracts with cash flows not dependent on underlying items

In determining the number of coverage units, the Group applies the following methods:

For term life (with level or decreasing sum assured) and fixed annuity policies, a method based on the expected coverage period and maximum contractual cover in each period is applied. This method is appropriate as there is variability in the contractual cover in each period and, therefore, variability in the amount of the service provided in each period.

The amount of CSM allocated to each coverage unit changes over time, as the amount of CSM changes. The allocation of the CSM to coverage units is done at the end of the period, after reflecting all other CSM adjustments (the accretion of interest and the effect of change in assumptions relating to future coverage), but before any of it is released to profit or loss. The amount of CSM remaining at the end of the reporting period is allocated equally to the coverage units provided in the period and the remaining coverage units relating to future periods.

H.3 Insurance contracts measured under the premium allocation approach

The Group applies the PAA to the measurement of motor and property insurance contracts with a coverage period of each contract in the group of one year or less. The Group applies the PAA to the measurement of motor and property insurance contracts with a coverage period of each contract in the group of more than one year if PAA model is applied.

On initial recognition, the Group measures the LRC at the amount of premiums received in cash. As all issued insurance contracts to which the PAA is applied have coverage of a year or less, the Group applies a policy of amortising all insurance acquisition cash flows over the contract's coverage period.

Premiums due to the Group for insurance contract services already provided in the period but not yet received at the end of the reporting period are included in the LRC. The carrying amount of the LRC at the end of each subsequent reporting period represents the carrying amount at the start of the reporting period adjusted for the premiums received in the period and the amount recognised as insurance revenue for insurance contract services provided in that period.

The Group has determined that there is no significant financing component in motor and property insurance contracts with a coverage period of one year or less. The Group does not discount the liability for remaining coverage to reflect the time value of money and financial risk for such insurance contracts.

The Group also applies the PAA to the all-quota share property and motor reinsurance contracts held. The coverage period of such reinsurance contracts held is 15 months or less. As the coverage period exceeds one year, the Group at initial recognition assesses whether the PAA is a reasonable approximation of the General Model.

For motor and property reinsurance contracts held with a coverage period longer than one year, the Group exercises judgement to determine whether a significant financing component exists. For groups of reinsurance contracts held with a significant financing component, the Group adjusts the LRC for the time value of money using discount rates determined at initial recognition.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Insurance contracts (continued)

H. Measurement of insurance contracts issued (continued)

H.3 Insurance contracts measured under the premium allocation approach (continued)

For both motor and property insurance contracts issued and reinsurance contracts held, the carrying amount of the LIC is measured applying the General Model, except that:

- For claims that the Group expects to be paid within one year or less from the date of incurrence, the Group does not adjust future cash flows for the time value of money and the effects of financial risks;
- For claims expected to take more than one year to settle are discounted applying the discount rate at the time the incurred claim is initially recognized.

Applying the PAA, the insurance revenue is measured at the amount allocated from the expected premium receipts excluding any investment component. The allocation is done on the basis of the passage of time. The Group applies judgement in determining the basis of allocation.

When facts and circumstances indicate that a group of contracts has become onerous, the Group performs a test for onerousness. If the amount of the fulfilment cash flows exceeds the carrying amount of the LRC, the Group recognises the amount of the difference as a loss in profit or loss and increases the LRC for the corresponding amount.

H.4 Onerous contracts

The Group considers an insurance contract to be onerous if the expected fulfilment cash flows allocated to the contract, any previously recognised acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total result in a net cash outflow.

On initial recognition, the onerous assessment is done on an individual contract level assessing on a best estimate of future expected cashflows including a risk adjustment for non-financial risk. Contracts expected on initial recognition to be loss-making are grouped together and such groups are measured and presented separately. Once contracts are allocated to a group, they are not re-allocated to another group, unless they are substantively modified.

On initial recognition, the CSM of the group of onerous contracts is nil and the group's measurement consists entirely of fulfilment cash flows. A net outflow expected from a group of contracts determined to be onerous is considered to be the group's 'loss component'. It is initially calculated when the group is first considered to be onerous and is recognised at that date in profit or loss. The amount of the group's loss component is tracked for the purposes of presentation and subsequent measurement.

After the loss component is recognised, the Group allocates any subsequent changes in fulfilment cash flows of the LRC on a systematic basis between the loss component and the LRC excluding the loss component.

For groups of onerous contracts, without direct participating features, the Group uses locked-in discount rates. They are determined at initial recognition to calculate the changes in the estimate of future cash flows relating to future service (both changes in a loss component and reversals of a loss component).

For all issued contracts, other than those accounted for applying the PAA, the subsequent changes in the fulfilment cash flows of the LRC to be allocated are:

- Insurance finance income or expense;
- Changes in risk adjustment for non-financial risk recognised in profit or loss representing release from risk in the period;
- Estimates of the present value of future cash flows for claims and expenses released from the LRC because of incurred insurance service expenses in the period.

The Group determines the systematic allocation of insurance service expenses incurred based on the percentage of loss component to the total fulfilment cash outflows included in the LRC.

Any subsequent decreases in fulfilment cash flows relating to future service allocated to the group (arising from changes in estimates of future cash flows and the risk adjustments for non-financial risk) are allocated first to the loss component only. Once it is exhausted, any further decreases in fulfilment cash flows relating to future service results in the establishment of the group's CSM.

For onerous groups of contracts, revenue is calculated as the amount of insurance service expenses expected at the beginning of the period that form part of revenue and reflects only:

- The change in the risk adjustment for non-financial risk due to expected release from risk in the period (excluding the amount systematically allocated to the loss component);
- The estimates of the present value of future cash flows related to claims expected to incur in the period (excluding the systematic allocation to the loss component);
- The allocation, based on the coverage units, of the portion of premiums that relates to the recovery of the insurance acquisition cash flows.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Insurance contracts (continued)

H. Measurement of insurance contracts issued (continued)

H.4 Onerous contracts (continued)

All these amounts are accounted for as a reduction of the LRC excluding the loss component.

The Group recognises amounts in insurance service expenses related to the loss component arising from:

- Changes in fulfilment cash flows arising from changes in estimates related to future service that establish or further increase the loss component;
- Subsequent decreases in fulfilment cash flows that relate to future service and reduce the loss component until it is exhausted;
- Systematic allocation to the loss component arising both from changes in the risk adjustment for non-financial risk and from incurred insurance services expenses.

I. Modification and derecognition

The Group derecognises the original contract and recognises the modified contract as a new contract, if the terms of insurance contracts are modified and the following conditions are met:

- If the modified terms were included at contract inception and the Group would have concluded that the modified contract:
  - Is outside of the scope of IFRS 17;
  - Results in a different insurance contract due to separating components from the host contract;
  - Results in a substantially different contract boundary;
  - Would be included in a different group of contracts.
- The original contract was accounted for applying the PAA, but the modified contract no longer meets the PAA eligibility criteria for that approach.

If the contract modification meets any of the conditions, the Group performs all assessments applicable at initial recognition, derecognises the original contract and recognises the new modified contract as if it was entered for the first time.

If the contract modification does not meet any of the conditions, the Group treats the effect of the modification as changes in the estimates of fulfilment cash flows.

For insurance contracts accounted for applying the General Model, a change in the estimates of fulfilment cash flows results in a revised end of period CSM (before the current period allocation). A portion of the revised end of period CSM is allocated to the current period, as is the revised CSM amount applied from the beginning of the period but reflecting the change in the coverage units due to the modification during the period. This portion is calculated using updated coverage unit amounts determined at the end of the period and weighted to reflect the fact that the revised coverage existed for only part of the current period.

For insurance contracts accounted for applying the PAA, the Group adjusts insurance revenue prospectively from the time of the contract modification.

The Group derecognises an insurance contract when, and only when the contract is:

- Extinguished (when the obligation specified in the insurance contract expires or is discharged or cancelled);
- Modified and the derecognition criteria are met.

When the Group derecognises an insurance contract from within a group of contracts, it:

- Adjusts the fulfilment cash flows allocated to the group to eliminate the present value of the future cash flows and risk adjustment for non-financial risk relating to the rights and obligations that have been derecognised from the group;
- Adjusts the CSM of the group for the change in the fulfilment cash flows (unless it relates to the increase or reversal of the loss component);
- Adjusts the number of coverage units for expected remaining insurance contract services to reflect the coverage units derecognised from the group, and recognises in profit or loss in the period the amount of CSM based on that adjusted number.

When the Group transfers an insurance contract to a third party and that results in derecognition, the Group adjusts the CSM of the group from which the contract has been derecognised for the difference between the change in the carrying amount of the group caused by the derecognised fulfilment cash flows and the premium charged by the third party for the transfer.

When the Group derecognises an insurance contract due to modification, it derecognises the original insurance contract and recognises a new one. The Group adjusts the CSM of the group from which the modified contract has been derecognised for the difference between the change in the carrying amount of the group as a result of adjustment to fulfilment cash flows due to derecognition and the premium the Group would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium actually charged for the modification.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Insurance contracts (continued)

J. Presentation

The Group has presented separately in the consolidated statement of financial position the carrying amount of portfolios of insurance contracts that are assets and those that are liabilities, and the portfolios of reinsurance contracts held that are assets and those that are liabilities.

The Group disaggregates the amounts recognised in the consolidated statement of profit or loss into insurance revenue and insurance service expenses. The Group has voluntarily included the net insurance finance income or expenses line in insurance revenue.

The Group does not disaggregate the change in risk adjustment for non-financial risk between a financial and nonfinancial portion. It includes the entire change as part of the insurance service result.

J.1 Insurance revenue

As the Group provides insurance services under a group of insurance contracts issued, it reduces its LRC and recognises insurance revenue, which is measured at the amount of consideration the Group expects to be entitled to in exchange for those services.

For groups of insurance contracts measured under the General Model, insurance revenue consists of the sum of the changes in the LRC due to:

- The insurance service expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
  - Amounts allocated to the loss component
  - Repayments of investment components
  - Insurance acquisition expenses
  - Amounts relating to risk adjustment for non-financial risk
- The change in the risk adjustment for non-financial risk, excluding:
  - Changes that relate to future service that adjust the CSM
  - Amounts allocated to the loss component
- The amount of CSM for the services provided in the period.

Insurance revenue also includes the portion of premiums that relate to recovering those insurance acquisition cash flows included in the insurance service expenses in each period. Both amounts are measured in a systematic way on the basis of the passage of time.

When applying the PAA, the Group recognises insurance revenue for the period based on the passage of time by allocating expected premium receipts including premium experience adjustments to each period of service.

J.2 Insurance service expenses

Insurance service expenses arising from a group of insurance contracts issued comprises:

- Changes in the LIC related to claims and expenses incurred in the period excluding repayment of investment components;
- Changes in the LIC related to claims and expenses incurred in prior periods (related to past service);
- Other directly attributable insurance service expenses incurred in the period;
- Amortisation of insurance acquisition cash flows, which is recognised at the same amount in both insurance service expenses and insurance contract revenue;
- Loss component of onerous groups of contracts initially recognised in the period;
- Changes in the LRC related to future service that do not adjust the CSM, because they are changes in the loss components of onerous groups of contracts.

J.3 Income or expenses from reinsurance contracts held

The Group presents income or expenses from a group of reinsurance contracts held and reinsurance finance income or expenses in profit or loss for the period separately. Income or expenses from reinsurance contracts held are split into the following two amounts:

- Amount recovered from reinsurers
- An allocation of the premiums paid

Ceding commissions that are not contingent on claims of the underlying contracts are presented as a deduction in the premiums to be paid to the reinsurer which is then allocated to profit or loss.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Insurance contracts (continued)

J. Presentation

J.3 Income or expenses from reinsurance contracts held (continued)

For PAA contracts

When applying the PAA, the Group does not discount the liability for remaining coverage to reflect the time value of money and financial risk for motor and property insurance policies with a coverage period of one year or less. For those claims that the Group expects to be paid within one year or less from the date of incurrence, the Group does not adjust future cash flows for the time value of money and the effects of financial risks. However, claims expected to take more than one year to settle are discounted applying the discount rate at the time the incurred claim is initially recognised.

For non-participating contracts

For non-participating contracts whose cash flows are not affected by underlying items, the Group has elected to present all insurance finance income or expenses in profit or loss.

Exchange differences

Exchange differences arising from changes in the carrying amount of groups of insurance contracts issued and reinsurance contracts held are recognised in profit or loss in the period in which they arise.

The group of insurance contracts with cash flows in different foreign currencies is assessed to be denominated in a single currency. Accordingly, the risk adjustment for non-financial risks and the CSM of the group of insurance contracts are determined in the currency of the group of contracts.

At the end of each reporting period, the carrying amount of the group of insurance contracts denominated in a foreign currency is translated into the functional currency.

The amounts arising from changes in exchange rates between the currency of the group of contracts and the functional currency are considered as exchange differences and are recognised in profit or loss in the period in which they arise.

K. Contracts existing at transition date

K.1 Contracts measured under the modified retrospective approach

For all life business the Group assessed historical information available and determined that all reasonable and supportable information necessary for applying the full retrospective approach was not available for groups of insurance contracts issued between 2019 to 2021 years prior to the transition date. For all non-life business the Group assessed historical information available and determined that all reasonable and supportable information necessary for applying the full retrospective approach was not available for groups of insurance contracts issued before 2021 year. The Group elected to apply the modified retrospective approach, which was intended to achieve the closest possible outcome to the full retrospective application maximising the use of available information.

The Group applied modifications in the following areas:

- Assessments of insurance contracts or groups of insurance contracts that would have been are required to be made at inception or initial recognition, such as assessments of insurance contracts profitability and identification of discretionary cash flows for indirect participating contracts;
- Estimation of expected future cash flows, discount rates and risk adjustment for non-financial risk as at the date of initial recognition
- Determination of the CSM
- Determination of insurance finance income or expenses

Level of aggregation

To the extent that reasonable and supportable information was not available at the date of initial recognition, the Group applied simplification in assumptions development taking into account available and supportable information as at transition date.

The Group assessed the CSM on the date of initial recognition to determine whether contracts belong to one of three profitability groups: groups of onerous contracts, groups of contracts that have no significant possibility of becoming onerous subsequently, and groups that are neither onerous nor have no significant possibility of becoming onerous subsequently.

Assessments at inception or initial recognition

The Group assessed that it did not have reasonable and supportable information to perform the following assessments as at the date of inception or initial recognition and accordingly performed the assessments using the following information available at the transition date:

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Insurance contracts (continued)

K. Contracts existing at transition date (continued)

K.1 Contracts measured under the modified retrospective approach (continued)

Expected cash flows

The Group estimated the cash flows at the date of initial recognition by estimating these cash flows at the date of transition, or if known at an earlier date than the transition date, adjusted by actual cash flows that were known to have occurred between then and the date of initial recognition. These include cash flows from contracts that have ceased to exist by the date of transition.

The Group applied the simplified assumption that the expectations as at the date of transition were also valid at the date of initial recognition, so that only the known cash flows that have occurred since initial recognition are adjusted for.

Discount rates

To the extent that the Group did not have reasonable and supportable information to determine discount rates applicable on the date of initial recognition of the group of contracts, the Group estimated the discount rates using an observable yield curve that for at least three years prior to the transition (i.e. 2019-2021) approximated the current yield curve used for subsequent measurement applying IFRS 17. Since observable yield curve did not exist till 2019, the Group applied the discount rates as at 31 December 2019 for the valuation dates until 31 December 2019.

K.2 Contracts measured applying the fair value approach

The Group concluded that reasonable and supportable information for application of the modified retrospective approach was not available for Pension annuity and Obligatory Employer's Liability Lob issued before 2019 and therefore applied the fair value approach for those contracts.

The Group uses reasonable and supportable information available at the transition date to:

- Identify groups of insurance contracts
- Determine whether an insurance contract meets the definition of an insurance contract with direct participation features
- Identify discretionary cash flows for insurance contracts without direct participation features
- Determine whether an investment contract meets the definition of an investment contract with discretionary participation features within the scope of IFRS 17

Level of aggregation

The Group included contracts into one group of contracts as there was no reasonable and supportable information available to make the division.

Measurement at the transition date

In applying the fair value approach at the transition date, the CSM or loss component of the LRC was estimated as the difference between the fair value and the fulfilment cash flows of the group of contracts as of that date. In determining fair value, the Group followed the requirements of IFRS 13 Fair Value Measurement, except for that standard's requirement in relation to demand features (that fair value cannot be less than the amount repayable on demand), This is because it would contradict the IFRS 17 requirement to incorporate cash flows on a probability-weighted basis.

Discount rates

The Group used discount rates as at the date of initial recognition.

Insurance acquisition cash flows

The Group did not include an amount for insurance acquisition cash flows in the measurement of the groups of insurance contracts recognised at the transition date.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

For the years ended 31 December 2024 and 2023 (Millions of Kazakhstani Tenge)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial guarantee contracts and letters of credit issued

Financial guarantee contracts and letters of credit issued by the Group are credit insurance that provides for specified payments to be made to reimburse the holder for a loss it incurs because a specified debtor fails to make a payment when due under the original or modified terms of a debt instrument. Such financial guarantee contracts and letters of credit issued are initially recognised at fair value. Subsequently, they are measured at the higher of (a) the amount recognised as a provision and (b) the amount initially recognised less, where appropriate, cumulative amortisation of initial premium revenue received over the financial guarantee contracts or letters of credit issued.

New and amended IFRS Accounting Standards that are effective for the current year

The following amendments and interpretations are effective for the Group effective 1 January 2024:

IFRS S2 Climate-related Disclosures	1 January 2024
IFRS S1 General Requirements for Sustainability-Related Financial Disclosures	1 January 2024
Amendments to IAS 1 Classification of Liabilities as Current and Non-Current	1 January 2024
Amendments to IAS 1 Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16 Leases—Lease Liability in a Sale and Leaseback	1 January 2024

The above standards and interpretations were reviewed by the Group's management, but did not have a significant effect on the consolidated financial statements of the Group.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New or revised standard or interpretation	Applicable to annual reporting periods beginning on or after
IFRS 18 — Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19 — Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IAS 21 — Lack of Exchangeability	1 January 2027

The Group is currently assessing the possible impact of IFRS 18. Until the Group has completed its review, it is not possible to make a reasonable estimate of the financial impact.

The Group does not expect that the application of IFRS 19 and the amendments to IFRS 21 will have a material impact on the Group's consolidated financial statements in future periods.

4. 4A. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make estimates and judgments that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the reporting year. Management evaluates its estimates and judgements on an ongoing basis. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. The following estimates and judgments are considered important to the portrayal of the Group's financial condition.

Significant increase of credit risk

As explained in Note 3, ECL are measured as an allowance equal to 12-month ECL (for assets in Stage 1) assets, or lifetime ECL assets for Stage 2 or Stage 3 assets. An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information (refer to Note 33 for more details).

Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward-looking information relevant to each scenario

For treasury operations, the Bank calculates ECL on a financial asset based not only on the current estimates of the credit quality of the counterparty/issuer at the reporting date, but also taking into account possible deterioration of the financial condition due to the adverse macroeconomic factors of the counterparty's/issuer's environment in the future. In particular, the level of ECL for treasury operations is affected by the rating outlook (positive, stable, negative) assigned by international rating agencies, which affects the probability of default.

4. 4A. SIGNIFICANT ACCOUNTING ESTIMATES (CONTINUED)

Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward-looking information relevant to each scenario (continued)

For bank loans, the calculation of ECL takes into account the possible estimated effects of changes in macroeconomic parameters on forecasted cash flows, migration of collective loans and collateral coverage.

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Refer to Note 33 for more details.

The key inputs used for measuring ECL are:

- Probability of default (“PD”);
- Loss given default (“LGD”); and
- Exposure at default (“EAD”).

Probability of default

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

PD for treasury operations is determined according to the Default Study from international rating agencies (S&P, Fitch, Moody’s), which publish tabular data with the values of the probabilities of default. The probabilities of default are maintained up to date and are updated on a periodic basis as the default statistics are updated.

PD for individually assessed loans of corporate, small and medium businesses is estimated using an internal rating model based on the quantitative and qualitative characteristics of the borrower. The calculation of PD on loans assessed on a collective basis is carried out on the basis of historical data using the migration matrices and roll-rates.

Loss Given Default

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

LGD for treasury operations is determined according to the Default Study data from international rating agencies (S&P, Fitch and Moody’s) and depends on the type of debt on the financial asset: senior secured/unsecured, subordinated and sovereign. In addition, LGD may be adjusted if collateral is provided for the asset, as well as if there are indications of impairment for the financial asset (Stage 2 or Stage 3).

LGD for collectively assessed loans is calculated based on an estimate of the recoverability of debt in case of the pledged collateral sale with a discount period that corresponds to the pledged collateral implementation terms.

Exposure at Default

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Group’s modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default. The Group uses EAD models that reflect the characteristics of the portfolios.

Models and assumptions used

The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. See Notes 5, 8, 9, 10, 11, 17 and 33 for more details on allowances for ECL and Note 36 for more details on fair value measurement.

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4. 4A. SIGNIFICANT ACCOUNTING ESTIMATES (CONTINUED)

Models and assumptions used (continued)

The Group makes estimates and judgments, which are constantly analyzed based on statistical data, actual and forecast information, as well as management experience, including expectations regarding future events that are reasonable in current circumstances.

In 2024, the allowances for ECL of financial assets in the consolidated financial statements have been determined on the basis of existing economic and political conditions and available forward-looking information.

The carrying amount of the allowance for ECL of loans to customers as at 31 December 2024 is KZT 573,219 million (31 December 2023: KZT 489,926 million).

Fair value measurement and valuation process

In estimating the fair value of a financial asset or a liability, the Group uses market-observable data to the extent it is available. Where such Level 1 inputs are not available, the Group uses valuation models to determine the fair value of its financial instruments. Refer to Note 36 for more details on fair value measurement.

Taxation

Kazakhstan tax, currency and customs legislations are subject to varying interpretations and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and state authorities. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review.

As at 31 December 2024, management believes that its interpretation of the relevant legislation is appropriate and that the Group's tax, currency and customs positions will be sustained. Significant additional actual taxes, penalties and interest may be assessed following any challenges by the relevant authorities, which could have a material impact on the Group's reported net income.

4B. RECLASSIFICATIONS

Certain reclassifications have been made to the consolidated statement of profit or loss for the year ended 31 December 2023 to conform with the presentation of the statement for the year ended 31 December 2024, as the with current year presentation provides a better understanding of the Group's financial performance.

The reclassification of fee and commission expenses in the amount of KZT 13,357 million includes the reclassification of deposit insurance expenses. As these expenses are directly related to deposit expenses, the Group's management decided to reclassify them as interest expenses. Accordingly, a reclassification was also made in the consolidated statement of cash flows for the year ended 31 December 2023.

	As previously reported	Reclassified	As restated
Consolidated statement of profit and loss	Year ended 31 December 2023	Year ended 31 December 2023	Year ended 31 December 2023
Fee and commission expense	(99,704)	13,357	(86,347)
Interest expense	(859,285)	(13,357)	(872,642)

In accordance with the requirement of IFRS 17, the effect of the time value of money, the change in the time value of money, the effect of financial risk and changes in financial risk should be included in finance income or insurance expenses and should be excluded from insurance expenses. Accordingly, the Group reclassified finance costs in the amount of KZT 14,824 million from insurance expenses. A reclassification was also made in the consolidated statement of cash flows for the year ended 31 December 2023.

	As previously reported	Reclassified	As restated
Consolidated statement of profit and loss	Year ended 31 December 2023	Year ended 31 December 2023	Year ended 31 December 2023
Insurance service expense	(131,847)	14,824	(117,023)
Financial expenses for insurance	-	(14,824)	(14,824)

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5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	31 December 2024	31 December 2023
Cash on hand	271,019	314,055
Correspondent accounts with Organization for Economic Co-operation and Development countries (the "OECD") based banks	237,969	360,599
Correspondent accounts with non-OECD based banks	84,877	40,418
Correspondent accounts with Kazakhstan banks	18,161	33,595
Correspondent accounts with NBRK	2	176,766
Overnight deposits with non-OECD based banks	3,562	5,171
Overnight deposits with OECD based banks	79	-
Short-term deposits with NBRK	800,985	350,310
Short-term deposits with banks (incl. loans under reverse repurchase agreements)	55,117	39,052
Short-term deposits with non-OECD based banks	2,031	57,349
	1,473,802	1,377,315

As at 31 December 2024 and 2023, allowance for expected credit losses on cash and cash equivalents comprised KZT 27 million and KZT 36 million, respectively.

The movements in accumulated allowances for expected credit losses of cash and cash equivalents were as follows:

	31 December 2024	31 December 2023
	Stage 1	Stage 1
At the beginning of the year	(36)	(21)
Changes in risk parameters	7	(28)
Foreign exchange differences and other movements	2	13
At the end of the year	(27)	(36)

Interest rates and currencies in which interest earning cash and cash equivalents are denominated are as follows:

	31 December 2024		31 December 2023	
	KZT	Foreign currencies	KZT	Foreign currencies
Overnight deposits with OECD based banks	-	6.3%	-	-
Overnight deposits with non-OECD based banks	-	6.3%-20.0%	-	12.0%
Short-term deposits with NBRK	15.3%	-	14.8%-15.8%	-
Short-term deposits with Kazakhstan banks (incl. loans under reverse repurchase agreements)	13.9%-15.5%	13.5%	14.8%-17.8%	3.6%-7.1%
Short-term deposits with non-OECD based banks	-	9.0%	-	5.7%-12.0%

Fair value of assets pledged and carrying amounts of loans under reverse repurchase agreements as at 31 December 2024 and 2023 are as follows:

	31 December 2024		31 December 2023	
	Carrying amount of loans	Fair value of collateral	Carrying amount of loans	Fair value of collateral
Treasury bills of the Ministry of Finance of Kazakhstan	37,747	37,733	17,585	17,583
Treasury bills of the Ministry of Finance of Uzbekistan	10,022	10,023	6,094	6,096
Eurobonds of the foreign countries	3,179	3,228	2,113	2,092
Bonds of Kazakhstan banks	3,018	3,109	1,457	1,371
Corporate bonds	633	631	10,766	10,788
Bonds of JSC Development Bank of Kazakhstan	518	529	669	657
Bonds of foreign corporations	-	-	356	352
Notes of NBRK	-	-	12	12
	55,117	55,253	39,052	38,951

As at 31 December 2024 and 2023, maturities of loans under reverse repurchase agreements are less than one month.

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6. OBLIGATORY RESERVES

Obligatory reserves comprise:

	31 December 2024	31 December 2023
Cash and due from banks allocated to obligatory reserves	**306,330**	244,866
	306,330	**244,866**

The obligatory reserves represent the minimum reserve deposits and cash on hand balances required by the National Banks of the Republic of Kazakhstan and Georgia and used for calculation of the minimum reserve requirements. As at 31 December 2024, obligatory reserves of the Bank's subsidiaries — JSC Halyk Bank Georgia comprised KZT 11,909 million (31 December 2023 — comprised KZT 10,811 million).

