

Industrial and Commercial Bank of China Almaty JSC

Financial Statements and
Independent Auditor's Report
For the Year Ended 31 December 2023

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

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INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

Statement of Management's Responsibilities for the Preparation and Approval of the Financial Statements for the Year Ended 31 December 2023

Management is responsible for the preparation of the financial statements that present fairly the financial position of Industrial and Commercial Bank of China Almaty JSC (the "Bank") as at 31 December 2023, and the related statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and of material accounting policy information and notes to the financial statements (the "financial statements") in compliance with International Financial Reporting Standards ("IFRS").

In preparing the 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 IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Bank's financial position and financial performance; and
- Making an assessment of the Bank'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 Bank;
- Maintaining adequate accounting records that are sufficient to show and explain the Bank's transactions and disclose with reasonable accuracy at any time the financial position of the Bank, and which enable them to ensure that the financial statements of the Bank comply with IFRS;
- 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 Bank; and
- Preventing and detecting fraud and other irregularities.

The financial statements for the year ended 31 December 2023 were approved by the Management of the Bank on 23 April 2024.

On behalf of the Management Board:


Lang Weijie
Chairman of the Management Board

23 April 2024
Almaty, Kazakhstan


Aliya Magzumova
Chief Accountant

23 April 2024
Almaty, Kazakhstan

INDEPENDENT AUDITOR'S REPORT

To the Shareholder and the Board of Directors of Industrial and Commercial Bank of China
Almaty JSC

Opinion

We have audited the financial statements of Industrial and Commercial Bank of China Almaty JSC (the "Bank"), which comprise the statement of financial position as at 31 December 2023, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2023, and its financial performance and its cash flows for 2023 year in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in 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.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

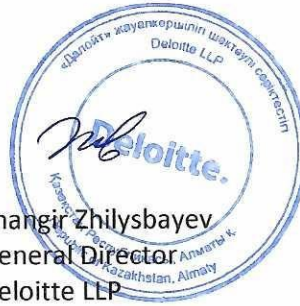
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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



Zaina Yegembeldiyeva
Auditor
Qualification certificate
No. MF-0000717
dated 10 January 2019



Zhangir Zhilysbayev
General Director
Deloitte LLP

State Audit License of the
Republic of Kazakhstan No.0000015,
type MFU-2, issued by the
Ministry of Finance of the
Republic of Kazakhstan
dated 13 September 2006

23 April 2024
Almaty, Republic of Kazakhstan

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

AS AT 31 DECEMBER 2023

(in thousands of Kazakhstani tenge)

	Note	Year ended 31 December 2023	Year ended 31 December 2022
Interest income calculated using the effective interest method			
Cash and cash equivalents		10,893,105	7,277,948
Investment securities measured at amortised cost		7,029,797	7,051,271
Loans to corporate customers		2,318,227	1,066,528
		20,241,129	15,395,747
Interest expense on financial liabilities measured at amortised cost			
Current accounts and deposits from customers		(2,120,913)	(2,398,176)
Due to banks and other borrowed funds		(253,112)	(53,613)
		(2,374,025)	(2,451,789)
Net interest income		17,867,104	12,943,958
Net fee and commission income	5	185,388	161,423
Net foreign exchange income			
- dealing operations		2,917,039	3,010,138
- translation differences		502,933	227,515
Other income		1,998	1,964
Non-interest income		3,607,358	3,401,040
(Allowance for expected credit losses) / recovery of the allowance for expected credit losses on loans to corporate customers	10	(12,122)	125,461
(Allowance for expected credit losses) / recovery of the allowance for expected credit losses on cash and cash equivalents	9	(654)	28
Personnel expenses	6	(1,392,852)	(1,173,053)
Other operating expenses	7	(546,663)	(702,900)
Taxes other than income tax		(121,163)	(154,730)
Depreciation and amortization	12	(114,859)	(103,655)
Non-interest expense		(2,188,313)	(2,008,849)
Profit before income tax		19,286,149	14,336,149
Income tax expense	8	(2,607,450)	(1,501,726)
Profit and total comprehensive income for the year		16,678,699	12,834,423

On behalf of the Management Board:

Lang Weijie
Chairman of the Management Board

23 April 2024
Almaty, Kazakhstan



Aliya Magzumova
Chief Accountant

23 April 2024
Almaty, Kazakhstan

The notes on pages 9-55 form an integral part of these financial statements.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC


STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (in thousands of Kazakhstani tenge)

	Note	31 December 2023	31 December 2022
ASSETS			
Cash and cash equivalents	9	284,331,698	236,394,509
Placements with banks and other financial institutions	9	479,560	4,188,850
Loans to corporate customers	10	12,553,117	6,291,319
Investment securities measured at amortised cost	11	51,345,499	42,689,717
Financial assets at fair value through profit or loss		-	2,098
Property, plant and equipment and intangible assets	12	705,844	649,908
Deferred tax asset	8	35,147	103,538
Other assets		45,456	40,797
TOTAL ASSETS		349,496,321	290,360,736
LIABILITIES			
Due to banks	13	28,492,864	30,117,724
Current accounts and deposits from customers:			
- Current accounts and deposits from corporate customers	14	230,480,365	161,818,789
- Current accounts and deposits from government entities	14	1,416,302	703,315
- Current accounts and deposits from retail customers	14	9,122,228	6,973,118
Other borrowed funds	15	13,833,297	40,979,516
Other liabilities		309,630	605,338
TOTAL LIABILITIES		283,654,686	241,197,800
EQUITY			
Share capital	16	8,933,491	8,933,491
Statutory reserve		1,653,592	1,653,592
Retained earnings		55,254,552	38,575,853
TOTAL EQUITY		65,841,635	49,162,936
TOTAL LIABILITIES AND EQUITY		349,496,321	290,360,736

On behalf of the Management Board:


Lang Weijie
Chairman of the Management Board

23 April 2024
Almaty, Kazakhstan


Aliya Magzumova
Chief Accountant

23 April 2024
Almaty, Kazakhstan

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INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC


STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023 *(in thousands of Kazakhstani tenge)*

	Share capital	Statutoryreserve	Retained earnings	Total equity
31 December 2021	8,933,491	1,653,592	25,741,430	36,328,513
Profit and total comprehensive income for the year	-	-	12,834,423	12,834,423
31 December 2022	8,933,491	1,653,592	38,575,853	49,162,936
Profit and total comprehensive income for the year	-	-	16,678,699	16,678,699
31 December 2023	8,933,491	1,653,592	55,254,552	65,841,635

On behalf of the Management Board:


Lang Weijie
Chairman of the Management Board

23 April 2024
Almaty, Kazakhstan


Aliya Magzumova
Chief Accountant

23 April 2024
Almaty, Kazakhstan

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INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023 (in thousands of Kazakhstani tenge)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest income received	19,601,720	15,126,097
Interest expense paid	(1,937,211)	(2,448,545)
Fee and commission received	288,285	231,963
Fee and commission paid	(85,870)	(69,163)
Net foreign exchange gain	3,419,972	3,010,138
Other income received	1,998	1,964
Personnel expenses paid	(1,381,762)	(1,071,161)
Other operating expenses paid	(1,627)	(582,243)
Decrease/(increase) in operating assets		
Placements with banks and other financial institutions	3,870,757	(2,928,195)
Loans to corporate customers	(6,273,097)	3,896,148
Financial instruments at fair value through profit or loss	2,098	(2,098)
Other assets	139,119	111,531
Increase/(decrease) in operating liabilities		
Due to banks	1,801,448	27,055,325
Current accounts and deposits from customers	72,539,598	(57,150,910)
Financial instruments at fair value through profit or loss	-	(65)
Other liabilities	-	(20,599)
Net cash flows from/(used in) operating activities before income tax paid	91,985,428	(14,839,813)
Income tax paid	(2,539,893)	(1,502,807)
Net cash flows from/(used in) operating activities	89,445,535	(16,342,620)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities measured at amortised cost	(409,817,323)	(515,845,820)
Redemption of investment securities measured at amortised cost	400,667,627	532,809,203
Purchase of property, plant and equipment and intangible assets (Note 12)	(171,263)	(148,741)
Net cash flows (used in)/from investing activities	(9,320,959)	16,814,642
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from other borrowed funds (Note 15)	29,520,094	136,604,000
Repayment of other borrowed funds (Note 15)	(51,773,695)	(103,502,513)
Net cash flows (used in)/from financing activities	(22,253,601)	33,101,487
Net increase in cash and cash equivalents	57,870,975	33,573,509
Effect of changes in exchange rates on cash and cash equivalents	(9,933,132)	13,372,225
Effect of changes in expected credit losses on cash and cash equivalents	(654)	28
Cash and cash equivalents at the beginning of the year (Note 9)	236,394,509	189,448,747
Cash and cash equivalents at the end of the year (Note 9)	284,331,698	236,394,509

On behalf of the Management Board:

Lang Weijie
Chairman of the Management Board

23 April 2024
Almaty, Kazakhstan



Aliya Magzumova
Chief Accountant

23 April 2024
Almaty, Kazakhstan

The notes on pages 9-55 form an integral part of these financial statements.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

(a) Organization and operations

Industrial and Commercial Bank of China Almaty JSC (the “Bank”) was established in the Republic of Kazakhstan on 3 March 1993. The principal activities are deposit taking, opening and maintenance of the customer accounts, lending, issuing guarantees, cash and settlement operations and transactions with securities and foreign exchange. The activities of the Bank are regulated by the National Bank of the Republic of Kazakhstan (the “NBRK”). The Bank holds a general banking license #1.1.37 issued on 3 February 2020.

