First Heartland Jusan Bank Joint Stock Company

Consolidated financial statements

for 2024
with independent auditor's report

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Independent auditor's report

To the Shareholders and Board of Directors of First Heartland Jusan Bank JSC

Opinion

We have audited the consolidated financial statements of First Heartland Jusan Bank JSC and its subsidiaries (hereinafter, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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 consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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Key audit matter	How our audit addressed the key audit matter
Allowance for expected credit losses on loans to customers	
Estimation of allowance for expected credit losses on loans to customers in accordance with IFRS 9 *Financial Instruments* is a key area of the Group's management judgment. Identification of factors of significant increase in credit risk since initial recognition of an asset, determination of probability of default and loss given default rates require significant use of professional judgment, assumptions and analysis of various historical, current and forward-looking information. The use of different models and assumptions may significantly affect the amount of allowance for expected credit losses on loans to customers. Due to the substantial amount of loans to customers and the significant use of professional judgment, estimation of allowance for expected credit losses was one of the key audit matters. Information on expected credit losses on loans to customers and the Group's management approach to estimation of allowance for expected credit losses is presented in *Note 4 Significant accounting judgements and estimates*, *Note 19 Loans to customers* and *Note 35 Risk management* to the consolidated financial statements.	Our audit procedures included analysis of the methodology for estimation of expected credit losses on loans to customers. We also performed analysis and testing of controls on identification of factors of significant increase in credit risk since initial recognition of an asset and identification of default, including the period during which the debt is overdue and debt restructuring due to deterioration of credit quality of an asset. As a part of our audit procedures we performed, on a sample basis, analysis of assumptions and testing of input data used by the Group in estimating the allowance for expected credit losses on loans to customers on a collective basis, which comprise statistical data on debt servicing and expected recoveries in the event of default, including recoveries as a result of repossession of collateral. In respect of an individual assessment of allowance for expected credit losses we analysed, on a sample basis, financial and non-financial information on borrowers, as well as the scenarios used by the Group in assessing the recoverable amount from repossession of collateral in the event of default. We also performed analysis of the forward-looking information, including macroeconomic forecasts, used by the Group in its expected credit loss model. We have recalculated the allowance for expected credit losses. We have analysed the information on allowance for expected credit losses on loans to customers disclosed in the Notes to the consolidated financial statements.

Insurance contract liabilities measured using the premium allocation approach	
We considered this matter to be one of the key audit matters due to the substantial amount of insurance contract liabilities measured using the premium allocation approach.	Our audit procedures included analysis of the methodology applied by the Group for measurement of insurance contract liabilities as required by IFRS 17 *Insurance contracts*.

Measurement of these liabilities is based on the use of significant judgement and assumptions with respect to: - future cash flows for groups of insurance contracts, involving the use of actuarial projection models that reflect key characteristics of the contracts, based on observable statistical data and the application of relevant actuarial assumptions. These judgments may significantly impact the amount of liabilities for incurred claims on insurance contracts. - discount rate used to assess the financing component when assessing insurance contract liabilities measured using the premium allocation approach. - risk adjustment for non-financial risk, assessment of which is based on assumptions about confidence level established by the Group regarding risk factors associated with insurance contracts, and on the "value at risk" method, which represents the maximum losses within the established confidence level for insurance contract liabilities measured using the premium allocation approach. Information on insurance contract liabilities is presented in *Note 20 Insurance and reinsurance contracts* and *Note 25 Risk management* to the consolidated financial statements.	We performed, on a sample basis, analysis of assumptions and testing of input data used by the Group in measuring liabilities for remaining coverage and liabilities for incurred claims on insurance contracts, including expectations regarding future cash flows and statistical data on insurance payments. We analysed discount rate used to assess the financing component and the risk adjustment for non-financial risk. We have recalculated insurance contract liabilities and compared the results with the Group's calculations. We have analysed the information on insurance contract liabilities disclosed in the Notes to the consolidated financial statements.

Other matters

The consolidated financial statements of the Group for the year ended 31 December 2023, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 29 March 2024.

Other information included in the Group's 2024 Annual Report

Other information consists of the information included in the Group's 2024 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

The Group's 2024 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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Responsibilities of management and the Board of Directors for the consolidated financial statements

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The partner in charge of the audit resulting in this independent auditor's report is Olga Khegay.

Ernst & Young LLP

Olga Khegay Auditor	Rustamzhan Sattarov General Director Ernst & Young LLP
Auditor Qualification Certificate No. МФ-0000286 dated 25 September 2015	State Audit License for audit activities on the territory of the Republic of Kazakhstan: series МФЮ-2, № 0000003, issued by the Ministry of Finance of the Republic of Kazakhstan on 15 July 2005

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31 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

(in KZT million)

	Note	*2024*	*2023**
Interest revenue calculated using the effective interest method	5	**451,945**	362,762
Other interest income	5	**596**	1,829
Interest expense	5	**(188,453)**	(146,484)
Net interest income before credit loss expense		**264,088**	218,107
Credit loss expense	6	**(54,874)**	(23,161)
Net interest income		**209,214**	194,946
Fee and commission income	7	**57,586**	60,795
Fee and commission expense	7	**(35,573)**	(39,942)
Net fee and commission income		**22,013**	20,853
Revenue from insurance contracts	20	**31,273**	54,845
Insurance service expense	20	**(35,174)**	(45,609)
Net expense from reinsurance contracts held		**(224)**	(2,049)
Net finance expenses for insurance contracts issued		**(1,676)**	(5,494)
Net finance income for reinsurance contracts held		**76**	745
Net insurance service result		**(5,725)**	2,438
Net gains from financial instruments at fair value through profit or loss	8	**5,625**	5,759
Net losses on derecognition of investment securities measured at fair value through other comprehensive income		**(12)**	(110)
Net gains from foreign currencies	9	**68,003**	28,214
Dividend income	18, 28	**2,062**	–
Net gains from initial recognition of financial instruments		**2,669**	–
Gain from modification of subordinated debt	29	**–**	2,436
Other income	10	**46,184**	39,057
Other operating income		**124,531**	75,356
Personnel expenses	11	**(65,607)**	(64,789)
Other general and administrative expenses	12	**(61,632)**	(50,040)
Other impairment losses		**(353)**	(2,595)
Other expenses	10	**(26,080)**	(19,844)
Other operating expenses		**(153,672)**	(137,268)
Profit before corporate income tax expense		**196,361**	156,325
Corporate income tax expense	13	**(16,483)**	(4,037)
Profit for the year		**179,878**	152,288
Attributable to:			
Shareholders of the Bank		**179,480**	151,872
Non-controlling interests		**398**	416
		179,878	152,288

* *Certain amounts given in this column are not consistent with the consolidated financial statements for 2023 as they reflect the reclassifications made disclosed in Note 2.*

The accompanying notes on pages 8 to 91 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

For the year ended 31 December 2024

(in KZT million)

	Note	*2024*	*2023*
Profit for the year		**179,878**	152,288
Other comprehensive income			
Other comprehensive income that will be reclassified to profit or loss in subsequent periods			
Net change in fair value of debt instruments measured at fair value through other comprehensive income	32	**2,513**	6,756
Change in allowance for expected credit losses of debt instruments measured at fair value through other comprehensive income	32	**48**	546
Reclassification of cumulative loss on disposal of debt instruments measured at fair value through other comprehensive income to profit or loss	32	**12**	110
Exchange differences on translation of foreign operations	32	**14,761**	(3,827)
Total other comprehensive income that will be reclassified to profit or loss in subsequent periods		**17,334**	3,585
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods			
Change in revaluation reserve for property	32	**767**	(77)
Revaluation gains on equity instruments measured at fair value through other comprehensive income	32	**36,684**	3,950
Total other comprehensive income that will not be reclassified to profit or loss in subsequent periods		**37,451**	3,873
Other comprehensive income for the year		54,785	7,458
Total comprehensive income for the year		234,663	159,746
Attributable to:			
- Shareholders of the Bank		**234,265**	159,330
- Non-controlling interests		**398**	416
Basic and diluted earnings per share (in KZT)	33	**1,093.87**	925.60

Signed and authorised for release on behalf of the Management Board of the Bank:

Gulmira Janibekovna Jumadillayeva — Chairperson of the Management Board

Nikara Miratovna Salikhova — Chief Accountant

31 March 2025

The accompanying notes on pages 8 to 91 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