7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss comprise:

	31 December 2024	31 December 2023
Financial assets held for trading:		
Corporate bonds	**218,794**	186,343
Treasury bills of the Ministry of Finance of Kazakhstan	**183,327**	51,137
Eurobonds of foreign states	**150,714**	32,650
Bonds of foreign organizations	**66,346**	34,668
Bonds of Kazakhstan banks	**44,974**	33,676
Equity securities of foreign corporations	**42,847**	149,224
Equity securities of Kazakhstan corporations	**34,737**	12,723
Derivative financial instruments	**30,487**	23,836
Bonds of JSC Development Bank of Kazakhstan	**24,919**	35,546
Notes of NBRK	**16,143**	5,843
Bonds of foreign financial organizations	**9,529**	23,716
	822,817	**589,362**

Financial liabilities at fair value through profit or loss comprise:

	31 December 2024	31 December 2023
Financial liabilities held for trading:		
Derivative financial instruments	**6,973**	4,202

Interest rates on financial assets at fair value through profit or loss are presented in the table below. Interest rates in the table below are calculated as weighted average of the effective interest rates for the respective financial assets:

	31 December 2024	31 December 2023
Corporate bonds	**12.6%**	12.7%
Treasury bills of the Ministry of Finance of Kazakhstan	**13.0%**	12.8%
Eurobonds of foreign states	**5.0%**	4.8%
Bonds of foreign organizations	**6.7%**	6.2%
Bonds of Kazakhstan banks	**15.9%**	13.6%
Bonds of JSC Development Bank of Kazakhstan	**13.3%**	14.7%
Notes of NBRK	**14.3%**	15.4%
Bonds of foreign financial organizations	**11.2%**	12.0%

As at 31 December 2024 and 2023, financial assets at fair value through profit or loss included Treasury bills of the Ministry of Finance of Kazakhstan and JSC Kazakhstan Sustainability Fund with a fair value of KZT 7,554 million and KZT 12,210 million, respectively, pledged under repurchase agreements with other banks (see Note 19). All repurchase agreements as at 31 December 2024 and 2023 matured before 17 January 2025 and 18 January 2024, respectively.

Derivative financial instruments comprise:

	31 December 2024			31 December 2023		
	Notional amount	Fair value		Notional amount	Fair value	
		Asset	Liability		Asset	Liability
Foreign currency contracts						
Swaps	**545,598**	**29,453**	**4,630**	789,753	23,487	4,029
Forwards	**128,663**	**190**	**350**	4,736	23	-
Spots	**35,976**	**844**	**1,993**	78,676	326	173
	710,237	**30,487**	**6,973**	**873,165**	**23,836**	**4,202**

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7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

As at 31 December 2024 and 2023, the Group used quotations from observable independent sources of information to determine the fair value of financial assets measured at fair value through profit or loss, excluding derivative financial instruments that were measured on the basis of observable market data from valuation models.

8. AMOUNTS DUE FROM CREDIT INSTITUTIONS

Amounts due from credit institutions comprise:

	31 December 2024	31 December 2023
Deposit pledged as collateral	66,596	78,774
Term deposits and restricted accounts	53,495	51,367
Loans to credit institutions	37,027	42,013
	157,118	172,154
Less — Allowance for expected credit losses	(152)	(400)
	156,966	171,754

Interest rates and maturities of amounts due from credit institutions are as follows:

	31 December 2024		31 December 2023	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Deposit pledged as collateral	1.8%-4.6%	2025-2046	1.8%-5.4%	2024-2046
Term deposits and restricted accounts	4.8%-20.0%	2025-2029	3.0%-9.1%	2024-2027
Loans to credit institutions	1.3%-8.5%	2025-2028	1.0%-14.3%	2024

The movements in accumulated allowances for expected credit losses of amounts due from credit institutions were as follows:

	31 December 2024		
	Stage 1	Stage 2	Total
At the beginning of the year	(330)	(70)	(400)
Changes in risk parameters	253	69	322
Foreign exchange differences and other movements	(75)	1	(74)
At the end of the year	(152)	-	(152)

	31 December 2023		
	Stage 1	Stage 2	Total
At the beginning of the year	(201)	(144)	(345)
Changes in risk parameters	(65)	71	6
Foreign exchange differences and other movements	(64)	3	(61)
At the end of the year	(330)	(70)	(400)

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Debt securities comprise:

	31 December 2024	31 December 2023
Treasury bills of the Ministry of Finance of Kazakhstan	2,017,155	1,547,296
Corporate bonds	256,684	211,958
Bonds of foreign organisations	229,093	188,038
Bonds of JSC Development Bank of Kazakhstan	222,438	147,645
Eurobonds of foreign states	120,848	206,347
Bonds of foreign financial organizations	31,184	89,887
Bonds of Kazakhstan banks	20,668	10,465
Local municipal bonds	11,328	10,756
Treasury bills of the Ministry of Finance of Uzbekistan	3,878	3,880
	2,913,276	2,416,272

Equity securities comprise:

	31 December 2024	31 December 2023
Equity securities of Kazakhstan corporations	11,484	9,630
	11,484	9,630
Total financial assets at fair value through other comprehensive income	2,924,760	2,425,902

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9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

As at 31 December 2024 and 2023, financial assets at fair value through other comprehensive income included Treasury bills of the Ministry of Finance of Kazakhstan, JSC Development Bank of Kazakhstan, JSC Industrial Development Fund, and JSC Kazakhstan Sustainability Fund at fair value of KZT 196,881 million and KZT 188,100 million, respectively, pledged under repurchase agreements with other banks (see Note 19). All repurchase agreements as at 31 December 2024 and 2023 will mature before 17 November 2025 and 10 January 2024, respectively.

As at 31 December 2024 and 2023, the allowance for expected credit losses on financial assets at fair value through other comprehensive income comprised KZT 4,364 million and KZT 2,206 million, respectively (Note 10).

Interest rates and maturities of financial assets at fair value through other comprehensive income are presented in the table below. Interest rates in the table below are calculated as weighted average of the effective interest rates for the respective securities.

	31 December 2024		31 December 2023	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Treasury bills of the Ministry of Finance of Kazakhstan	**7.0%**	**2025-2045**	5.7%	2024-2045
Corporate bonds	**9.2%**	**2025-2047**	10.2%	2024-2047
Bonds of foreign organisations	**5.0%**	**2025-2029**	3.8%	2024-2027
Bonds of JSC Development Bank of Kazakhstan	**6.4%**	**2025-2032**	6.3%	2024-2032
Eurobonds of foreign states	**3.8%**	**2025-2034**	3.8%	2024-2025
Bonds of foreign financial organisations	**8.7%**	**2025-2030**	9.0%	2024-2030
Bonds of Kazakhstan banks	**8.6%**	**2026-2029**	11.9%	2024-2026
Local municipal bonds	**10.8%**	**2026**	10.8%	2026
Treasury bills of the Ministry of Finance of Uzbekistan	**7.0%**	**2028-2029**	7.9%	2028-2029

10. DEBT SECURITIES AT AMORTISED COST, NET OF ALLOWANCE FOR EXPECTED CREDIT LOSSES

Debt securities at amortised cost, net of allowances for expected credit losses comprise:

	31 December 2024	31 December 2023
Treasury bills of the Ministry of Finance of Kazakhstan	**521,807**	521,665
Corporate bonds	**217,839**	187,966
Treasury bonds of the Central Bank of the Republic of Uzbekistan	**20,995**	7,421
Bonds of foreign organizations	**4,004**	5,332
Notes of National Bank of Georgia	**2,292**	2,959
	766,937	**725,343**

As at 31 December 2024 and 2023, the allowance for expected credit losses on debt securities at amortised cost comprised KZT 577 million and KZT 656 million, respectively.

As at 31 December 2024 and 2023, debt securities at amortised cost, net of allowances for expected credit losses included Treasury bills of the Ministry of Finance of Kazakhstan at fair value of KZT 37,581 million and KZT 269,231 million, respectively, pledged under repurchase agreements with other banks (see Note 19). All repurchase agreements as at 31 December 2024 and 2023 mature before 5 January 2025 and 3 January 2024, respectively.

Interest rates and maturities of debt securities at amortised cost, net of allowance for expected credit losses are presented in the table below. Interest rates in the table below are calculated as weighted average of the effective interest rates for the respective securities.

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10. DEBT SECURITIES AT AMORTISED COST, NET OF ALLOWANCE FOR EXPECTED CREDIT LOSSES (CONTINUED)

	31 December 2024		31 December 2023	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Treasury bills of the Ministry of Finance of Kazakhstan	**9.0%**	**2026-2027**	9.1%	2026-2027
Corporate bonds	**4.0%**	**2027**	3.3%	2024
Treasury bonds of the Central Bank of the Republic of Uzbekistan	**15.7%**	**2025**	16.4%	2024
Bonds of foreign organizations	**5.5%**	**2025**	3.4%	2025
Notes of National Bank of Georgia	**9.7%**	**2025-2028**	9.9%	2024-2028

The movements in accumulated allowances for expected credit losses of debt securities at amortised cost, net of allowances for expected credit losses and financial assets at fair value through other comprehensive income were as follows:

	31 December 2024		31 December 2023		
	Stage 1	Total	Stage 1	Stage 3	Total
At the beginning of the year	**(2,862)**	**(2,862)**	**(1,398)**	**(170)**	**(1,568)**
Changes in risk parameters*	**(1,159)**	**(1,159)**	(1,212)	—	(1,212)
New originations or purchases of financial assets*	**(1,030)**	**(1,030)**	(465)	—	(465)
Derecognition of financial assets*	**109**	**109**	108	—	108
Disposal of subsidiaries	**(1)**	**(1)**	20	—	20
Write-offs	**-**	**-**	—	170	170
Foreign exchange differences and other movements	**2**	**2**	85	—	85
At the end of the year	**(4,941)**	**(4,941)**	**(2,862)**	**—**	**(2,862)**

* Line "(Credit loss expense)/ Recovery of credit loss expense" in the consolidated statement of profit or loss is comprised from "Changes in risk parameters", "New originations or purchases of financial assets" and "Derecognition of financial assets".

11. LOANS TO CUSTOMERS

Loans to customers comprise:

	31 December 2024	31 December 2023
Loans to customers	**12,016,120**	9,752,598
Overdrafts	**22,748**	22,200
	12,038,868	**9,774,798**
Stage 1	**11,209,639**	8,992,052
Stage 2	**66,208**	51,860
Stage 3	**743,676**	700,518
Purchased or originated credit-impaired assets ("POCI")	**19,345**	30,368
Total	**12,038,868**	**9,774,798**
Less — Allowance for expected credit losses	**(573,219)**	(489,926)
Loans to customers	**11,465,649**	**9,284,872**

The average interest rate on loans to customers is calculated as interest income on loans to customers divided by monthly average balances of loans to customers. For the year ended 31 December 2024, average interest rate on loans was 16.9% (for the year ended 31 December 2023 — 16.3%).

As at 31 December 2024, the Group's loan concentration to the ten largest borrowers was KZT 2,151,550, which comprised 18% of the Group's total gross loan portfolio (as at 31 December 2023 — KZT 1,745,993 million, 18%) and 70% of the Group's total equity (as at 31 December 2023 — 73%). As at 31 December 2024, the allowance for expected credit losses created against these loans was KZT 18,548 million (as at 31 December 2023 — KZT 17,489 million).

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

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11. LOANS TO CUSTOMERS (CONTINUED)

The main types of collateral obtained are as follows:

- For securities lending and reverse repurchase transactions — cash or securities;
- For commercial lending — charges over real estate properties, equipment, guarantees of legal entities with external rating not lower than ‘B’;
- For retail lending — mortgages over residential properties, motor vehicles.

The Group obtained the following financial and non-financial assets during the year by taking possession of collateral held as security against loans and advances and held at the year end. The Group’s policy is to realise collateral on a timely basis. The primary purpose of collateral is to reduce the potential credit loss in case of default. Management monitors the market value of collateral obtained during its review of the adequacy of the allowance for expected credit losses.

The table below summarizes the amount of loans secured by type of collateral, rather than the fair value of the collateral itself:

	31 December 2024	31 December 2023
Loans collateralised by mixed types of collateral	2,453,005	1,164,050
Loans collateralised by pledge of real estate or rights thereon	2,265,402	2,392,964
Consumer loans issued within the framework of payroll projects*	2,146,331	1,802,732
Loans collateralised by guarantees	1,223,814	1,093,407
Loans collateralised by pledge of vehicles	738,174	356,266
Loans collateralised by cash	629,848	485,530
Loans collateralised by pledge of corporate shares	399,194	408,871
Loans collateralised by pledge of equipment	293,390	402,584
Loans collateralised by pledge of inventories	164,479	232,602
Unsecured loans	1,725,231	1,435,792
	12,038,868	9,774,798
Less — Allowance for expected credit losses	(573,219)	(489,926)
Loans to customers	**11,465,649**	**9,284,872**

*These loans are collateralised by cash to be received in the future from the employees of companies within the framework of salary projects.

Loans are granted to the following sectors:

	31 December 2024	%	31 December 2023	%
Retail loans:				
- consumer loans	3,640,383	30%	2,720,125	28%
- mortgage loans	508,879	4%	392,280	4%
	4,149,262		3,112,405	
Services	1,143,985	10%	940,224	10%
Wholesale trade	920,217	8%	828,977	8%
Energy	763,144	6%	509,210	5%
Retail trade	662,041	5%	635,295	6%
Metallurgy	613,974	5%	356,780	4%
Construction	380,757	3%	274,556	3%
Real estate	357,828	3%	333,018	3%
Financial services	357,826	3%	367,719	4%
Machinery	351,955	3%	271,588	3%
Mining	341,200	3%	125,184	1%
Agriculture	336,138	3%	298,939	3%
Food industry	328,982	3%	302,575	3%
Chemical industry	317,733	3%	326,310	3%
Transportation	310,993	2%	330,840	3%
Oil and gas	283,334	2%	360,489	4%
Hotel industry	107,878	1%	72,136	1%
Communication	106,599	1%	155,574	2%
Light industry	75,725	1%	64,007	1%
Other	129,297	1%	108,972	1%
	12,038,868	100%	9,774,798	100%

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11. LOANS TO CUSTOMERS (CONTINUED)

Restructured and modified loans to customers

The Bank derecognises a financial asset, such as a loan to a customer, if the terms of the contract are renegotiated in such a way that it effectively becomes a new loan and the difference is recognized as a gain or loss on derecognition before an impairment loss is recognized. On initial recognition, loans to customers are classified in Stage 1 for the purpose of estimating expected credit losses, unless the loan originated is considered POCI. If the modification does not result in a significant change in cash flows, then derecognition does not occur. No material gain/(loss) on modification of loans to customers was recognized in 2024 and 2023.

As at 31 December 2024, accrued interest on loans comprised KZT 268,373 million (31 December 2023 — KZT 213,240 million).

During the years ended 31 December 2024 and 2023, the Group received financial and non-financial assets by taking possession of collateral it held as security. As at 31 December 2024 and 2023, such assets of KZT 6,157 million and KZT 22,910 million, respectively, were included in assets classified as held for sale.

As at 31 December 2024 and 2023, loans to customers included loans of KZT 354,105 million and KZT 328,102 million, respectively, for which terms were renegotiated. Otherwise, these loans would be past due.

The following is a reconciliation of the gross carrying amounts at the beginning and end of year:

					31 December 2024
	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the year	8,992,052	51,860	700,518	30,368	9,774,798
Transfer to Stage 1	96,999	(34,764)	(62,235)	-	-
Transfer to Stage 2	(127,638)	137,065	(9,427)	-	-
Transfer to Stage 3	(229,332)	(82,039)	311,371	-	-
New originations or purchases of financial assets	10,194,661	-	-	-	10,194,661
Assets derecognised or repaid	(5,067,182)	(9,950)	(158,938)	(9,992)	(5,246,062)
Write-offs	-	-	(59,715)	(5,297)	(65,012)
Changes in the gross value of financial assets*	(2,649,921)	4,036	22,102	4,266	(2,619,517)
At the end of the year	11,209,639	66,208	743,676	19,345	12,038,868

					31 December 2024
Corporate Business	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the year	4,620,873	13,307	385,026	24,368	5,043,574
Transfer to Stage 1	12,139	(1,997)	(10,142)	-	-
Transfer to Stage 2	(11,080)	11,826	(746)	-	-
Transfer to Stage 3	(41,318)	(1,458)	42,776	-	-
New originations or purchases of financial assets	5,304,179	-	-	-	5,304,179
Assets derecognised or repaid	(3,220,172)	(2,071)	(48,815)	(7,500)	(3,278,558)
Write-offs	-	-	-	(5,147)	(5,147)
Changes in the gross value of financial assets*	(1,064,478)	488	(30,427)	4,249	(1,090,168)
At the end of the year	5,600,143	20,095	337,672	15,970	5,973,880

					31 December 2024
Retail Business	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the year	2,890,959	20,966	198,334	2,146	3,112,405
Transfer to Stage 1	56,371	(22,281)	(34,090)	-	-
Transfer to Stage 2	(84,754)	91,064	(6,310)	-	-
Transfer to Stage 3	(135,288)	(56,665)	191,953	-	-
New originations or purchases of financial assets	2,852,099	-	-	-	2,852,099
Assets derecognised or repaid	(849,161)	(3,081)	(73,427)	(2,046)	(927,715)
Write-offs	-	-	(50,225)	(59)	(50,284)
Changes in the gross value of financial assets*	(882,810)	2,401	42,952	222	(837,235)
At the end of the year	3,847,416	32,404	269,187	263	4,149,270

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11. LOANS TO CUSTOMERS (CONTINUED)

Restructured and modified loans to customers (continued)

					31 December 2024
SME Business	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
At the beginning of the year	**1,480,220**	**17,587**	**117,158**	**3,854**	**1,618,819**
Transfer to Stage 1	**28,489**	**(10,486)**	**(18,003)**	**-**	**-**
Transfer to Stage 2	**(31,804)**	**34,175**	**(2,371)**	**-**	**-**
Transfer to Stage 3	**(52,726)**	**(23,916)**	**76,642**	**-**	**-**
New originations or purchases of financial assets	**2,038,383**	**-**	**-**	**-**	**2,038,383**
Assets derecognised or repaid	**(997,849)**	**(4,798)**	**(36,696)**	**(446)**	**(1,039,789)**
Write-offs	**-**	**-**	**(9,490)**	**(91)**	**(9,581)**
Changes in the gross value of financial assets*	**(702,633)**	**1,147**	**9,577**	**(205)**	**(692,114)**
At the end of the year	**1,762,080**	**13,709**	**136,817**	**3,112**	**1,915,718**

					31 December 2023
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
At the beginning of the year	**7,549,514**	**106,694**	**586,787**	**37,295**	**8,280,290**
Transfer to Stage 1	69,859	(32,039)	(37,820)	-	-
Transfer to Stage 2	(105,912)	112,093	(6,181)	-	-
Transfer to Stage 3	(342,347)	(108,555)	450,902	-	-
New originations or purchases of financial assets	8,151,453	-	-	-	8,151,453
Assets derecognised or repaid	(3,922,697)	(11,348)	(150,225)	(1,599)	(4,085,869)
Write-offs	-	-	(42,970)	(204)	(43,174)
Changes in the gross value of financial assets*	(2,363,817)	(14,714)	(87,169)	(5,124)	(2,470,824)
Disposal of subsidiaries	(44,001)	(271)	(12,806)	-	(57,078)
At the end of the year	**8,992,052**	**51,860**	**700,518**	**30,368**	**9,774,798**

					31 December 2023
Corporate Business	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
At the beginning of the year	**4,046,565**	**72,288**	**302,658**	**27,969**	**4,449,480**
Transfer to Stage 1	12,137	(1,006)	(11,131)	-	-
Transfer to Stage 2	(12,552)	12,552	-	-	-
Transfer to Stage 3	(208,546)	(58,791)	267,337	-	-
New originations or purchases of financial assets	4,462,136	-	-	-	4,462,136
Assets derecognised or repaid	(2,530,102)	(3,826)	(59,213)	(1,113)	(2,594,254)
Write-offs	-	-	(419)	(204)	(623)
Changes in the gross value of financial assets*	(1,140,687)	(7,910)	(109,042)	(2,284)	(1,259,923)
Disposal of subsidiaries	(8,078)	-	(5,164)	-	(13,242)
At the end of the year	**4,620,873**	**13,307**	**385,026**	**24,368**	**5,043,574**

					31 December 2023
Retail Business	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
At the beginning of the year	**2,354,692**	**15,253**	**163,659**	**3,252**	**2,536,856**
Transfer to Stage 1	37,109	(19,105)	(18,004)	-	-
Transfer to Stage 2	(52,774)	57,496	(4,722)	-	-
Transfer to Stage 3	(86,330)	(33,972)	120,302	-	-
New originations or purchases of financial assets	1,979,276	-	-	-	1,979,276
Assets derecognised or repaid	(662,894)	(1,495)	(51,285)	(81)	(715,755)
Write-offs	-	-	(33,001)	-	(33,001)
Changes in the gross value of financial assets*	(665,135)	2,849	22,334	(1,025)	(640,977)
Disposal of subsidiaries	(12,985)	(60)	(949)	-	(13,994)
At the end of the year	**2,890,959**	**20,966**	**198,334**	**2,146**	**3,112,405**

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11. LOANS TO CUSTOMERS (CONTINUED)

Restructured and modified loans to customers (continued)

					31 December 2023
SME Business	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the year	1,148,257	19,153	120,470	6,074	1,293,954
Transfer to Stage 1	20,613	(11,928)	(8,685)	-	-
Transfer to Stage 2	(40,586)	42,045	(1,459)	-	-
Transfer to Stage 3	(47,471)	(15,792)	63,263	-	-
New originations or purchases of financial assets	1,710,041	-	-	-	1,710,041
Assets derecognised or repaid	(729,701)	(6,027)	(39,727)	(405)	(775,860)
Write-offs	-	-	(9,550)	-	(9,550)
Changes in the gross value of financial assets*	(557,995)	(9,653)	(461)	(1,815)	(569,924)
Disposal of subsidiaries	(22,938)	(211)	(6,693)	-	(29,842)
At the end of the year	1,480,220	17,587	117,158	3,854	1,618,819

* Changes in the gross value of financial assets include changes in gross carrying amount related to partial repayment of debt, accrual of interest income and foreign exchange differences, as well as repayment of debt previously written off against credit loss expenses.

					31 December 2024
Corporate Business	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the year	(21,561)	(3,010)	(194,810)	(11,770)	(231,151)
Transfer to Stage 1	(431)	3	428	-	-
Transfer to Stage 2	73	(274)	201	-	-
Transfer to Stage 3	351	100	(451)	-	-
Changes in risk parameters*	9,070	(5,236)	(17,120)	799	(12,487)
New originations or purchases of financial assets*	(23,401)	-	-	-	(23,401)
Derecognition of financial assets*/**	15,146	-	12,203	6,443	33,792
Recoveries of allowances on previously written-off assets	(22)	-	(5,378)	(5,900)	(11,300)
Write-offs	-	-	-	5,146	5,146
Foreign exchange differences and other movements	(1,415)	184	(2,635)	(341)	(4,207)
At the end of the year	(22,190)	(8,233)	(207,562)	(5,623)	(243,608)

The movements in accumulated allowances for expected credit losses of loans to customers were as follows:

					31 December 2024
	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the year	(122,149)	(7,362)	(347,655)	(12,760)	(489,926)
Transfer to Stage 1	(23,624)	4,790	18,834	-	-
Transfer to Stage 2	5,722	(8,989)	3,267	-	-
Transfer to Stage 3	13,692	14,534	(28,226)	-	-
Changes in risk parameters*	53,354	(18,706)	(119,264)	988	(83,628)
New originations or purchases of financial assets*	(116,935)	-	-	-	(116,935)
Derecognition of financial assets*/**	50,577	643	21,344	7,050	79,614
Recoveries of allowances on previously written-off assets	(1,120)	(33)	(14,872)	(6,441)	(22,466)
Write-offs	-	-	59,716	5,296	65,012
Foreign exchange differences and other movements	(1,702)	189	(3,026)	(351)	(4,890)
At the end of the year	(142,185)	(14,934)	(409,882)	(6,218)	(573,219)

					31 December 2024
Retail Business	Stage 1	Stage 2	Stage 3	POCI	Total
At the beginning of the year	(81,229)	(3,326)	(116,332)	(169)	(201,056)
Transfer to Stage 1	(19,338)	3,670	15,668	-	-
Transfer to Stage 2	4,877	(7,836)	2,959	-	-
Transfer to Stage 3	11,722	10,498	(22,220)	-	-
Changes in risk parameters*	32,528	(7,801)	(75,876)	328	(50,821)
New originations or purchases of financial assets*	(69,157)	-	-	-	(69,157)
Derecognition of financial assets*/**	23,877	312	4,490	293	28,972
Recoveries of allowances on previously written-off assets	(809)	(24)	(4,623)	(578)	(6,034)
Write-offs	-	-	50,225	59	50,284
Foreign exchange differences and other movements	(67)	(40)	(289)	(4)	(400)
At the end of the year	(97,596)	(4,547)	(145,998)	(71)	(248,212)

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11. LOANS TO CUSTOMERS (CONTINUED)

Restructured and modified loans to customers (continued)

					31 December 2024
SME Business	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
At the beginning of the year	**(19,359)**	**(1,026)**	**(36,513)**	**(821)**	**(57,719)**
Transfer to Stage 1	**(3,855)**	**1,117**	**2,738**	**-**	**-**
Transfer to Stage 2	**772**	**(879)**	**107**	**-**	**-**
Transfer to Stage 3	**1,619**	**3,936**	**(5,555)**	**-**	**-**
Changes in risk parameters*	**11,756**	**(5,669)**	**(26,268)**	**(139)**	**(20,320)**
New originations or purchases of financial assets*	**(24,377)**	**-**	**-**	**-**	**(24,377)**
Derecognition of financial assets*/**	**11,554**	**331**	**4,651**	**314**	**16,850**
Recoveries of allowances on previously written-off assets	**(289)**	**(9)**	**(4,871)**	**37**	**(5,132)**
Write-offs	**-**	**-**	**9,491**	**91**	**9,582**
Foreign exchange differences and other movements	**(220)**	**45**	**(102)**	**(6)**	**(283)**
At the end of the year	**(22,399)**	**(2,154)**	**(56,322)**	**(524)**	**(81,399)**