The Bank’s registered office is rooms 845 and 846, 150/230 Abai Avenue, corner of Turgut Ozal Street, block 7, Almaty, 050046, Republic of Kazakhstan.

The Bank does not have any branches and subsidiaries. The majority of the Bank’s assets and liabilities are located in the Republic of Kazakhstan.

The Bank is wholly owned by Industrial and Commercial Bank of China JSC (the “Parent”), which is incorporated and operates in the People’s Republic of China. The ultimate controlling party shareholder is the People’s Republic of China. Related party transactions are detailed in Note 21.

(b) Operating environment

Emerging markets such as Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Kazakhstan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Kazakhstan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market. Also, the government expenses on major infrastructure projects and various socio-economic development programs have a significant impact on the country’s economy.

The military and political conflict between Russia and Ukraine escalated in early 2022. As a result, several countries introduced economic sanctions against Russia and Belarus, including measures to ban new investment and restrict interaction with major financial institutions and many state enterprises.

In 2023, the average price for Brent crude oil was 83 USD per barrel (2022: 101 USD per barrel). According to preliminary estimates, the Kazakhstan’s gross domestic product (“GDP”) grew by 4.9% per annum in 2023 (2022: 3.2%). Inflation in the country declined in 2023 to 9.8% per annum (2022: inflation was 20.3% per annum).

In 2023, the National Bank of the Republic of Kazakhstan reduced the base rate from 16.75% to 15.75% per annum with a corridor of +/- 1.0 percentage points. In January 2024, the base rate further decreased to 15.25% per annum with a corridor of +/- 1.0 percentage points. However, the uncertainty still exists related to future development of the geopolitical risks and their impact on the economy of Kazakhstan.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

Management of the Bank is monitoring developments in the economic, political, and geopolitical situation and taking measures it considers necessary to support the sustainability and development of the Bank's business for the foreseeable future. However, the consequences of these events and related future changes may have a significant impact on the Bank's operations.

2. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

(b) Basis for measurement

The financial statements are prepared on the historical cost basis except that financial instruments are stated at fair value through profit or loss.

(c) Functional and presentation currency

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

The KZT is also the presentation currency for the purposes of these financial statements.

Financial information presented in KZT is rounded to the nearest thousand.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

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

Assumptions and estimation uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2023 is included in the following notes:

- Impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information – Note 4;
- Impairment of loans to corporate customers - Note 10.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below are applied consistently to all periods presented in these financial statements.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Bank at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are transacted using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognized in profit and loss.

(b) Interest income and expense

Effective interest rate

Interest income and expense are recognized in profit or loss using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

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

Amortized cost and gross carrying amount

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

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

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

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset.

The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For information on when financial assets are credit-impaired, see 3(e)(iv).

Presentation of information

Interest income calculated using the effective interest method presented in the statement of profit or loss and other comprehensive income includes interest income on financial assets measured at amortized cost.

Interest expense presented in the statement of profit or loss and other comprehensive income includes interest expense on financial liabilities measured at amortized cost.

(c) Fee and commission income and expense

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate calculation.

Other fee and commission income – including account servicing fees, remittance and cash operations, fees for placement and origination of a syndicated loan - is recognized as the related services are provided.

The contract with a customer, which resulted in a financial instrument recognized in the financial statements of the Bank may be partially within the scope of IFRS 9 and partially within the scope of IFRS 15. If this is the case, then the Bank first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Other fee and commission expense includes mostly the service costs, which are expenses as soon as the respective services are received.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

(d) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances (nostro accounts) held with the NBRK and other banks, obligatory reserves in NBRK and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of short-term commitments. Cash and cash equivalents are carried at amortized cost in the statement of financial position.

(e) Financial assets and financial liabilities

(i) *Classification of financial instruments*

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”).

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt financial assets measured at FVOCI, gains and losses are recognized in other comprehensive income, except for the following, which are recognized in profit or loss in the same manner as for financial assets measured at amortized cost:

- interest revenue using the effective interest method;
- Expected credit losses (“ECL”) and reversals; and
- foreign exchange gains and losses.

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

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

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

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

All other financial assets are classified as measured at FVTPL.

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

Business model assessment

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

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

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

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

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

Reclassification

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

(ii) Derecognition

Financial assets

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

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

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

In transactions in which the Bank neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

The Bank derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

(iii) Impairment

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

- financial assets that are debt instruments;
- financial guarantee contracts issued (previously, impairment was measured under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.)

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

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition (see Note 4).

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

12-month expected credit losses (ECL) are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL are recognised are referred to as 'Stage 1' financial instruments.

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

Measurement of expected credit losses ("ECL")

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

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

See also Note 4.

Credit-impaired financial assets

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

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

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

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

A loan that was renegotiated due to a deterioration in the borrower's condition was usually considered to be impaired unless there was evidence that the risk of not receiving contractual cash flows had reduced significantly and there were no other indicators of impairment.

In addition, a loan that is overdue for 60 days or more is considered credit-impaired.

In making an assessment of whether an investment in sovereign debt (other financial assets) is credit-impaired, the Bank considers the following factors:

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

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

- *financial assets measured at amortized cost*: as a deduction from the gross carrying amount of the assets.

Non-integral financial guarantee contracts

The Bank assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the Bank considers when making this assessment include whether:

- the guarantee is implicitly part of the contractual terms of the debt instrument;
- the guarantee is required by laws and regulations that govern the contract of the debt instrument;
- the guarantee is entered into at the same time as and in contemplation of the debt instrument; and
- the guarantee is given by the parent of the borrower or another company within the borrower's group.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

(f) Loans to customers

‘Loans to corporate customers’ caption in the statement of financial position include:

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

(g) Investment securities

The ‘investment securities measured at amortised cost’ caption in the statement of financial position includes debt investment securities measured at amortised cost (see Note 3(e)(i)); these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

(h) Deposits and other borrowed funds

Deposits and other borrowed funds are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

(i) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

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

(ii) Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of the individual assets. Items of property, plant and equipment are depreciated from the date that they are acquired, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. Land is not depreciated. The estimated useful lives of various items of property, plant and equipment are as follows:

	2023	2022
Buildings and construction	10-30 years;	10-30 years;
Computers	3 years;	3 years;
Vehicles	6 years;	6 years;
Other	5-10 years.	5-10 years.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

(j) Share capital

(i) Ordinary shares

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

(k) Taxation

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

Current tax expense includes the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax asset is not recognised for the initial recognition of temporary differences that affect neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

(I) Adoption of new and revised standards

(i) *New and amended IFRS Standards that are effective for the current year*

In the current year, the Bank has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

<p>Amendments to IFRS 1 “<i>First-time Adoption of International Financial Reporting Standards</i>”, and IFRS Practice Statements #2 <i>Making materiality judgements – Disclosure of Accounting Policies</i></p>	<p>The Bank has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.</p> <p>The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.</p>
<p>Amendments to IAS 12 “<i>Income Taxes</i>” - Deferred Tax related to Assets and Liabilities arising from a Single Transaction</p>	<p>The IASB has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2. The Bank has adopted the amendments to IAS 12 for the first time in the current year.</p> <p>The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.</p>
<p>Amendments to IAS 12 “<i>Income Taxes</i>” - International Tax Reform - Pillar Two Model Rules.</p>	<p>Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.</p> <p>The Bank has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules.</p> <p>The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.</p>
<p>Amendments to IAS 8 “<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>” —Definition of Accounting Estimates</p>	<p>Following the amendments, the Bank is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.</p> <p>The Bank has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The definition of a change in accounting estimates was deleted.</p>

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

The adoption of new standards and interpretations did not lead to significant changes in the Bank's accounting policies that impact the reporting data of the current and previous periods.

(ii) New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Bank has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>

The management does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Bank in future periods.