(in KZT million)

	Note	*31 December 2024*	*31 December 2023**
Assets			
Cash and cash equivalents	14	**852,544**	706,382
Derivative financial assets	15	**60**	194
Amounts due from banks and other financial institutions	16	**75,845**	63,834
Trading securities	17	**7,087**	12,577
Trade securities pledged under repurchase agreements	17	**–**	6,937
Investment securities	18	**1,289,475**	928,919
Investment securities pledged under repurchase agreements	18	**43,025**	36,351
Loans to customers	19	**1,139,015**	1,064,206
Promissory notes of the Ministry of Finance of the Republic of Kazakhstan		**122,212**	105,458
Insurance contract assets	20	**–**	2,948
Reinsurance contract assets	20	**3,549**	3,079
Property and equipment and right-of-use assets	21	**85,531**	79,533
Intangible assets	21	**8,003**	8,353
Non-current assets held for sale	22	**1,672**	6,985
Investment property	23	**50,680**	42,861
Current corporate income tax assets		**4,688**	1,929
Deferred corporate income tax assets	13	**216**	110
Assets of a disposal group classified as held for sale	22	**11,448**	–
Other assets	24	**97,012**	81,085
Total assets		**3,792,062**	3,151,741
Liabilities			
Amounts due to banks and other financial institutions	25	**121,643**	78,896
Amounts payable under repurchase agreements	26	**43,025**	43,288
Derivative financial liabilities	15	**1,073**	384
Amounts due to customers	27	**1,955,796**	1,621,408
Debt securities issued	28	**304,486**	213,052
Subordinated debt	29	**118,149**	201,560
Liabilities to the mortgage organisation	30	**7,810**	9,319
Lease liabilities		**4,224**	4,034
Current corporate income tax liabilities		**511**	499
Deferred corporate income tax liabilities	13	**168,798**	166,562
Insurance contract liabilities	20	**39,298**	36,747
Reinsurance contract liabilities	20	**–**	216
Liabilities of a disposal group classified as held for sale	22	**3,462**	–
Other liabilities	31	**53,510**	40,059
Total liabilities		**2,821,785**	2,416,024

The accompanying notes on pages 8 to 91 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2024

(in KZT million)

	Note	*31 December 2024*	*31 December 2023**
Share capital	32	**258,201**	258,201
Treasury shares		**(2,638)**	(2,638)
Additional paid-in capital		**764**	764
Revaluation reserve for property	32	**5,178**	6,802
Fair value reserve	32	**37,837**	8,570
Currency translation reserve	32	**12,773**	(1,988)
Reverse acquisition provision		**(137,564)**	(137,564)
Retained earnings		**794,268**	602,407
Total equity attributable to shareholders of the Bank		**968,819**	734,554
Non-controlling interests		**1,458**	1,163
Total equity		**970,277**	735,717
Total equity and liabilities		**3,792,062**	3,151,741

* *Certain amounts given in this column are not consistent with the consolidated financial statements for 2023 as they reflect the reclassifications made disclosed in Note 2.*

The accompanying notes on pages 8 to 91 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

(in KZT million)

		Attributable to shareholders of the Bank											
	Note	*Share capital*	*Additional paid-in capital*	*Treasury shares*	*Revaluation reserve for property*	*Fair value reserve*	*Currency translation reserve*	*Reverse acquisition reserve*	*Other reserves related to equity instruments*	*Retained earnings*	*Total*	*Non-controlling interests*	*Total equity*
At 31 December 2022		**258,201**	**764**	**(2,638)**	**7,521**	**(2,792)**	**1,839**	**(137,564)**	**2,847**	**449,893**	**578,071**	**747**	**578,818**
Profit for the year		–	–	–	–	–	–	–	–	151,872	151,872	416	152,288
Other comprehensive income for the year		–	–	–	(77)	11,362	(3,827)	–	–	–	7,458	–	7,458
Total comprehensive income for the year		–	–	–	(77)	11,362	(3,827)	–	–	151,872	159,330	416	159,746
Transactions with owners recorded directly in equity													
Share-based payment	32	–	–	–	–	–	–	–	(2,847)	–	(2,847)	–	(2,847)
Other changes													
Depreciation of revaluation reserve for property	32	–	–	–	(642)	–	–	–	–	642	–	–	–
At 31 December 2023		258,201	764	(2,638)	6,802	8,570	(1,988)	(137,564)	–	602,407	734,554	1,163	735,717
Profit for the year		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**179,480**	**179,480**	**398**	**179,878**
Other comprehensive income for the year		**–**	**–**	**–**	**767**	**39,257**	**14,761**	**–**	**–**	**–**	**54,785**	**–**	**54,785**
Total comprehensive income for the year		**–**	**–**	**–**	**767**	**39,257**	**14,761**	**–**	**–**	**179,480**	**234,265**	**398**	**234,663**
Other changes													
Transfer of accumulated revaluation reserve on disposal of equity instruments measured at fair value through other comprehensive income	32	**–**	**–**	**–**	**–**	**(9,990)**	**–**	**–**	**–**	**9,990**	**–**	**–**	**–**
Depreciation of revaluation reserve for property	32	**–**	**–**	**–**	**(2,391)**	**–**	**–**	**–**	**–**	**2,391**	**–**	**–**	**–**
Dividends		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(103)**	**(103)**
At 31 December 2024		**258,201**	**764**	**(2,638)**	**5,178**	**37,837**	**12,773**	**(137,564)**	**–**	**794,268**	**968,819**	**1,458**	**970,277**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

(in KZT million)

	Note	*2024*	*2023**
Cash flows from operating activities			
Interest received	5	**378,777**	340,876
Interest paid	5	**(150,973)**	(117,692)
Fees and commissions received		**59,614**	58,861
Fees and commissions paid		**(35,185)**	(47,943)
Income received from insurance contracts		**30,256**	48,310
Expenses paid under insurance contracts		**(37,045)**	(21,738)
Net realised (losses)/gains on financial instruments at fair value through profit or loss	8	**(2,595)**	3,616
Net realised gains/(losses) from trading securities		**902**	(1,049)
Net realised gains from foreign exchange transactions	9	**45,620**	26,624
Personnel and other general and administrative expenses paid		**(111,145)**	(110,490)
Other income received		**32,469**	24,994
Other expenses paid		**(19,745)**	(19,155)
Cash flows from operating activities before changes in operating assets and liabilities		**190,950**	185,214
Net decrease/(increase) in operating assets			
Derivative financial instruments		**198**	104
Amounts due from banks and other financial institutions		**7,938**	(18,310)
Trading securities		**15,271**	26,546
Loans to customers		**(82,953)**	(173,395)
Reinsurance contract assets		**(56)**	–
Other assets		**8,751**	704
Net increase /(decrease) in operating liabilities			
Amounts due to banks and other financial institutions		**28,348**	21,633
Amounts due to customers		**238,924**	(18,278)
Amounts payable under repurchase agreements		**(2,961)**	(96,682)
Insurance contract liabilities		**4,572**	–
Liabilities to the mortgage organisation		**(1,509)**	(1,498)
Other liabilities		**10,296**	10,562
Net cash flows from/ (used in) operating activities before corporate income tax		**417,769**	(63,400)
Corporate income tax paid		**(17,359)**	(2,857)
Net cash from/ (used in) operating activities		**400,410**	(66,257)

The accompanying notes on pages 8 to 91 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Note	*2024*	*2023*
Cash flows from investing activities			
Purchase of investment securities measured at amortised cost	18	(385,925)	(193,083)
Redemption of investment securities measured at amortised cost	18	236,910	32,872
Purchase of investment securities measured at fair value through other comprehensive income	18	(2,702,778)	(6,557,321)
Sale and redemption of investment securities measured at fair value through other comprehensive income		2,557,558	6,716,193
Dividends received	18	2,062	–
Purchase of property and equipment and intangible assets		(19,958)	(25,978)
Proceeds from sale of property and equipment		7,593	7,782
Proceeds from sale of non-current assets held for sale		3,309	3,470
Net cash used in investing activities		**(301,229)**	**(16,065)**
Cash flows from financing activities			
Redemption of debt securities issued		–	(46,899)
Repayment of principal portion of lease liabilities		(1,500)	(1,680)
Redemption of subordinated debt	29	(100,000)	(5,000)
Proceeds from debt securities issued	28	100,000	–
Net cash used in financing activities		**(1,500)**	**(53,579)**
Effect of exchange rates changes on cash and cash equivalents		47,708	(10,496)
Effect of expected credit losses on cash and cash equivalents	14	773	(207)
Net increase/(decrease) in cash and cash equivalents		**146,162**	**(146,604)**
Cash and cash equivalents, beginning		706,382	852,986
Cash and cash equivalents, ending		**852,544**	**706,382**

* *Certain amounts given in this column are not consistent with the consolidated financial statements for 2023 as they reflect the reclassifications made disclosed in Note 2.*

The accompanying notes on pages 8 to 91 are an integral part of these consolidated financial statements.