					31 December 2023
Corporate Business	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
At the beginning of the year	**(26,828)**	**(13,277)**	**(138,666)**	**(19,280)**	**(198,051)**
Transfer to Stage 1	(5,842)	32	5,810	-	-
Transfer to Stage 2	17	(17)	-	-	-
Transfer to Stage 3	5,277	10,482	(15,759)	-	-
Changes in risk parameters*	7,328	(530)	(70,460)	15,961	(47,701)
New originations or purchases of financial assets*	(21,614)	-	-	-	(21,614)
Derecognition of financial assets*/**	19,454	297	28,834	2,708	51,293
Recoveries of allowances on previously written-off assets	(243)	-	(9,140)	(11,878)	(21,261)
Write-offs	-	-	419	204	623
Foreign exchange differences and other movements	145	3	3,405	515	4,068
Disposal of subsidiaries	745	-	747	-	1,492
At the end of the year	**(21,561)**	**(3,010)**	**(194,810)**	**(11,770)**	**(231,151)**

					31 December 2023
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
At the beginning of the year	**(113,665)**	**(17,767)**	**(269,840)**	**(21,116)**	**(422,388)**
Transfer to Stage 1	(22,216)	5,356	16,860	-	-
Transfer to Stage 2	4,729	(7,053)	2,324	-	-
Transfer to Stage 3	15,074	20,332	(35,406)	-	-
Changes in risk parameters*	44,670	(9,234)	(176,425)	16,887	(124,102)
New originations or purchases of financial assets*	(99,959)	-	-	-	(99,959)
Derecognition of financial assets*/**	47,400	881	83,904	2,982	135,167
Recoveries of allowances on previously written-off assets	(420)	-	(17,215)	(12,231)	(29,866)
Write-offs	-	-	42,970	204	43,174
Foreign exchange differences and other movements	402	34	2,947	514	3,897
Disposal of subsidiaries	1,836	89	2,226	-	4,151
At the end of the year	**(122,149)**	**(7,362)**	**(347,655)**	**(12,760)**	**(489,926)**

					31 December 2023
Retail Business	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
At the beginning of the year	**(74,364)**	**(3,108)**	**(93,919)**	**(125)**	**(171,516)**
Transfer to Stage 1	(13,179)	3,815	9,364	-	-
Transfer to Stage 2	3,536	(5,667)	2,131	-	-
Transfer to Stage 3	8,361	7,604	(15,965)	-	-
Changes in risk parameters*	32,887	(6,270)	(83,659)	128	(56,914)
New originations or purchases of financial assets*	(60,306)	-	-	-	(60,306)
Derecognition of financial assets*/**	21,472	227	38,342	1	60,042
Recoveries of allowances on previously written-off assets	-	-	(5,719)	(173)	(5,892)
Write-offs	-	-	33,001	-	33,001
Foreign exchange differences and other movements	(26)	3	(174)	-	(197)
Disposal of subsidiaries	390	70	266	-	726
At the end of the year	**(81,229)**	**(3,326)**	**(116,332)**	**(169)**	**(201,056)**

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11. LOANS TO CUSTOMERS (CONTINUED)

Restructured and modified loans to customers (continued)

					31 December 2023
SME Business	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
At the beginning of the year	**(12,473)**	**(1,382)**	**(37,255)**	**(1,711)**	**(52,821)**
Transfer to Stage 1	(3,195)	1,509	1,686	-	-
Transfer to Stage 2	1,176	(1,369)	193	-	-
Transfer to Stage 3	1,436	2,246	(3,682)	-	-
Changes in risk parameters*	4,455	(2,434)	(22,306)	798	(19,487)
New originations or purchases of financial assets*	(18,039)	-	-	-	(18,039)
Derecognition of financial assets*/**	6,474	357	16,728	273	23,832
Recoveries of allowances on previously written-off assets	(177)	-	(2,356)	(180)	(2,713)
Write-offs	-	-	9,550	-	9,550
Foreign exchange differences and other movements	283	28	(284)	(1)	26
Disposal of subsidiaries	701	19	1,213	-	1,933
At the end of the year	**(19,359)**	**(1,026)**	**(36,513)**	**(821)**	**(57,719)**

* Line “Recovery/(Credit loss expense)” in the consolidated statement of profit or loss is comprised from “Changes in risk parameters”, “New originations or purchases of financial assets” and “Derecognition of financial assets”.

*/** Derecognition of financial assets includes changes in the amount of allowances for expected credit losses on fully repaid loans to customers.

During the years ended 31 December 2024 and 2023, the Group has written off loans of KZT 65,012 million and KZT 43,174 million, respectively, without being considered forgiveness of the loan for tax purposes and are therefore not subject to corporate income tax.

Allowance for expected credit losses and provisions

For the year ended 31 December 2024, credit loss expense on loans to customers comprised KZT 120,949 million (2023: KZT 88,894 million).

Internal rating model for loans to customers

Loans to customers are classified based on internal assessments and other analytical procedures. The respective business units classify loans according to their risk and the exposure that they potentially present to the Group, and this classification is verified by the risk management function.

The Bank and its subsidiaries are using an internal rating model to classify loans in different risk categories. The model assists to assess the risk category based on a borrowers’ financial performance, credit history, quality of accounts receivable, liquidity of the borrower, market risks relating to the borrower, industry of the borrower and other factors. At the same time, the rating is an auxiliary criterion in assessing the level of risk and impairment. In addition to the rating, the Bank takes into account such factors as cash flows on the project, the presence of solvent guarantors, a positive credit history, liquid collateral, own participation in the project, etc. The information entered into the system and the assessment of the amount of the expected credit loss is verified by the risk management department.

The following classifications are used by the rating model:

- Rating score 1 — superior loan rating, minimal credit risk;
- Rating score 2 — very high quality of loan, very low credit risk;
- Rating score 3 — high quality of loan, low credit risk;
- Rating score 4 — satisfactory quality of loan, insignificant risk;
- Rating score 5 — credit risk can increase at economic variation;
- Rating score 6 — high risk at economic variation;
- Rating score 7 — high risk of default, in the absence of other factors mentioned above, paying capacity of the borrower depends on favorable economic circumstances;
- Rating score 8 — 10 — very high risk of default/default.

Pools of homogeneous loans — loans to customers are included in groups of loans with similar credit risk characteristics (i.e. the characteristics include sector of the economy, borrower activities, type of loan program, level of defaults, internal ratings and other factors). Pools of homogeneous loans include assets that have been assessed collectively.

An analysis of the Group’s credit risk exposure per class of financial asset, internal rating and “stage” without taking into account the effects of any collateral or other credit enhancements is provided in the following table. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

For the years ended 31 December 2024 and 2023 (Millions of Kazakhstani Tenge)

11. LOANS TO CUSTOMERS (CONTINUED)

Internal rating model for loans to customers (continued)

					31 December 2024
	Stage 1	Stage 2	Stage 3		
Rating score	12-month ECL	Lifetime ECL	Lifetime ECL	POCI	Total
1-3	-	-	-	-	-
4	1,548,130	-	-	-	1,548,130
5	3,694,038	4,241	8,446	10,311	3,717,036
6	305,689	13,961	174,447	4,715	498,812
7	-	1,895	45,239	1	47,135
8-10	-	-	109,540	943	110,483
Loans to corporate customers that are individually assessed for impairment	5,547,857	20,097	337,672	15,970	5,921,596
Loans to SME customers and retail business that are individually assessed for impairment	1,003,462	8,071	71,508	1,756	1,084,797
Loans to customers that are collectively assessed for impairment	4,658,320	38,040	334,496	1,619	5,032,475
	11,209,639	66,208	743,676	19,345	12,038,868
Less — Allowance for expected credit losses	(142,185)	(14,934)	(409,882)	(6,218)	(573,219)
Loans to customers	11,067,454	51,274	333,794	13,127	11,465,649

					31 December 2023
	Stage 1	Stage 2	Stage 3		
Rating score	12-month ECL	Lifetime ECL	Lifetime ECL	POCI	Total
1-3	-	-	-	-	-
4	1,749,142	-	-	-	1,749,142
5	2,623,093	1,866	5,848	10,516	2,641,323
6	214,067	11,283	232,656	4,834	462,840
7	-	-	54,889	610	55,499
8-10	-	-	91,632	8,408	100,040
Loans to corporate customers that are individually assessed for impairment	4,586,302	13,149	385,025	24,368	5,008,844
Loans to SME customers and retail business that are individually assessed for impairment	852,628	12,226	71,803	4,441	941,098
Loans to customers that are collectively assessed for impairment	3,553,122	26,485	243,690	1,559	3,824,856
	8,992,052	51,860	700,518	30,368	9,774,798
Less — Allowance for expected credit losses	(122,149)	(7,362)	(347,655)	(12,760)	(489,926)
Loans to customers	8,869,903	44,498	352,863	17,608	9,284,872

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11. LOANS TO CUSTOMERS (CONTINUED)

Internal rating model for loans to customers (continued)

Analysis by credit quality of loans to retail business and SME customers that are collectively and individually assessed for impairment as at 31 December 2024 and 2023 is as follows:

As at 31 December 2024	Gross loans	Allowances for expected credit losses	Net loans
Loans to retail business			
Not past due	3,799,291	(101,495)	3,697,796
Overdue:			
up to 30 days	83,794	(12,314)	71,480
31 to 60 days	29,826	(5,606)	24,220
61 to 90 days	24,691	(5,434)	19,256
91 to 180 days	53,947	(36,592)	17,354
over 180 days	131,768	(82,422)	49,346
Loans to retail business that are collectively and individually assessed for impairment	**4,123,317**	**(243,863)**	**3,879,452**
Loans to SME customers			
Not past due	1,792,340	(31,532)	1,760,808
Overdue:			
up to 30 days	31,409	(3,379)	28,030
31 to 60 days	6,612	(2,061)	4,551
61 to 90 days	5,746	(2,670)	3,076
91 to 180 days	9,806	(6,635)	3,171
over 180 days	69,805	(35,122)	34,683
Loans to SME customers that are collectively and individually assessed for impairment	**1,915,718**	**(81,399)**	**1,834,319**
Loans to SME customers and retail business that are collectively and individually assessed for impairment	**6,039,035**	**(325,262)**	**5,713,773**
Loans to corporate customers that are collectively and individually assessed for impairment	**5,973,880**	**(243,608)**	**5,730,272**
Loans related to card transactions	**25,953**	**(4,349)**	**21,604**
Loans to customers	**12,038,868**	**(573,219)**	**11,465,649**

As at 31 December 2023	Gross loans	Allowances for expected credit losses	Net loans
Loans to retail business			
Not past due	2,862,892	(88,290)	2,774,602
Overdue:			
up to 30 days	64,459	(9,445)	55,014
31 to 60 days	18,532	(3,744)	14,788
61 to 90 days	12,976	(3,090)	9,886
91 to 180 days	26,141	(21,803)	4,338
over 180 days	101,337	(70,547)	30,790
Loans to retail business that are collectively and individually assessed for impairment	**3,086,337**	**(196,919)**	**2,889,418**
Loans to SME customers			
Not past due	1,526,304	(26,208)	1,500,096
Overdue:			
up to 30 days	20,800	(1,413)	19,387
31 to 60 days	10,022	(1,599)	8,423
61 to 90 days	3,530	(1,429)	2,101
91 to 180 days	11,011	(7,095)	3,916
over 180 days	47,152	(19,975)	27,177
Loans to SME customers that are collectively and individually assessed for impairment	**1,618,819**	**(57,719)**	**1,561,100**
Loans to SME customers and retail business that are collectively and individually assessed for impairment	**4,705,156**	**(254,638)**	**4,450,518**
Loans to corporate customers that are collectively and individually assessed for impairment	**5,043,574**	**(231,151)**	**4,812,423**
Loans related to card transactions	**26,068**	**(4,137)**	**21,931**
Loans to customers	**9,774,798**	**(489,926)**	**9,284,872**

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12. INVESTMENT PROPERTY

	2024	2023
As at 1 January	**47,326**	35,541
Additions	**327**	16,449
Disposals	**(31,828)**	(5,393)
Transfers from assets held for sale	**8,609**	-
Transferred from commercial property	**570**	657
Transferred from property and equipment	**-**	37
Gain on revaluation of investment property	**12,818**	58
Translation differences	**-**	(23)
As at 31 December	**37,822**	**47,326**

During the years ended 31 December 2024 and 2023, the Group foreclosed collateral it held as a security for loans to customers, and as a result, the Group received investment property of KZT 327 million and KZT 16,449 million, respectively.

As at 31 December 2024 and 2023, there was no investment property that was pledged as collateral for liabilities.

As at 31 December 2024 and 2023, other income includes income in the amount of KZT 3,016 million and KZT 2,534 million, respectively, from the rental of investment real estate.

Operating expenses arising from the investment property that generated rental income during the years ended 31 December 2024 and 2023 were KZT 1,040 million and KZT 1,280 million, respectively.

Investment property owned by the Group was revalued by independent appraisers as at 31 December 2024 and 2023. The fair value of the investment property was estimated based on the income approach and the comparative approach. When estimating the fair value of the properties, their current use is considered the best use and the most effective. There has been no change to the valuation technique during the year. This revaluation resulted in recognition of a revaluation gain in the consolidated statement of profit or loss for the years ended 31 December 2024 and 31 December 2023 – KZT 717 million and KZT 58 million, respectively.

As at 31 December 2024 and 2023, in calculating the fair value of the Group's investment property, the valuations were allocated to Level 3 in the amount of KZT 37,822 million and KZT 47,326 million, respectively (the calculation hierarchy is disclosed in Note 36).

13. COMMERCIAL PROPERTY

	2024	2023
As at 1 January	**74,882**	76,538
Additions	**459**	19,122
Sale of property	**(32,401)**	(23,160)
Transfers from assets held for sale	**15,724**	-
Capitalised expenses	**49**	3,039
Transfers to fixed assets	**(628)**	-
Transfer to investment property	**(570)**	(657)
Loss from revaluation of investment property	**(137)**	-
As at 31 December	**57,378**	**74,882**

During the years ended 31 December 2024 and 2023, the Group foreclosed collateral it held as a security for loans to customers, and as a result, the Group received commercial property of KZT 459 million and KZT 19,122 million, respectively.

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14. PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

The movements in property and equipment and intangible assets are as follows:

	Buildings and construction	Vehicles	Computers and banking equipment	Construction in progress	Other	Right-of-use assets	Intangible assets	Total
Revalued/initial cost:								
31 December 2023	**137,637**	**6,574**	**61,585**	**21,732**	**31,316**	**8,734**	**32,134**	**299,712**
Additions	**975**	3,078	22,433	19,120	4,109	2,958	6,876	59,549
Disposals	**(505)**	(108)	(4,754)	(10)	(790)	(3,371)	(540)	(10,078)
Revaluation	**13,909**	-	-	(259)	-	-	-	13,650
Reclassification from/(to) assets classified as held for sale	**1,508**	-	-	-	(1)	-	-	1,507
Transferred from investment property	**570**	57	-	-	-	-	-	627
Transfers	**1,618**	19	1,830	(3,883)	339	-	77	-
Translation differences	**194**	47	345	1,080	1,047	253	(1,530)	1,436
Other changes	**-**	250	4,266	-	2,374	-	(308)	6,582
31 December 2024	**155,906**	**9,917**	**85,705**	**37,780**	**38,394**	**8,574**	**36,709**	**372,985**
Accumulated depreciation:								
31 December 2023	**3,377**	**3,262**	**28,998**	**—**	**14,839**	**4,279**	**18,787**	**73,542**
Charge	**2,294**	796	9,123	-	3,043	2,481	2,423	20,160
Disposals	**(52)**	(61)	(4,655)	-	(762)	(2,168)	(507)	(8,205)
Written off during revaluation	**(4,903)**	-	-	-	-	-	-	(4,903)
Transfers	**2**	17	(14)	-	(5)	-	-	-
Translation differences	**16**	23	176	-	218	107	198	738
Other changes	**(13)**	248	4,231	-	2,313	(12)	(413)	6,354
31 December 2024	**721**	**4,285**	**37,859**	**-**	**19,646**	**4,687**	**20,488**	**87,686**
Net book value:								
31 December 2024	**155,185**	**5,632**	**47,846**	**37,780**	**18,748**	**3,887**	**16,221**	**285,299**

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14. PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS (CONTINUED)

	Buildings and construction	Vehicles	Computers and banking equipment	Construction in progress	Other	Right-of-use assets	Intangible assets	Total
Revalued/initial cost:								
31 December 2022	**136,378**	**5,042**	**55,292**	**4,136**	**29,794**	**9,158**	**32,030**	**271,830**
Additions	**363**	1,707	9,677	22,759	4,410	2,509	4,071	45,496
Disposals	**(601)**	(114)	(2,297)	(6)	(854)	(2,580)	(316)	(6,768)
Revaluation	**12**	-	-	-	-	-	-	12
Reclassification to assets classified as held for sale	**(3,138)**	(31)	(862)	-	(1,665)	(92)	(3,079)	(8,867)
Transferred to investment property	**(37)**	-	-	-	-	-	-	(37)
Transfers	**4,815**	-	(87)	(4,820)	92	-	-	-
Translation differences	**(155)**	(30)	(138)	(337)	(461)	(261)	(572)	(1,954)
31 December 2023	**137,637**	**6,574**	**61,585**	**21,732**	**31,316**	**8,734**	**32,134**	**299,712**
Accumulated depreciation:								
31 December 2022	**957**	**2,774**	**24,879**	**-**	**13,390**	**4,327**	**17,715**	**64,042**
Charge	**3,079**	642	7,103	-	3,093	2,296	2,635	18,848
Disposals	**(601)**	(110)	(2,255)	-	(829)	(1,943)	(312)	(6,050)
Write-off at revaluation	**(68)**	(31)	(663)	-	(703)	(38)	(1,139)	(2,642)
Transfers	**-**	-	24	-	(24)	-	-	-
Translation differences	**10**	(13)	(90)	-	(88)	(363)	(112)	(656)
31 December 2023	**3,377**	**3,262**	**28,998**	**-**	**14,839**	**4,279**	**18,787**	**73,542**
Net book value:								
31 December 2023	**134,260**	**3,312**	**32,587**	**21,732**	**16,477**	**4,455**	**13,347**	**226,170**

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14. PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS (CONTINUED)

As of 31 December 2024, the increase in construction in progress in the amount of KZT 19,120 million (31 December 2023 — KZT 22,759 million) is due to the construction of the Bank's administrative buildings in Astana and Tashkent, as well as the construction of the Data Center in Astana.

The Group's revaluation policy requires the entire asset class of buildings and construction to be revalued every three years. In the event of significant changes in specific market or property indicators, the Group may opt to perform revaluations more regularly.

The Group had its buildings and properties revalued during 2024 by independent appraisers. The independent appraisers used three approaches to identify the fair value of the property and equipment — the income approach with the income capitalisation method, the comparative approach, using market information to identify the fair value of buildings and properties under active market conditions, and the cost approach when no active market existed for items subject to revaluation.

As at 31 December 2024, when calculating the fair value of the Group's buildings and structures, the measurements were allocated to level 2 in the amount of KZT 155,185 million (31 December 2023: KZT 134,260 million). The description of the calculation hierarchy is disclosed in Note 36.

As at 31 December 2024, the carrying amount of property and equipment that would have been recognised had the assets been carried under the cost model is KZT 185,124 million (31 December 2023: KZT 107,033 million).

15. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ATTRIBUTABLE TO ASSETS HELD FOR SALE

After the default of some counterparties on loans to customers, the Group recognised the property pledged as collateral for those loans as assets held for sale at fair value. The assets have been subsequently measured at the lower of fair value less disposal costs or the carrying value, as the Group's management of the appropriate level committed to a plan to sell the assets and an active programme to locate a buyer and complete the plan was initiated.

On 18 April 2024, the Bank completed the sale of 100% of the shares of Halyk Bank Kyrgyzstan OJSC upon receival of consent by the Buyer from the National Bank of the Kyrgyz Republic. As at 31 December 2023, the assets of OJSC Halyk Bank Kyrgyzstan were recognized as assets held for sale.

Assets held for sale comprised the following:

	31 December 2024	31 December 2023
Real estate	**7,215**	8,671
Land plots	**1,583**	12,578
Movable property	**35**	51
Assets held for sale related to OJSC Halyk Bank Kyrgyzstan	**-**	90,242
Total assets classified as held for sale	**8,833**	**111,542**
Liabilities directly attributable to assets held for sale	**-**	58,422

The aggregate results of OJSC Halyk Bank Kyrgyzstan before the disposal date (18 April 2024) included in the consolidated statement of profit or loss are KZT 447 million (for the year ended 31 December 2023: KZT 1,907 million).

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15. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ATTRIBUTABLE TO ASSETS HELD FOR SALE (CONTINUED)

The principal classes of assets, net of impairments, and liabilities of OJSC Halyk Bank Kyrgyzstan as at 18 April 2024 and 31 December 2023 were as follows:

	18 April 2024	31 December 2023
Cash and cash equivalents	49,222	27,446
Obligatory reserves	4,785	2,897
Amounts due from credit institutions	113	71
Debt securities at amortized cost, net of allowance for expected credit losses	9,884	5,756
Loans to customers	37,238	41,585
Property and equipment and intangible assets	5,461	5,263
Long term assets classified as held for sale	303	418
Other assets	2,410	3,055
Assets of OJSC Halyk Bank Kyrgyzstan held for sale, net of impairment	**109,416**	**86,491**
Amounts due to customers	74,431	52,866
Amounts due to credit institutions	16,278	3,086
Provisions	126	136
Deferred tax liability	426	447
Other liabilities	2,067	1,887
Liabilities of OJSC Halyk Bank Kyrgyzstan directly related to assets held for sale	**93,328**	**58,422**
Net assets of OJSC Halyk Bank Kyrgyzstan held for sale	**16,088**	**28,096**

As a result of the reclassification of OJSC Halyk Bank Kyrgyzstan, the Group recognised an impairment loss of KZT 3,751 million for the year ended 31 December 2023 in the consolidated income statement. The amount of remuneration received from the sale of subsidiary is KZT 15,663 million.

In November 2024, the Group independently assessed its assets held for sale and based on the results, recognised an impairment loss of KZT 60 million, included in the « Loss from impairment of assets held for sales « in the consolidated statement of profit or loss.

The fair value of the Group's non-current assets held for sale has been determined by independent appraisers. To assess the fair value of non-current assets, the company used the income, comparative and cost approaches. To assess the fair value of real estate, the most efficient and most efficient use of real estate is its current use. During the year, there were no changes in the assessment methodology.

Details of the Group's assets held for sale and information about the fair value hierarchy as at 31 December 2024 and 2023 are as follows:

	Level 2	Level 3	Total
31 December 2024			
Real estate	**2,688**	**4,527**	**7,215**
Land plots	**-**	**1,583**	**1,583**
Movable property	**-**	**35**	**35**
31 December 2023			
Real estate	2,703	5,968	8,671
Land plots	-	12,578	12,578
Movable property	-	51	51
Net assets of OJSC Halyk Bank Kyrgyzstan held for sale	-	28,096	28,096

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16. INSURANCE CONTRACT ASSETS AND LIABILITIES

Liabilities for the remaining part of the insurance coverage and liabilities for incurred insurance losses at the beginning and end of the reporting period:

31 December 2024	Liabilities for the remaining portion of coverage		Liabilities for incurred claims using the premium allocation method		
	Excluding loss component	Loss Component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Liabilities under insurance contracts at the beginning	199,401	7,451	49,849	16,364	**273,065**
Assets under insurance contracts at the beginning	10,289	-	-	-	**10,289**
Total as at 31 December 2024	**189,112**	**7,451**	**49,849**	**16,364**	**262,776**
Insurance revenue	**(259,923)**	**-**	**-**	**-**	**(259,923)**
Insurance expense:					
Incurred insurance losses and other incurred costs for insurance services	-	-	70,821	(227)	**70,594**
Changes attributed to past periods	-	-	10,150	(1,367)	**8,783**
Losses under groups of onerous contracts and restoration of such losses	-	(377)	-	-	**(377)**
Amortization of acquisition cash flows	69,200	-	-	-	**69,200**
Total expenses for insurance services taken into account in the assessment of liabilities	**69,200**	**(377)**	**80,971**	**(1,594)**	**148,200**
Result of insurance activities	(190,723)	(377)	80,971	(1,594)	**(111,723)**
Financial expenses or income from insurance contracts issued	20,602	495	9,295	(4,126)	**26,266**
Expenses/(income) from the revaluation of foreign currency	5,269	(204)	-	-	**5,065**
Total amounts recognized in profit or loss	**(164,852)**	**(86)**	**90,266**	**(5,720)**	**(80,392)**
Other changes	(8,037)	-	8,037	-	**-**
Cash flows for the period:					
Premiums received under insurance contracts issued	394,396	-	-	-	**394,396**
Payments for insurance losses and other expenses for insurance services paid under issued insurance contracts	-	-	(84,304)	-	**(84,304)**
Acquisition cash flows	(70,279)	-	-	-	**(70,279)**
Total cash flows	**324,117**	**-**	**(84,304)**	**-**	**239,813**
Change in reserves for the year	**151,228**	**(86)**	**13,999**	**(5,720)**	**159,421**
Liabilities under insurance contracts at the end of the period	340,908	7,365	71,402	10,645	**430,320**
Assets under insurance contracts at the end of the period	-	-	2,314	-	**2,314**
Total as at 31 December 2024	**340,908**	**7,365**	**69,088**	**10,645**	**428,006**

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16. INSURANCE CONTRACT ASSETS AND LIABILITIES (CONTINUED)

31 December 2023	Liabilities for the remaining portion of coverage		Liabilities for incurred claims using the premium allocation method		
	Excluding loss component	Loss Component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Liabilities under insurance contracts at the beginning	175,050	6,878	35,690	5,690	**223,308**
Assets under insurance contracts at the beginning	4,094	-	-	-	**4,094**
Total as at 31 December 2023	**170,956**	**6,878**	**35,690**	**5,690**	**219,214**
Insurance revenue	**(239,189)**	**-**	**-**	**-**	**(239,189)**
Insurance expense:					
Incurred insurance losses and other incurred costs for insurance services	-	(1,963)	63,214	17,791	**79,042**
Changes attributed to past periods	-	-	12,624	3,002	**15,626**
Losses under groups of onerous contracts and restoration of such losses	-	1,377	-	-	**1,377**
Amortization of acquisition cash flows	35,802	-	-	-	**35,802**
Total expenses for insurance services taken into account in the assessment of liabilities	**35,802**	**(586)**	**75,838**	**20,793**	**131,847**
Result of insurance activities	(203,387)	(586)	75,838	20,793	**(107,342)**
Financial expenses or income from insurance contracts issued	3,465	1,159	376	36	**5,036**
Expenses from the revaluation of foreign currency	(1,407)	-	-	-	**(1,407)**
Total amounts recognized in profit or loss	**(201,329)**	**573**	**76,214**	**20,829**	**(103,713)**
Other changes	644	-	-	-	**644**
Cash flows for the period:					
Premiums received under insurance contracts issued	260,959	-	-	-	**260,959**
Payments for insurance losses and other expenses for insurance services paid under issued insurance contracts	-	-	(62,055)	(10,155)	**(72,210)**
Acquisition cash flows	(42,118)	-	-	-	**(42,118)**
Total cash flows	**219,485**	**-**	**(62,055)**	**(10,155)**	**147,275**
Change in reserves for the year	**(18,156)**	**573**	**14,159**	**10,674**	**43,562**
Liabilities under insurance contracts at the end of the period	199,401	7,451	49,849	16,364	**273,065**
Assets under insurance contracts at the end of the period	10,289	-	-	-	**10,289**
Total as at 31 December 2023	**189,112**	**7,451**	**49,849**	**16,364**	**262,776**