4. SIGNIFICANT ACCOUNTING ESTIMATES

This note presents information about the Bank's exposure to financial risks. For information on the Bank's financial risk management framework, see Note 17.

Credit risk - amounts arising from expected credit losses

Inputs, assumptions and techniques used for estimating impairment

See description of accounting policy in Note 3(e)(iii).

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and informed credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Bank uses the following criteria for determining whether there has been a significant increase in credit risk:

- qualitative indicators such as negative external information (e.g. overdue loans of borrowers with other banks), evaluation of future credit worthiness (previous credit history, etc.); and
- backstop of 30 days past due.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

Credit risk grades

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

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

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower/counteragent. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade.

The monitoring typically involves use of the following data.

Corporate exposure

- Information obtained during periodic review of borrowers' files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes.
 - Payment record – this includes overdue status as well as a range of variables about payment ratios
 - Data from credit rating agencies, press articles, changes in external credit ratings
 - Requests for and granting of forbearance
 - Quoted bond and credit default swap (CDS) prices for the issuer where available
 - Existing and forecast changes in business, financial and economic conditions
 - Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities
-

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures.

The Bank collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. For some portfolios, information purchased from external credit reference agencies is also used.

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

Determining whether credit risk has increased significantly

The Bank assesses whether credit risk has increased significantly since initial recognition at each reporting period.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

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

As a backstop, the Bank considers, amongst other, that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency of forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist.

In these cases the Bank determines a probation period (12-month period) during which the financial asset is required to demonstrate good behavior to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognizing lifetime ECL are no longer met includes history of up-to-date payment performance against the modified contractual terms.

Definition of default

The Bank considers a financial asset to be in default when (but not limited to):

- the accrual of interest on the loan was suspended due to the deterioration of the financial condition of the borrower; or
- part and/or the entire amount of the borrower's debt has been written off, which was caused by a significant increase in credit risk since the moment the loan was issued; or
- the loan was sold at a significant discount (a significant discount means 30% or more of the principal amount); or
- forced restructuring of the loan; or
- a lawsuit was filed to declare the borrower bankrupt in accordance with the legislation of the Republic of Kazakhstan; or
- the borrower applied to the court to declare him bankrupt in accordance with the legislation of the Republic of Kazakhstan; or there is more than 90 (ninety) days overdue on any borrower's loan with the Bank or other banks.

In assessing whether a borrower is in default, the Bank considers indicators that are (but not limited to):

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

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

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

Incorporating of forward-looking information

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL, using the coefficient calculated at the Industrial and Commercial Bank of China (“ICBC”) group’s level.

Measurement of expected credit losses

The key inputs into the measurement of ECL are generally the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD.

The methodology of estimating PDs is discussed above under the heading “Generating the term structure of PD”.

Due to lack of own supportable information about the foreclosure of collateral for at least two years period, the Bank applies liquidity ratios set by the NBRK for calculation of a recovery rate (1-LGD) to the value of collateral, for calculation of expected credit losses.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the borrower and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EAD is potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

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

For portfolios in respect of which the Bank has limited historical data, external benchmark information is used to supplement the internally available data.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

The portfolios for which external benchmark information represents a significant input into measurement of ECL are as follows.

	External benchmarks used			
	Exposure 31 December 2023	Exposure 31 December 2022	PD	LGD
Cash and cash equivalents	284,331,698	236,394,509		
Placements with banks and other financial institutions	479,560	4,188,850		
Loans to corporate customers	12,553,117	6,291,319	ICBC group's default study	Moody's recovery studies/ From 0% to 100% depending on the type of collateral in accordance with NBRK requirements; 0% - if the counterparty is the Government of the Republic of Kazakhstan, the NBRK or national managing holding companies, and balances of these counterparties are denominated in KZT.
Investment securities measured at amortised cost	51,345,499	42,689,717		
Other financial assets	35,629	8,013		

5. NET FEE AND COMMISSION INCOME

	Year ended 31 December 2023	Year ended 31 December 2022
Fee and commission income:		
Transfer operations	194,914	153,576
Agency services	64,057	45,737
Cash operations	8,786	9,884
Guarantee and letter of credit issuance	917	647
Other fee and commission income	2,584	20,742
Total fee and commission income	271,258	230,586
Fee and commission expense:		
Transfer operations	(48,428)	(42,047)
Payment cards maintenance	(184)	(169)
Other fee and commission expense	(37,258)	(26,947)
Total fee and commission expense	(85,870)	(69,163)
Net fee and commission income	185,388	161,423

Fee income for agency services includes commissions received by the Bank when issuing syndicated loans to residents and non-residents of the Republic of Kazakhstan for participating as an agent in cooperation with the China Development Bank, with the Export-Import Bank of China, with China Merchants Bank, with the Asian Infrastructure Investment Bank and European Bank for Reconstruction and Development. The Bank provides loan administration services. Agency fees for transaction support and arrangement of syndicated loans are recognized over time as the related services are rendered. Fee for other transactions is recognized at the time of the related transactions.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

Fee and commission income on transfer transactions and issuance of guarantees and letters of credit, which are not integral to the effective interest rate on a financial asset or financial liability, is recognised depending on the type of the service either at the point in time or as the Bank satisfies its performance obligation under the contract:

- a. commission for transfer operations and cash operations is charged for execution of customers' payment orders in accordance with the tariffs depending on the type of transaction and is recognised as income at the time when transaction is performed;
- b. commission for guarantee and letter of credit issuance is paid by customers in advance and is recognised as income over the term of validity of a relevant guarantee or letter of credit.

6. PERSONNEL EXPENSES

	Year ended 31 December 2023	Year ended 31 December 2022
Employee compensation	1,255,625	1,067,502
Payroll related taxes	137,227	105,551
Total personnel expenses	1,392,852	1,173,053

7. OTHER OPERATING EXPENSES

	Year ended 31 December 2023	Year ended 31 December 2022
Information and communication services	211,299	63,254
Travel expenses	51,318	20,698
Security	30,936	25,062
Professional services	29,588	73,500
Utilities	24,861	28,765
Membership fees	18,389	14,588
Information technology services	18,029	353,565
Insurance	11,450	13,008
Advertising expenses	10,538	23,334
Deposit insurance	9,740	10,919
Training expenses	9,653	5,024
Repair and maintenance	5,968	7,511
Transportation expenses	5,845	3,518
Representation expenses	4,185	4,120
Office supplies	3,915	5,503
Translation and notary services	3,562	2,752
Expenses for providing employees protective gear	1,069	11,429
Cash collection	514	658
Other	95,804	35,692
Total other operating expenses	546,663	702,900

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

8. INCOME TAX EXPENSE

	Year ended 31 December 2023	Year ended 31 December 2022
Current year tax expense	(2,539,059)	(1,500,429)
Income tax underprovided in prior reporting periods	-	(2,378)
Total current income tax expense	(2,539,059)	(1,502,807)
Movement in deferred tax liabilities / deferred tax assets due to origination and reversal of temporary differences	(68,391)	1,081
Total income tax expense	(2,607,450)	(1,501,726)

In 2023, the applicable tax rate for current and deferred tax was 20% (2022: 20%).

Reconciliation of effective tax rate for the years ended 31 December 2023 and 2022:

	December 31, 2023	%	December 31, 2022	%
Profit before income tax	19,286,149		14,336,149	
Income tax at the applicable tax rate (20%)	(3,857,230)	(20.0)	(2,867,230)	(20.0)
Non-taxable income on government securities	1,415,597	7.3	1,410,254	9.8
Income tax underprovided in prior periods	-	(0.0)	(2,378)	(0.0)
Other non-deductible expenses	(165,817)	(0.9)	(42,372)	(0.3)
	(2,607,450)	(13.6)	(1,501,726)	(10.5)

Deferred tax assets and liabilities

The deductible temporary differences do not expire under current tax legislation.

Movements in temporary differences during the years ended 31 December 2023 and 2022 are presented as follows.

	1 January 2023	Recognised in profit or loss	31 December 2023
Property, plant and equipment and intangible assets	28,829	(66,893)	(38,064)
Loans to corporate customers	26,225	2,549	28,774
Other liabilities	48,484	(4,047)	44,437
	103,538	(68,391)	35,147

	1 January 2022	Recognised in profit or loss	31 December 2022
Property, plant and equipment and intangible assets	19,065	9,764	28,829
Loans to corporate customers	51,325	(25,100)	26,225
Other liabilities	32,067	16,417	48,484
	102,457	1,081	103,538

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

9. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash on hand	161,855	112,351
Nostro accounts with the NBRK (rated BBB-)	67,584,053	162,795,850
Nostro accounts with other banks		
rated from A- to A+	68,437,523	9,515,683
rated from BBB- to BBB+	168,085	-
rated from BB- to BB+	1,901	12,612
not rated	202,618	8,774
Total nostro accounts with other banks	68,810,127	9,537,069
Less: allowance for expected credit losses	(419)	(37)
Total nostro accounts with other banks, net	68,809,708	9,537,032
Cash equivalents		
Term deposits with the NBRK (rated BBB-)	143,148,045	63,949,276
Term deposits with other banks		
rated from A- to A+	4,628,292	-
Less: allowance for expected credit losses	(255)	-
Total term deposits with other banks	4,628,037	-
Total cash equivalents	147,776,082	63,949,276
Total cash and cash equivalents	284,331,698	236,394,509

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

All cash and cash equivalents are allocated to Stage 1 of the credit risk grade.