(in KZT million, unless otherwise is stated)

1. Principle activities

Corporate structure and activities

These consolidated financial statements include financial statements of First Heartland Jusan Bank Joint Stock Company (hereinafter, the "Bank") and its subsidiaries (hereinafter, the "Group").

The Bank was registered as Tsesnabank Open Joint Stock Company on 17 January 1992 under the laws of the Republic of Kazakhstan. As a result of changes made to the legislation in 2003, the Bank was re-registered as a joint stock company on 26 December 2003.

On 6 February 2019, First Heartland Securities JSC, an investment division of the financial holding company owned by Nazarbayev Fund Private Fund and the group of autonomous educational organisations Nazarbayev University and Nazarbayev Intellectual Schools, purchased 99.8% of ordinary shares of Tsesnabank JSC.

On 26 April 2019, the First Heartland Securities JSC undertook a rebranding of the Bank. After rebranding, the Bank was named First Heartland Jýsan Bank JSC with the retail trade name of 'Jýsan Bank'.

On 16 March 2021, the general meeting of shareholders made a decision to change the Bank's trade name, First Heartland Jýsan Bank, for 'First Heartland Jusan Bank', with the retail trade name of 'Jusan Bank'.

On 28 May 2021, the Republic State Institution "Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market" (the "ARDFM") decided to issue a permission to the Bank for voluntary reorganisation in the form of a takeover of its subsidiary ATFBank JSC.

On 15 February 2023, the Bostandyk District Court of Almaty seised ordinary and preferred shares of the Bank. On 16 February 2023, the Bostandyk District Court of Almaty brought a civil case against the Almaty City Prosecutor's lawsuit to invalidate the transaction between Pioneer Capital Invest LLP and the Bank's intermediate parent company, Jusan Technologies Ltd., aimed at transferring control and transferring the assets of the Bank and its related organisations to foreign jurisdictions.

On 16 February 2023, the Bank's intermediate parent company, Jysan Holdings LLC, registered in the United States of America, and its subsidiary Jusan Technologies Ltd., registered in the United Kingdom, filed a lawsuit in the Federal District Court of the State of Nevada against the Government of the Republic of Kazakhstan.

On 14 July 2023, as part of a consensual dispute resolution on the Jusan group, and for the purpose of returning/transferring assets to Kazakh jurisdiction, as many as 8,262,711 ordinary shares of First Heartland Securities JSC (99,745% of the voting shares) were purchased from Jusan Technologies LTD, by Mr. G.Sh. Yessenov. The ultimate controlling party of the Bank and of its subsidiaries has also been transferred from New Generation Foundation, Inc. to Mr. G.Sh. Yessenov.

The Bank carries on its activity based on the general licence No.1.2.35/225/37 to conduct banking and other operations and engage in activities on securities market, granted on 29 August 2019 by the National Bank of the Republic of Kazakhstan (the "NBRK"). On 3 February 2020, the Bank's licence No.1.2.35/225/37 to conduct banking and other operations and engage in activities on securities market was re-issued as a result of changes in the legislation. On 7 April 2021, the Bank's licence No.1.2.35/225/37 to conduct banking and other operations and engage in activities on securities market was re-issued due to a change of the name and following the re-registration procedure.

The principal activities of the Bank are commercial banking operations, lending, issuing guarantees, deposit taking, customer accounts opening and maintenance, cash and settlement operations, and securities and foreign exchange transactions. The Bank's issued securities are listed on the Kazakhstan Stock Exchange ("KASE").

The Bank is a participant of the Kazakhstan Deposit Insurance Fund (hereinafter, the "KDIF"). The primary objective of the KDIF is to protect interests of depositors in the event of forced liquidation of the participant bank. As at 31 December 2024, the deposit insurance coverage limit for saving deposits in the national currency is KZT 20 million; for cards, accounts and other deposits in the national currency, up to KZT 10 million and in a foreign currency, up to KZT 5 million (31 December 2023: KZT 20 million, KZT 10 million, and KZT 5 million, respectively).

The Bank's registered head office is: 242 Nazarbayev Avenue, Medeusky District, Almaty, Republic of Kazakhstan.

The majority of the Bank's assets and liabilities are located in the Republic of Kazakhstan.

(in KZT million, unless otherwise is stated)

1. Principal activities (continued)

The Bank's subsidiaries

As at 31 March 2024 and 31 December 2023, the Group includes the following subsidiaries of the Bank:

Name	*Country of incorporation*	*Principal activity*	*Ownership interest, % 31 December 2024*	*Ownership interest, % 31 December 2023*
First Heartland Capital JSC	Republic of Kazakhstan	Investment portfolio management	**100.00**	100.00
Jusan Development LLP	Republic of Kazakhstan	Management of doubtful and bad assets	**100.00**	100.00
OMAD YUG LLP	Republic of Kazakhstan	Management of doubtful and bad assets	**100.00**	100.00
Jusan Inkassatsiya LLP	Republic of Kazakhstan	Cash collection services	**100.00**	100.00
Jusan Property LLP	Republic of Kazakhstan	Management of doubtful and bad assets	**100.00**	100.00
SK Jusan Garant JSC	Republic of Kazakhstan	Insurance activities	**100.00**	100.00
First Heartland Jusan Invest JSC	Republic of Kazakhstan	Brokerage and dealing activities	**100.00**	100.00
Optima Bank OJSC	Kyrgyz Republic	Banking	**97.14**	97.14

Shareholders

As at 31 December 2024 and 2023, the following shareholders owned ordinary shares of the Bank:

Shareholders	*Share, % 31 December 2024*	*Share, % 31 December 2023*
First Heartland Securities JSC	**79.63**	79.63
G.Sh. Yessenov	**20.11**	20.11
Other shareholders	**0.25**	0.25
Total	**100.00**	100.00

During 2023, the Bank repurchased ordinary shares held by the Bank's minority shareholders, in the amount of 1,487,869 shares, for a total of KZT 283 million. The ratio of the number of ordinary shares of the Bank owned by First Heartland Securities JSC (hereinafter, the "Parent") to the total number of voting ordinary shares of the Bank was 79.63%.

As at 31 December 2024 and 2023, the ultimate controlling shareholder of the Bank and its subsidiaries was Mr. G.Sh. Yessenov.

These consolidated financial statements of the Group for the year ended 31 December 2024 were authorised for issue by the Management Board of the Bank on 31 March 2025.

Geopolitical environment

As a result of the conflict between the Russian Federation and Ukraine, many countries have imposed and will continue to impose new sanctions against certain Russian entities and Russian citizens. Sanctions have also been imposed on the Republic of Belarus.

Volatility in stock and currency markets, restrictions to imports and exports, availability of local materials and services and access to local resources, will directly impact entities that have significant operations or exposures with the Russian Federation, Republic of Belarus or Ukraine. However, the consequence of the current situation may directly or indirectly impact entities other than those with direct interests in the countries involved in conflict.

To manage country risk, the Group controls transactions with counterparties within the limits set by the collegiate body of the Bank, which are reviewed on a regular basis.

As at 31 December 2024, the concentration of amounts due from Russian counterparties comprising cash and cash equivalents and investment securities, less ECL allowance, and trading securities amounted to KZT 19,083 million (as at 31 December 2023: KZT 20,996 million).

(in KZT million, unless otherwise is stated)

1. Principal activities (continued)

Inflation and the current economic environment

The impact of the macroeconomic and geopolitical environment has exacerbated inflationary pressures in almost all economies of the world. High and rising energy prices are having a negative impact on the cost of other goods and services, resulting in significant consumer-price increases in many countries.