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16. INSURANCE CONTRACT ASSETS AND LIABILITIES (CONTINUED)

The table below shows the carrying amounts of portfolio assets and liabilities under insurance and reinsurance contracts as of the end of the reporting period for each class of activity:

31 December 2024	Employer lability Annuities	Pension annuities	Endowment insurance	Term life insurance	Short-term agreements	Health insurance	Mandatory liability insurance for vehicle owners	Property insurance	Motor transport and liability insurance	Other	Total
Assets under issued insurance contracts	-	-	-	-	(4)	(1,313)	(325)	(55)	(405)	(212)	(2,314)
Liabilities under issued insurance contracts	28,742	202,279	34,388	10,742	76,107	2,669	13,304	35,542	10,757	15,790	430,320
Net amount	**28,742**	**202,279**	**34,388**	**10,742**	**76,103**	**1,356**	**12,979**	**35,487**	**10,352**	**15,578**	**428,006**

31 December 2023	Employer lability Annuities	Pension annuities	Endowment insurance	Term life insurance	Short-term agreements	Health insurance	Mandatory liability insurance for vehicle owners	Property insurance	Motor transport and liability insurance	Other	Total
Assets under issued insurance contracts	-	-	-	-	(78)	(24)	-	(9,335)	(89)	(763)	(10,289)
Liabilities under issued insurance contracts	14,055	116,973	70,593	3,319	37,242	1,860	4,239	10,654	9,532	4,598	273,065
Net amount	**14,055**	**116,973**	**70,593**	**3,319**	**37,164**	**1,836**	**4,239**	**1,319**	**9,443**	**3,835**	**262,776**

The Group used the following yield curves to discount cash flows:

		Life insurance					General insurance				
31 December 2024	Currency	1 year	5 years	10 years	20 years	30 years	1 year	5 years	10 years	20 years	30 years
Insurance contracts	KZT	13.6%	11.5%	11.3%	11.3%	11.3%	14.9%	11.9%	9.6%	-	-
	USD	4.6%	4.4%	4.4%	4.5%	4.2%	-	-	-	-	-

		Life insurance					General insurance				
31 December 2023	Currency	1 year	5 years	10 years	20 years	30 years	1 year	5 years	10 years	20 years	30 years
Insurance contracts	KZT	15.7%	12.6%	11.3%	10.9%	10.8%	16.4%	10.2%	10.2%	-	-
	USD	4.8%	3.5%	3.4%	3.5%	3.2%	-	-	-	-	-

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16. INSURANCE CONTRACT ASSETS AND LIABILITIES (CONTINUED)

An analysis of the concentration of the Group's insurance risks (both before and after reinsurance) by business class and by region is given in the following tables:

			31 December 2024			31 December 2023
	Net assets and liabilities under insurance contracts issued	Net assets and liabilities under reinsurance contracts held	Net amount	Net assets and liabilities under insurance contracts issued	Net assets and liabilities under reinsurance contracts held	Net amount
Employer liability annuities	28,742	-	28,742	14,055	-	14,055
Pension annuities	202,279	-	202,279	116,973	-	116,973
Endowment insurance	34,388	-	34,388	70,594	-	70,594
Term life insurance	10,742	(7,967)	2,775	3,319	(4,616)	(1,297)
Short-term contracts	76,103	(6,621)	69,482	37,164	(6,500)	30,664
Health insurance	1,356	(73)	1,283	1,836	(36)	1,800
Mandatory liability insurance for vehicle owners	12,979	-	12,979	4,239	-	4,239
Property insurance	35,487	(14,896)	20,591	1,319	(4,069)	(2,750)
Motor transport and liability insurance	10,352	(92)	10,260	9,443	(108)	9,335
Other	15,578	(8,751)	6,827	3,835	(2,126)	1,709
Total	**428,006**	**(38,400)**	**389,606**	**262,776**	**(17,455)**	**245,321**

			31 December 2024			31 December 2023
	Net assets and liabilities under insurance contracts issued	Net assets and liabilities under reinsurance contracts held	Net amount	Net assets and liabilities under insurance contracts issued	Net assets and liabilities under reinsurance contracts held	Net amount
Concentration by region						
Kazakhstan	379,531	17,705	361,826	205,910	5,562	200,348
OECD	214	8,938	(8,724)	(3,581)	(2,006)	(1,575)
Non-OECD	2,284	5,504	(3,220)	(5,772)	1,818	(7,590)
	382,029	**32,147**	**349,882**	**196,557**	**5,374**	**191,183**

			31 December 2024			31 December 2023
	Liabilities for incurred losses	Reinsurance assets for losses incurred	Net amount	Liabilities for incurred losses	Reinsurance assets for losses incurred	Net amount
Concentration by region						
Kazakhstan	45,977	6,253	39,724	65,279	12,063	53,216
OECD	-	-	-	394	10	384
Non-OECD	-	-	-	546	8	538
	45,977	**6,253**	**39,724**	**66,219**	**12,081**	**54,138**

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16. INSURANCE CONTRACT ASSETS AND LIABILITIES (CONTINUED)

The table below summarizes actual claims compared to historical estimates of undiscounted claims. The Group discloses the gross and net amounts of claims arising during the 10 years prior to the reporting period. The Group reconciles the liabilities for incurred claims presented in the table with the aggregate carrying value of groups of insurance contracts.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Estimates of undiscounted gross claims											
At the end of the year of the insured event	2,319	3,167	9,188	30,664	7,354	11,023	17,952	18,538	25,870	36,620	-
after one year	2,727	2,510	5,026	6,994	5,533	6,560	10,712	15,068	20,690	-	-
after two years	2,376	3,335	6,142	6,246	5,319	5,690	10,080	12,912	-	-	-
after three years	2,366	3,701	6,538	5,296	4,763	3,392	7,202	-	-	-	-
after four years	2,504	3,559	4,425	5,003	3,386	3,747	-	-	-	-	-
after five years	2,424	3,653	4,165	3,842	3,952	-	-	-	-	-	-
after six years	2,637	3,491	3,433	4,409	-	-	-	-	-	-	-
after seven years	2,520	2,961	4,786	-	-	-	-	-	-	-	-
after eight years	2,301	3,209	-	-	-	-	-	-	-	-	-
after nine years	2,326	-	-	-	-	-	-	-	-	-	-
Cumulative gross amount of claims paid	(1,926)	(2,370)	(845)	89,374	3,258	2,270	8,000	10,405	8,720	(10,817)	106,070
Gross amount of liabilities for the period of the insured event from 2015 to 2024	**400**	**839**	**3,941**	**93,783**	**7,210**	**6,017**	**15,202**	**23,317**	**29,410**	**25,803**	**205,924**
Gross amount of liabilities for the years preceding the insured event	-	-	-	-	-	-	-	-	-	-	31,154
Discounting effect	-	-	-	-	-	-	-	-	-	-	2,209
Effect of risk adjustment on non-financial risk	-	-	-	-	-	-	-	-	-	-	5,485
Gross liability for claims incurred	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**68,246**

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16. INSURANCE CONTRACT ASSETS AND LIABILITIES (CONTINUED)

Net amount of claims

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Estimates of undiscounted gross claims											
At the end of the year of the insured event	1,847	1,721	4,012	4,997	5,690	7,056	9,972	16,413	23,639	35,070	-
after one year	1,570	2,191	3,321	4,439	4,673	5,005	8,842	14,107	19,222	-	-
after two years	1,384	2,412	3,710	4,232	4,807	5,316	8,594	12,511	-	-	-
after three years	1,497	2,734	2,909	3,939	4,428	3,100	6,390	-	-	-	-
after four years	1,629	2,595	3,055	4,076	3,067	3,886	-	-	-	-	-
after five years	1,566	2,665	3,205	3,036	3,655	-	-	-	-	-	-
after six years	1,824	2,789	2,580	3,455	-	-	-	-	-	-	-
after seven years	1,699	2,344	3,546	-	-	-	-	-	-	-	-
after eight years	1,546	2,511	-	-	-	-	-	-	-	-	-
after nine years	1,544	-	-	-	-	-	-	-	-	-	-
Cumulative gross amount of claims paid	(1,207)	(1,853)	(446)	367	330	1,456	2,804	7,799	5,263	(10,796)	3,715
Gross amount of liabilities for the period of the insured event from 2015 to 2024	**337**	**657**	**3,099**	**3,822**	**3,985**	**5,342**	**9,194**	**20,310**	**24,485**	**24,274**	**95,506**
Gross amount of liabilities for the years preceding the insured event	-	-	-	-	-	-	-	-	-	-	24,843
Discounting effect	-	-	-	-	-	-	-	-	-	-	4,399
Effect of risk adjustment on non-financial risk	-	-	-	-	-	-	-	-	-	-	4,593
Gross liability for claims incurred	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**64,671**

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16. INSURANCE CONTRACT ASSETS AND LIABILITIES (CONTINUED)

Maturity analysis for portfolios of insurance contracts issued and reinsurance contracts held that represent liabilities

The following disclosure notes do not include the complete information required by IFRS 7. In order to better understand the specifics of the disclosures required by IFRS 17, some of the disclosures required by IFRS 7 for financial instruments have been included. IFRS 17:132(b) provides entities with two options for maturity analysis: (a) by the estimated maturity of the remaining undiscounted net cash flows contractually contemplated; or (b) the estimated timing of valuations of the present value of future cash flows.

The following table discloses information only in relation to insurance products, which have a material long-term component.

31 December 2024	Book value	Less than a year	1-5 years	5-10 years	10-20 years	More than 20 years
Pension annuities	**164,405**	**19,886**	**118,600**	**11,531**	**10,189**	**4,199**
Halyk Kazyna	**17,715**	**830**	**14,471**	**1,796**	**618**	**-**
Total	**182,120**	**20,716**	**133,071**	**13,327**	**10,807**	**4,199**

31 December 2023	Book value	Less than a year	1-5 years	5-10 years	10-20 years	More than 20 years
Pension annuities	51,310	30,949	9,645	5,257	3,836	1,624
Halyk Kazyna	15,112	3,712	9,859	662	880	-
Total	**66,422**	**34,661**	**19,504**	**5,919**	**4,716**	**1,624**

17. OTHER ASSETS

Other assets include:

	31 December 2024	31 December 2023
Other financial assets:		
Debtors for banking activities	**78,456**	75,693
Finance lease receivables	**26,852**	17,273
Debtors for non-banking activities	**10,877**	13,115
Accrued commission income	**7,819**	7,207
Other	**115**	134
	124,119	**113,422**
Less — Allowance for expected credit losses	**(36,242)**	(31,656)
	87,877	**81,766**
Other non-financial assets:		
Investments in associated organizations	**59,227**	51,464
Prepayment for property and equipment	**18,336**	8,042
Prepaid taxes, excluding income tax	**9,767**	9,204
Inventory	**5,634**	7,725
Other investments	**4,826**	3,874
Prepayment for investment property	**3,863**	2,737
Goodwill	**3,055**	3,055
Precious metals	**1,431**	2,253
Other	**3,167**	3,542
	109,306	**91,896**
	197,183	**173,662**

As at 31 December 2024, investments in associated organizations include investments in JSC Altyn Bank (SB of China CITIC Bank Corporation Ltd.) in the amount of KZT 59,092 million and Open Travel Networks Ltd in the amount of KZT 135 million (31 December 2023 — KZT 51,195 million and KZT 269 million, respectively).

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17. OTHER ASSETS (CONTINUED)

Finance lease receivables include:

	31 December 2024	31 December 2023
Amounts receivable under finance leases:		
Year 1	**9,091**	6,063
Year 2	**8,554**	4,967
Year 3	**10,631**	4,212
Year 4	**2,931**	3,395
Year 5	**2,306**	2,527
Onwards	**6,449**	6,542
Undiscounted lease payments	**39,962**	27,706
Less: unearned financial income	**(13,110)**	(10,433)
Present value of lease payments receivable	**26,852**	**17,273**
Impairment loss allowance	**(1,418)**	(1,024)
Net investment in lease	**25,434**	**16,249**
Net investment in the lease analysed as:		
Recoverable after 12 months	**6,487**	4,029
Recoverable within 12 months	**18,947**	12,220
Net investment in lease	**25,434**	**16,249**

Below is a reconciliation of gross book value of other financial assets at the beginning and end of the year:

31 December 2024	Stage 1	Stage 2	Stage 3	Total
At the beginning of the period	**23,445**	**34**	**89,943**	**113,422**
Transfer to Stage 2	**-**	**62**	**(62)**	**-**
Transfer to Stage 3	**39**	**-**	**(39)**	**-**
Changes in risk parameters*	**7,443**	**1,002**	**3,874**	**12,319**
Write-offs	**-**	**-**	**(2,179)**	**(2,179)**
Foreign exchange differences and other movements	**80**	**-**	**477**	**557**
At the end of the period	**31,007**	**1,098**	**92,014**	**124,119**

31 December 2023	Stage 1	Stage 2	Stage 3	Total
At the beginning of the period	**44,761**	**572**	**66,295**	**111,628**
Transfer to Stage 1	2,194	-	(2,194)	-
Transfer to Stage 2	-	561	(561)	-
Transfer to Stage 3	(3,222)	(7)	3,229	-
Changes in risk parameters*	(19,736)	(1,092)	26,874	6,046
Write-offs	-	-	(3,662)	(3,662)
Foreign exchange differences and other movements	(552)	-	(38)	(590)
At the end of the period	**23,445**	**34**	**89,943**	**113,422**

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17. OTHER ASSETS (CONTINUED)

Movements in accumulated provisions for expected credit losses on other assets are as follows:

31 December 2024	Stage 1	Stage 2	Stage 3	Total
At the beginning of the period	**(584)**	**(6)**	**(31,066)**	**(31,656)**
Transfer to Stage 2	**-**	**(163)**	**163**	**-**
Transfer to Stage 3	**57**	**-**	**(57)**	**-**
Changes in risk parameters*	**(627)**	**(846)**	**(5,173)**	**(6,646)**
Recoveries of allowances on previously written-off assets	**-**	**-**	**(1,053)**	**(1,053)**
Write-offs	**-**	**-**	**2,185**	**2,185**
Foreign exchange differences and other movements	**(8)**	**11**	**925**	**928**
At the end of the period	**(1,162)**	**(1,004)**	**(34,076)**	**(36,242)**

31 December 2023	Stage 1	Stage 2	Stage 3	Total
At the beginning of the period	**(1,043)**	**(580)**	**(31,819)**	**(33,442)**
Transfer to Stage 1	(8)	-	8	-
Transfer to Stage 2	-	(560)	560	-
Transfer to Stage 3	36	20	(56)	-
Changes in risk parameters*	394	1,114	(1,688)	(180)
Recoveries of allowances on previously written-off assets	-	-	(160)	(160)
Write-offs	-	-	547	547
Foreign exchange differences and other movements	37	-	1,542	1,579
At the end of the period	**(584)**	**(6)**	**(31,066)**	**(31,656)**

* The item “Expected credit loss expense” in the consolidated income statement consists of the following items: “Changes in risk parameters”, “New issues or acquisitions of financial assets” and “Derecognition of financial assets”.

18. AMOUNTS DUE TO CUSTOMERS

Amounts due to customers include the following:

	31 December 2024	31 December 2023
Recorded at amortised cost:		
Term deposits:		
Individuals	**6,063,129**	4,808,592
Legal entities	**3,811,441**	3,338,099
	9,874,570	**8,146,691**
Current accounts:		
Legal entities	**1,978,239**	1,762,760
Individuals	**1,137,234**	1,020,053
	3,115,473	**2,782,813**
Total amount due to customers	**12,990,043**	**10,929,504**

As at 31 December 2024, the Group’s ten largest groups of related customers accounted for approximately 8% of the total amounts due to customers (31 December 2023 — 11%), where each group of related customers represents customers related to each other within that group.

As at 31 December 2024, amounts due to customers included amounts held as collateral of KZT 186,619 million (31 December 2023 — KZT 171,838 million).

Management believes that in the event of withdrawal of funds, the Group would be given sufficient notice so as to realise its liquid assets to enable repayment.

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18. AMOUNTS DUE TO CUSTOMERS (CONTINUED)

An analysis of customer accounts by sector is as follows:

	31 December 2024	%	31 December 2023	%
Individuals and entrepreneurs	**7,200,363**	**55%**	5,828,645	54%
Wholesale trade	**1,020,073**	**8%**	842,830	8%
Other consumer services	**825,805**	**6%**	679,724	6%
Oil and gas	**588,046**	**5%**	454,390	4%
Construction	**544,728**	**4%**	557,885	5%
Transportation	**422,244**	**3%**	404,404	4%
Financial sector	**418,183**	**3%**	457,576	4%
Metallurgy	**387,855**	**3%**	357,750	3%
Healthcare and social services	**295,352**	**2%**	262,791	2%
Energy	**232,073**	**2%**	106,071	1%
Education	**191,908**	**1%**	161,137	1%
Government and state-controlled companies	**131,667**	**1%**	103,978	1%
Communication	**106,650**	**1%**	131,413	1%
Insurance and pension funds activity	**18,799**	**1%**	97,300	1%
Other	**606,297**	**5%**	483,610	4%
	12,990,043	**100%**	**10,929,504**	**100%**

19. AMOUNTS DUE TO CREDIT INSTITUTIONS

Amounts due to credit institutions comprise:

	31 December 2024	31 December 2023
Recorded at amortised cost:		
Loans and deposits from OECD based banks	**332,386**	143,511
Correspondent accounts	**136,803**	60,205
Loans from JSC Entrepreneurship Development Fund DAMU	**91,839**	84,991
Loans from JSC Development Bank of Kazakhstan	**80,605**	80,873
Loans from JSC Agrarian Credit Corporation	**65,378**	27,923
Loans and deposits from Kazakhstan banks (incl. loans under repurchase agreements)	**47,683**	285,349
Loans and deposits from non-OECD based banks	**28,740**	64,404
Loans from JSC Industrial Development Fund	**26,497**	22,637
Deposits of JSC "National Payment Corporation of the National Bank of the Republic of Kazakhstan"	**4,138**	6,890
Loans from other financial institutions	**-**	1,528
	814,069	**778,311**

As of 31 December 2024, the Group raised a syndicated loan consisting of two tranches of USD 200 million and USD 100 million maturing on 16 September 2027 and 16 September 2025, respectively.

As at 31 December 2024, loans from JSC Entrepreneurship Development Fund DAMU (“DAMU”) included long-term loans of KZT 84,406 million at a 1.0% — 4.5% interest rate maturing in 2025 — 2035 with an early recall option (31 December 2023: KZT 82,905 million). These loans were received in accordance with the Government program (“the Program”) to finance small and medium enterprises (“SME”) operating in certain industries. According to the loan agreements between DAMU and the Group, the Group is responsible to extend loans to SME borrowers, eligible to participate in the Program, up to 10 years at a 5.0% interest rate.

As at 31 December 2024, the Group entered into an agreement with loans from DAMU to provide a credit line to finance women’s entrepreneurship in the amount of KZT 5,500 million with a maturity date until 2031, according to the terms of the loan agreement, loans are issued at a rate of 12.5%, subject to the receipt of sufficient collateral.

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19. AMOUNTS DUE TO CREDIT INSTITUTIONS (CONTINUED)

As at 31 December 2024, the Group entered into an agreement with loans from DAMU to provide a credit line to finance leasing transactions of small and medium-sized businesses in the amount of KZT 1,315 million (31 December 2023 — KZT 1,665 million) with a maturity date until 2028, according to the terms of the loan agreement, loans are issued at a rate of 13%, subject to the receipt of sufficient collateral.

As at 31 December 2024, loans from JSC Development Bank of Kazakhstan (hereinafter referred to as "DBK") included long-term loans of KZT 36,982 million (31 December 2023: KZT 36,844 million) at a rate of 2.0% per annum maturing in 2029-2037, the loans are to be used for on-lending to large business entities ("LB") operating in the manufacturing industry; and long-term loans of KZT 43,624 million (31 December 2023: KZT 43,796 million) at a rate of 1.0% per annum maturing in 2035 to finance the purchase of cars by the Group's retail customers. According to the loan agreement between DBK and the Group, the Group is responsible for providing loans to corporate borrowers eligible to participate in the Program at a rate of 6.0% with a repayment term of no more than 10 years, and to retail borrowers at a rate of 4.0% with a repayment term of no more than 5 years.

As of 31 December 2024, loans from JSC Agrarian Credit Corporation under the annual Ken Dala program included short-term loans of KZT 65,315 million (31 December 2023 — KZT 27,775 million) at a rate of 1.5% per annum with a maturity date of 10 March 2026. The loans should be used for subsequent lending to entities of the agro-industrial complex for spring sowing and harvesting work with an interest rate of up to 4.0%-5.0% per annum for the end borrower, with a loan term of up to 1 November 2025. According to the loan agreements between JSC Agrarian Credit Corporation and the Group, loans are provided to replenish working capital for spring sowing and harvesting work.

As at 31 December 2024, loans from Industrial Development Fund JSC ("IRF") included long-term loans of KZT 15,531 million (31 December 2023 — KZT 22,500 million) at a rate of 1.0% per annum maturing in 2030 to finance the purchase of domestically produced cars by the Group's retail customers. According to the loan agreements between IRF and the Group, the Group is responsible for providing loans to retail borrowers at a rate of 4.0% with a maturity of no more than 7 years. On 23 April 2024, IRF and the Group entered into Additional Agreement No. 4, according to which the terms were changed in terms of terminating financing of second-tier banks of end borrowers under the revolving mechanism and reducing the loan term to 31 July 2030.

The management of the Group believes that there are no other similar financial instruments and, due to their special nature, these loans from DAMU, IDF, JSC Agrarian Credit Corporation and DBK represent separate segments in the lending market for agricultural entities and SME. As a result, the loans from DAMU, IDF, JSC Agrarian Credit Corporation and DBK were received as part of an orderly transaction and, as such, were recorded at fair value at the date of recognition, which was determined to be the cash consideration transferred to the customers.

Interest rates and maturities of amounts due to credit institutions are as follows:

	31 December 2024		31 December 2023	
	Interest rate, %	Maturity, year	Interest rate, %	Maturity, year
Loans and deposits from OECD based banks	**5.0%-17.0%**	**2025-2029**	6.0%-6.8%	2024-2025
Loans from JSC Entrepreneurship Development Fund DAMU	**1.0%-13.0%**	**2025-2035**	1.0%-13.0%	2024-2035
Loans from JSC Development Bank of Kazakhstan	**1.0%-2.0%**	**2029-2037**	1.0%-2.0%	2029-2037
Loans from JSC Agrarian Credit Corporation	**1.5%**	**2025-2026**	1.5%-5.0%	2024-2025
Loans and deposits from Kazakhstan banks (incl. loans under repurchase agreements)	**8.0%-15.1%**	**2025-2029**	4.0%-17.0%	2024-2026
Loans and deposits from non-OECD based banks	**1.2%-8.0%**	**2025**	3.0%-25.0%	2024-2027
Loans from JSC Industrial Development Fund	**1.0%-17.0%**	**2029-2030**	1.0%	2052
Deposits of JSC "National Payment Corporation of the National Bank of the Republic of Kazakhstan"	**13.8%**	**2025**	14.8%	2024
Loans from other financial institutions	**-**	**-**	15.0%	2024

The fair value of assets pledged (Notes 7, 9 and 10) and the carrying value of loans included in loans and deposits from Kazakhstan banks under repurchase agreements as at 31 December 2024 and 2023, are as follows:

	31 December 2024		31 December 2023	
	Fair value of collateral	Carrying amount of loans	Fair value of collateral	Carrying amount of loans
Financial assets at fair value through other comprehensive income	**196,881**	**159,045**	188,100	147,042
Debt securities at amortised cost, net of allowance for expected credit losses	**37,607**	**37,581**	269,231	268,663
Financial assets at fair value through profit or loss	**7,554**	**7,666**	12,110	12,098
	242,042	**204,292**	**469,441**	**427,803**

Details of transferred financial assets that are not derecognised in their entirety as at 31 December 2024 and 2023 are disclosed below.

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19. AMOUNTS DUE TO CREDIT INSTITUTIONS (CONTINUED)

Loans under repurchase agreements are used by the Group to provide current cash flows in KZT within the Group's operating activities. The Group regularly uses this type of instrument to attract short-term liquidity and plans to continue raising funds through loans under repurchase agreements when necessary.

The Group has determined that it retains substantially all the risks and rewards of these securities, which include credit risk and market risk, and therefore it has not amortized them. In addition, the Group recognises financial liabilities in respect of cash received as collateral.

	Debt securities at amortised cost, net of allowances for expected credit loss (Note 10)	Financial assets at fair value at value through profit or loss (Note 7)	Financial assets at fair value through other comprehensive income (Note 9)
As at 31 December 2024:			
Carrying amount of transferred assets	**37,607**	**7,554**	**196,881**
Carrying amount of associated liabilities	**37,581**	**7,666**	**159,045**
As at 31 December 2023:			
Carrying amount of transferred assets	269,231	12,110	188,100
Carrying amount of associated liabilities	268,663	12,098	147,042

Certain of the Group's outstanding financing agreements include covenants restricting the Group's ability to create security interests over its assets. Should the Group default under these covenants, this could result in cross-accelerations and cross-defaults under the terms of the Group's other financing arrangements.

The Group's management believes that as at 31 December 2024 and 2023, the Group was in compliance with the covenants.

20. DEBT SECURITIES ISSUED

Debt securities issued comprise:

	31 December 2024	31 December 2023
Recorded at amortised cost:		
Subordinated debt securities issued:		
KZT denominated bonds, fixed rate	**98,747**	94,246
Total subordinated debt securities outstanding	**98,747**	**94,246**
Unsubordinated debt securities issued:		
KZT denominated bonds	**296,178**	234,344
USD denominated bonds	**484,287**	324,803
Total unsubordinated debt securities outstanding	**780,465**	**559,147**
Total debt securities outstanding	**879,212**	**653,393**

On 6 February 2023, the Group repurchased USD 100 million of AIX-listed bonds with a coupon rate of 2.5% issued on 1 June 2022.