As at 31 December 2023 and 2022, the Bank has two counterparties - banks, whose deposit balances exceed 10% of equity. The gross value of these balances as at 31 December 2023 comprised KZT 66,781,263 thousand (31 December 2022: KZT 232,951,786 thousand).

Analysis of movements in the allowance for expected credit losses

	31 December 2023	31 December 2022
	Stage 1	Stage 1
Balance at 1 January	37	76
Recovery of expected credit losses/(allowances for expected credit losses)	654	(28)
Foreign exchange movement	(17)	(11)
Balance at 31 December	674	37

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

Minimum reserve requirements

In accordance with regulations issued by the NBRK, minimum reserve requirements are calculated as average of totals of specified proportions of different groups of banks liabilities for period of twenty eight calendar days. Banks are required to comply with these requirements by maintaining average reserve assets (in the form of local currency cash on hand and balances on current accounts with the NBRK in national currency) equal or in excess of the average minimum requirements. As at 31 December 2023, the minimum reserve is KZT 7,363,777 thousand (31 December 2022: KZT 6,474,485 thousand). Minimum reserve requirements are included in cash and cash equivalents as they are highly liquid financial assets with original maturities of less than 3 months that are not subject to significant fair value risk and are used by the Bank to settle short-term liabilities.

Placements with banks and other financial institutions

Accounts and deposits with banks and other financial institutions are represented by margin collateral and guarantee contributions to the Kazakhstan Stock Exchange JSC (hereinafter referred to as the "KASE") to ensure foreign currency trading and are deposited in accordance with the requirements of the KASE. The following amounts are interest-free.

All accounts and deposits with banks and other financial institutions are classified as Stage 1 of the credit risk level. As at 31 December 2023 and 2022, there are no allowances for expected credit losses with respect to accounts and deposits with banks and other financial institutions.

10. LOANS TO CORPORATE CUSTOMERS

	31 December 2023	31 December 2022
Loans to corporate customers	12,696,325	6,422,405
Less: allowance for expected credit losses	(143,208)	(131,086)
Total loans to corporate customers	12,553,117	6,291,319

As at 31 December 2023 and 2022, all loans to corporate customers are not past due and allocated to Stage 1 of the credit risk grade.

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

	31 December 2023 Stage 1	31 December 2022 Stage 1
Balance at 1 January	131,086	256,547
Recovery of expected credit losses / (allowance for expected credit losses)	12,122	(125,461)
Balance at 31 December	143,208	131,086

(b) Key assumptions and judgments for estimating the loan impairment

The Bank estimates the loss allowance on loans to corporate customers in accordance with the accounting policy as described in Note 3(e)(iv). The key assumptions used in estimating loss allowances for the current year generally include the borrower's credit rating.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

Changes in these estimates could affect the loss allowance for loans issued. For example, to the extent that the net present value of the estimated cash flows differs by plus or minus one percent, the loss allowance for loans to corporate customers as of 31 December 2023 would be KZT 125,531 thousand lower/higher (31 December 2022: KZT 62,913 thousand).

(c) Analysis of collateral

Loans to corporate customers

Loans to corporate customers are subject to individual credit appraisal and impairment testing. The general credit worthiness of a corporate customer tends to be the most relevant indicator of credit quality of the loan extended to it. However, collateral provides additional security and the Bank generally requests corporate borrowers to provide it.

The following tables provides information on collateral and other credit enhancements securing loans to corporate customers:

	31 December 2023	31 December 2022
Carrying amount of loans to customers		
Third party guarantees (with group rating A)	7,674,119	1,014,234
Collateralized loans	4,878,998	5,277,085
Total loans to corporate customers	12,553,117	6,291,319

The tables above exclude over collateralization.

The recoverability of these loans is primarily dependent on the credit worthiness of the borrowers rather than the value of collateral, and the current value of the collateral does not impact the impairment assessment.

(d) Industry and geographical analysis of the loan portfolio

Industry analysis of the loan portfolio

Loans to customers were issued to customers who operate in the following economic sectors:

	31 December 2023	31 December 2022
Finance	7,674,119	1,014,234
Energy	5,022,206	5,408,171
	12,696,325	6,422,405
Less: allowance for expected credit losses	(143,208)	(131,086)
	12,553,117	6,291,319

Geographical analysis of the loan portfolio

Loans were issued to the customers operating in the Republic of Kazakhstan.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

(e) Significant credit exposures

As at 31 December 2023 and 2022, the Bank has one borrower, whose loan balances exceed 10% of equity. The gross value of these loans as at 31 December 2023 is KZT 7,674,119 thousand (31 December 2022: KZT 5,277,085 thousand).

(f) Maturities of loans to customers

The maturity of the loan portfolio is presented in note 17(d), which shows the remaining period from the reporting date to the contractual maturity of the loans.

11. INVESTMENT SECURITIES MEASURED AT AMORTISED COST

As at 31 December 2023, the total amount of investment securities measured at amortized cost is represented by treasury bills of the Ministry of Finance of the Republic of Kazakhstan with the carrying amount of KZT 30,501,869 thousand with maturity dates in 2024-2028 years and discount notes of the National Bank of the Republic of Kazakhstan with the carrying amount of KZT 20,843,630 thousand with maturity date in 2024, denominated in KZT and rated BBB.

As at 31 December 2022, the total amount of investment securities measured at amortized cost is represented by treasury bills of the Ministry of Finance of the Republic of Kazakhstan with the carrying amount of KZT 4,988,309 thousand with maturity dates in 2023 – 2026 years and discount notes of the National Bank of the Republic of Kazakhstan with the carrying amount of KZT 37,401,408 thousand with maturity date in 2023, denominated in KZT and rated BBB-.

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

The Bank holds these securities within a business model whose objective is to hold assets to collect contractual cash flows. Officially published price quotations for similar debt securities with identical terms are available at local stock exchange.

As at 31 December 2023 and 2022, there are no allowances for expected credit losses for investment securities measured at amortised cost.

All investment securities measured at amortised cost are allocated to Stage 1 of credit risk level.

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FOR THE ENDED 31 DECEMBER 2023**

12. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Cost	Buildings and constructions	Computer equipment	Vehicles	Other*	Intangible assets	Total
Balance as at 1 January 2023	827,572	169,981	39,115	268,093	53,660	1,358,421
Additions	122	120,348	-	7,084	43,710	171,264
Disposals	-	-	-	(2,474)	-	(2,474)
Balance as at 31 December 2023	827,694	290,329	39,115	272,703	97,370	1,527,211
Depreciation and amortization						
Balance as at 1 January 2023	(380,686)	(127,085)	(39,001)	(125,978)	(35,763)	(708,513)
Depreciation and amortization charge for the year	(40,707)	(34,695)	(114)	(36,176)	(3,167)	(114,859)
Disposals	-	-	-	2,005	-	2,005
Balance as at 31 December 2023	(421,393)	(161,780)	(39,115)	(160,149)	(38,930)	(821,367)
Carrying amount as at 31 December 2023	406,301	128,549	-	112,554	58,440	705,844
Cost						
Balance as at 1 January 2022	779,748	127,711	39,115	214,807	48,299	1,209,680
Additions	47,824	42,270	-	53,286	5,361	148,741
Balance as at 31 December 2022	827,572	169,981	39,115	268,093	53,660	1,358,421
Depreciation and amortization						
Balance as at 1 January 2022	(338,290)	(103,415)	(37,643)	(92,475)	(33,035)	(604,858)
Depreciation and amortization charge for the year	(42,396)	(23,670)	(1,358)	(33,503)	(2,728)	(103,655)
Balance as at 31 December 2022	(380,686)	(127,085)	(39,001)	(125,978)	(35,763)	(708,513)
Carrying amount as at 31 December 2022	446,886	42,896	114	142,115	17,897	649,908

*As at 31 December 2023, other property, plant and equipment include the right-of-use of the assets related to leases that do not meet the definition of investment property in the amount of KZT 51,389 thousand (31 December 2022: KZT 72,943 thousand).