Prices of many commodities, including food, remain high. In 2024, according to the NBRK, inflation in the Republic of Kazakhstan amounted to 8.6%.

On 29 November 2024, the Monetary Policy Committee of the NBRK decided to raise the base rate to 15.25% per annum with an interest rate collar of +/- 1% p.p.

The Group continues to assess the effect of these events and changing economic conditions on its activities.

Current inflationary pressures, macroeconomic and geopolitical uncertainty, including the impacts of the conflict in Ukraine, affect the assumptions and estimation uncertainty associated with the measurement of assets and liabilities.

2. Basis of preparation

General

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

The Group presented the items in the consolidated statement of financial position in the order of their liquidity, based on its intentions and the expected ability to recover/repay most of the assets/liabilities under the corresponding item in the consolidated financial statements. An analysis of the recovery or repayment within 12 months after the reporting date (current assets and current liabilities) and for more than 12 months after the reporting date (non-current assets and non-current liabilities) is presented in *Note 40*.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value through profit or loss for the period, investment securities at fair value through other comprehensive income, property and equipment (land and buildings) at revalued cost and investment property at fair value.

Functional and presentation currency of the consolidated financial statements

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

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

Financial information presented in KZT is rounded to the nearest million unless stated otherwise.

Reclassifications

The following reclassifications were made in the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and consolidated statement of cash flows for the year ended 31 December 2023, to conform to changes in presentation in 2024:

	31 December 2023		
Consolidated statement of financial position	***As previously reported***	***Reclassified amount***	***Adjusted amount***
Property and equipment and right-of-use assets	87,886	(8,353)	79,533
Intangible assets	–	8,353	8,353
Total assets	**3,151,741**	**–**	**3,151,741**
Current accounts and deposits of customers	1,624,092	(2,684)	1,621,408
Other liabilities	37,375	2,684	40,059
Total liabilities	**2,416,024**	**–**	**2,416,024**

(in KZT million, unless otherwise is stated)

2. Basis of preparation (continued)

Reclassifications (continued)

In 2024, the Group decided to present intangible assets as a separate line item in the consolidated statement of financial position.

Financial liabilities on payment systems in the amount of KZT 2,684 million as at 31 December 2023 were reclassified from current accounts and deposits of customers.

	For the year ended 31 December 2023		
Consolidated statement of profit or loss and other comprehensive income	***As previously reported***	***Reclassified amount***	***Adjusted amount***
Fee and commission income	64,900	(4,105)	60,795
Fee and commission expense	(44,047)	4,105	(39,942)
Profit for the year	**152,888**	**–**	**152,888**

	For the year ended 31 December 2023		
Consolidated statement of cash flows	***As previously reported***	***Reclassified amount***	***Adjusted amount***
Fee and commission income received	62,966	(4,105)	58,861
Fee and commission expenses paid	(52,048)	4,105	(47,943)
Net cash flows used in operating activities	**(66,257)**	**–**	**(66,257)**

The Group's management believes that this presentation is more relevant for users of the consolidated financial statements.

The above reclassifications had no significant impact on the Group's financial position as at 31 December 2022.

3. Material accounting policies

Changes in accounting policies

The Group applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after 1 January 2024. The Group has not early adopted any standard, clarification or amendment that has been issued but is not yet effective.

- Amendments to IAS 1 — *Classification of Liabilities as Current or Non-current and Non-current liabilities with Covenants;*
- Amendments to IFRS 16 — *Lease Liability in a Sale and Leaseback;*
- Amendments to IAS 7 and IFRS 7 — *Supplier finance arrangements.*

The new amendments had no impact on the Group's consolidated financial statements.

The Group has not early adopted any standards, interpretations or amendment that has been issued but is not yet effective.

Basis of consolidation

Subsidiaries, which are those entities which are controlled by the Group, are consolidated. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all significant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

3. Material accounting policies (continued)

Basis of consolidation (continued)

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in full; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. If necessary, the accounting policies of subsidiaries are changed to bring it into conformity with the accounting policies of the Group.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests, the cumulative translation differences, recorded in equity; recognises the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss and reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

Funds management

The Group manages and administers assets held in unit trusts and other investment vehicles on behalf of investors.

The financial statements of these entities are not included in these consolidated financial statements except when the Group controls the entity.

Foreign currency transactions

The consolidated financial statements are presented in tenge, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate established by KASE and published by NBRK ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Gains and losses resulting from the translation of foreign currency transactions are recognised in profit or loss as net gains from foreign currencies - translation differences. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the official exchange rates at the date when the fair value was determined.

Differences between the contractual exchange rate of a transaction in a foreign currency and the official KASE exchange rate on the date of the transaction are included in gains less losses from dealing in foreign currencies.

As at 31 December 2024, the official exchange rate of KASE was KZT 525.11 to USD 1 (as at 31 December 2023: KZT 454.56 to USD 1).

As at the reporting date, the assets and liabilities of the entities whose functional currency is different from the presentation currency of the Group are translated into tenge at the rate of exchange ruling at the reporting date and, their statements of income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken to other comprehensive income.

Fair value measurement

The Group measures financial instruments at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI), and non-financial assets such as property and equipment (buildings and land) and investment property at fair value at each reporting date. Information on fair value of financial instruments measured at amortised cost is disclosed in *Note 38*.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

(in KZT million, unless otherwise is stated)

3. Material accounting policies (continued)

Fair value measurement (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 − valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial assets and liabilities

Initial recognition

Date of recognition

All regular way purchases and sales of financial assets and liabilities are recognised on the trade date i.e. the date that the Group commits to purchase the asset or liability. Regular way purchases or sales of financial assets and liabilities that require delivery of assets and liabilities within the period generally established by regulation or convention in the marketplace.

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing instruments. Financial instruments are initially measured at their fair value and, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount.

Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost;
- FVOCI;
- FVTPL.

The Group classifies and measures its derivative and trading portfolio at FVTPL. The Group may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVTPL when they are held for trading, are derivative instruments or the fair value designation is applied.

Amounts due from banks and other financial institutions, investment securities, loans to customers, and other financial assets at amortised cost

The Group measures amounts due from banks and other financial institutions, investment securities, loans to customers, and other financial assets at amortised cost, only when both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- 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 (SPPI).

(in KZT million, unless otherwise is stated)

3. Material accounting policies (continued)

Financial assets and liabilities (continued)

Initial measurement (continued)

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process the Fund assesses the contractual terms of financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Debt instruments at FVOCI

The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income (OCI). Interest revenue and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

The expected credit losses (ECL) for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the consolidated statement of financial position, which remain at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the asset.

(in KZT million, unless otherwise is stated)

3. Material accounting policies (continued)

Financial assets and liabilities (continued)

Initial measurement (continued)

Equity instruments at FVOCI

Sometimes, upon initial recognition, the Group occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as other income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal of such instruments, accumulated revaluation reserve is transferred to retained earnings.

Financial guarantees, letters of credit and undrawn loan commitments

The Group issues financial guarantees, letters of credit and loan commitments.

Financial guarantees are initially recognised in the consolidated financial statements at fair value, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in profit or loss, and an ECL provision.

Commitments to provide letters of credit are contractual commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Similarly to financial guarantee contracts, the ECL measurement requirements apply. Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Loan commitments are described in IFRS 9 as firm commitments to provide credit under specified terms and conditions. The requirements for assessing ECL apply to such obligations.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, amounts due from the NBRK, reverse repurchase agreements and amounts due from financial institutions that mature within ninety days of the date of origination and are free from contractual encumbrances.

Repurchase and reverse repurchase agreements and securities lending

Sale and repurchase agreements ("repos") are treated as secured financing transactions. Securities sold under sale and repurchase agreements are retained in the consolidated statement of financial position and, in case the transferee has the right by contract or custom to sell or repledge them, reclassified as securities pledged under sale and repurchase agreements. The corresponding liability is presented within payables under repurchase agreements. Securities purchased under reverse repurchase agreements are recorded as amounts due from credit institutions or cash and cash equivalents as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of repo agreements using the effective interest method.

Securities lent to counterparties are retained in the consolidated statement of financial position. Securities borrowed are not recorded in the consolidated statement of financial position, unless these are sold to third parties.