On 17 May 2023, the Group issued USD 200 million of AIX-listed bonds with a coupon rate of 3.5%, of which USD 190 million had been placed as of 31 December 2024.

On 29 May 2023, the Group issued USD 300 million of AIX-listed bonds with a coupon rate of 3.5%, of which USD 298 million had been placed as of 31 December 2024.

On July 3, 2023, the Group issued bonds listed on AIX for a total amount of USD 500 million with a coupon rate of 3.5%, of which USD 423.5 million had been placed as of 31 December 2024.

On 4 June 2024, the Group issued bonds for a total amount of KZT 290,000 million with a floating interest rate listed on the KASE, of which KZT 39,135 million was placed on 25 July 2024, KZT 100,828 million on 20 December 2024 and KZT 207 million on 24 December 2024, with a coupon rate of 12.8% per annum for the first coupon period, of which KZT 140,169 million had been placed as of 31 December 2024.

On 17 October 2024, the Group issued green bonds for a total amount of KZT 20,000 million with a floating interest rate, listed on the KASE, of which KZT 20,000 million was placed on 3 December 2024, with a coupon rate of TONIA Compounded plus a margin of 1.3% per annum, of which KZT 20,000 million had been issued as of 31 December 2024.

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20. DEBT SECURITIES ISSUED (CONTINUED)

The coupon rates and maturities of these debt securities issued are as follows:

	31 December 2024		31 December 2023	
	Coupon rate, %	Maturity, year	Coupon rate, %	Maturity, year
Subordinated debt securities issued:				
KZT denominated bonds, fixed rate	9.5%	2025	9.5%	2025
Unsubordinated debt securities issued:				
KZT denominated bonds	7.5%-12.8%	2025-2031	7.5%	2024-2025
USD denominated bonds	3.5%-4.0%	2025	3.5%-4.0%	2025

As at 31 December 2024, accrued interest on debt securities issued was KZT 18,209 million (as at 31 December 2023 — KZT 9,003 million).

Subordinated securities are unsecured obligations of the Group and are subordinated in right of payments to all present and future senior indebtedness and certain other obligations of the Group. Coupon payments on debt securities issued are payable on a semi-annual and an annual basis.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

		Cash changes		Non-cash changes		
	1 January 2024	Issuance of the debt securities	Redemption and repayment of debt securities	Foreign exchange movement	Changes in amortised cost	31 December 2024
Debt securities issued	653,393	294,736	(136,155)	58,794	8,444	879,212

		Cash changes		Non-cash changes		
	1 January 2023	Issuance of the debt securities	Redemption and repayment of debt securities	Foreign exchange movement	Changes in amortised cost	31 December 2023
Debt securities issued	462,817	325,696	(140,705)	(2,157)	7,742	653,393

21. TAXATION

The Bank and its subsidiaries are subject to taxation in accordance with the tax law of the country where the Group operates.

The income tax expense comprises:

	Year ended 31 December 2024	Year ended 31 December 2023
Current income tax expense	223,498	136,577
Deferred income tax benefit	(42,596)	(15,239)
Total income tax expense	**180,902**	**121,338**

Deferred income tax benefit relating to temporary differences is as follows:

	Year ended 31 December 2024	Year ended 31 December 2023
Fair value of derivatives and financial assets at fair value through other comprehensive income	(154)	2,871
Property and equipment, accrued depreciation	315	687
Loans to customers, allowance for expected credit losses	1,657	157
Deferred tax (asset)/liability on financial instruments	(26,535)	4,982
Deferred tax asset on deposits held at JSC "Fund of Problem Loans"	(16,421)	(22,299)
Other	(1,458)	(1,637)
Deferred income tax benefit recognized in profit or loss	**(42,596)**	**(15,239)**

The tax rate for Kazakhstan companies was 20% during the years ended 31 December 2024 and 2023. Income on state and other qualifying securities is tax exempt.

During the year ended 31 December 2024 and 2023 the tax rates in Georgia and the Republic of Uzbekistan is 20%.

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21. TAXATION (CONTINUED)

The effective income tax rate is different from the statutory income tax rate. Below is the calculation for adjusting income tax expenses calculated at the statutory rate of 20% in accordance with the reported income tax expense:

	Year ended 31 December 2024	Year ended 31 December 2023
Income before income tax expense	1,101,893	814,774
Statutory tax rate	20%	20%
Income tax expense at the statutory rate	**220,379**	**162,955**
Tax-free income on government securities and other securities and derivatives on which income is not taxable	(55,460)	(42,221)
Tax effect of modification of deposits	13,223	-
Non-deductible expenditures:		
- other provisions	3,583	1,732
- general and administrative expenses	889	449
Other	(1,712)	(1,255)
Income tax expense	**180,902**	**121,338**

Deferred tax assets and liabilities comprise:

	31 December 2024	31 December 2023
Tax effect of deductible temporary differences:		
Bonuses accrued	8,359	6,387
Fair value of derivatives	907	871
Vacation pay accrual	881	860
Disposals of subsidiaries	-	447
Other	57	32
Deferred tax asset	**10,204**	**8,597**
Tax effect of taxable temporary differences:		
Property and equipment, accrued depreciation	(23,591)	(19,719)
Allowance for loans to customers	(2,974)	(1,314)
Fair value of derivatives, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss	(5,151)	(30,608)
Fair value adjustment on customer accounts	-	(16,421)
Other	(94)	17
Deferred tax liability	(31,810)	(68,045)
Net deferred tax liability	**(21,606)**	**(59,448)**

Current income tax assets and liabilities comprise:

	31 December 2024	31 December 2023
Current income tax refund receivable	3,506	7,956
Current income tax payable	(26,829)	(946)
Current income tax (liability)/asset	**(23,323)**	**7,010**

The Group has offset deferred tax assets and liabilities on the consolidated statement of financial position where a right of offset existed. The amounts presented after offset comprise:

	31 December 2024	31 December 2023
Deferred tax asset	418	351
Deferred tax liability	(22,024)	(59,799)
Net deferred tax liability	**(21,606)**	**(59,448)**

Kazakhstan and other countries where the Group operates currently have a number of laws related to various taxes imposed by both state and regional government authorities. Applicable taxes include value added tax, income tax, social taxes, and others. Implemented regulations are often unclear or nonexistent and few precedents have been established. Often, differing opinions regarding legal interpretation exist both among and within government ministries and organisations; thus, creating uncertainties and areas of conflict. Tax returns, as well as other areas of legal regulation (e.g., customs and currency controls), are overseen by several agencies, which are legally empowered to impose substantial fines and penalties for violations they deem to be committed. These facts create substantially more significant tax risks in Kazakhstan than typically found in countries with more developed tax systems.

Commercial legislation of the countries where the Group operates, including tax legislation, may allow more than one interpretation. In addition, there is a risk of tax authorities making arbitrary judgments of business activities. If a particular treatment, based on management's judgment of the Group's business activities, was to be challenged by the tax authorities, the Group may be assessed additional taxes, penalties and interest.

Such uncertainty may relate to the valuation of financial instruments and the market pricing of deals. Additionally, such uncertainty may relate to the valuation of temporary differences on the provision and recovery of the provision for impairment losses on loans to customers and receivables, as an underestimation of the taxable profit.

In Kazakhstan, tax years remain open for review by the tax authorities for five years. However, tax authorities may perform additional reviews, if considered necessary. In accordance with judicial rulings, the period of review can be altered, if the court acknowledges the fact of interdiction to conducting the tax review by the tax authorities.

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21. TAXATION (CONTINUED)

Management believes that the Group is in compliance with the tax laws affecting its operations; however, the risk that relevant authorities could take differing positions with regard to interpretive issues remains.

Movements in net deferred tax liability:

	31 December 2024	31 December 2023
Net deferred tax liability at the beginning of the year	**59,448**	73,874
Deferred tax benefit recognized in profit or loss	**(42,596)**	(15,239)
Deferred tax expense recognized in other comprehensive income	**4,754**	813
Net deferred tax liability at the end of the year	**21,606**	**59,448**

22. OTHER LIABILITIES

Other liabilities include:

	31 December 2024	31 December 2023
Liabilities from continuing involvement	**103,786**	104,921
Dividends accrued but not paid	**72,844**	-
Accrual for settlements with employees, bonuses and vacations	**44,232**	35,110
Banking creditors	**26,393**	52,900
Other advances received	**15,331**	13,597
Tax debts other than income tax	**14,232**	8,416
Lenders for non-banking activities	**12,170**	16,368
Lease liabilities	**4,383**	4,965
Creditors on commercial property	**3,683**	3,838
General and administrative expenses payable	**2,877**	2,641
Total other liabilities	**299,931**	**242,756**

As of 31 December 2024, the Bank's other liabilities included the amount of accrued but not paid dividends on the Bank's ordinary shares based on the results of operations for 2023 and amounted to KZT 72,844 million.

The payment of dividends was carried out in accordance with the requirements of the legislation of the Republic of Kazakhstan and as of the date of issue of the consolidated financial statements, the Bank has no obligations to pay dividends on ordinary shares of the Bank to shareholders.

The liability from continuing involvement represents obligations towards JSC Kazakhstan Sustainability Fund (hereinafter referred to as the "Operator") associated with the state mortgage program "7-20-25" and other programs. In accordance with the terms of this program, the Bank provides mortgage loans to borrowers and transfers the rights of claim on the loans to the Program Operator. In accordance with the program and the trust management agreement, the Bank carries out trust management of the transferred mortgage loans. At the same time, the Bank is obliged to redeem the rights of claim on the transferred mortgage loans if there is a delay in the principal debt and interest on loans for more than 90 calendar days. The repurchase is carried out at the nominal value of the loan on the date of purchase.

The Bank has determined that It has not transferred nor retained all the risks and rewards of ownership of these assets, in particular credit risk, but has retained control of the transferred assets and continues to recognize loans to the extent of its continuing involvement in them. The extent of the continuing involvement is limited to the maximum amount of consideration received that the Bank may be required to repay because the Banks continuing involvement takes the form of a guarantee over the transferred asset. Because the Bank continues to recognize an asset to the extent of its continuing involvement in loans to customers, the Bank also recognizes an associated liability.

23. EQUITY

The number of shares authorized, issued and fully paid as at 31 December 2024 and 2023, were as follows:

	Share capital authorised	Share authorized and not issued	Fully paid and issued share capital	Share capital repurchased	Outstanding shares
31 December 2024:					
Ordinary shares	**25,000,000,000**	**(11,552,455,218)**	**13,447,544,782**	**(2,567,570,166)**	**10,879,974,616**
31 December 2023:					
Ordinary shares	25,000,000,000	(11,552,455,218)	13,447,544,782	(2,545,373,191)	10,902,171,591

23. EQUITY (CONTINUED)

All shares are KZT denominated. Movements of shares outstanding are as follows:

	Number of shares Ordinary	Nominal (placement) amount (millions of KZT) Ordinary
31 December 2022	**10,883,868,379**	**(51,508)**
Repurchase of treasury shares	(10,653,349)	(1,509)
Sale of treasury shares	28,956,561	3,530
31 December 2023	**10,902,171,591**	**(49,487)**
Repurchase of treasury shares	**(30,970,744)**	(6,445)
Sale of treasury shares	**8,773,769**	1,334
31 December 2024	**10,879,974,616**	**(54,598)**

Ordinary shares

As at 31 December 2024 and 2023, share capital comprised KZT 209,027 million. As at 31 December 2024, the Group held 2,567,570,166 shares of the Group's ordinary shares as treasury shares for KZT 263,625 million (31 December 2023 — 2,545,373,191 for KZT 258,514 million).

Each ordinary share outstanding is entitled to one vote and dividends. Treasury shares are not entitled to any vote or dividends.

Dividends paid for the previous financial years were as follows:

	Paid in 2024 for the year ended 31 December 2023	Paid in 2023 for the year ended 31 December 2022
Dividends declared during the period	381,434	276,524
Dividend paid per one ordinary share, KZT	35.00	25.38

Share premium reserve

Share premium reserve represents an excess of contributions received over the nominal value of shares issued.

24. FINANCIAL COMMITMENTS AND CONTINGENCIES

The Group's financial commitments and contingencies comprise the following:

	31 December 2024	31 December 2023
Guarantees issued	**984,144**	820,260
Commercial letters of credit	**113,993**	120,497
Commitments to extend credit	**109,307**	65,207
Financial commitments and contingencies	**1,207,444**	1,005,964
Less: cash collateral against letters of credit	**(37,606)**	(45,279)
Less: provisions	**(10,964)**	(11,695)
Financial commitments and contingencies, net	**1,158,874**	**948,990**

Guarantees issued represent bank guarantees issued by the Group by order of its clients, and which are in effect as at the reporting date. As at 31 December 2024, uncovered guarantees issued for the ten largest groups of customers/groups of customers accounted for 49% of the Group's total financial guarantees (31 December 2023 — 46%) and represented 16% of the Group's total equity (31 December 2023 — 16%).

Commercial letters of credit represent letters of credit issued by the Group by order of its clients, and under which, as at the reporting date, the payment has not yet been made. As at 31 December 2024, the ten largest unsecured letters of credit accounted for 62% of the Group's total commercial letters of credit (31 December 2023 — 57%) and represented 2% of the Group's total equity (31 December 2023 — 3%).

The Group requires collateral to support credit-related financial instruments, when it is deemed necessary. The Group typically requires collateral support unless it is determined to be not necessary through a review of the credit risk of the borrower or an analysis of other deposit accounts held by the Group. Collateral held varies, but may include deposits held with banks, government securities and other assets.

Provision represents other credit loss expenses against letters of credit and guarantees issued.

For the years ended 31 December 2024 and 2023 (Millions of Kazakhstani Tenge)

24. FINANCIAL COMMITMENTS AND CONTINGENCIES (CONTINUED)

The movements in provisions were as follows:

31 December 2024	Stage 1	Stage 2	Stage 3	Total
At the beginning of the year	**(1,776)**	**(3,218)**	**(6,701)**	**(11,695)**
Transfer to Stage 1	**(854)**	**-**	**854**	**-**
Transfer to Stage 3	**304**	**-**	**(304)**	**-**
(Additional provisions recognized)/recoveries	**(319)**	**2,031**	**(836)**	**876**
Disposal of subsidiaries	**(10)**	**-**	**-**	**(10)**
Foreign exchange differences	**(167)**	**(1)**	**33**	**(135)**
At the end of the year	**(2,822)**	**(1,188)**	**(6,954)**	**(10,964)**

31 December 2023	Stage 1	Stage 2	Stage 3	Total
At the beginning of the year	**(9)**	**(6,714)**	**(7,050)**	**(13,773)**
Transfer to Stage 1	(5,211)	-	5,211	-
Transfer to Stage 2	4	(4)	-	-
Transfer to Stage 3	2,439	-	(2,439)	-
Recoveries/(additional provisions recognized)	931	3,287	(2,655)	1,563
Disposal of subsidiaries	69	-	-	69
Foreign exchange differences	**1**	**213**	**232**	**446**
At the end of the year	**(1,776)**	**(3,218)**	**(6,701)**	**(11,695)**

Deferred liabilities for capital expenditures

As at 31 December 2024, the Group's contingent capital commitments in respect of construction in progress amounted to KZT 24,398 million, of which KZT 19,288 million relates to construction in progress of administrative buildings in Astana (31 December 2023 — KZT 35,790 million, KZT 33,871 million, respectively).

Operating lease commitments

There were no material operating lease commitments under irrevocable operating leases outstanding as at 31 December 2024 and 2023.

25. NET INTEREST INCOME

	Year ended 31 December 2024	Year ended 31 December 2023
Interest income:		
Loans to customers	**1,682,472**	1,349,836
- Retail business	**709,631**	527,606
- Corporate business	**690,416**	599,633
- SME business	**282,425**	222,597
Financial assets at fair value through other comprehensive income	**196,034**	155,145
Cash and cash equivalents and amounts due from credit institutions	**175,376**	49,319
Debt securities at amortised cost, net of allowance for expected credit losses	**54,316**	66,175
Other financial assets	**7,956**	6,543
Interest income calculated using effective interest method	**2,116,154**	**1,627,018**
Financial assets at fair value through profit or loss	**54,632**	42,764
Other interest income	**54,632**	**42,764**
Total interest income	**2,170,786**	**1,669,782**
Interest expense:		
Amounts due to customers	**(945,176)**	(771,460)
- Individuals	**(501,048)**	(361,449)
- Legal entities	**(444,128)**	(410,011)
Amounts due to credit institutions	**(53,134)**	(46,723)
Debt securities issued	**(48,188)**	(40,284)
Deposit insurance	**(15,054)**	(13,357)
Other financial liabilities	**(675)**	(708)
Other interest and similar expense	**(649)**	(110)
Total interest expense	**(1,062,876)**	**(872,642)**
Net interest income before credit loss expense	**1,107,910**	**797,140**

Other interest and similar expense include loss on initial recognition of long-term financial accounts receivable.

The total interest income calculated using the EIR method for financial assets measured at amortised cost is KZT 1,920,120 million for the year ended 31 December 2024 (31 December 2023: KZT 1,471,873 million).

For the years ended 31 December 2024 and 2023 (Millions of Kazakhstani Tenge)

26. FEES AND COMMISSIONS

Fee and commission income is derived from the following sources:

	Year ended 31 December 2024	Year ended 31 December 2023
Transactional income of individuals	**143,451**	139,948
Transactional income of legal entities	**42,688**	44,403
Letters of credit and guarantees issued	**26,946**	20,036
Other	**10,029**	9,016
Loyalty program	**(11,380)**	(13,343)
Total fee and commission income	**211,734**	**200,060**

Fee and commission expense is derived from the following sources:

	Year ended 31 December 2024	Year ended 31 December 2023
Transactional expense of individuals	**(75,648)**	(76,518)
Transactional expense of legal entities	**(5,271)**	(5,304)
Other	**(5,531)**	(4,525)
Total fee and commission expense	**(86,450)**	**(86,347)**

Transactional income of individuals and legal entities includes fee and commission income derived from bank transfers on settlements and salary projects, maintenance of customer accounts and plastic card operations, cash operations and servicing customers' pension payments.

Transactional expense of individuals and legal entities includes fee and commission expense derived from payment cards, bank transfers and cash operations.

27. NET GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Net gain on financial assets and liabilities at fair value through profit or loss comprises:

	Year ended 31 December 2024	Year ended 31 December 2023
Net gain on financial assets and liabilities at fair value though profit or loss:		
Net gain on trading operations	**59,789**	34,255
Realized net gain on derivative operations	**37,459**	28,831
Unrealized net gain on derivative operations	**7,121**	9,508
Total net gain on financial assets and liabilities at fair value though profit or loss	**104,369**	**72,594**

28. NET FOREIGN EXCHANGE GAIN

Net foreign exchange gain comprises:

	Year ended 31 December 2024	Year ended 31 December 2023
Dealing, net	**136,465**	107,271
Translation differences, net	**(26,422)**	(17,157)
Total net foreign exchange gain	**110,043**	**90,114**

For the years ended 31 December 2024 and 2023 (Millions of Kazakhstani Tenge)

29. INSURANCE REVENUE/(INSURANCE SERVICE EXPENSE)

The following tables illustrate an analysis of insurance revenue recognized during this period:

											Year ended 31 December 2024
	Employer Liability Annuities	Pension annuities	Endowment insurance	Term life insurance	Short-term contracts	Health insurance	Mandatory liability insurance for vehicle owners	Property insurance	Motor transport and liability insurance	Other	Total
Insurance revenue	3,411	442	2,284	707	100,805	12,843	13,247	56,214	13,496	28,193	231,642
Release of risk adjustment	25	2,921	(814)	236	-	-	-	-	-	-	2,368
Margin amortization	1,105	4,910	674	16	-	-	-	-	-	-	6,705
Amortization of acquisition expenses	27	9,264	899	9,018	-	-	-	-	-	-	19,208
Total insurance revenue	**4,568**	**17,537**	**3,043**	**9,977**	**100,805**	**12,843**	**13,247**	**56,214**	**13,496**	**28,193**	**259,923**

											Year ended 31 December 2023
	Employer Liability Annuities	Pension annuities	Endowment insurance	Term life insurance	Short-term contracts	Health insurance	Mandatory liability insurance for vehicle owners	Property insurance	Motor transport and liability insurance	Other	Total
Insurance revenue	2,441	645	256	1,507	84,165	10,535	11,420	62,711	12,348	26,454	212,482
Release of risk adjustment	69	537	2,732	201	-	-	-	-	-	-	3,539
Margin amortization	565	5,652	2,807	129	-	-	-	-	-	-	9,153
Amortization of acquisition expenses	10	734	1,188	12,083	-	-	-	-	-	-	14,015
Total insurance revenue	**3,085**	**7,568**	**6,983**	**13,920**	**84,165**	**10,535**	**11,420**	**62,711**	**12,348**	**26,454**	**239,189**

For the years ended 31 December 2024 and 2023 (Millions of Kazakhstani Tenge)

29. INSURANCE REVENUE/(INSURANCE SERVICE EXPENSE) (CONTINUED)

	Year ended 31 December 2024										
	Employer Liability Annuities	Pension annuities	Endowment insurance	Term life insurance	Short-term contracts	Health insurance	Mandatory liability insurance for vehicle owners	Property insurance	Motor transport and liability insurance	Other	Total
Insurance service expense:											
incurred insurance claims and other incurred insurance service expenses	(4,182)	(2,734)	(1,157)	(916)	(15,093)	(10,259)	(15,707)	(8,678)	(6,974)	(4,894)	(70,594)
amortization of acquisition cash flows	(27)	(9,264)	(899)	(9,018)	(30,525)	(1,524)	(4,665)	(4,853)	(5,009)	(3,416)	(69,200)
changes in fulfilment cash flows relating to liabilities for incurred claims	-	(126)	(800)	660	5,532	360	(1,389)	(10,805)	588	(2,803)	(8,783)
reversal of losses under groups on onerous contracts	21	145	(576)	94	-	-	(1,034)	-	1,727	-	377
Total insurance services expenses taken into account in the assessment of liabilities	**(4,188)**	**(11,979)**	**(3,432)**	**(9,180)**	**(40,086)**	**(11,423)**	**(22,795)**	**(24,336)**	**(9,668)**	**(11,113)**	**(148,200)**

	Year ended 31 December 2023										
	Employer Liability Annuities	Pension annuities	Endowment insurance	Term life insurance	Short-term contracts	Health insurance	Mandatory liability insurance for vehicle owners	Property insurance	Motor transport and liability insurance	Other	Total
Insurance service expense:											
incurred insurance claims and other incurred insurance service expenses	(7,923)	(5,250)	886	(3,020)	(4,654)	(7,740)	(7,335)	(5,647)	(8,251)	(3,994)	(52,928)
amortization of acquisition cash flows	(9)	(366)	(829)	(15,485)	(19,419)	(646)	(4,395)	(1,656)	(3,755)	(3,355)	(49,915)
changes in fulfilment cash flows relating to liabilities for incurred claims	-	-	-	-	(1,746)	(142)	600	(10,245)	(474)	(370)	(12,377)
reversal of losses on groups of onerous contracts	(2)	-	(881)	(494)	-	-	159	-	(585)	-	(1,803)
Total insurance services expenses taken into account in the assessment of liabilities	**(7,934)**	**(5,616)**	**(824)**	**(18,999)**	**(25,819)**	**(8,528)**	**(10,971)**	**(17,548)**	**(13,065)**	**(7,719)**	**(117,023)**

For the years ended 31 December 2024 and 2023 (Millions of Kazakhstani Tenge)

30. OPERATING EXPENSES

Operating expenses comprises:

	Year ended 31 December 2024	Year ended 31 December 2023
Salaries and bonuses	**160,056**	126,929
Depreciation and amortization expenses	**19,821**	18,534
Taxes other than income tax	**14,583**	9,772
Information services	**8,752**	7,905
Communication	**8,361**	6,419
Advertisement	**6,672**	5,504
Repair and maintenance	**5,961**	5,297
Utilities expenses	**5,768**	4,721
Charity*	**5,640**	4,547
Security	**5,474**	5,438
Professional services	**3,962**	1,663
Lease	**3,563**	3,151
Stationery and office supplies	**2,591**	3,066
Other	**13,306**	13,942
Total operating expenses	**264,510**	**216,888**

Salaries and bonuses include the costs of the long-term incentive program. In December 2024, the Extraordinary Meeting of Shareholders decided to pay remuneration to members of the Board of Directors and incentives to employees with the Bank's shares without the right of pre-emption, in the amount of up to 1% of the total number of outstanding (net of repurchased) shares of the Bank as of the date of the decision.

*In response to the economic implications of January events, the Government has prepared initiatives designed to address the current crisis. A special charitable fund "For the Citizens of Kazakhstan", which is funded from private and public sources, is established to support citizens of Kazakhstan in the field of healthcare, education and providing other social support. During the year ended 31 December 2024 the Group has contributed KZT 3,000 million (2023: KZT 2,000 million) to the fund, which are part of charity expenses.

31. INCOME ON NON-BANKING ACTIVITIES

	Year ended 31 December 2024	Year ended 31 December 2023
Net gain on sale of commercial property	**18,666**	17,864
Net gain on sale of investment property	**300**	166
Net (loss)/gain on sale of non-current assets classified as held for sale	**(655)**	1,283
Other income on non-banking activities	**6,108**	4,269
Income on non-banking activities	**24,419**	**23,582**

32. EARNINGS PER SHARE

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

According to Kazakhstan legislation on Joint Stock Companies, dividend payments on common shares may not exceed dividend payments on preferred shares for the same year. Therefore, net profit for the year is allocated to the ordinary shares and the preferred shares in accordance with their legal and contractual dividend rights to participate in retained earnings.

The following table presents basic and diluted earnings per share:

	Year ended 31 December 2024	Year ended 31 December 2023
Basic and diluted earnings per share		
Net profit for the year attributable to equity holders of the parent	**920,988**	693,435
Earnings attributable to common shareholders	**920,988**	693,435
Weighted average number of common shares for the purposes of basic earnings per share	**10,898,649,882**	10,894,712,258
Basic and diluted earnings per share (in Tenge)	**84.50**	**63.65**

For the years ended 31 December 2024 and 2023 (Millions of Kazakhstani Tenge)

32. EARNINGS PER SHARE (CONTINUED)

As required by KASE rules for listed companies, the book value of one common share as at 31 December 2024 and 2023 is disclosed as follows:

			31 December 2024
Class of shares	Number of outstanding shares	Equity (as calculated per KASE rules)	Book value of one share, in KZT
Common	10,879,974,616	3,051,826	280.50
		3,051,826	

			31 December 2023
Class of shares	Number of outstanding shares	Equity (as calculated per KASE rules)	Book value of one share, in KZT
Common	10,902,171,591	2,463,607	225.97
		2,463,607	

Equity attributable to common shares is calculated as the difference between the total equity and total net book value of intangible assets.