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

13. DUE TO BANKS

	31 December 2023	31 December 2022
Vostro accounts of the banks of the Republic of Kazakhstan	20,483,518	21,014,364
Vostro accounts of organizations carrying out certain types of banking operations	4,848,472	2,685
Vostro accounts of the foreign banks	2,055,751	9,025,328
Vostro type accounts of the Parent Bank	1,105,123	75,347
	28,492,864	30,117,724

As at 31 December 2023, Bank has none due to banks amounts, whose balance exceeds 10% of equity (31 December 2022: two). The total value of those counterparties due to banks amounts as at 31 December 2023 is KZT nil (31 December 2022: KZT 18,985,017).

14. CURRENT ACCOUNTS AND DEPOSITS FROM CUSTOMERS

	31 December 2023	31 December 2022
Current accounts and deposits from corporate customers		
- Term deposits	119,840,138	43,346,358
- Current accounts and demand deposits	110,640,227	118,472,431
Total current accounts and deposits from corporate customers	230,480,365	161,818,789
Current accounts and demand deposits from the state entities		
- Current accounts and demand deposits	1,416,302	703,315
Total current accounts and demand deposits from the state entities	1,416,302	703,315
Current accounts and deposits from retail customers		
- Current accounts and demand deposits	9,122,228	6,931,601
- Term deposits	-	41,517
Total current accounts and deposits from retail customers	9,122,228	6,973,118
Total current accounts and deposits from retail customers	241,018,895	169,495,222

As at 31 December 2023, the Bank has customer deposits in amount of KZT 15,000 thousand that serve as collateral for unrecognized credit instruments granted by the Bank (2022: none)

As at 31 December 2023, the Bank has eight customers (2022: seven customers), whose balances exceed 10% of equity. The gross value of these balances as at 31 December 2023 comprise KZT 151,213,816 thousand (2022: KZT 124,195,827 thousand).

15. OTHER BORROWED FUNDS

	Date of issue	Maturity date	Currency	Nominal interest rate, %	31 December 2023	31 December 2022
Unsecured loans and borrowings	09/02/2023	08/02/2024	JPY	0.59	13,833,297	-
Unsecured loans and borrowings	22/12/2022	28/12/2023	JPY	0.65	-	22,754,089
Unsecured loans and borrowings	14/07/2022	21/09/2023	JPY	0.29	-	18,225,427
Other borrowed funds					13,833,297	40,979,516

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

As at 31 December 2023, the Bank has concluded one loan agreement with Industrial and Commercial Bank of China, Tokyo Branch for JPY 4,300,000 thousand. The loan is repayable at maturity.

As at 31 December 2022, the Bank has concluded two loan agreements with Industrial and Commercial Bank of China, Tokyo Branch for JPY 5,200,000 thousand and JPY 6,500,000 thousand. The loan is repayable at maturity. These loans were fully repaid in 2023.

Reconciliation of liabilities arising from financing activities

	Other borrowed funds	
	2023	2022
Balance as at 1 January	40,979,516	4,132,889
Changes from financing activities cash flows		
Proceeds from other borrowed funds	29,520,094	136,604,000
Repayments of other borrowed funds	(51,773,695)	(103,502,513)
Total changes from financing activities cash flows	(22,253,601)	33,101,487
Effect of changes in foreign exchange rates	(4,936,399)	3,723,513
Changes in accrued interest	43,781	21,627
Balance as at 31 December	13,833,297	40,979,516

16. SHARE CAPITAL AND RESERVES

(a) Issued capital

As at 31 December 2023 and 2022, the authorized, issued and outstanding share capital comprises 14,238 ordinary shares with nominal value of KZT 627,440 per share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at annual and general meetings of the Bank.

(b) Dividends

Under the legislation of the Republic of Kazakhstan and the Bank's charter documents the dividends available for distribution are subject to statutory regulation of the Republic of Kazakhstan.

In 2023 and 2022 years, the Bank did not declare and did not pay any dividends.

(c) Nature and purpose of reserves

Until 2013, in accordance with Resolution #196 *On Establishment of Minimum Limit on Reserve Capital of Second-Tier Banks* issued by the Committee on 28 August 2009, the Bank had to establish reserve capital by transferring an amount from retained earnings to a non-distributable reserve. The amount to be transferred each year was calculated as the net profit for the preceding year before distribution of dividends attributable to ordinary shareholders, multiplied by the percentage increase in classified assets and contingent liabilities (as defined in the Resolution #296 *On Approval of the Rules of Classification of Assets, Contingent Liabilities and Creation of Provisions (Reserves) against Assets and Contingent Liabilities* issued by the Committee on 25 December 2006) during the preceding year. Such percentage increase had to be not less than 10% and not more than 100%. Those Resolutions ceased to be in force during 2013.

As at 31 December 2023 and 2022, the Bank has not transferred funds from retained earnings to a statutory reserve.

As at 31 December 2023 and 2022, the Bank's reserve capital was not dissolved.

17. RISK MANAGEMENT

Management of risk is fundamental to the business of banking and forms an essential element of the Bank's operations. The major risks faced by the Bank are those related to market risk, credit risk and liquidity risk.

(a) Risk management policies and procedures

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

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

The Management Board is responsible for monitoring and implementation of risk mitigation measures and making sure that the Bank operates within the established risk parameters. The Risk Management Department is responsible for the overall risk management and compliance functions, ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks.

Credit, market and liquidity risks both at the portfolio and transactional levels are managed and controlled through Strategic Planning and Risk Management Committee, Credit Committee, Risk Management and Asset and Liability Management Committee.

Both external and internal risk factors are identified and managed throughout the organisation. Particular attention is given to identifying the full range of risk factors and determination of the level of assurance over the current risk mitigation procedures. Apart from the standard credit and market risk analysis, the Risk Management Department monitors financial and non-financial risks through the use of risk management tools provided by internal documents (procedures) of the Bank.

(b) Market risk

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

Overall authority for market risk is vested in the Board of Directors, Strategic Planning and Risk Management Committee, Management Board and Risk Management and Asset and Liability Management Committee (the “ACB of the Bank”).

The Bank manages its market risk by setting open position limits in relation to financial instruments, currency positions and stop-loss limits. These are monitored on a regular basis and reviewed by the ACB of the Bank and the Protocol/Decision is issued.

(i) Interest rate risk

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

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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Interest rate gap analysis

Interest rate risk is managed principally through monitoring interest rate gaps. A summary of the interest gap position for major financial instruments is as follows:

	Less than 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	Maturity is undefined	Carrying amount
31 December 2023						
ASSETS						
Cash and cash equivalents	197,644,759	-	18,506,966	-	68,179,973	284,331,698
Placements with banks and other financial institutions	-	-	-	-	479,560	479,560
Loans to corporate customers	7,452	5,045,665	-	7,500,000	-	12,553,117
Investment securities measured at amortised cost	20,843,629	-	-	30,501,870	-	51,345,499
Other financial assets	-	-	-	-	35,630	35,630
	218,495,840	5,045,665	18,506,966	38,001,870	68,695,163	348,745,504
LIABILITIES						
Due to banks	-	-	-	-	28,492,864	28,492,864
Current accounts and deposits from customers	96,531,980	21,008,475	2,311,668	-	121,166,772	241,018,895
Other borrowed funds	13,833,297	-	-	-	-	13,833,297
Other financial liabilities	-	-	-	58,960	-	58,960
	110,365,277	21,008,475	2,311,668	58,960	149,659,636	283,404,016
Net position	108,130,563	(15,962,810)	16,195,298	37,942,910	(80,964,473)	65,341,488
Accumulated gap	108,130,563	92,167,753	108,363,051	146,305,961	65,341,488	

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE ENDED 31 DECEMBER 2023**

31 December 2022	Less than 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	Maturity is undefined	Carrying amount
ASSETS						
Cash and cash equivalents	73,355,754	-	-	-	163,038,755	236,394,509
Placements with banks and other financial institutions	-	-	-	-	4,188,850	4,188,850
Loans to corporate customers	901	5,277,085	180,000	833,333	-	6,291,319
Investment securities measured at amortised cost	37,701,408	287,796	4,190,353	510,160	-	42,689,717
Financial assets at fair value through profit or loss	2,098	-	-	-	-	2,098
Other financial assets	-	-	-	-	8,013	8,013
	111,060,161	5,564,881	4,370,353	1,343,493	167,235,618	289,574,506
LIABILITIES						
Due to banks	-	-	-	-	30,117,724	30,117,724
Current accounts and deposits from customers	28,864,237	11,058,004	3,462,505	-	126,110,476	169,495,222
Other borrowed funds	-	-	40,979,516	-	-	40,979,516
Other financial liabilities	-	-	3,473	77,334	-	80,807
	28,864,237	11,058,004	44,445,494	77,334	156,228,200	240,673,269
Net position	82,195,924	(5,493,123)	(40,075,141)	1,266,159	11,007,418	48,901,237
Accumulated gap	82,195,924	76,702,801	36,627,660	37,893,819	48,901,237	