Derivative financial instruments

In the normal course of business, the Group enters into various derivative financial instruments on currency markets. Such financial instruments are held for trading and are recorded at fair value. The fair values are estimated based on quoted market prices or pricing models that take into account the current market and contractual prices of the underlying instruments and other factors. Derivatives are carried as assets when their fair value is positive and as liabilities when it is negative. Gains and losses on transactions with these instruments are recorded within net gains from foreign currencies in the consolidated statement of profit or loss and other comprehensive income as part of net gains on financial instruments at fair value through profit or loss.

3. Material accounting policies (continued)

Borrowings

Issued financial instruments or their components are classified as liabilities, where the substance of the contractual arrangement results if the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity instruments. Such instruments include amounts due from banks and other financial institutions, amounts due to customers, debt securities issued and subordinated debt. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit or loss when the instruments are derecognised, as well as through the amortisation process.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. The right of set-off must not be contingent on a future event and must be legally enforceable in all of the following circumstances:

- In normal course of business;
- In the event of default;
- In the event of insolvency or bankruptcy of the entity and all of the counterparties.

This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Restructured loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions.

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. Upon initial recognition the loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be a credit-impaired asset upon initial recognition. When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers the following factors:

- Change in currency of the loan;
- Change in counterparty;
- If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss that is presented within interest revenue calculated using EIR in the statement of profit or loss and other comprehensive income, to the extent that an impairment loss has not already been recorded.

For modifications not resulting in derecognition, the Group also reassesses whether here has been a significant increase in credit risk or whether the assets should be classified as credit-impaired. Once an asset has been classified as credit-impaired as the result of modification, it will remain in Stage 3 until the debt is repaid that results in a decrease in the gross carrying amount of the financial asset in the loan currency at the date of creation of provisions (reserves) to a level equal to or lower than the outstanding amount in the loan currency at the time the financial asset is transferred to Stage 3, and if there are no events at the measurement date that provide objective evidence of impairment based on indications of impairment of the financial asset.

3. Material accounting policies (continued)

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired;
- The Group has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and
- The Group either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value. In this case the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Write-off

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. A write-off constitutes a derecognition event.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Insurance and reinsurance contracts

Classification of contracts

Contracts under which the Group assumes significant insurance risk are classified as insurance contracts. Contracts held by the Group under which it transfers material insurance risk related to the underlying insurance contracts are classified as reinsurance contracts.

The Group classifies insurance contracts into one of the following categories:

- Insurance contracts classified as insurance contracts;
- Issued reinsurance contracts classified as insurance contracts;
- Held reinsurance contracts classified as reinsurance contracts.

(in KZT million, unless otherwise is stated)

3. Material accounting policies (continued)

Insurance and reinsurance contracts (continued)

Classification of contracts (continued)

Criteria for identification of insurance contracts

In order to classify an issued contract as an "insurance contract", the Group verifies that the following conditions are met simultaneously:

- Significant insurance risk is transferred under the contract;
- The insured event specified in the contract has adverse consequences for the insured.

Criteria for identification of reinsurance contracts held

For reinsurance contracts held, the Group applies the same criteria as for insurance contracts issued.

Aggregation and recognition of insurance and reinsurance contracts

The Group analyses issued insurance contracts and reinsurance contracts held to identify portfolios of insurance contracts and reinsurance contracts.

A portfolio of insurance contracts comprises contracts subject to similar risks and managed together.

Contracts included in one portfolio of insurance contracts are grouped according to the following characteristics at initial recognition and cannot subsequently be reclassified to another group:

- A group of contracts that are onerous at initial recognition;
- A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently;
- A group of the remaining contracts in the portfolio.

The Group accepts that contracts measured using the premium allocation approach ("PAA") are not onerous at initial recognition, unless the facts and circumstances indicate otherwise.

The Group annually forms cohorts based on the dates of issue of contracts and considers the date of issue of the contract to be the date of its conclusion.

Contracts in the same portfolio that fall into different groups simply because the law or regulatory requirements in some way limit the entity's practical ability to set different rates or levels of benefits for policyholders with different features are included in the single group.

The Group divides portfolios of reinsurance contracts based on features at initial recognition into:

- Reinsurance contracts held on which there is a net gain at initial recognition;
- Reinsurance contracts held on which at initial recognition there is no significant possibility of a net gain arising subsequently;
- Reinsurance contracts held on which at initial recognition there is significant possibility of a net gain arising subsequently;

For insurance contracts issued, the Group recognises a group of contracts issued at the earliest of:

- The beginning of the coverage period of the group of insurance contracts;
- The date the first payment from a policyholder in the group becomes due; or
- For a group of onerous contracts, when the group becomes onerous.

If the contract does not provide for a specific date of the first payment, then such date is the date of the first actual payment from the policyholder under this contract.

The approaches applied to reinsurance contracts issued do not differ from the approaches applied to insurance contracts issued.

3. Material accounting policies (continued)

Insurance and reinsurance contracts (continued)

Aggregation and recognition of insurance and reinsurance contracts (continued)

When a contract is recognised, it is included in an existing group of contracts, or, if the contract does not meet the criteria of an existing group, it forms a new group into which subsequent contracts are included. Groups of contracts are formed at initial recognition and their composition is not revised after all contracts are included in the group.

For reinsurance contracts held, the Group recognises a group of reinsurance contracts held at the earliest of:

- The beginning of the coverage period of the group of reinsurance contracts held;
- The date when an entity recognises a group of underlying onerous insurance contracts if a relevant reinsurance contract included in the group of reinsurance contracts was entered into on or before that date.

The Group postpones the recognition of a group of reinsurance contracts enabling a proportionate insurance coverage until the date of initial recognition of the underlying insurance contract if that date is later than the date of the coverage period for the group of reinsurance contracts held.

Insurance acquisition cash flows

Acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method and an unbiased analysis of all valid and verifiable information available without undue cost or effort.

If acquisition cash flows are directly related to a group of contracts (e.g., a non-refundable commission on the issuance of a contract), then they are allocated to this group.

If acquisition cash flows are directly related to a portfolio of insurance contracts rather than to a group of contracts, they are allocated to groups within the portfolio using a systematic and rational method.

Acquisition cash flows arising before the relevant group of contracts are recognised as an asset. Acquisition cash flows arise when they are paid or when it is necessary to recognise a liability in accordance with a standard other than IFRS 17. Such an asset is recognised for each group of contracts to which acquisition cash flows are allocated. An asset is derecognised, in whole or in part, for acquisition cash flows when those acquisition cash flows are included in the measurement of the relevant group of insurance contracts.

At each reporting date, the Group reviews the amounts allocated to groups to carry any changes in assumptions that determine the inputs to the allocation method used.

The amounts allocated to the group are not revised after all contracts are included in the group.

Contract boundaries

The measurement of a group of contracts includes all future cash flows within the boundary of each contract in the group.

Cash flows are within the boundary of an insurance contract if they are attributable to valid rights and obligations existing in the reporting period during which the Group may oblige the policyholder to pay premiums or during which the Group has an effective obligation to provide services.

The actual obligation to provide services ends when:

- The Group has a practical ability to reassess the risks of a particular policyholder and can set a rate or level of benefits that fully reflect those risks; or
- The Group has a practical ability to reassess the risks of the portfolio of insurance contracts in which the contract is included and may set a rate or level of benefit that fully reflect the relevant risk in that portfolio and has not taken into account risks that relate to periods after the date of revaluation in the pricing of premiums up to the date on which the risks are reassessed.

Risk reassessment takes into account only the risks transferred to the Group from policyholders, which may include both insurance and financial risks, but do not include the risk of shortening the term of the contract and the risk of increased costs.

Cash flows are within a reinsurance contract boundary f they arise from substantive rights and obligations of the entity that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive services from the reinsurer.

(in KZT million, unless otherwise is stated)

3. Material accounting policies (continued)

Insurance and reinsurance contracts (continued)

Contract boundaries (continued)

The substantive right to receive services from the reinsurer ends when the reinsurer:

- Has a practical ability to reassess the risks of a particular policyholder and can set a rate or level of benefits that fully reflect those risks; or
- Has a substantive right to terminate the insurance cover.

At each reporting date, the contract boundaries are reassessed to take into account the impact of changes in circumstances on the Group's substantive rights and obligations, and therefore the contract boundaries may change over time.