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

33. FINANCIAL RISK MANAGEMENT

Risk management is fundamental to the Group's financial activities. The main risks inherent in the Group's operations are those related to:

- Credit risk;
- Liquidity risk;
- Operational risk; and
- Market risk.

The Group recognizes that it is essential to have efficient and effective risk management processes in place. To enable this, the Group has established a risk management framework, whose main purpose is to protect the Group from risk and allow it to achieve its performance objectives. Through the risk management framework, the Group manages the following risks.

Risk appetite management

Risk appetite is the aggregate level of significant risks that the Bank is ready to accept in the implementation of strategic objectives and business plan.

In order to build an effective system for managing the Bank's risk appetite, the risk appetite strategy of JSC Halyk Bank was developed and approved.

The risk appetite strategy defines clear boundaries of the volume of accepted significant risks in which the Bank operates as part of the implementation of the overall development strategy of Halyk Group, and also determines the risk profile of the Bank's activities in order to prevent the risks or minimize their negative impact on the financial position of the Bank.

As part of the development and implementation of the risk appetite strategy for each significant level of risk, the Board of Directors approved the levels of risk appetite (for credit risk, market risk, liquidity risk, operational risk), taking into account the adopted business model, scale of activities, types and complexity of the Bank's operations.

Internal process for assessing capital adequacy

In accordance with the requirements of the rules for the formation of a risk management and internal control system for second-tier banks, the Group developed and implemented an internal process for assessing capital adequacy, which was approved by the Board of Directors. The internal capital adequacy assessment process (the "ICAAP") is a set of processes for managing significant risks, taking into account the volume of assets, the nature and level of complexity of the activity, the organizational structure, strategic plans, risk profile, regulatory framework, assessment and aggregation of such risks in order to determine target level of the Group's capital adequacy to maintain a stable financial position and solvency.

The purpose of the ICAAP development is to identify, assess, aggregate and control significant types of risks inherent in the Group's activities in order to determine the required level of capital sufficient to cover them, including: credit risk, market risk, liquidity risk and operational risk. The Group assesses the adequacy of its equity capital, taking into account the current level of risk appetite and development strategy, based on the approved budget. Equity capital adequacy is assessed taking into account the results of stress testing of the Group's risks. The internal process for assessing capital adequacy is subject to continuous review of both quantitative and qualitative indicators, including the application of its results, approaches to stress testing, risk identification and information collection process, validation of risk assessment models.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk is the likelihood that the Group will incur losses due to the borrower's/counterparty's non-fulfillment, untimely or incomplete fulfillment of its financial obligations to the Group in accordance with the terms of the bank loan agreement.

The risk management department plays an important role in managing and controlling the credit risk. This department is responsible for credit risk identification, evaluation and implementation of control and monitoring measures.
As part of the credit risk management system, the Group maintains a sufficient level of allowances for expected credit losses, controls the credit risk assessment process, takes the necessary measures to ensure the completeness and reliability of information in order to make decisions, adhere to internal policies and procedures, and maintains a credit assessment procedures independent of the business units risks.

The risk management department is directly involved in the process of making credit decisions, agreeing on lending rules and programs, providing independent recommendations on taking measures to minimize credit risk, controlling limits, monitoring credit risks, the level of risk appetite for credit risk, reporting, as well as ensuring compliance with both external and internal legislative regulatory requirements and procedures.

The Group structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower/counterparty, or groups of borrowers, and to industry (and geographical) segments. Limits on the level of credit risk concentration by industry sector are approved and controlled by the Commercial Directorate (the "CD"). The Group sets the levels of risk appetite for the concentration of the loan portfolio by types of lending: corporate business, small and medium business, retail business to the Bank's loan portfolio, portfolio concentration by 10 large borrowers of the Bank, the concentration of the portfolio on foreign currency loans, the concentration of the loan portfolio by the acceptable rating level, PD level and NPL level in small and retail business in the loan portfolio by lending segment. Limits on credit risk exposure with respect to credit programs (SME and retail) are approved by the Management Board. The exposure to any one borrower, including banks and brokers, covers on and off-balance sheet exposures, which are reviewed by the Credit Committees and Assets and Liabilities Management Committee (the "ALMC"). Actual exposures against limits are monitored daily.

The risk that the counterparty will not meet its obligations is restricted by the limits covering on and off-balance sheet exposure.

Off-balance sheet credit liabilities represent unused portions of credit in the form of loans, guarantees or letters of credit. The credit risk for off-balance sheet financial instruments is defined as a probability of losses due to the inability of a counterparty to comply with the contractual terms and conditions. In relation to the credit risk associated with off-balance sheet financial instruments, the Group potentially incurs a loss equal to the total amount of undrawn credit lines. However, the likely amount of the loss is less than the total unused commitments since most commitments to extend credit are contingent upon counterparties maintaining specific creditwothiness standards. The Group applies the same credit policy to the contingent liabilities as it does to the financial instruments recorded in the consolidated statement of financial position (i.e. the policy based on the procedures for approving the grant of loans, using limits to mitigate the risk, and current monitoring). The Group controls the maturity of loans, as long-term liabilities carry a higher credit risk compared to short-term liabilities.

Structure and authorities of credit committees

Credit committees, the ALMC, the Management Board, Risk Committee and the Board of Directors are credit authorities responsible for the implementation of the Bank's Credit Policy and credit decision making process.

Commercial Directorate

A collegial body of the Bank, the main task of which is to implement the Bank's internal credit policy on credit operations and credit applications of corporate clients.

Branch Credit Committee and Branch Network Credit Committee ("BCC", "BNCC")

The primary goal of the BCC and the BNCC is the implementation of the Bank's Credit Policy in terms of granting financial instruments via branches to SME customers.

Delegated credit authority limits for the BCC and the BNCC are established by the Management Board.
The BCC makes credit decisions within its limits. If the loan application exceeds the relevant credit limit or the authorities of the BCC, the final decision has to be taken by the BNCC. The procedure of the decision-making by the BNCC involves consideration of a package of documents, including complex analysis and assessments of the potential borrowers conducted by the Bank's experts.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Retail Branch Credit Committee of the Head Office ("RCCHO") and Decision Making Center ("DMC")

The primary goal of the RCCHO and the DMC is the implementation of the Bank's Credit Policy in terms of granting retail financial instruments via branches.

The DMC is comprised of credit underwriters with delegated credit authorities based on a four eyes principle. The DMC makes credit decisions within their authorities and limits established by the Management Board and the RCCHO, respectively. The RCCHO is authorised to consider loan applications that exceed relevant credit limits or the authorities of the DMC, as well as other matters within the authorities established by the Management Board.

Along with the functioning of the DMC and RCCHO, there is an automated approach for making decisions when lending to individuals. Automation of decision making is based on a risk-based approach, including Risk Based Pricing and the use of additional parameters when assessing customer solvency. Based on the results of consideration of applications, loan proposals are formed both according to the requested conditions and by offering alternative solutions for all segments of applicants for individuals (participants/non-participants of the salary project, pensioners, etc.). This approach takes into account the risk profile of the potential borrower and allows minimising the credit risk exposure in the decision making process.

Decision Making Center for Small Business ("DMC for SB")

The main task of DMC for SB is to consider loan applications in the small business sector in an amount not exceeding KZT 400 million.

The DMC for SB consists of credit underwriters with delegated decision-making powers based on the four eye principle. The Decision Making Center for Small Business takes decisions within the framework of the authority approved by the Board of the Bank and the limits approved by the BNCC, respectively.

Problem loans committee of the Head Office, branches

Collegial bodies of the Bank, the main task of which is to implement the Bank's internal credit policy in terms of organizing and controlling the activities of the Bank and its branches in managing, servicing and ensuring the repayment of funds on problem loans.

Authorised credit authorities of the Bank's subsidiaries

Consideration and approval of loan applications of subsidiaries is carried out by the authorized/collegial body of the subsidiary in accordance with the internal documents of the subsidiary. Excess and above-limit loan applications are approved by the Board of Directors of the subsidiary during preliminary consideration by the relevant Credit Committee of the Parent Bank in the manner prescribed by the internal regulatory documents of the Bank.

ALMC

The primary goal of the ALMC is profit maximisation and to limit the risks of banking activities related to raising and allocating funds and the establishment of a medium-term policy for the management of assets and liabilities. The main tasks of the ALMC are liquidity management, market risk management, ensuring effective control over the activities of the Bank's executive bodies on financial risk management and determining priority areas for minimizing the Bank's risks.

The ALMC is also responsible for establishing country and counterparty-bank limits. The ALMC reports to the Board of Directors.

The Management Board

For loan applications exceeding the authorities of the Head Office Credit Committee, the BNCC and the RCCHO, or exceeding the relevant limits of the BNCC and the RCCHO, have to be considered by the Management Board.

Risk Committee

The Committee is a collegial body under the Board of Directors and assists in the implementation of functions related to the formation of an effective risk management and internal control system in the Bank, ensuring its functioning and informing the Board of Directors about the level of risks assumed by the Bank.

The Board of Directors

If the loan application exceeds 5% of the Bank's equity capital or the potential borrower is a related party, such applications have to be considered by the Board of Directors.

For the years ended 31 December 2024 and 2023 (Millions of Kazakhstani Tenge)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Maximum Exposure

The Group's maximum exposure to credit risk varies significantly and is dependent on both individual risks and general market risks.

The following table presents the maximum exposure to credit risk of financial assets and contingent liabilities. For financial assets in the statement of financial position, the maximum exposure equals the carrying value of those assets prior to any offset or collateral. For financial guarantees and other contingent liabilities, the maximum exposure to credit risk is the maximum amount the Group would have to pay if the guarantee was called on, or in the case of commitments, if the loan amount was called on (Note 24). The collateral pledged is represented by the carrying amount of a financial instrument for which the collateral was received as security.

		31 December 2024
	Maximum exposure and net exposure after offset	Collateral pledged
Cash equivalents*	1,418,685	55,117
Obligatory reserves	306,330	-
Financial assets at fair value through profit or loss (less equity securities)	745,233	-
Amounts due from credit institutions	156,966	-
Financial assets at fair value through other comprehensive income (less equity securities)	2,913,276	-
Debt securities at amortised cost, net of allowance for expected credit losses	766,937	-
Loans to customers	11,465,649	9,740,418
Other financial assets	87,877	-
Commitments and contingencies (less provisions)	1,196,480	37,606

		31 December 2023
	Maximum exposure and net exposure after offset	Collateral pledged
Cash equivalents*	1,063,260	39,052
Obligatory reserves	244,866	-
Financial assets at fair value through profit or loss (less equity securities)	427,415	-
Amounts due from credit institutions	171,754	-
Financial assets at fair value through other comprehensive income (less equity securities)	2,416,272	-
Debt securities at amortised cost, net of allowance for expected credit losses	725,343	-
Loans to customers	9,284,872	7,849,080
Other financial assets	81,766	-
Commitments and contingencies (less provisions)	994,269	45,279

*Amount represents the short-term loans and deposits with original maturities of not more than 90 days, which are included within cash and cash equivalents in the statement of financial position.

As at 31 December 2024 and 2023, there is no any difference between maximum exposure and net exposure after offset.

Significant increase in credit risk

As explained in Note 4, the Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

The Group uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Group collects performance and default information about its credit risk exposures analyzed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed. The Group uses different criteria to determine whether credit risk has increased significantly per portfolio of assets. The criteria used are both quantitative changes in PDs as well as qualitative.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Maximum Exposure (continued)

Significant increase in credit risk (continued)

For treasury operations (interbank transactions, securities, reverse repurchase agreements), a significant increase in credit risk is determined individually for each financial asset on the basis of quantitative indicators (rating downgrades by 3 or more steps since initial recognition, overdue by 1 day or more since initial recognition) and qualitative indicators (negative information relating to the issuer/counterparty, including deterioration of financial condition, change of shareholders, the realization of the risk of loss of reputation, the systematic violation of prudential standards) since initial recognition.

For bank loans assessed on a collective basis, a significant increase in credit risk is determined on the basis of increase in lifetime probability of default since initial recognition over defined thresholds for segmented homogeneous portfolios and for loans with an overdue more than 30 days since initial recognition, for loans assessed on an individual basis — additionally in case of the decrease of internal credit rating and increase in lifetime PD on 10 percentage points in accordance with the internal rating model (the presence of restructuring during deterioration of the financial position for classification to Stage 3), expert opinions of the Bank's specialists based on the changes in the qualitative and quantitative indicators of the borrower, a significant deterioration of collateral and other objective evidence of significant financial difficulties since initial recognition.

Stage 3 is determined for loans that are assessed on a collective basis with an overdue of over 60 — 90 days, for loans assessed on an individual basis — over 60 days past due, restructuring related to the deterioration of financial condition, deterioration of the internal credit rating and expert opinion of the Bank's specialists.

The Group considers that certain financial instruments with low credit risk at the reporting date have not experienced a significant increase in credit risk. The Group applies this policy to financial instruments issued to sovereign and financial institutions only. The Group considers a financial instrument to have low credit risk when their external credit risk rating is equivalent to definition of 'investment grade' by international rating agencies.

The Group has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 30 days past due.

Incorporation of forward-looking information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase in credit risk as well as in its measurement of ECL.

The incorporation of forward-looking elements reflects the expectations of the Group and involves the creation of two scenarios ("base case" and "downside" scenarios), including an assessment of the probability for each scenario. The purpose of using multiple scenarios is to model the non-linear impact of assumptions about macroeconomic factors on the expected credit losses. The "base case" scenario enters with a probability of 75% and the "downside" scenario with a probability of 25%.

Development of forecasting was carried out by JSC Halyk Finance using internal and external information for creating "base case" and "downside" scenarios of future forecasting of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Group applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Group for strategic planning and budgeting. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

When applying these stress factors, the results of stress testing performed at the end of 2024 show a slight decrease in certain financial indicators of the Group (growth in allowance for expected credit losses, decrease in net profit and outflow of customer accounts).

At the same time, given that, the Group has a sufficient amount of equity and liquid assets, significant deterioration in the financial position of the Group and violation of regulatory requirements and norms are not predicted.

For the years ended 31 December 2024 and 2023 (Millions of Kazakhstani Tenge)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Maximum Exposure (continued)

Incorporation of forward-looking information (continued)

In general, a worsening of forecasted macroeconomic variables for each scenario or an increase in the probability of the "downside" scenario occurring will both increase the number of loans migrating from Stage 1 to Stage 2 and increase the estimated allowances for expected credit losses. In contrast, an improvement in the outlook on forecasted macroeconomic variables or an increase in the probability of the "base case" scenario occurring will have a positive impact. It is not possible to meaningfully isolate the impact of changes in the various macroeconomic variables for a particular scenario due to the interrelationship between the variables as well as the interrelationship between the level of pessimism inherent in a particular scenario and its probability of occurring.

The table below summarizes the principal macroeconomic indicators included in economic scenarios as at 31 December 2024 and 2023 for Kazakhstan, which is the country where the Group operates and therefore is the country that has a material impact in ECLs.

	31 December 2024		31 December 2023	
List of macro variables used	Definition	Range	Definition	Range
GDP growth	% change	4.8%	% change	Between 2.8% and 4.5%
Inflation	Inflation %	Between 8.3% and 9.5%	Inflation %	Between 10.3% and 12.5%
Oil price	Price per barrel	Between USD 70 and USD 80	Price per barrel	Between USD 60 and USD 80

Financial assets are graded according to the current credit rating that have been issued by an international rating agency or in accordance with the Group's internal rating system. The highest possible rating is AAA. Investment grade financial assets have ratings from AAA to BBB. Financial assets which have ratings lower than BBB are classified as speculative grade.

The following table details the credit ratings of financial assets held by the Group (except for loans to customers, which are disclosed in details below), before any allowances for expected credit losses:

	AA	AA-	A	BBB	<BBB	Not Rated	31 December 2024 Total
Cash equivalents*	184	103,044	32,819	973,164	88,686	4,913	1,202,810
Obligatory reserves	-	-	-	294,421	11,909	-	306,330
Financial assets at fair value through profit or loss	64,743	54,779	27,465	502,532	83,538	89,760	822,817
Amounts due from credit institutions	-	31,225	45,658	32,417	42,442	5,376	157,118
Financial assets at fair value through other comprehensive income	63,980	129,427	146,451	2,543,785	40,678	439	2,924,760
Debt securities at amortised cost	-	-	-	525,317	24,211	217,986	767,514
Other financial assets	-	-	-	-	-	124,119	124,119
Commitments and contingencies	-	-	-	-	-	1,207,444	1,207,444

	AA	AA-	A	BBB	<BBB	Not Rated	31 December 2023 Total
Cash equivalents*	236,673	102,015	69,592	585,630	54,055	15,331	1,063,296
Obligatory reserves	-	-	-	234,054	10,812	-	244,866
Financial assets at fair value through profit or loss	42,588	102,429	57,943	263,602	107,364	15,436	589,362
Amounts due from credit institutions	5,666	26,343	52,898	37,701	33,403	16,143	172,154
Financial assets at fair value through other comprehensive income	203,639	79,983	110,517	1,962,799	68,567	397	2,425,902
Debt securities at amortised cost	-	-	-	710,267	15,732	-	725,999
Other financial assets	-	-	-	-	-	113,422	113,422
Commitments and contingencies	-	-	-	-	-	1,005,964	1,005,964

* Amount represents the short-term loans and deposits with original maturities of not more than 90 days, which are included within cash and cash equivalents in the statement of financial position.

The banking industry is generally exposed to credit risk through its financial assets and contingent liabilities. Credit risk exposure of the Group is concentrated within the Republic of Kazakhstan. The exposure is monitored on a regular basis to ensure that the credit limits and creditworthiness guidelines established by the Group's risk management policy are not breached.

For the years ended 31 December 2024 and 2023 (Millions of Kazakhstani Tenge)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Maximum Exposure (continued)

Incorporation of forward-looking information (continued)

The following table details the carrying value of assets that are impaired and for those that are past due but not impaired:

	Financial assets that have been individually assessed for impairment						
	Unimpaired financial assets		Impaired financial assets		Financial assets that have been collectively assessed for impairment		
	Gross carrying amount of assets	Amount of allowance for expected credit losses	Gross carrying amount of assets	Amount of allowance for expected credit losses	Gross carrying amount of assets	Amount of allowance for expected credit losses	31 December 2024 Total
Amounts due from credit institutions	156,957	(152)	-	-	161	-	**156,966**
Financial assets at fair value through other comprehensive income	2,926,050	(4,362)	-	-	3,074	(2)	**2,924,760**
Debt securities at amortised cost	765,221	(576)	-	-	2,293	(1)	**766,937**
Loans to customers	6,435,223	(35,627)	571,170	(236,610)	5,032,475	(300,982)	**11,465,649**
Other financial assets	3,739	(1)	36,495	(26,650)	83,885	(9,591)	**87,877**

	Financial assets that have been individually assessed for impairment						
	Unimpaired financial assets		Impaired financial assets		Financial assets that have been collectively assessed for impairment		
	Gross carrying amount of assets	Amount of allowance for expected credit losses	Gross carrying amount of assets	Amount of allowance for expected credit losses	Gross carrying amount of assets	Amount of allowance for expected credit losses	31 December 2023 Total
Amounts due from credit institutions	169,622	(395)	-	-	2,532	(5)	171,754
Financial assets at fair value through other comprehensive income	2,428,108	(2,206)	-	-	-	-	2,425,902
Debt securities at amortised cost	723,037	(653)	-	-	2,962	(3)	725,343
Loans to customers	5,452,369	(30,037)	497,573	(224,425)	3,824,856	(235,464)	9,284,872
Other financial assets	-	-	55,559	(31,066)	57,863	(590)	81,766

As at 31 December 2024, the carrying amount of unimpaired overdue loans was KZT 90,801 million (31 December 2023 — KZT 62,832 million). The overdue period for these loans is no more than 90 days.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the likelihood of financial losses arising from the Group's failure to ensure that there are sufficient cash to meet its obligations over time without significant losses. The Group's liquidity risk arises from the mismatch (mismatch) of the maturity of claims on active transactions with the maturity of liabilities.

In accordance with the requirements of the Rules for the formation of a risk management and internal control system for second-tier banks, the Group has developed and implemented an internal process for assessing liquidity adequacy ("IPALA"), which was approved by the Board of Directors. IPALA is a set of liquidity risk management processes in order to maintain an adequate level of liquidity and implement an appropriate liquidity risk management system at different time intervals depending on the type of activity, currency. IPALA was developed in accordance with the risk appetite strategy, taking into account the current market and economic situation, the risk profile and the requirements of the legislation of the Republic of Kazakhstan in terms of the formation of a risk management and internal control system for second-tier banks, as well as the internal needs of the Bank in determining the main approaches and principles of the process assessing the adequacy of liquidity. In order to determine the risk appetite, the Board of Directors approves the levels of risk appetite for liquidity risk, and also uses a quantitative internal indicator of liquidity adequacy within the IPALA, which limits the risks of current, short-term, medium-term and long-term liquidity. In order to identify weaknesses, the IPALA is subject to continuous review at least once a year, which is submitted for approval by the Board of Directors.

As part of the risk management system, liquidity risk is measured and controlled through the following tools:

- monitoring compliance with regulatory (prudential) liquidity ratios;
- setting and regular monitoring of internal limits and triggers for liquidity risk: risk appetite level, IPALA ratio, limit on GAP, liability concentration limits, early warning indicators of liquidity risk;
- analysis of contractual maturities (GAP-analysis) and cash flow forecasting, including: planned transactions, projected rollover of attracted customer funds (taking into account the calculation of the stable part of funding);
- analysis of the concentration of funding sources (by largest depositors, by currency, by funding maturity, by funding source);
- indicators of early warning about liquidity risk, allowing to monitor and control liquidity risk;
- analysis of the volume of assets that can be used as collateral to raise liquidity;
- development and regular testing of a contingency financing plan in unforeseen circumstances with a description of the process of eliminating liquidity shortage in emergency situations;
- stress testing of the impact of changes in various macroeconomic and other factors and parameters on liquidity.

Short-term liquidity needs are managed by the Group's treasury function collecting daily cash inflow/outflow forecasts. Long-term liquidity management is performed by the ALMC by analysing longer term liquidity positions and making decisions on managing significant gaps through various available means.

In order to manage liquidity risk, the Group analyses and evaluates cash inflows and outflows to determine the potential shortage of liquid assets in the future. The Group measures and forecasts estimated cash flows for assets and liabilities, including off-balance sheet claims and liabilities, which analyzes the structure of gaps between cash flows for financial assets and financial liabilities (GAP analysis). In a GAP analysis, cash flows are grouped into time buckets based on the following principles:

- assets and liabilities are allocated into economically homogeneous and significant items;
- securities at fair value through profit or loss are classified in the column "Less than 1 month" because they are available to meet the Group's short-term liquidity needs;
- part of long-term loans provided to customers are classified in the column "From 3 months to 1 year", because for them, the Group has the right to unilaterally withdraw within ten months after due notice issued by the Group;
- loans to customers, amounts due from credit institutions, financial assets at fair value through other comprehensive income, debt securities at amortized cost, other financial assets, amounts due to customers, amounts due to credit institutions, debt securities issued, other financial liabilities included in analysis of the liquidity position based on expected contractual maturities;
- Assets other than those listed above are generally classified according to the payment schedule and the remaining period from the reporting date to the earliest contractual payment date or available maturity date.

For the purposes of effective control, the Group divides liquidity management into:

- management of current (intraday)/short-term liquidity — management of assets and liabilities with a maturity of less than 3 months;
- management of mid-term/long-term liquidity — management of assets and liabilities with maturity from 3 months to 1 year and more than 1 year.

Liquidity risk management is generally carried out by ALMC, whose main tasks are to control the implementation of the asset and liability management policy and the liquidity management policy, and to determine the need for liquid funds. The treasury department directly manages the Bank's cash flows and short-term liquidity within the established level of risk appetite for liquidity risk and the limits established by ALMC. The treasury department develops and implements measures for operational liquidity management. The risk management division is responsible for the implementation of the liquidity risk management process, for identifying, measuring, monitoring, controlling and analyzing liquidity risk as part of periodic management reporting on the current state of liquidity risk with related analysis, and, if necessary, provides its recommendations for minimizing risks. The risk management division also conducts stress testing of the impact of changes in various macroeconomic and other factors and parameters on liquidity, including taking into account the scenario of the outflow of customer funds. Liquidity risk management (identification, measurement, monitoring, control and analysis of liquidity risk) is carried out in accordance with the IPALA and the liquidity risk management policy, as well as regulatory requirements.

For the years ended 31 December 2024 and 2023 (Millions of Kazakhstani Tenge)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

The following tables provide an analysis of financial assets and liabilities grouped based on the above principles.

						31 December 2024
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
FINANCIAL ASSETS:						
Cash and cash equivalents	1,473,802	-	-	-	-	1,473,802
Obligatory reserves	155,375	36,419	87,331	17,977	9,228	306,330
Financial assets at fair value through profit or loss	796,114	-	-	26,703	-	822,817
Amounts due from credit institutions	107,311	201	28,194	20,914	346	156,966
Financial assets at fair value through other comprehensive income	85,452	58,855	796,077	1,207,152	777,224	2,924,760
Debt securities at amortised cost, net of allowance for expected credit losses	47	9,534	41,011	716,345	-	766,937
Loans to customers*	411,039	910,887	5,907,457	3,656,734	579,532	11,465,649
Other financial assets	38,342	4,448	13,192	28,251	3,644	87,877
	3,067,482	1,020,344	6,873,262	5,674,076	1,369,974	18,005,138
FINANCIAL LIABILITIES:						
Amounts due to customers	6,807,195	1,623,880	3,599,228	754,614	205,126	12,990,043
Amounts due to credit institutions	311,045	43,262	123,989	178,042	157,731	814,069
Financial liabilities at fair value through profit or loss	6,463	-	-	510	-	6,973
Debt securities issued	11,547	124,061	582,554	20,920	140,130	879,212
Other financial liabilities	210,534	1,610	9,398	569	343	222,454
	7,346,784	1,792,813	4,315,169	954,655	503,330	14,912,751
Net position	(4,279,302)	(772,469)	2,558,093	4,719,421	866,644	3,092,387
Accumulated gap	(4,279,302)	(5,051,771)	(2,493,678)	2,225,743	3,092,387	

						31 December 2023
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
FINANCIAL ASSETS:						
Cash and cash equivalents	1,377,315	-	-	-	-	1,377,315
Obligatory reserves	122,468	23,652	64,201	24,272	10,273	244,866
Financial assets at fair value through profit or loss	569,008	337	2,029	17,988	-	589,362
Amounts due from credit institutions	99,434	2,669	53,199	16,171	281	171,754
Financial assets at fair value through other comprehensive income	98,807	109,353	505,451	1,169,237	543,054	2,425,902
Debt securities at amortised cost, net of allowance for expected credit losses	42	9,960	208,067	507,274	-	725,343
Loans to customers*	318,822	731,541	4,812,666	2,976,729	445,114	9,284,872
Other financial assets	50,216	2,096	11,305	14,026	4,123	81,766
	2,636,112	879,608	5,656,918	4,725,697	1,002,845	14,901,180
FINANCIAL LIABILITIES:						
Amounts due to customers	5,472,599	1,182,508	3,267,492	618,404	388,501	10,929,504
Amounts due to credit institutions	429,220	50,924	19,798	106,426	171,943	778,311
Financial liabilities at fair value through profit or loss	3,672	-	-	530	-	4,202
Debt securities issued	1,734	3,785	103,604	544,270	-	653,393
Other financial liabilities	170,969	1,463	8,274	642	446	181,794
	6,078,194	1,238,680	3,399,168	1,270,272	560,890	12,547,204
Net position	(3,442,082)	(359,072)	2,257,750	3,455,425	441,955	2,353,976
Accumulated gap	(3,442,082)	(3,801,154)	(1,543,404)	1,912,021	2,353,976	

* Loans to customers in the column "3 months to 1 year" also include loans with non-standard repayment schedule.