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

(ii) Average effective interest rates

The table below represents average effective interest rates for interest bearing assets and liabilities as at 31 December 2023 and 2022. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

	2023			2022		
	Average effective interest rate, %			Average effective interest rate, %		
	KZT	USD	Other currencies	KZT	USD	Other currencies
Interest bearing assets						
Cash and cash equivalents	15.48	4.15	0.41	16.39	4.15	0.41
Loans to corporate customers	17.86	-	-	18.02	-	-
Investment securities measured at amortized cost	12.92	-	-	15.83	-	-
Interest bearing liabilities						
Current accounts and deposits from customers						
- Current accounts and demand deposits	14.50	-	-	14.50	-	-
- Term deposits	7.75	0.67	-	7.75	0.67	-
Other borrowed funds	-	-	0.49	-	-	0.49

(iii) Interest rate sensitivity analysis

The management of interest rate risk based on interest rate gap analysis is supplemented by monitoring the sensitivity of financial assets and liabilities. An analysis of sensitivity of profit or loss and equity (net of taxes) to changes in interest rates (reprising risk) based on a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves and positions of interest-bearing assets and liabilities existing as at 31 December 2023 and 31 December 2022 is as follows:

	2023	2022
100 bp parallel rise	709,490	467,756
100 bp parallel fall	(709,490)	(467,756)

(iv) Currency risk

The Bank has assets and liabilities denominated in different foreign currencies.

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Bank does not hedge its exposure to currency risk.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

The following table shows the foreign currency exposure structure of assets and liabilities, except for KZT, as at 31 December 2023:

	KZT	USD	CNY	Other currencies	Total
ASSETS					
Cash and cash equivalents	68,136,021	147,330,587	36,737,622	32,127,468	284,331,698
Placements with banks and other financial institutions	25,000	454,560	-	-	479,560
Loans to corporate customers	12,553,117	-	-	-	12,553,117
Investment securities measured at amortised cost	51,345,499	-	-	-	51,345,499
Property, plant and equipment and intangible assets	705,844	-	-	-	705,844
Deferred tax asset	35,147	-	-	-	35,147
Other assets	45,456	-	-	-	45,456
Total assets	132,846,084	147,785,147	36,737,622	32,127,468	349,496,321
LIABILITIES					
Due to banks	1,807,250	64,760	26,569,545	51,309	28,492,864
Current accounts and deposits from customers	66,491,073	146,179,525	10,131,529	18,216,768	241,018,895
Other borrowed funds	-	-	-	13,833,297	13,833,297
Other liabilities	274,722	-	34,908	-	309,630
Total liabilities	68,573,045	146,244,285	36,735,982	32,101,374	283,654,686
Net position	64,272,039	1,540,862	1,640	26,094	65,841,635
Effect of derivatives held for risk management	-	-	-	-	-
Net position given the effect of derivatives held for risk management	64,272,039	1,540,862	1,640	26,094	65,841,635

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

The following table shows the foreign currency exposure structure of assets and liabilities, except for KZT, as at 31 December 2022:

	KZT	USD	CNY	Other currencies	Total
ASSETS					
Cash and cash equivalents	25,895,000	135,876,628	32,656,209	41,966,672	236,394,509
Placements with banks and other financial institutions	25,000	4,163,850	-	-	4,188,850
Loans to corporate customers	6,291,319	-	-	-	6,291,319
Investment securities measured at amortised cost	42,689,717	-	-	-	42,689,717
Financial assets at fair value through profit or loss	2,098	-	-	-	2,098
Property, plant and equipment and intangible assets	649,908	-	-	-	649,908
Deferred tax asset	103,538	-	-	-	103,538
Other assets	40,797	-	-	-	40,797
Total assets	75,697,377	140,040,478	32,656,209	41,966,672	290,360,736
LIABILITIES					
Due to banks	511,680	196,763	29,363,417	45,864	30,117,724
Current accounts and deposits from customers	26,016,021	139,632,804	2,903,258	943,139	169,495,222
Other borrowed funds	-	-	-	40,979,516	40,979,516
Other liabilities	269,985	-	335,353	-	605,338
Total liabilities	26,797,686	139,829,567	32,602,028	41,968,519	241,197,800
Net position	48,899,691	210,911	54,181	(1,847)	49,162,936
Effect of derivatives held for risk management	417,750	462,650	-	-	880,400
Net position given the effect of derivatives held for risk management	49,317,441	673,561	54,181	(1,847)	50,043,336

A weakening of KZT, as indicated below in the table, against the following currencies at 31 December 2023 and 2022, would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is on net of tax basis and is based on foreign currency exchange rate variances that the Bank considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2023	2022
30% appreciation of USD against KZT	369,807	161,655
10% appreciation of CNY against KZT	131	4,334
10% appreciation of other currencies against KZT	2,088	(148)

A strengthening of the KZT against the above currencies at 31 December 2023 and 2022, would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

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(c) Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Bank has policies and procedures in place to manage credit exposures (both for recognized financial assets and unrecognized contractual commitments), including guidelines to limit portfolio concentration and the establishment of a Credit Committee to actively monitor credit risk. The credit policy is reviewed and approved by the Board of Directors.

The credit policy establishes:

- procedures for review and approval of loan applications;
- methodology for assessment of creditworthiness of borrower;
- methodology for the evaluation of collateral;
- credit documentation requirements;
- procedures for the ongoing monitoring of loans and other credit exposures.

Loan credit applications are reviewed by the Corporate Finance and Specialised Finance Department and investment banking (the “front office”), which is responsible for the loan portfolios. Conclusions of the managers of the Front office are based on a structured analysis focusing on the customer’s business and financial performance. The loan credit applications then undergo a legal examination and an examination on the economic security, carried out by the Security Service, the Legal Department and the Compliance Control Department and Financial Monitoring Department. The Risk Management Department and Credit Review and Approval Department prepare independent risk-conclusion and verifies that credit policy requirements and risk appetite are met. The Credit Committee reviews the loan credit application on the basis of submissions by the above-stated departments and services of the Bank.

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

Apart from individual customer analysis, the credit portfolio is assessed by the Risk Management Department with regard to credit concentration and market risks.

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

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

	31 December 2023	31 December 2022
ASSETS		
Cash equivalents	284,331,698	236,394,509
Placements with banks and other financial institutions	479,560	4,188,850
Loans to corporate customers	12,553,117	6,291,319
Investment securities at amortized cost	51,345,499	42,689,717
Financial assets at fair value through profit or loss	-	2,098
Other financial assets	35,630	8,013
Total maximum exposure	348,745,504	289,574,506

For the analysis of collateral held against loans to customers and concentration of credit risk in respect of loans to customers, see Note 10.

The maximum exposure to credit risk from unrecognized contractual commitments at the reporting date is presented in Note 19.

(d) Liquidity risk

Liquidity risk is the probability of financial losses resulting from the Bank's inability to meet its obligations on time without significant losses.

The Bank's liquidity risk management system is a set of components and processes ensuring effective identification of liquidity risk, assessment of liquidity adequacy, regulation, monitoring and control of liquidity risk associated with balance sheet and off-balance sheet assets and liabilities of the Bank, and the impact of external factors on the liquidity of the Bank, including in a state of stress.

The Bank's liquidity risk management system consists of the following main components:

- tools for liquidity risk analysis;
- control limits and early warning indicators of liquidity risk;
- stress testing of liquidity risk;
- funding strategy and financing plan;
- management of currency liquidity;
- diversification of funding sources;
- maintenance of acceptable stock of highly liquid assets;
- management of collateral for liquidity management purposes;
- management of intraday liquidity risk;
- management of intra-group liquidity risk.

In the process of liquidity management, the Bank is guided by the following principles:

- the liquidity risk management system corresponds to the size, nature of business and financial condition of the Bank;
- applied methods and tools for liquidity risk evaluation do not contradict regulatory documents of the regulator as well as ICBC standards;
- the Bank considers interaction between liquidity risk and other types of risks to which it is exposed;
- the Bank takes into account the liquidity risk for each transaction affecting liquidity. When placing assets into various financial instruments, the Bank strictly considers urgency of source of resources and its amount;
- when making decisions, the Bank resolves the conflict between liquidity and profitability in favor of liquidity;
- the Bank considers the results of stress tests in forming the financing plan of the Bank and in defining the strategy and the internal liquidity assessment process;
- The Bank takes into account the decline in the value of assets and the impact of their sale during stresses on the level of liquidity, profitability, and capital.