Measurement − Contracts measured under the Premium Allocation Approach (PAA)

The Group applies the premium allocation approach to simplify the measurement of a group of insurance contracts if at the date of inception of the contractual terms the following criteria are met:

- The coverage period for each contract in the group of insurance and reinsurance contracts is one year or less;
- The Group reasonably expects that a measurement of the liability for remaining coverage for the group of insurance and reinsurance contracts in accordance with PAA would not differ materially from the one that would be produced applying the General Measurement Model (GMM).

The Group conducted a test to ensure compliance with the requirements for issued reinsurance contracts, under which property is primarily insured, as well as with issued third-party liability, other liability and other property insurance.

Insurance contracts

At initial recognition of each group of contracts, the carrying amount of the liability for the remaining coverage is measured as premiums received at initial recognition minus any acquisition cash flows allocated to the group at that date and adjusted for the value of the asset or liability previously recognised for the cash flows associated with that group that were derecognised at that date (including assets recognised in respect of acquisition cash flows).

Consequently, the carrying amount of the liability for the remaining coverage is increased by the amount of premiums received and amortisation of acquisition cash flows recognised as an expense and reduced by the amount recognised as revenue from the provision of insurance services and additional acquisition cash flows allocated after initial recognition.

Liabilities for the remaining coverage are also adjusted to reflect the time value of money and the impact of financial risk.

If, at any time during the period of coverage, facts and circumstances indicate that a group of insurance contracts is onerous, the Group recognises a loss in profit or loss and increases the liability for the remaining coverage to the extent that the current estimate of the cash flows of the contracts relating to the remaining coverage exceeds the carrying amount of the obligation for the remaining part of the coverage.

Cash flows from the fulfilment of contracts are discounted (using current rates).

The Group recognises the liability for insured losses incurred in a group of insurance contracts in the amount of cash flows for the fulfilment of contracts related to the insured losses incurred. Future cash flows are discounted (using current rates).

Reinsurance contracts held

The Group applies the same accounting policies to measure the group of reinsurance contracts held, which are modified, as necessary, to reflect characteristics that differ from those of insurance contracts.

If a loss recovery component is generated for reinsurance contracts held measured using the PPA, the Group adjusts the carrying amount of the asset for the remaining coverage instead of adjusting the contractual service margin (CSM).

(in KZT million, unless otherwise is stated)

3. Material accounting policies (continued)

Insurance and reinsurance contracts (continued)

Derecognition and modification of a contract

The Group derecognises a contract when it is extinguished, i.e. when the obligation under the insurance contract is expired, discharged or cancelled.

The Group derecognises a contract if its terms have been modified in such a way that the accounting for the contract would have changed materially if the new terms had always existed, in which case a new contract is recognised as modified. If the contract modification does not result in derecognition, the Group accounts for the changes in the cash flows resulting from the modification as changes in estimates of the cash flows for the performance of the contract.

Upon termination of recognition of an insurance contract that is part of the group of contracts not evaluated using the PPA:

- Cash flows from the performance of contracts allocated to this group are adjusted to exclude cash flows related to rights and obligations that have been derecognised in the group of contracts;
- The CSM for this group of contracts is adjusted to take into account changes in cash flows from the performance of contracts, except for cases where such changes are attributed to the loss component; and
- The number of coverage units for the expected remaining services under the insurance contract is adjusted to reflect the derecognition of coverage units in the group.

If the derecognition relates to a modification of conditions, the CSM is also adjusted to reflect the premium that would have accrued if the Group had entered into a contract on the new terms at the date of the modification, minus any additional premium accrued in connection with the modification. A new recognised contract is measured using the assumption that, at the date of the modification, the Company has received the premium that it would have accrued minus any additional premium accrued in connection with the modification.

Presentation

Portfolios of insurance contracts issued that are assets and insurance contracts that are liabilities, as well as portfolios of reinsurance contracts held that are assets and reinsurance contracts held that are liabilities, are presented separately in the statement of financial position.

The carrying amount of any assets or liabilities recognised for cash flows arising before the relevant group of contracts (including any assets for acquisition cash flows) is included in the carrying amount of the relevant portfolios of contracts.

The Group disaggregates the amounts recognised in the statement of profit or loss into:

- An insurance service result (comprising insurance revenue and insurance service expenses);
- Insurance finance income or expenses.

Income or expenses under reinsurance contracts held are presented separately from income or expenses under insurance contracts.

Income and expenses under reinsurance contracts held, except for finance income or insurance expenses, are presented on a net basis as "Net expense from reinsurance contracts held" within the insurance service result.

The Group does not disaggregate the change in the non-financial risk adjustment by the amount attributable to the insurance service result and the amount attributable to finance income or insurance expenses. The entire amount of change in the risk adjustment for non-financial risk is accounted for within the insurance service result.

Revenue from insurance contracts – Contracts measured using the PAA

For contracts measured using the PAA, revenue from insurance contracts for each period is the sum of expected premiums for the provision of services attributed to that period.

The Group allocates the expected premium receipts for each period of the provision of services under the insurance contract in proportion to the passage of time. However, if the expected pattern of release of risk differs significantly from the passage of time, the expected premium receipts are allocated to each period of coverage on the basis of the expected timing of incurred insurance service expenses.

(in KZT million, unless otherwise is stated)

3. Material accounting policies (continued)

Insurance and reinsurance contracts (continued)

Presentation (continued)

Expenses from insurance contracts

Expenses from insurance contracts are recognised in profit or loss mainly as incurred. They exclude payments of investment components and include the following items.

- Incurred insurance losses and other insurance service expenses;
- Amortisation of acquisition cash flows: for contracts measured using the PPA, the Group amortises acquisition cash flows evenly in the period of insurance coverage of the group of contracts;
- Losses on onerous contracts and reversal of such losses;
- Adjustments to liabilities for incurred insurance claims that do not arise due to the influence of the time value of money, financial risk and changes therein.

Net expenses from reinsurance contracts held

Net expenses from reinsurance contracts held represent the allocated reinsurance premiums paid less amounts received from reinsurers.

The Group recognises the allocated reinsurance premiums paid in profit or loss in the group of reinsurance contracts held as services are received. For contracts measured using the PPA, the amount of allocated reinsurance premiums paid for each period is the sum of the expected premium payments for services received attributable to that period.

Finance income and insurance expenses

Financial income and insurance expenses are the amount of changes in the carrying amount of groups of insurance and reinsurance contracts arising from the effect of the time value of money, financial risk and changes therein.

The Group presents finance income and insurance expenses in profit or loss for all groups of insurance contracts.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Such grants are deducted from the related expense when recognised in the consolidated financial statements.

A benefit from a loan provided by the government at a below market rate of interest are treated as a government grant. These financial liabilities are recognised and measured in accordance with IFRS 9 *Financial Instruments*. The benefit from using a below market rate of interest is measured as the difference between the original carrying amount of the loan determined in accordance with IFRS 9, and the proceeds received.

Taxation

The current income tax expense is calculated in accordance with the regulations of the Republic of Kazakhstan and the Kyrgyz Republic.

Deferred tax assets and liabilities are calculated in respect of temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for consolidated financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

3. Material accounting policies (continued)

Taxation (continued)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Property and equipment

Items of Property and equipment except for land and administrative buildings are stated in the consolidated financial statements at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of equipment when that cost is incurred if the recognition criteria are met.

The carrying value of property and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Following initial recognition at cost, land and buildings are carried at a revalued amount, which is the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus is credited to the revaluation reserve for property and equipment included in other comprehensive income, except to the extent that it reverses a revaluation decrease of the same asset previously recognised within profit or loss. In which case the increase is recognised in the financial result. A revaluation deficit is recognised in profit or loss, except that a deficit directly offsetting a previous surplus on the same asset is directly offset against the surplus in the revaluation reserve for property and equipment.

An annual transfer from the revaluation reserve for property and equipment to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Upon disposal, the relevant amount included within revaluation reserve is transferred to retained earnings.

Depreciation of an asset begins when it is available for use. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

	Years
Administrative buildings	25-100
Production buildings	25-55
Computers	5-10
Vehicles	7 years
Other property and equipment	2-20

The asset's residual values, useful lives and methods are reviewed, and adjusted as appropriate, at each of each reporting year.

Costs related to repairs and renewals are expensed as incurred and included in other operating expenses, unless they qualify for capitalisation.