For the years ended 31 December 2024 and 2023 (Millions of Kazakhstani Tenge)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

The change in liquidity Gaps during the reporting period is associated with a change in the volume and/or structure of liquid assets, a change in the maturity structure of the Group's assets and liabilities, including due to a change in the maturity of assets (reduction/increase in the maturity of the portfolio of securities, loans to customers) and liabilities (reduction/increase in funds of amounts due to customers, amounts due to credit institutions, for debt securities issued).

As at 31 December 2024 and 2023 the Group complies with main liquidity ratios and regulatory liquidity requirements.

The analysis of liabilities by maturity does not reflect the historical stability of customer current account balances, which have traditionally been repaid over a longer period than indicated in the tables above. In this regard, Management believes that although a substantial portion of current accounts and customer deposits are on demand and mature in less than one month, diversification of these deposits by number and type of depositors, and the past experience of the Group, indicate that these deposits provide a long-term and stable source of funding for the Group. Therefore, an essential part of the Group's current accounts is considered to be stable resources for the purposes of liquidity analysis and management. Additionally, the accumulated gap can be sufficiently covered by refinancing with the repurchase agreements and sale of liquid government and other high-quality rated securities or attracting long-term debt funding on capital markets when necessary.

A further analysis of the liquidity risk 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 and contingent liabilities based on the remaining contractual payments (including interest payments).

						31 December 2024
FINANCIAL AND CONTINGENT LIABILITIES	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Amounts due to customers	6,935,920	1,648,092	3,713,555	862,150	280,963	13,440,680
Amounts due to credit institutions	322,636	51,783	136,024	218,311	167,721	896,475
Debt securities issued	11,547	121,428	610,634	25,274	140,130	909,013
Other financial liabilities	210,534	1,610	9,398	569	343	222,454
Guarantees issued	984,144	-	-	-	-	984,144
Commercial letters of credit	113,993	-	-	-	-	113,993
Commitments to extend credit	109,307	-	-	-	-	109,307
	8,688,081	1,822,913	4,469,611	1,106,304	589,157	16,676,066
Derivative financial assets	486,472	-	3,846	64,718	-	555,036
Derivative financial liabilities	489,908	-	3,783	46,968	-	540,659

						31 December 2023
FINANCIAL AND CONTINGENT LIABILITIES	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Amounts due to customers	5,539,223	1,201,861	3,389,901	650,178	464,185	11,245,348
Amounts due to credit institutions	435,062	53,409	54,744	346,535	190,807	1,080,557
Debt securities issued	1,734	4,937	132,792	564,207		703,670
Other financial liabilities	170,968	1,463	8,274	642	447	181,794
Guarantees issued	820,260	-	-	-	-	820,260
Commercial letters of credit	120,497	-	-	-	-	120,497
Commitments to extend credit	65,207	-	-	-	-	65,207
	7,094,644	1,261,670	3,585,711	1,561,562	655,439	14,159,026
Derivative financial assets	762,961	23,731	30,522	51,694	-	868,908
Derivative financial liabilities	765,828	22,773	25,168	44,046	-	857,815

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33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Transactions with government agencies and government-controlled companies

In the course of its operations, the Group enters into transactions with the National Bank of the Republic of Kazakhstan, the Government of the Republic of Kazakhstan represented by the Ministry of Finance of the Republic of Kazakhstan and government agencies, as well as with government-controlled companies (with an equity stake of 50% or more). The Group provides these customers with banking services, including, but not limited to: placing deposits, providing loans, transactions for the sale and purchase of securities, accepting funds for deposits, etc.

The balances of transactions with government agencies and government-controlled companies that were significant in terms of their carrying value (TOP 10) as at 31 December 2024 and 2023 are as follows:

31 December 2024					
Counterparty/Issuer	Cash and cash equivalents	Loans to customers	Securities	Amounts due to customers/due to credit institutions	As at 31 December 2024 Total
NBRK	813,453	-	16,143	122	829,718
Government of the Republic of Kazakhstan	33,090	12,852	2,711,198	35,678	2,792,818
Other government agencies and government-controlled companies	578	741,401	677,612	862,730	2,282,321
Including:					
funds of state programs	-	-	-	96,235	96,235
	847,121	754,253	3,404,953	994,765	6,001,092

31 December 2023					
Counterparty/Issuer	Cash and cash equivalents	Loans to customers	Securities	Amounts due to customers/due to credit institutions	As at 31 December 2023 Total
NBRK	786,104	-	5,843	152	792,099
Government of the Republic of Kazakhstan	12,559	-	2,129,527	34,392	2,176,478
Other government agencies and government-controlled companies	11,285	499,061	678,336	952,439	2,141,121
Including:					
funds of state programs	-	-	-	186,812	186,812
conditional deposits	-	-	-	74,184	74,184
	809,948	499,061	2,813,706	1,247,979	5,370,694

Cash and cash equivalents include balances on nostro accounts and term deposits with the NBRK in national and foreign currencies.

Loans to customers represent transactions for the financing of government-controlled companies, concluded on the terms of payment, urgency, repayment.

Securities are represented by debt and equity financial instruments denominated in national and foreign currencies, evaluated at fair value or amortized cost, depending on the purpose of acquisition.

Amounts due to credit institutions / due to customers represent liabilities to government-controlled companies in the form of current account balances, term deposits, funds placed under government financing programs small and medium-sized businesses, as well as conditional deposits placed by quasi-state companies as part of subsoil use operations.

In order to manage liquidity risk, including monitoring the concentration of assets and liabilities, the Group sets concentration limits for certain groups of customers, both in terms of claims to customers and liabilities to them (by the largest depositors / borrowers, by currency baskets, by source of funding); on a regular basis monitors the fulfillment of the specified limits, analyzes the dynamics of changes in indicators, and, if necessary, develops action plans to reduce the risk of concentration.

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Transactions with government agencies and government-controlled companies (continued)

Additionally, on a regular basis, the Group conducts stress testing on the impact of potential changes in various macroeconomic and other indicators on the financial stability of the Group. One of the scenarios that must be considered and analyzed is a stressful outflow of customer funds (withdrawals from current accounts, early termination of term deposits), as well as the conversion of customer funds into foreign currency (from tenge to foreign currency), based on the results of a stress test, if necessary preventive measures are being developed to prevent a negative impact on the Group's operations.

The results of monitoring limits on the concentration of assets and liabilities and the results of stress testing are mandatory submitted for consideration by the authorized collegial bodies to get acquainted with the current level of the main types of risk inherent in the Group's activities and take corrective measures to minimize the risk, if necessary.

Market risk

Market risk is the probability of financial losses on the Group's balance sheet and off-balance sheet items due to adverse changes in the market situation, expressed in changes in market interest rates, foreign exchange rates, market value of financial instruments and commodities.

The Group is exposed to market risks, which include the following components:

- Risk of changes in interest rates (interest rate risk);
- Risk of changes in foreign exchange rates (currency risk);
- Risk of changes in securities prices (price risk).

The objective of market risk management is to optimise risk/return, minimise losses in case of adverse events and decrease deviation of factual financial results from expected financial results.

Market risk management includes security portfolio management and control of open positions on currencies, interest rates and derivatives. For these purposes, the ALMC fixes limits on security portfolios, open positions, stop-loss limits, VaR and ES limits, and other limitations. Market risk limits are subject to review on at least an annual basis and should be monitored continuously.

Interest rate risk

The Group is exposed to the risk of changes in interest rates. Interest rate risk is defined as the probability of a decrease in interest income, an increase in interest expenses or a negative impact on capital as a result of adverse changes in market interest rates.

The Group determines two types of interest rate risk:

- Interest rate risk related to changes in fair values of securities portfolios, which are reflected through other comprehensive income;
- Interest rate risk resulting from assets and liabilities maturity dates (dates of interest rate repricing) mismatch that are sensitive to interest rate changes (risk of interest rate changes).

The ALMC manages interest rate risks and market risks through the management of the Group's position on interest rates to reach positive interest margins.

The Group manages interest rates by determining the Group's exposure to the interest rate risk using the approach described by the Basel Committee on the principles for the management and supervision of interest rate risk. This approach identifies the Group's exposure to interest rate risk by testing the impact of a parallel movement in interest rates on assets and liabilities.

Sensitivity analysis of interest rate risk

The following table presents a sensitivity analysis of interest rate risk, which has been determined based on "reasonably possible changes in the risk variable". The Group assesses the reasonably possible changes in interest rates in tenge and foreign currencies separately, in which financial assets and liabilities are denominated due to the different volatility of interest rates. Particularly, a scenario of interest rate changes in tenge takes into account the dynamics of market interest rates (loans/deposits, NBRK base rate etc.).

The impact on profit before tax is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate financial assets and liabilities held as at 31 December 2024 and 2023 and the effect of revaluing instruments with fixed rates accounted for at fair value. The management of the Group believes income tax not to have a substantial effect for the purpose of interest rate risk management.

For the years ended 31 December 2024 and 2023 (Millions of Kazakhstani Tenge)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk (continued)

Sensitivity analysis of interest rate risk (continued)

The impact on profit before tax based on assets and liabilities values as at 31 December 2024 and 2023 is as follows:

	31 December 2024		31 December 2023	
	Interest rate KZT +3.75% CCY +2%	Interest rate KZT -3.75% CCY -2%	Interest rate KZT +3.75% CCY +2%	Interest rate KZT -3.75% CCY -2%
FINANCIAL ASSETS:				
Financial assets at fair value through profit or loss	**673**	**(673)**	(9,100)	8,963
KZT	**672**	**(672)**	(9,368)	9,368
CCY	**1**	**(1)**	268	(405)
Amounts due from credit institutions	**1,191**	**(1,191)**	1,223	(1,223)
CCY	**1,191**	**(1,191)**	1,223	(1,223)
Financial assets at fair value through other comprehensive income	**230**	**(230)**	766	(766)
KZT	**229**	**(229)**	766	(766)
CCY	**1**	**(1)**		
Loans to customers	**21,700**	**(21,700)**	4,682	(4,682)
KZT	**2,920**	**(2,920)**	-	-
CCY	**18,780**	**(18,780)**	4,682	(4,682)
Net impact on profit before tax	**23,792**	**(23,792)**	**(2,428)**	**2,291**

The impact on equity is the effect of the assumed changes in interest rates due to changes in retained earnings and the effect of revaluation of financial assets at fair value through other comprehensive income with fixed rates.

The impact on equity based on assets and liabilities values as at 31 December 2024 and 2023 is as follows:

	31 December 2024		31 December 2023	
	Interest rate KZT +3.75% CCY +2%	Interest rate KZT -3.75% CCY -2%	Interest rate KZT +3.75% CCY +2%	Interest rate KZT -3.75% CCY -2%
FINANCIAL ASSETS:				
Financial assets at fair value through profit or loss	**673**	**(673)**	(9,100)	8,963
KZT	**672**	**(672)**	(9,368)	9,368
CCY	**1**	**(1)**	268	(405)
Amounts due from credit institutions	**1,191**	**(4,111)**	-	-
KZT	**-**	**(2,920)**	-	-
CCY	**1,191**	**(1,191)**	-	-
Financial assets at fair value through other comprehensive income	**(211,511)**	**211,511**	(172,588)	172,588
KZT	**(103,442)**	**103,442**	(65,965)	65,965
CCY	**(108,069)**	**108,069**	(106,623)	106,623
Loans to customers	**21,700**	**(18,780)**	4,682	(4,682)
KZT	**2,920**	**-**	-	-
CCY	**18,780**	**(18,780)**	4,682	(4,682)
Net impact on equity	**(187,948)**	**187,948**	**(175,782)**	**175,646**

For the years ended 31 December 2024 and 2023 (Millions of Kazakhstani Tenge)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency Risk

The Group is exposed to currency risk. Currency risk arises from open positions in foreign currency and adverse movements of market exchange rates that may have a negative impact on the financial performance of the Group.

The ALMC monitors currency risk by determining the open currency position based on the estimations of KZT devaluation and other macroeconomic indicators, which gives the Group an opportunity to minimise losses from significant currency rate fluctuations of national and foreign currencies.

The treasury department performs daily monitoring of the Group's open currency positions, with the aim to comply with the requirements of the regulatory authority.

The Group is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates (primarily USD) on its financial positions, results of operations and cash flows, which are monitored daily. The ALMC sets limits on the level of exposure by currencies within the authority approved by the Board of Directors. These limits also comply with the minimum requirements of the regulator authority.

The Group's principal cash flows are generated in KZT and USD. As a result, potential movements in the exchange rate between KZT and USD will affect the carrying value of the Group's USD denominated monetary assets and liabilities. Currency risk is assessed in relation to the consolidated statement of financial position and off-balance sheet positions. Currently, the Group's sensitivity to fluctuations in exchange rates is acceptable, due to the fact that the off- balance sheet items significantly neutralise the consolidated statement of financial position.

The Group's exposure to foreign currency exchange rate risk is as follows:

							31 December 2024
	USD	EURO	RUB	Other	Total foreign currencies	KZT	Total
FINANCIAL ASSETS:							
Cash and cash equivalents	303,453	76,454	26,787	79,777	486,471	987,331	1,473,802
Obligatory reserves	48,259	8,891	3,190	3,394	63,734	242,596	306,330
Financial assets at fair value through profit or loss	311,360	7,368	14	160	318,902	503,915	822,817
Amounts due from credit institutions	118,842	2	2,081	21,936	142,861	14,105	156,966
Financial assets at fair value through other comprehensive income	1,404,657	239,007	7,664	-	1,651,328	1,273,432	2,924,760
Debt securities at amortised cost, net of allowance for expected credit losses	220,923	-	-	24,207	245,130	521,807	766,937
Loans to customers	2,122,954	174,601	6,280	128,380	2,432,215	9,033,434	11,465,649
Other financial assets	2,185	592	1,511	2,086	6,374	81,503	87,877
	4,532,633	506,915	47,527	259,940	5,347,015	12,658,123	18,005,138
FINANCIAL LIABILITIES							
Amounts due to customers	3,570,187	246,083	42,582	157,989	4,016,841	8,973,202	12,990,043
Amounts due to credit institutions	438,384	24,676	10,157	17,733	490,950	323,119	814,069
Financial liabilities at fair value through profit or loss	840	-	510	-	1,350	5,623	6,973
Debt securities issued	484,287	-	-	-	484,287	394,925	879,212
Other financial liabilities	1,865	1,343	72	1,104	4,384	218,070	222,454
	4,495,563	272,102	53,321	176,826	4,997,812	9,914,939	14,912,751
Net position — on-balance	37,070	234,813	(5,794)	83,114	349,203	2,743,184	3,092,387
Net position — off-balance	120,411	(204,932)	9,348	(26,664)	(101,837)	117,062	
Net position	157,481	29,881	3,554	56,450	247,366	2,860,246	

For the years ended 31 December 2024 and 2023 (Millions of Kazakhstani Tenge)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency Risk (continued)

							31 December 2023
	USD	EURO	RUB	Other	Total foreign currencies	KZT	Total
FINANCIAL ASSETS:							
Cash and cash equivalents	561,336	61,510	22,111	138,220	783,177	594,138	1,377,315
Obligatory reserves	8,906	6,150	-	105,596	120,652	124,214	244,866
Financial assets at fair value through profit or loss	246,103	3,370	20	613	250,106	339,256	589,362
Amounts due from credit institutions	101,126	4,109	16,073	13,119	134,427	37,327	171,754
Financial assets at fair value through other comprehensive income	1,418,689	133,479	8,255	-	1,560,423	865,479	2,425,902
Debt securities at amortised cost, net of allowance for expected credit losses	193,298	-	-	10,380	203,678	521,665	725,343
Loans to customers	1,365,955	122,814	13,637	109,008	1,611,414	7,673,458	9,284,872
Other financial assets	21,196	740	1,976	265	24,177	57,589	81,766
	3,916,609	**332,172**	**62,072**	**377,201**	**4,688,054**	**10,213,126**	**14,901,180**
FINANCIAL LIABILITIES							
Amounts due to customers	3,138,884	210,030	37,853	127,231	3,513,998	7,415,506	10,929,504
Amounts due to credit institutions	193,078	8,646	39,207	4,143	245,074	533,237	778,311
Financial liabilities at fair value through profit or loss	-	-	530	-	530	3,672	4,202
Debt securities issued	324,803	-	-	-	324,803	328,590	653,393
Other financial liabilities	4,594	1,454	91	2,517	8,656	173,138	181,794
	3,661,359	**220,130**	**77,681**	**133,891**	**4,093,061**	**8,454,143**	**12,547,204**
Net position — on-balance	**255,250**	**112,042**	**(15,609)**	**243,310**	**594,993**	**1,758,983**	**2,353,976**
Net position — off-balance	**29,460**	**(109,932)**	**21,147**	**(183,970)**	**(243,295)**	**256,524**	
Net position	**284,710**	**2,110**	**5,538**	**59,340**	**351,698**	**2,015,507**	

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33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency Risk (continued)

Sensitivity analysis of currency risk

The table below indicates the currencies in which the Group had significant exposure at 31 December 2024 and 2023 and its forecasted cash flows. The analysis calculates the effect of a reasonable possible movement of the currency rate, with all other variables held constant on the consolidated statement of profit or loss. A negative amount in the table reflects a potential net reduction in the consolidated statement of profit or loss, while a positive amount reflects a net potential increase. Sensitivity of currency risk is assessed based on balance sheet and off-balance sheet open currency positions. The management of the Group believes income tax not to have a substantial effect for the purpose of currency risk management.

The impact on profit before tax and equity, based on assets and liabilities values as at 31 December 2024 and 2023 was calculated using the annual analysis of the exchange rate volatility based on historical data of the exchange rate dynamics over the last two years; see the details in the following table:

	31 December 2024		31 December 2023	
	+30% KZT/USD	-30% KZT/USD	+30% KZT/USD	-30% KZT/USD
Impact on financial result/equity	**47,244**	**(47,244)**	85,413	(85,413)

	31 December 2024		31 December 2023	
	+30% KZT/EURO	-30% KZT/EURO	+30% KZT/EURO	-30% KZT/EURO
Impact on financial result/equity	**8,964**	**(8,964)**	633	(633)

	31 December 2024		31 December 2023	
	+30% KZT/RUB	-30% KZT/RUB	+30% KZT/RUB	-30% KZT/RUB
Impact on financial result/equity	**1,066**	**(1,066)**	1,661	(1,661)

Limitations of sensitivity analysis

The above tables demonstrate the effect of a change in a key assumption, while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration that the Group's assets and liabilities are actively managed. Additionally, the financial position of the Group may vary at the time that any actual market movement occurs. For example, the Group's financial risk management strategy aims to manage the exposure to market fluctuations. As investment markets move past various trigger levels, management actions could include selling investments, changing investment portfolio allocations and taking other protective actions. Consequently, the actual impact of a change in the assumptions may not have any impact on the liabilities, whereas assets are held at market value on the consolidated statement of financial position. In these circumstances, the different measurement bases for liabilities and assets may lead to volatility in equity.

Other limitations in the above sensitivity analyses include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty.

Price risk

Price risk is the probability of financial losses as a result of changes in the market prices of financial instruments, regardless of whether these changes are caused by factors specific to an individual security or its issuer, or by factors affecting all securities traded on the market. The Group is exposed to price risk due to the impact of general or specific market changes on its products.

To limit price risk, the Group determines limits for maximum losses (stop-loss) on securities from the trade portfolio to minimise potential losses of the trade portfolio.

Price risk assessment is also performed on the basis of the Value At Risk ("VaR") method, through the establishment of Expected Shortfall ("ES") limits on the level of expected losses, which the Bank is able to undertake within one day in a situation when factual losses may exceed the level of VaR.

Calculation of VaR is based on the following parameters:

- Reporting period — 252 working days;
- Confidence interval — 99%;
- The method of measurement — historical and parametric simulation.

The Group estimates the price risk at 31 December 2024 and 2023 to be not material and therefore quantitative information is not disclosed.

For the years ended 31 December 2024 and 2023 (Millions of Kazakhstani Tenge)

34. CAPITAL RISK MANAGEMENT

The Group's capital management objectives, which are a broader concept than the "equity" on the face of the consolidated statement of financial position, are as follows:

- To comply with the capital requirements set by NBRK;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain its own funds to support the development of the development of its business.

The required level of capital is determined during the annual budgeting process, taking into account the above objectives, and is approved by the Management Board and the Board of Directors. As of the current date, the Group's capital adequacy is calculated in accordance with the prudential standards prescribed for banks by the Kazakh regulatory authority, taking into account the recommendations of the Basel Committee.

Currently, regulatory capital is represented by:

- Tier 1 capital, which is required to maintain the normal operating activity of the Bank and absorb losses as they arise. It consists of the base and additional capital of the first level, which include ordinary shares issued by the bank, share premium, retained earnings, other accumulated comprehensive income and disclosed reserves, regulatory adjustments (deductions);
- Tier 2 capital, which is required to absorb losses in case of the bank's liquidation. This part of capital consists of instruments issued by the bank and deductions.

Risk-weighted assets are split into five different groups, based on the risk level of the investment and its possible impairment, and weighted according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments made to reflect the more contingent nature of the potential losses.

The below table summarises the regulatory capital composition and capital adequacy ratios of the Group for the years ended 31 December 2024 and 2023. During these two years, individual entities within the Group and the Group complied with all of the externally imposed capital requirements to which they are subject.

	31 December 2024	31 December 2023
Composition of regulatory capital		
CET 1		
Common shares, net of treasury shares	**(54,598)**	(49,487)
Share premium reserve	**8,769**	8,667
Retained earnings of prior years	**2,066,418**	1,750,723
Net income for the current year	**920,991**	693,436
Accumulated disclosed reserves*	**55,063**	54,320
Non-controlling interest	**12**	10
Property and financial assets at fair value through other comprehensive income revaluation reserves	**44,934**	13,620
Less: goodwill and intangible assets	**(19,278)**	(16,401)
Less: cumulative translation reserve	**(12,098)**	(3,459)
Common Equity Tier 1 (CET 1) Capital	**3,010,213**	**2,451,429**
Additional tier 1		
Tier 2		
Subordinated debt	**19,749**	37,698
Total qualifying for Tier 2 capital	**19,749**	**37,698**
Total regulatory capital	**3,029,962**	**2,489,127**
Risk-weighted assets	**16,011,836**	12,676,762
CET 1 capital adequacy ratio	**18.80%**	**19.34%**
Tier 1 capital adequacy ratio	**18.80%**	**19.34%**
Total capital adequacy ratio	**18.92%**	**19.64%**

* As at 31 December 2024, accumulated disclosed reserves comprised from capital reserve KZT 55,063 million. (31 December 2023: KZT 54,320 million).

For the years ended 31 December 2024 and 2023 (Millions of Kazakhstani Tenge)

35. SEGMENT ANALYSIS

The Group is managed and reported on the basis of four main operating segments — corporate banking, SME banking, retail banking and investment banking. These segments are strategic business units that offer different products and services and are managed separately.

Retail banking represents private banking services to individuals, including private customer current accounts, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages, cash and foreign currency related services to individuals.

Corporate banking represents banking services to corporate clients and financial organisations including current accounts and correspondent accounts, deposits, custody, overdrafts, loans and other credit facilities, documentary operations, including guarantees and letters of credit, trade finance products, interbank operations, as well as cash services and foreign exchange transactions.

SME banking represents banking services to SME clients and individual entrepreneurs, including current accounts, deposits, overdrafts, loans and other credit facilities, documentary operations and guarantees, foreign exchange transactions and trade finance products.

Investment banking represents services on sale and purchase of securities on the market.

Unallocated amounts are account balances and classes of transactions which are not allocated to a particular segment, not initiated by any business function and relate to the current activity of the Group. Unallocated assets include fixed assets, intangible assets, non-current assets held for sale, cash on hand and other unallocated assets. Unallocated liabilities include deferred tax liabilities and other unallocated liabilities. Unallocated income includes other income from main and nonoperating activities and insurance income. Unallocated expenses include the allowances for expected credit losses on accounts receivable, operating overhead expenses, insurance expenses and income tax.