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The Bank ensures a stable size and reasonable structure of funding sources: maintains the maturity structure of funding sources based on the Bank's liquidity risk profile and changes in the external market, taking into account cost; controls the concentration of funding sources, pays constant attention to the dynamics of the deposits of major depositors (at least 10 depositors) and sources of the Bank, as well as the value of the concentration limit for funding sources, ensures stable liquidity support for growth of Bank assets and the nature of liquidity position.

The Bank has a permanent reserve of unencumbered highly liquid assets that can be used in the shortest possible time without significant losses and discounts under various stress scenarios, including events that entail the loss of access or a decrease in the volume of liquid funds provided by creditors, including secured, as well as placed contributors.

The Bank is aware of the characteristics and diversification of funding sources and periodically reviews the funding strategy in order to immediately respond to changes in the internal and external environment:

- analyzes the needs and sources of funding under normal and stress scenarios at different time intervals;
- manages the concentration of types, maturities, counterparties, currencies, instruments and funding markets, and moderately sets concentration limits;
- manages funding channels, actively maintains relationships with key counterparties, maintains moderate market activity.

In order to minimize negative impacts in the event of a liquidity crisis, the Board of Directors of the Bank approves a financing plan that clearly defines the process for eliminating liquidity shortages in emergency situations.

The following tables show the undiscounted cash flows on financial assets, liabilities and credit-related commitments on the basis of their earliest possible contractual maturity. The total gross inflow and outflow disclosed in the tables is the contractual, undiscounted cash flow on the financial assets, liability or credit related commitment.

In accordance with legislation of the Republic of Kazakhstan, depositors can withdraw their term deposits at any time, losing in most of the cases the accrued interest. Accordingly, these deposits, excluding accrued interest, are shown in the table above in the category of "Demand and less than 1 month".

For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee can be called.

The following tables show the undiscounted cash flows on financial liabilities and unrecognized credit-related commitments on the basis of remaining term to maturity. The total gross outflow disclosed in the tables is the contractual undiscounted cash flow on the financial liabilities or off-balance sheet commitments.

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31 December 2023	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total gross amount of (inflow) outflow	Carrying amount
Non-derivative financial liabilities							
Due to banks	28,492,864	-	-	-	-	28,492,864	28,492,864
Current accounts and deposits from customers	165,670,158	52,414,053	21,100,386	2,341,906	-	241,526,503	241,018,895
Other borrowed funds	13,841,841	-	-	-	-	13,841,841	13,833,297
Other financial liabilities	-	-	-	-	58,960	58,960	58,960
Total financial liabilities	208,004,863	52,414,053	21,100,386	2,341,906	58,960	283,920,168	283,404,016

31 December 2022	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total gross amount if (inflow) outflow	Carrying amount
Non-derivative financial liabilities							
Due to banks	30,117,724	-	-	-	-	30,117,724	30,117,724
Current accounts and deposits from customers	130,360,817	6,115,576	29,614,383	3,598,436	-	169,689,212	169,495,222
Other borrowed funds	-	-	-	41,166,237	-	41,166,237	40,979,516
Other financial liabilities	-	-	-	3,473	77,334	80,807	80,807
Derivative financial liabilities							
Net settled derivatives	(880,400)	-	-	-	-	(880,400)	(2,098)
- Inflow	878,302	-	-	-	-	878,302	-
- Outflow	-	-	-	-	-	-	-
Total financial liabilities	160,476,443	6,115,576	29,614,383	44,768,146	77,334	241,051,882	240,671,171

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The table below shows an analysis, by expected maturities, of the amounts recognised in the statement of financial position as at 31 December 2023:

	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Total
Non-derivative assets							
Cash and cash equivalents	284,331,698	-	-	-	-	-	284,331,698
Placements with banks and other financial institutions	-	-	-	-	-	479,560	479,560
Loans to corporate customers	7,452	-	208,996	7,500,000	4,836,669	-	12,553,117
Investment securities measured at amortised cost	20,843,629	-	-	30,501,870	-	-	51,345,499
Property, plant and equipment and intangible assets	-	-	-	-	-	705,844	705,844
Deferred tax asset	-	-	-	-	35,147	-	35,147
Other assets	-	3,384	42,072	-	-	-	45,456
Total assets	305,182,779	3,384	251,068	38,001,870	4,871,816	1,185,404	349,496,321
Non-derivative liabilities							
Due to banks	28,492,864	-	-	-	-	-	28,492,864
Current accounts and deposits from customers	165,637,777	52,060,975	23,320,143	-	-	-	241,018,895
Other borrowed funds	-	13,833,297	-	-	-	-	13,833,297
Other liabilities	46,152	-	204,518	58,960	-	-	309,630
Total liabilities	194,176,793	65,894,272	23,524,661	58,960	-	-	283,654,686
Net position	111,005,986	(65,890,888)	(23,273,593)	37,942,910	4,871,816	1,185,404	65,841,635

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The table below shows an analysis, by expected maturities, of the amounts recognized in the statement of financial position as at 31 December 2022:

	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Total
Non-derivative assets							
Cash and cash equivalents	236,394,509	-	-	-	-	-	236,394,509
Placements with banks and other financial institutions	-	-	-	-	-	4,188,850	4,188,850
Loans to corporate customers	901	-	228,057	833,333	5,229,028	-	6,291,319
Investment securities measured at amortised cost	37,701,408	-	4,478,149	510,160	-	-	42,689,717
Financial assets at fair value through profit or loss	2,098	-	-	-	-	-	2,098
Property, plant and equipment and intangible assets	-	-	-	-	-	649,908	649,908
Deferred tax asset	-	-	-	-	103,538	-	103,538
Other assets	7	32,012	8,778	-	-	-	40,797
Total assets	274,098,923	32,012	4,714,984	1,343,493	5,332,566	4,838,758	290,360,736
Non-derivative liabilities							
Due to banks	30,117,724	-	-	-	-	-	30,117,724
Current accounts and deposits from customers	130,354,407	6,110,106	33,030,709	-	-	-	169,495,222
Other borrowed funds	-	-	40,979,516	-	-	-	40,979,516
Other liabilities	344,567	-	183,437	77,334	-	-	605,338
Total liabilities	160,816,698	6,110,106	74,193,662	77,334	-	-	241,197,800
Net position	113,282,225	(6,078,094)	(69,478,678)	1,266,159	5,332,566	4,838,758	49,162,936

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

18. CAPITAL MANAGEMENT

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

The primary objective of the Bank's capital management is to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains strong credit rating and healthy capital ratios in order to support its business and maximise shareholder's value.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. No changes were made in the objectives, policy and processes of capital management from the previous years.

The equity is the sum of tier 1 tier 2 capital. Various further limits and qualifying criteria are applied to the above elements of the capital base.

Under the current capital requirements set by the NBRK banks have to maintain:

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

As at 31 December 2023 and 31 December 2022, the minimum level of ratios as applicable to the Bank are as follows:

k1 – 7.5%
k1-2 – 8.5%
k2 – 10.0%.

The Bank has complied with all externally imposed capital requirements as at 31 December 2023 and 2022.

As at 31 December 2023 and 2022, the Bank's capital adequacy ratio, computed in accordance with the NBRK requirements, comprised:

	31 December 2023	31 December 2022
Tier 1 capital	65,783,195	49,145,039
Total capital	65,783,195	49,145,039
Risk weighted assets and contingent liabilities, possible claims and liabilities, operational risk, market risk	24,791,489	14,666,256
Capital adequacy ratio k-1	265.30%	335.10%
Capital adequacy ratio k1-2	265.30%	335.10%
Capital adequacy ratio k2	265.30%	335.10%

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19. CREDIT RELATED COMMITMENTS

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

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

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

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

	31 December 2023	31 December 2022
Contracted amount		
Guarantees	15,000	-

The total outstanding contractual credit related commitments above do not necessarily represent future cash requirements, as these credit related commitments may expire or terminate without being funded. The majority of loan and credit line commitments do not represent an unconditional credit related commitment by the Bank.

As at 31 December 2023, all credit related commitments related to issued guarantees are allocated to Stage 1 of the credit risk grade.

20. CONTINGENCIES

(a) Insurance

The insurance industry in the Republic of Kazakhstan is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Bank does not have full coverage for its premises and equipment, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Bank's property or related to operations. Until the Bank obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on operations and financial position.

(b) Litigation

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

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

(c) Taxation contingencies in Kazakhstan

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

21. RELATED PARTY TRANSACTIONS

(a) Control relationship

The Bank's parent company is Industrial and Commercial Bank of China JSC. The party with ultimate control over the Bank is the Government of the People's Republic of China.