Intangible assets

Intangible assets include computer software and licenses.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at initial cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic lives of 2 to 30 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Licences, patents, trademarks and permits valid within 12 (twelve) months are accounted for by the Group as deferred expenses and recognised in the consolidated statement of profit or loss and other comprehensive income over the useful life of the asset.

(in KZT million, unless otherwise is stated)

3. Material accounting policies (continued)

Investment property

Investment property is property held either to earn rental income or for capital appreciation, but not for use by the Group or sale in normal course of business. Property that is being constructed or developed or redeveloped for future use as investment property is also classified as investment property.

Investment property is initially recognised at cost, including transaction costs, and subsequently remeasured at fair value reflecting market conditions at the end of the reporting period. Fair value of the Group's investment property is determined on the basis of various sources including reports of independent appraisers, who hold a recognised and relevant professional qualification and who have experience in valuation of property of similar location and category.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

Equity

Share capital

Ordinary shares and non-redeemable preference shares are both classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a reduction in the amount received from the issue. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

Preference shares

IAS 32 *Financial instruments: Presentation* requires that preference shares or their components be classified as financial liabilities or equity instruments in accordance with the essence of contractual agreement and definitions of financial liability and equity instrument.

Preference shares which carry a mandatory dividend payment are classified as subordinated debt and are carried at amortised cost. Dividends on preference shares are recognised in the consolidated statement of profit or loss and other comprehensive income within interest expense.

Treasury shares

Where the Bank [or its subsidiaries] purchases the Bank's shares, the consideration paid, including any attributable transaction costs, net of income taxes, is deducted from total equity as treasury shares until they are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received is included in equity. Treasury shares are stated at weighted average cost.

Dividends

The ability of the Group to declare and pay dividends is subject to the rules and regulations of Kazakh legislation.

Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the consolidated financial statements are authorised for issue.

Segment reporting

The Group's segment reporting constitutes the following operating segments − investment-brokerage and insurance activity.

Contingent asset and liabilities

Contingent liabilities are not recognised in the consolidated statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognised in the consolidated statement of financial position but disclosed when an inflow of economic benefits is probable.

(in KZT million, unless otherwise is stated)

3. Material accounting policies (continued)

Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the income can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest and similar income and expense

The Group calculates interest revenue on debt financial assets measured at amortised cost or at FVOCI by applying the EIR to the gross carrying amount of financial assets other than credit-impaired financial assets. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

When a financial asset becomes credit-impaired, the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets, the Group calculates interest revenue by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

Interest revenue on all financial assets at FVTPL is recognised using the contractual interest rate in “Other interest income” in the consolidated statement of profit or loss and other comprehensive income.

Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

Fee income earned from services that are provided over a certain period of time

Fee and commission income obtained for rendering the services during a certain period of time are accrued during this period. These items include commission income and fees for the issuance of guarantees and letters of credit. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate on the loan.

Commission income from providing transaction services

Fees and commission arising from settlement transactions, transactions with cash and other services are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria. When the contract provides for a variable consideration, fee and commission income is only recognised to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur until the uncertainty associated with the variable consideration is subsequently resolved.

(in KZT million, unless otherwise is stated)

3. Material accounting policies (continued)

Standards issued but not yet effective

The new standards, amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 *Presentation of Financial Statements*.

IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary consolidated financial statements and notes to the consolidated financial statements.

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the *Classification and Measurement of Financial Instruments (the Amendments*. The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date;
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed;
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments;
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only. The Group is currently not intending to early adopt the Amendments.

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

- *IFRS 19 Subsidiaries without Public Accountability: Disclosures;*
- *Lack of Exchangeability – Amendments to IAS 21.*

(in KZT million, unless otherwise is stated)

4. Significant accounting judgments and estimates

Estimation uncertainty

In the process of applying the Group's accounting policies, management has used its judgements and made estimates in determining the amounts recognised in the consolidated financial statements. The most significant use of judgements and estimates are as follows:

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. More details are provided in *Note 38*.

Expected credit losses on financial assets

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining the ECL and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances for ECL. In addition, large-scale business failures can lead to liquidity problems for some organisations and consumers. The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's internal credit grading model, which assigns PDs to the individual grades;
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECLs calculation models, including various formulas and selection of input data;
- Determination of associations between macroeconomic scenarios and PDs, EADs and LGDs;
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL model.

The amount of the ECL allowance for loans to customers recognised in the consolidated statement of financial position as at 31 December 2024 was KZT 220,926 million (31 December 2023: KZT 280,911 million). More details are provided in *Note 19*.

Contractual cash flows

Contractual cash flows include:

- Estimates of future cash flows;
- Adjusting for the time value of money and financial risks associated with future cash flows, to the extent that financial risks are not included in the estimate of future cash flows; and
- Risk adjustment for non-financial risk.

The Group's objective in assessing cash flows is to determine the expected value of a range of scenarios that reflect the full range of possible outcomes. To calculate the expected present value, the cash flows in each scenario are discounted and weighted based on an estimate of probability of occurrence of such outcome.

(in KZT million, unless otherwise is stated)

5. Net interest income

Net interest income comprises:

	2024	*2023*
Interest revenue calculated using the effective interest method		
Cash and cash equivalents	**69,329**	32,012
Amounts due from banks and other financial institutions	**2,571**	1,272
Investment securities measured at FVOCI	**71,664**	117,202
Investment securities measured at amortised cost	**37,863**	11,311
Loans to customers measured at amortised cost	**264,577**	194,886
Promissory notes of the Ministry of Finance of the Republic of Kazakhstan	**4,406**	4,260
Other financial assets	**1,535**	1,819
	451,945	362,762
Other interest income		
Trading securities	**390**	1,606
Finance lease receivables	**206**	223
	596	1,829
Total interest income	**452,541**	364,591
Interest expense		
Amounts due to banks and other financial institutions	**(2,299)**	(1,574)
Amounts payable under repurchase agreements	**(18,096)**	(4,672)
Amounts due to customers	**(112,421)**	(86,460)
Debt securities issued *(Note 28)*	**(26,884)**	(24,879)
Subordinated debt *(Note 29)*	**(26,206)**	(26,916)
Lease liabilities	**(460)**	(439)
Liabilities to the mortgage organisation	**(400)**	(482)
Other financial liabilities	**(1,687)**	(1,062)
Total interest expenses	**(188,453)**	(146,484)
Net interest income	**264,088**	218,107

Interest income receipts comprise:

	2024	*2023*
Cash and cash equivalents	**68,795**	31,876
Amounts due from banks and other financial institutions	**2,297**	700
Investment securities measured at FVOCI	**34,109**	106,383
Investment securities measured at amortised cost	**16,732**	3,286
Loans to customers at amortised cost	**251,727**	192,231
Promissory notes of the Ministry of Finance of the Republic of Kazakhstan	**4,329**	4,288
Other financial assets	**7**	789
Trading securities	**781**	1,323
Total	**378,777**	340,876

Interest expense payments comprise:

	2024	*2023*
Amounts due to banks and other financial institutions	**(1,110)**	(656)
Amounts payable under repurchase agreements	**(18,116)**	(4,677)
Amounts due to customers	**(112,180)**	(83,875)
Debt securities issued *(Note 28)*	**(9,359)**	(11,621)
Subordinated debt *(Note 29)*	**(9,617)**	(16,194)
Liabilities to the mortgage organisation	**(400)**	(482)
Lease liabilities	**(170)**	(140)
Other financial liabilities	**(21)**	(47)
Total	**(150,973)**	(117,692)

(in KZT million, unless otherwise is stated)

6. Credit loss expense

The table below shows the ECL charges on financial instruments recorded in profit or loss for the year ended 31 December 2024:

	Note	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Cash and cash equivalents	14	**4**	**769**	**–**	**–**	**773**
Amounts due from banks and other financial institutions	16	**48**	**–**	**–**	**–**	**48**
Investment securities	18	**(682)**	**–**	**–**	**–**	**(682)**
Loans to customers measured at amortised cost	19	**(9,191)**	**(31,430)**	**(28,532)**	**18,017**	**(51,136)**
Financial guarantees and letters of credit	37	**157**	**2**	**614**	**–**	**773**
Promissory notes of the Ministry of Finance of the Republic of Kazakhstan		**(37)**	**–**	**–**	**–**	**(37)**
Total credit loss expense		**(9,701)**	**(30,659)**	**(27,918)**	**18,017**	**(50,261)**

The table below shows the ECL charges on financial instruments recorded in profit or loss for the year ended 31 December 2023:

	Note	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Cash and cash equivalents	14	(58)	(154)	5	–	**(207)**
Amounts due from banks and other financial institutions	16	18	–	–	–	**18**
Investment securities	18	(689)	–	–	–	**(689)**
Loans to customers measured at amortised cost	19	(8,953)	(1,449)	(19,937)	8,592	**(21,747)**
Total credit loss expense		**(9,682)**	**(1,603)**	**(19,932)**	**8,592**	**(22,625)**

In 2024, credit loss expenses in the consolidated statement of profit or loss and other comprehensive income include expenses for other financial assets in the amount of KZT 4,613 million (2023: KZT 536 million) *(Note 24)*.