The segment information below is based on financial information used for performance evaluation by the Bank's Chairman of the Management Board, the Group's chief operating decision maker, in accordance with IFRS 8. The Group's management reviews discrete financial information for each segment, including the evaluation of operating segment results, assets and liabilities. Segment result is the measure reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Segment information for the main reportable operating segments of the Group as at 31 December 2024 and 2023 and for the years then ended, is set out below:

	Retail banking	Corporate banking	SME banking	Investment banking	Unallocated	Total
As at 31 December 2024 and for the year then ended						
External revenues	858,483	1,023,075	361,339	310,727	301,504	2,855,128
Total revenues	**858,483**	**1,023,075**	**361,339**	**310,727**	**301,504**	**2,855,128**
Total revenues comprise:						
- Interest income	709,672	873,950	284,135	296,436	6,593	2,170,786
- Fee and commission income, including:	131,658	36,580	39,449	132	3,915	211,734
Transactional income of individuals	134,135	-	-	-	-	134,135
Transactional income of legal entities	-	11,909	30,598	132	-	42,639
Letters of credit and guarantees issued	-	20,003	6,986	-	-	26,989
Other	8,699	4,872	1,865	-	3,915	19,351
Loyalty program	(11,176)	(204)	-	-	-	(11,380)
- Net gain on financial assets at fair value through profit or loss	-	92,572	-	11,656	141	104,369
- Net foreign exchange gain	17,152	85,875	37,099	-	(30,083)	110,043
- Net realised gain from financial assets at fair value through other comprehensive income	-	-	-	2,503	-	2,503

For the years ended 31 December 2024 and 2023 (Millions of Kazakhstani Tenge)

35. SEGMENT ANALYSIS (CONTINUED)

	Retail banking	Corporate banking	SME banking	Investment banking	Unallocated	Total
- Recovery of other credit loss expense/(other credit loss expense)	1	212	656	-	7	876
- Gain from recovery of a previously recognized loss from impairment of property, plant and equipment and loss from impairment of non-financial assets	-	-	-	-	1,137	1,137
- Share in profit of associate	-	-	-	-	15,526	15,526
- Insurance underwriting income, income on non-banking activities and other (expense)/income	-	(66,114)	-	-	304,268	238,154
Total revenues	858,483	1,023,075	361,339	310,727	301,504	2,855,128
- Interest expense	(501,048)	(343,433)	(155,263)	(48,187)	(14,945)	(1,062,876)
- Expected credit loss expense	(93,757)	(793)	(28,222)	(2,135)	(4,441)	(129,348)
- Fee and commission expense	(79,077)	(2,756)	(3,735)	(861)	(21)	(86,450)
- Operating expenses	(145,958)	(19,397)	(31,246)	(2,719)	(65,190)	(264,510)
- Impairment loss on assets held for sale	-	-	-	-	(60)	(60)
- Insurance claims incurred, net of reinsurance	-	-	-	-	(148,200)	(148,200)
- Financial expenses for insurance	-	-	-	-	(26,266)	(26,266)
- Reinsurance agreements	-	-	-	-	(35,525)	(35,525)
Total expenses	(819,840)	(366,379)	(218,466)	(53,902)	(294,648)	(1,753,235)
Segment result	38,643	656,696	142,873	256,825	6,856	1,101,893
Income before income tax expense	38,643	656,696	142,873	256,825	6,856	1,101,893
Income tax expense	-	-	-	-	(180,902)	(180,902)
Net income	38,643	656,696	142,873	256,825	(174,046)	920,991
Total segment assets	3,901,850	7,488,151	1,831,990	4,420,694	905,729	18,548,414
Total segment liabilities	6,952,536	4,289,967	2,482,390	879,212	876,260	15,480,365
Other segment items:						
Capital expenditures					(66,884)	(66,884)
Depreciation and amortisation					(19,821)	(19,821)
Investment in associate					59,227	59,227

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35. SEGMENT ANALYSIS (CONTINUED)

	Retail banking	Corporate banking	SME banking	Investment banking	Unallocated	Total
As at 31 December 2023 and for the year then ended						
External revenues	669,138	712,625	295,680	295,440	303,193	2,276,076
Total revenues	**669,138**	**712,625**	**295,680**	**295,440**	**303,193**	**2,276,076**
Total revenues comprise:						
- Interest income	523,475	653,442	225,778	264,083	3,004	1,669,782
- Fee and commission income, including:	127,770	32,769	36,011	-	3,510	200,060
Transactional income of individuals	139,948	-	-	-	-	139,948
Transactional income of legal entities	-	13,146	31,254	-	2	44,402
Letters of credit and guarantees issued	-	15,415	4,621	-	-	20,036
Other	865	4,508	136	-	3,508	9,017
Loyalty program	(13,043)	(300)	-	-	-	(13,343)
- Net (loss)/gain on financial assets at fair value through profit or loss	-	40,939	-	31,346	309	72,594
- Net foreign exchange gain	17,893	48,085	34,184	11	(10,059)	90,114
- Recovery of other credit loss expense	-	1,924	(293)	-	(68)	1,563
- Gain from recovery of a previously estimated loss from improvement of properties, plants and equipment	-	-	-	-	483	483
- Share in profit of associate	-	-	-	-	13,593	13,593
- Insurance underwriting income, income on non-banking activities and other (expense)/income	-	(64,534)	-	-	292,421	227,887
Total revenues	**669,138**	**712,625**	**295,680**	**295,440**	**303,193**	**2,276,076**

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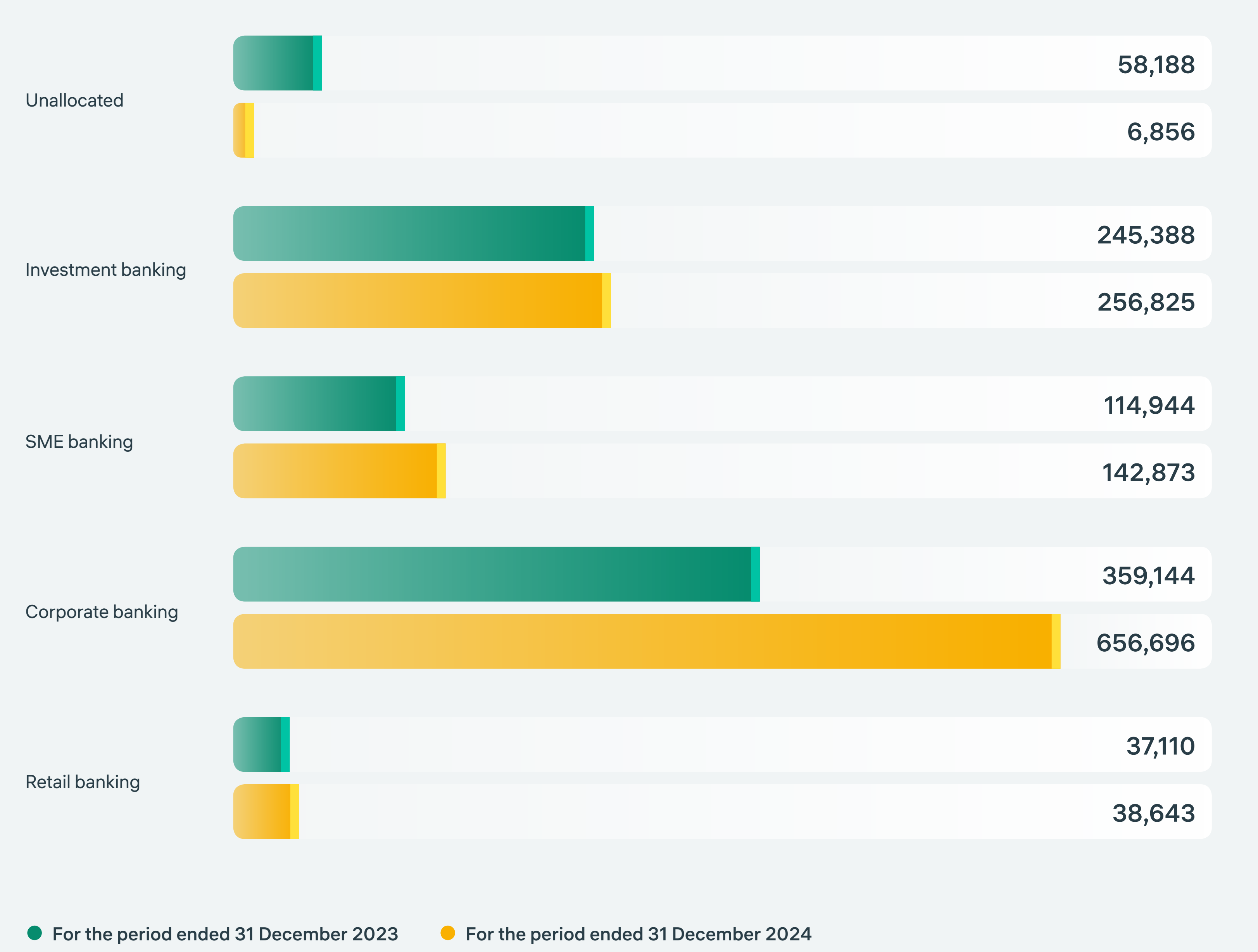
35. SEGMENT ANALYSIS (CONTINUED)

	Retail banking	Corporate banking	SME banking	Investment banking	Unallocated	Total
- Interest expense	(373,799)	(317,131)	(140,123)	(40,043)	(1,546)	(872,642)
- Credit loss expense	(61,410)	(15,215)	(14,639)	(3,384)	3,983	(90,665)
- Fee and commission expense	(78,336)	(5,229)	(1,825)	(954)	(3)	(86,347)
- Net realized loss on financial assets at fair value though other comprehensive income	-	-	-	(4,055)	-	(4,055)
- Operating expenses	(118,483)	(15,906)	(24,149)	(1,616)	(56,734)	(216,888)
- Impairment loss on assets held for sale	-	-	-	-	(3,781)	(3,781)
- Insurance claims incurred, net of reinsurance	-	-	-	-	(117,023)	(117,023)
- Financial expenses for insurance	-	-	-	-	(14,824)	(14,824)
- Reinsurance contracts	-	-	-	-	(55,077)	(55,077)
Total expenses	**(632,028)**	**(353,481)**	**(180,736)**	**(50,052)**	**(245,005)**	**(1,461,302)**
Segment result	**37,110**	**359,144**	**114,944**	**245,388**	**58,188**	**814,774**
Income before income tax expense	37,110	359,144	114,944	245,388	58,188	814,774
Income tax expense	-	-	-	-	(121,338)	(121,338)
Net income	**37,110**	**359,144**	**114,944**	**245,388**	**(63,150)**	**693,436**
Total segment assets	2,917,442	6,339,309	1,536,837	3,722,275	978,505	15,494,368
Total segment liabilities	5,690,720	3,755,107	2,425,130	683,243	463,214	13,017,414
Other segment items:						
Capital expenditures					(45,218)	(45,218)
Depreciation and amortisation					(18,534)	(18,534)
Investment in associate					51,464	51,464

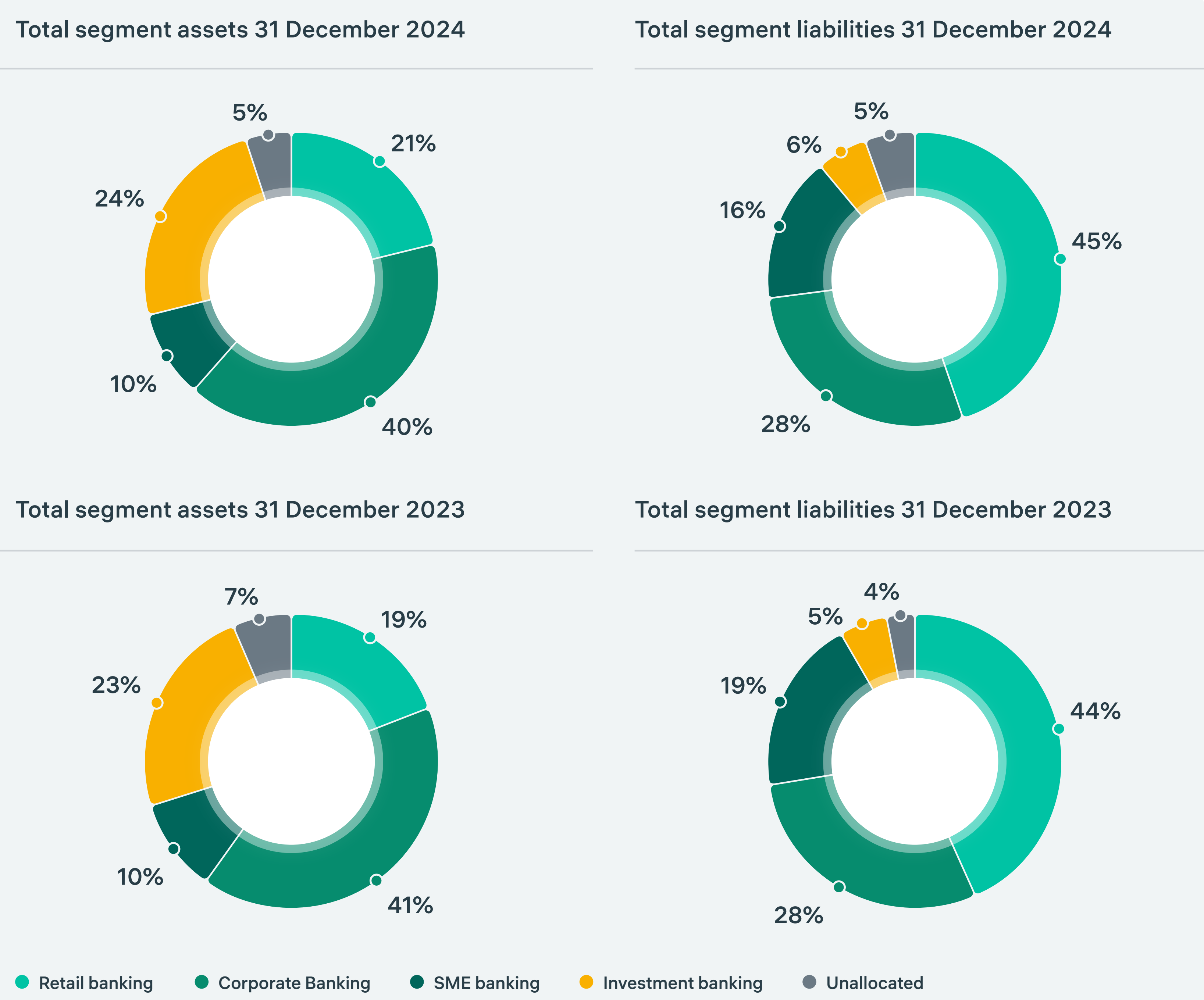
35. SEGMENT ANALYSIS (CONTINUED)

Income before income tax expense by segments were as follows:

Income before income tax expense



Share of segment assets and liabilities as at 31 December 2024 and 2023 presented as follows:



For the years ended 31 December 2024 and 2023 (Millions of Kazakhstani Tenge)

35. SEGMENT ANALYSIS (CONTINUED)

Geographical information

Information for the main geographical areas of the Group is set out below as at 31 December 2024 and 2023 and for the years then ended.

	Kazakhstan	OECD	Non-OECD	Total
31 December 2024				
Total assets	**17,003,325**	**836,324**	**708,765**	**18,548,414**
External revenues	**2,708,579**	**70,395**	**76,154**	**2,855,128**
Capital expenditure	**(57,894)**	**-**	**(8,990)**	**(66,884)**
31 December 2023				
Total assets	13,495,756	1,393,663	604,949	15,494,368
External revenues	2,108,452	103,318	64,306	2,276,076
Capital expenditure	(45,218)	-	-	(45,218)

External revenues, assets and credit related commitments have generally been allocated based on the domicile of the counterparty. Cash on hand, property and equipment and capital expenditure have been allocated based on the country in which they are physically held.

36. FAIR VALUES OF FINANCIAL INSTRUMENTS

IFRS Accounting Standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date.

The fair values of the Group's financial assets and financial liabilities are measured at fair value on a recurring basis.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting year. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. Management's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

The Group considers that the accounting estimate related to the valuation of financial instruments where quoted markets prices are not available is a key source of estimation uncertainty because: (i) it is highly susceptible to changes from year to year, as it requires management to make assumptions about interest rates, volatility, exchange rates, the credit rating of the counterparty, valuation adjustments and specific features of transactions and (ii) the impact that recognising a change in the valuations would have on the assets reported on the consolidated statement of financial position, as well as, the related profit or loss reported on the consolidated statement of profit or loss, could be material.

For the years ended 31 December 2024 and 2023 (Millions of Kazakhstani Tenge)

36. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The table below summarises the Group's financial assets and liabilities held at fair value by valuation methodology as at 31 December 2024 and 2023, before any allowances for expected credit losses.

Financial Assets/Liabilities	Fair value 31 December 2024	31 December 2023	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Non-derivative financial assets at fair value through profit or loss (Note 7)	258,592	95,431	Level 1	Quoted prices in an active market.	Not applicable	Not applicable
Derivative financial assets at fair value through profit or loss (Note 7)	521,032	337,413	Level 2	Quoted prices in a market that is not sufficiently active.	Not applicable	Not applicable
Derivative financial assets at fair value through profit or loss, excluding options (Note 7)	12,706	132,682	Level 3	Valuation model based on internal rating model.	Percentage discount	The greater discount — the smaller fair value
Derivative financial assets at fair value through profit or loss, excluding options (Note 7)	30,487	23,836	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period).	Not applicable	Not applicable
Total financial assets at fair value through profit or loss	**822,817**	**589,362**				
Derivative financial liabilities at fair value through profit or loss, excluding options (Note 7)	6,973	4,202	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting year).	Not applicable	Not applicable
Total financial liabilities at fair value through profit or loss	**6,973**	**4,202**				
Non-derivative financial assets at fair value through other comprehensive income (Note 9)	730,682	428,476	Level 1	Quoted prices in an active market.	Not applicable	Not applicable
Non-derivative financial assets at fair value through other comprehensive income in bonds of foreign organisations (Note 9)	2,150,894	1,997,373	Level 2	Quoted prices in a market that is not active.	Not applicable	Not applicable
Non-derivative financial assets at fair value through other comprehensive income — unquoted equity securities (Note 9)	43,184	53	Level 3	Unquoted equity securities	Percentage discount	The greater discount — the smaller fair value
Financial assets at fair value through other comprehensive income	**2,924,760**	**2,425,902**				

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36. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

There were no transfers between Levels 1 and 2, during the years ended 31 December 2024 and 2023.

During the years ended 31 December 2024 and 2023, there was a transfer between Levels 2 and 3 due to the lack of up-to-date information on market prices due to the lack of an active market for transactions.

	Non-derivative financial assets at fair value through other comprehensive income — unquoted equity securities (Level 3)	Non-derivative financial assets at fair value through profit or loss (Level 3)
31 December 2022	**53**	**107,773**
Settlements*	-	24,909
31 December 2023	**53**	**132,682**
Settlements*	-	(132,672)
Purchase	24,547	6,438
Transfer from Level 2	18,584	6,258
31 December 2024	**43,184**	**12,706**

*As at 31 December 2024 and 2023, the settlements include written-off bonds of Kazakhstani corporations.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The following methods and assumptions are used by the Group to estimate the fair value of financial instruments not carried at fair value.

Amounts due to and from credit institutions

For assets and liabilities maturing within one month, the carrying amount approximates fair value due to the relatively short-term maturity of these financial instruments. For the assets and liabilities maturing in over one month, the fair value was estimated as the present value of the estimated future cash flows, discounted at the appropriate year-end market rates.

Loans to customers

The estimate was made by discounting the scheduled future cash flows of the individual loans through the estimated maturity using prevailing market rates as at the respective year-end.

Amounts due to customers

Interest rates charged to customers closely approximate market interest rates and accordingly, the carrying amounts approximate fair values.

Debt securities issued

Market values have been used to determine the fair value of debt securities traded on an active market. For other debt securities, the fair value was estimated as the present value of estimated future cash flows, discounted at the year-end market rates.

The following table sets out the carrying amount and fair values of financial assets and liabilities not carried at their fair values:

	31 December 2024		31 December 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Amounts due from credit institutions	**156,966**	**159,886**	171,754	177,504
Debt securities at amortised cost, net of allowance for expected credit losses	**766,937**	**723,439**	725,343	665,491
Loans to customers	**11,465,649**	**11,567,889**	9,284,872	9,360,564
Financial liabilities				
Amounts due to customers	**12,990,043**	**13,074,197**	10,929,504	10,885,820
Amounts due to credit institutions	**814,069**	**834,992**	778,311	816,092
Debt securities issued	**879,212**	**875,975**	653,393	642,695

For the years ended 31 December 2024 and 2023 (Millions of Kazakhstani Tenge)

36. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required) (continued)

Debt securities issued (continued)

			31 December 2024
	Level 2	Level 3	Total
Financial assets			
Amounts due from credit institutions	159,886	-	159,886
Debt securities at amortised cost, net of allowance for expected credit losses	720,340	3,099	723,439
Loans to customers	-	11,567,889	11,567,889
Financial liabilities			
Amounts due to customers	13,074,197	-	13,074,197
Amounts due to credit institutions	834,992	-	834,992
Debt securities issued	875,975	-	875,975

			31 December 2023
	Level 2	Level 3	Total
Financial assets			
Amounts due from credit institutions	177,504	-	177,504
Loans to customers	-	9,360,564	9,360,564
Debt securities at amortised cost, net of allowance for expected credit losses	472,070	193,421	665,491
Financial liabilities			
Amounts due to customers	10,885,820	-	10,885,820
Amounts due to credit institutions	816,092	-	816,092
Debt securities issued	642,695	-	642,695

The carrying amounts of cash and cash equivalents, obligatory reserves, other financial assets and other financial liabilities approximates fair value due to the short-term nature of such financial instruments.

37. RELATED PARTY TRANSACTIONS

Related parties or transactions with related parties are assessed in accordance with IAS 24 “Related Party Disclosures”. Related parties may enter into transactions which unrelated parties might not. Terms, conditions and amounts of related party transactions are usually same as those between unrelated parties. Transactions with related parties are settled on an arm’s-length basis and recognised in the financial statements according to the same accounting policy as for similar transactions with unrelated parties.

During 2024 and 2023, the Group entered into arm-length transactions with entities where the Group’s shareholders were one of the participants. Management believes that any control of these entities is with unrelated parties as per IFRS Accounting Standards through the level of holding control or trust management arrangements, which are in compliance with Kazakhstan legislation. As such, these transactions are not disclosed as being with related parties.

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37. RELATED PARTY TRANSACTIONS (CONTINUED)

Considering each possible related party not only their legal status is taken into account but also the substance of the relationship between these parties. The Group had the following balances outstanding as at 31 December 2024 and 2023 with related parties:

	31 December 2024		31 December 2023	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Loans to customers before allowance for expected credit losses	**12,197**	**12,038,668**	12,025	9,774,798
- entities with joint control or significant influence over the entity	**11,923**		11,706	
- key management personnel of the entity or its parent	**259**		311	
- other related parties	**15**		8	
Allowance for expected credit losses	**(37)**	**(573,219)**	(48)	(489,926)
- entities with joint control or significant influence over the entity	**(33)**		(44)	
- key management personnel of the entity and its parent	**(3)**		(3)	
- other related parties	**(1)**		(1)	
Other assets	**59,227**	**197,183**	51,464	173,662
- Investments in associates	**59,227**		51,464	
Amounts due to customers	**263,054**	**12,990,043**	178,669	10,929,504
- the parent	**207,429**		110,838	
- entities with joint control or significant influence over the entity	**47,450**		46,305	
- key management personnel of the entity or its parent	**2,978**		11,397	
- other related parties	**5,197**		10,129	
Debt securities issued	**339,659**	**879,212**	227,351	653,393
- entities with joint control or significant influence over the entity	**338,604**		223,473	
- key management personnel of the entity or its parent	**1,055**		3,878	

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37. RELATED PARTY TRANSACTIONS (CONTINUED)

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

		Year ended 31 December 2024		Year ended 31 December 2023
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Interest income calculated using effective interest method	1,313	2,116,154	2,392	1,627,018
- entities with joint control or significant influence over the entity	1,291		2,362	
- key management personnel of the entity or its parent	21		30	
- other related parties	1		-	
Interest expense	(12,944)	(1,062,876)	(10,781)	(872,642)
- the parent	(10,288)		(6,336)	
- entities with joint control or significant influence over the entity	(2,243)		(3,455)	
- key management personnel of the entity or its parent	(140)		(364)	
- other related parties	(273)		(626)	
Share in profit of associate	15,526	15,526	13,593	13,593
Operating expenses	(4,200)	(264,510)	(2,000)	(216,888)
- entities with joint control or significant influence over the entity	(4,200)		(2,000)	

		Year ended 31 December 2024		Year ended 31 December 2023
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Key management personnel compensation:	4,776	160,056	3,715	126,929
- Salaries and other employee benefits	4,776		3,715	

38. SUBSEQUENT EVENTS

Management has not identified events occurred after 31 December 2024, requiring recognition or disclosure.

GLOSSARY

Term	Definition
AGM	Annual General Meeting of Shareholders
AIFC	Astana International Financial Centre
AIX	Astana International Exchange
ALMC	Asset and Liability Management Committee
Altyn Bank	Altyn Bank (subsidiary of China CITIC Bank Corporation Limited)
AML/CFT	Anti-Money Laundering and Countering Financing of Terrorism
ARDFM	Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market
ARRFR	Agency for Regulation and Development of the Financial Market
AQR	Asset quality review
B2B	Business-to-business, referring to transactions that take place between one business and another
B2C	Business-to-consumer, refers to the process of businesses selling products and services directly to consumers
BCC	Branch Credit Committee
BNCC	Branch Network Credit Committee
Business Roadmap — 2025	The ‘Road Map for Business 2025’ Unified Programme for Supporting Entrepreneurship and Business Development
CAGR	Compound Annual Growth Rate
CB	Corporate Business
CD	Commercial Directorate of the Bank
CES	Customer Effort Score
CIT	Corporate Income Tax
CSS	Cash Settlement Services
Damu Fund	Damu Entrepreneurship Development Fund
DAU	Daily Active Users
DLS	Distance Learning System
DMC	Decision-Making Centre
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
ESG	Environmental, Social, and Governance
FRM	Financial Risk Manager
GDR	Global Depositary Receipt
GMCV	Gross Merchandise Value
GMV	Gross Merchandise Value
Halyk Bank, the Bank	‘Halyk Bank of Kazakhstan’ JSC
Halyk Group, the Group	Halyk Group of Companies
Halyk ID	Unified Identifiers for the Halyk Ecosystem
ICAAP	Internal Capital Adequacy Assessment Process
ICFM	Institute of Certified Financial Managers
ID	Identifier

Term	Definition
IS	Information Security / Information System
ISO 27001	International Standard for Information Security Management
ISO/IEC 27001	International Standard for Information Security Management (ISO/IEC 27001)
IT	Information Technology
JSC	Joint-Stock Company
JSCB	Joint Stock Commercial Bank
KASE	Kazakhstan Stock Exchange
LLP	Limited Liability Partnership
LSE	London Stock Exchange
MAU	Monthly Active Users
ME	Medium-sized Enterprise
MM	Mass Media
NBRK	National Bank of the Republic of Kazakhstan
NCE	National Chamber of Entrepreneurs
NF	National Fund of the Republic of Kazakhstan
NIM	Net Interest Margin
NPL	Non-Performing Loans
OM	Operations Management
PCI 3DS	Payment Card Industry 3D Secure Protocol
PCI DSS	Payment Card Industry Data Security Standard
RB	Retail Business / Regional Branch
RCC	Retail Credit Committee of the Head Office
RoAA	Return on Average Assets
RoAE	Return on Average Equity
SDG	UN Sustainable Development Goals
SE	Small-sized Enterprise
SKU	Stock Keeping Unit
SME	Small and Medium-sized Enterprises
SCC	Small Credit Committee of the regional/regional branch
STB	Second-tier Bank
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TSR	Total Shareholder Return
UAPF	Unified Accumulative Pension Fund
UFC	Ultimate Fighting Championship
UN SDG	United Nations Sustainable Development Goals
VAT	Value Added Tax
VRM	Vendor Risk Management