Publicly available financial statements are produced by the Bank's parent company.

(b) Transactions with members of the Board of Directors and Management Board

Total remuneration included in personnel expenses for the years ended 31 December 2023 and 31 December 2022 is as follows:

	2023	2022
Short-term employee benefits	78,578	95,103
	78,578	95,103

These amounts include cash and non-cash benefits in respect of the members of the Board of Directors and the Management Board.

The outstanding balances as at 31 December 2023 and 2022 for transactions with the members of the Board of Directors and the Management Board are as follows:

	31 December 2023	31 December 2022
Statement of financial position		
Current accounts and deposits from customers	6,870	18,982

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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(c) Transactions with other related parties

The outstanding balances and the related average interest rates as at 31 December 2023 and related profit or loss amounts of transactions for the year ended 31 December 2023 with other related parties are as follows.

	Transactions with the parent company and related entities			Transactions with entities related to People's Republic of China			Total
	Parent Company	Entities under common control	Government entities	Government related entities*	Average interest rate, %	Average interest rate, %	
	Thousand KZT	Thousand KZT	Thousand KZT	Thousand KZT	interest rate, %	interest rate, %	
Statement of financial position							
ASSETS							
Cash and cash equivalents							
- in USD	4,550,605	6,063	-	4,787,955	-	5.60	9,344,623
- in CNY	14,271,016	1,357,227	-	8,196	-	-	15,636,439
- in other currency	2,851,906	405,141	-	-	-	-	3,257,047
Loan to corporate clients							
- in KZT	-	-	-	4,878,998	-	18.25	4,878,998
Other assets							
- in KZT	1,117	-	-	-	-	-	1,117
LIABILITIES							
Due to banks							
- in KZT	1,105,123	-	-	33,708	-	-	1,138,831
- in USD	-	-	-	13,160	-	-	13,160
- in other currency	-	-	-	756,748	-	-	756,748
Current accounts and deposits from customers							
- in KZT	-	-	609,541	32,686,249	-	10.47	33,295,790
- in USD	-	-	806,761	110,484,098	-	1.16	111,290,859
- in other currency	-	-	-	23,446,170	-	0.00	23,446,170
Other borrowed funds							
- in JPY	-	13,833,297	-	-	-	-	13,833,297
Other liabilities							
- in KZT	-	-	-	31,703	-	-	31,703
- in CNY	34,908	-	-	-	-	-	34,908
Profit/(loss)							
Interest income	254,689	331,642	-	1,092,159	-	-	1,678,490
Interest expense	(21)	(251,702)	-	(1,528,171)	-	-	(1,779,894)
Fee and commission income	87	362	2,705	107,654	-	-	110,808
Fee and commission expense	(3,906)	(219)	-	(32,226)	-	-	(36,351)
Net foreign exchange gain/(loss)	1,262	224,153	(2,852)	(36,262,224)	-	-	(36,039,661)
Other operating expenses	(44,136)	-	-	(3,767)	-	-	(47,903)
Other income	-	-	-	316	-	-	316

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The outstanding balances and the related average interest rates as at 31 December 2022 and related profit or loss amounts of transactions for the year ended 31 December 2022 with other related parties are as follows.

Statement of financial position	Transactions with the parent company and related entities			Transactions with entities related to People's Republic of China			Total		
	Parent Company		Entities under common control		Government entities			Government related entities*	
	Thousand KZT	Average interest rate, %	Thousand KZT	Average interest rate, %	Thousand KZT	Average interest rate, %		Thousand KZT	Average interest rate, %
ASSETS									
Cash and cash equivalents									
- in USD	503,760	3.43	2,557	0.25	-	-	-	506,317	
- in CNY	5,455,963	0.35	505,544	0.73	-	33	-	5,961,540	
- in other currency	246,936	1.08	118,165	1.80	-	-	-	365,101	
Loan to corporate clients									
- in KZT	-	-	-	-	-	5,277,086	19.25	5,277,086	
Other assets									
- in KZT	-	-	-	-	-	999	-	999	
LIABILITIES									
Due to banks									
- in KZT	75,347	-	-	-	-	-	-	85,745	
- in USD	-	-	-	-	-	10,398	-	13,394	
- in other currency	-	-	-	-	-	175,923	-	175,923	
Current accounts and deposits from customers									
- in KZT	-	-	-	-	46,521	-	-	20,086,835	
- in USD	-	-	-	-	656,793	-	-	125,077,941	
- in other currency	-	-	-	-	-	408,823	0.00	408,823	
Other borrowed funds									
- in JPY	-	-	40,979,516	0.49	-	-	-	40,979,516	
Other liabilities									
- in KZT	-	-	-	-	-	14,600	-	14,600	
- in CNY	335,353	-	-	-	-	-	-	335,353	
Profit/(loss)									
Interest income	30,564	-	212,223	-	-	-	-	1,078,731	
Interest expense	(5,047)	-	(48,567)	-	-	-	-	(2,098,504)	
Fee and commission income	-	-	-	-	2,149	-	-	83,034	
Fee and commission expense	(6,389)	-	(26,865)	-	-	(169)	-	(33,423)	
Net foreign exchange gain/(loss)	15,117	-	(98,766)	-	500	-	-	(41,374)	
Other operating expenses	(344,317)	-	-	-	-	(1,255)	-	(345,572)	
Other income	-	-	-	-	-	261	-	261	

* Government related entities are entities that are controlled, jointly controlled or significantly influenced by the government of the People's Republic of China.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

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

(a) Accounting classifications and fair values

Under IFRS, fair value is determined by reference to the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

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).

Except for loans to corporate customers and investments measured at amortized cost, management believes that the carrying amounts of the financial assets and liabilities recorded in the financial statements approximate their fair values due to the current nature of such financial instruments.

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2023.

	Measured at amortized cost	Total carrying amount	Fair value
Cash and cash equivalents	284,331,698	284,331,698	284,331,698
Placements with banks and other financial institutions	479,560	479,560	479,560
Loans to corporate customers	12,553,117	12,553,117	14,688,857
Investments measured at amortized cost	51,345,499	51,345,499	51,270,295
Other financial assets	35,630	35,630	35,630
	348,745,504	348,745,504	350,806,040
Due to banks	28,492,864	28,492,864	28,492,864
Current accounts and deposits from customers	241,018,895	241,018,895	241,018,895
Other borrowed funds	13,833,297	13,833,297	13,833,297
Other financial liabilities	58,960	58,960	58,960
	283,404,016	283,404,016	283,404,016

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2022:

	Measured at fair value through profit or loss	Measured at amortized cost	Total carrying amount	Fair value
Cash and cash equivalents	-	236,394,509	236,394,509	236,394,509
Placements with banks and other financial institutions	-	4,188,850	4,188,850	4,188,850
Loans to corporate customers	-	6,291,319	6,291,319	6,518,614
Investments measured at amortized cost	-	42,689,717	42,689,717	42,571,567
Financial assets at fair value through profit or loss	2,098	-	2,098	2,098
Other financial assets	-	8,013	8,013	8,013
	2,098	289,572,408	289,574,506	289,683,651
Due to banks	-	30,117,724	30,117,724	30,117,724
Current accounts and deposits from customers	-	169,495,222	169,495,222	169,495,222
Other borrowed funds	-	40,979,516	40,979,516	40,979,516
Other financial liabilities	-	80,807	80,807	80,807
	-	240,673,269	240,673,269	240,673,269

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The estimates of fair value are intended to approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However, given the uncertainties and the use of subjective judgement, the fair value should not be interpreted as being realizable in an immediate sale of the assets or settlement of liabilities.

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

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

The Bank uses widely recognised valuation models for determining the fair value of financial instruments. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market-observable prices exist and other valuation models. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

(b) Fair value hierarchy

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

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

The table below analyses financial instruments measured at fair value by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position:

	31 December 2023	31 December 2022
	Level 2	Level 2
Financial assets at fair value through profit or loss		
- Derivative assets	-	2,098
	-	2,098

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ALMATY JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE ENDED 31 DECEMBER 2023

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorized as at 31 December 2023, excluding the financial instruments, for which the carrying amount approximates the fair value:

	Level 2	Total fair value	Total carrying amount
Assets			
Investment securities measured at amortized cost	51,270,295	51,270,295	51,345,499

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorized as at 31 December 2022, excluding the financial instruments, for which the carrying amount approximates the fair value:

	Level 2	Total fair value	Total carrying amount
Assets			
Investment securities measured at amortized cost	42,571,567	42,571,567	42,689,717

23. EVENTS AFTER THE REPORTING PERIOD

Management has not identified events occurred after 31 December 2023, requiring recognition or disclosure.