7. Fee and commission income and expense

Fee and commission income and expense comprise:

	2024	*2023*
Fee and commission income		
Transfer and acquiring operations	**34,558**	36,083
Maintenance of customer accounts	**14,073**	16,019
Cash operations	**2,954**	2,764
Guarantees and letters of credits	**2,041**	2,145
Foreign exchange transactions	**841**	798
Broker services	**504**	229
Agency fees	**463**	1,197
Fiduciary services	**324**	150
Safe deposit transaction services	**254**	238
Other	**1,574**	1,172
Total fee and commission income	**57,586**	60,795
Fee and commission expense		
Transfer and acquiring operations	**(29,269)**	(31,589)
Client card account maintenance fees	**(4,099)**	(5,991)
Broker services	**(563)**	(379)
Foreign exchange transactions	**(511)**	(431)
Correspondent accounts maintenance	**(426)**	(557)
Agency fees	**(130)**	(713)
Guarantees and letters of credits	**–**	(37)
Other	**(575)**	(245)
Total fee and commission expense	**(35,573)**	(39,942)
Net fee and commission income	**22,013**	20,853

Revenue from contracts with customers recognised in the consolidated statement of comprehensive income for the years ended 31 December 2024 and 2023 is primarily represented by fee and commission income in the amount of KZT 57,586 million and KZT 60,795 million, respectively, as well as revenue from sale of finished goods and consumer goods recognised as other income *(Note 10)*.

(in KZT million, unless otherwise is stated)

7. Fee and commission income and expense (continued)

Contract assets and contract liabilities

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

	31 December 2024	*31 December 2023*
Fees and commissions receivable *(Note 24).*	**3,648**	4,569
Trade receivables *(Note 24)*	**2,226**	2,873
Total receivables	**(35,573)**	(39,942)

The Group usually collects fees and commissions in advance of completion of the underlying transaction or shortly thereafter (for contracts where performance obligation is satisfied point in time, such as settlement transactions). The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

8. Net gains from financial instruments at fair value through profit or loss

	2024	*2023*
Net realised (loss) / gain on foreign currency derivative financial instruments *(Note 15)*	**(2,595)**	3,616
Net gain from change in fair value of loans to customers at fair value through profit or loss	**4,757**	338
Net unrealised (loss) / gain on foreign currency derivative financial instruments *(Note 15)*	**(1,058)**	250
Gain from change in fair value of trading securities	**4,521**	1,555
Total	**5,625**	5,759

9. Net gains from foreign currencies

	2024	*2023*
Dealing	**45,620**	26,624
Translation differences	**22,383**	1,590
Total	**68,003**	28,214

10. Other income and expenses

	2024	*2023*
Other income		
Revenue from contracts with customers	**27,937**	23,621
Income from sale of non-current assets held for sale	**6,443**	440
Rental income	**4,278**	2,051
Revenue from cash collection services	**1,952**	1,584
Income from sale of other non-financial assets	**1,349**	1,617
Income from investment property revaluation	**–**	4,662
Other	**4,225**	5,082
Total other income	**46,184**	39,057
Other expenses		
Cost of sales of goods, works and services	**(23,787)**	(17,215)
Loss on instalment sale of equity securities measured at fair value through other comprehensive income *(Note 18)*	**(1,545)**	–
Loss on change in net realisable value of foreclosed collateral	**(316)**	(125)
Other	**(432)**	(2,504)
Total other expenses	**(26,080)**	(19,844)

Revenue and cost of sales of goods, works and services for the years ended 31 December 2024 and 2023 are attributable to the Bank's subsidiary, Jusan Development LLP. More than 90% of revenue is revenue from the sale of finished products and goods: flour, cereals, flakes, bread, bakery, confectionery and pasta.

The cost of sales of goods, works and services for 2024 includes the cost of raw materials and supplies in the amount of KZT 14,073 million (2023: KZT 11,679 million), utilities and rental expenses in the amount of KZT 3,505 million tenge (2023: KZT 319 million), transportation services and other expenses in the amount of KZT 6,209 million (2023: KZT 5,217 million).

(in KZT million, unless otherwise is stated)

10. Other income and expenses (continued)

Sale of goods (continued)

All contracts for the sale of finished products have one performance obligation. Revenue is recognised when the goods are delivered and picked up at their destination. Invoices are generally payable either on a 100% prepayment basis or within up to 30 days. Current contracts with buyers do not contain a significant financing component.

Revenue is measured on the basis of the consideration specified in the contract with the buyer. All stand-alone selling prices are based on observable prices according to the price lists for each type of product, as the Group regularly sells each item to customers separately.

Some contracts with buyers allow buyers to purchase at trade or volume discounts. Allowances, discounts and bonuses are mainly represented by discounts for the fulfilment of the volume of purchased goods, which are applied retrospectively to all purchases under the contract after the volume minimum thresholds are reached. These discounts and bonuses provided to customers are variable reimbursement elements and are reflected in the net amount of revenue from sales. The Group assesses the volumes to be purchased, and the discount provided when determining the transaction price, and updates these estimates during the term of the contract. Discounts and bonuses are not separate performance obligations.

For contracts that allow the customer to return the goods, revenue is recognised to the extent that there is a very high probability that it will not be necessary to reverse this amount at a later date and reflect a significant decrease in the total amount of revenue recognised. Therefore, the amount of revenue recognised is adjusted for the amount of expected returns of goods, which is estimated on the basis of historical data for specific types of goods/products.

11. Personnel expenses

Personnel expenses comprise:

	2024	***2023***
Wages and salaries	**(57,761)**	(57,914)
Social contributions and payroll related taxes	**(7,846)**	(6,875)
Total	**(65,607)**	(64,789)

12. Other general and administrative expenses

The other general and administrative expenses comprise:

	2024	***2023***
Charity	**(16,384)**	(89)
Depreciation and amortisation *(Note 21)*	**(10,771)**	(10,031)
Repair and maintenance	**(8,714)**	(10,109)
Taxes other than corporate income tax	**(5,994)**	(5,047)
Professional services	**(4,146)**	(3,431)
Communication and information services	**(2,267)**	(2,742)
Security	**(2,214)**	(2,172)
Guaranteed deposit insurance expenses	**(1,569)**	(2,395)
Advertising and marketing services	**(1,480)**	(5,485)
Lease	**(869)**	(1,055)
Stationery and office equipment supplies	**(597)**	(663)
Business trips expenses	**(391)**	(556)
Insurance	**(388)**	(67)
Transportation costs	**(338)**	(490)
Encashment	**(330)**	(162)
Postal and courier services	**(185)**	(209)
Inventory write-off	**(183)**	(339)
Fines and penalties	**(155)**	(45)
Recruitment and training	**(91)**	(144)
Representation expenses	**(41)**	(51)
Other	**(4,525)**	(4,758)
Total	**(61,632)**	(50,040)

In 2024, charity expenses mainly included payment of funds as part of providing assistance to flood victims in the regions of the Republic of Kazakhstan and supporting the activities of educational institutions.

(in KZT million, unless otherwise is stated)

13. Corporate income tax expense

Corporate income tax expenses comprise:

	2024	*2023*
Current corporate income tax expense	**(14,353)**	(2,482)
Adjustment of corporate income tax of prior years	**–**	(18)
Deferred corporate income tax expense - origination and reversal of temporary differences	**(2,130)**	(1,537)
Corporate income tax expense	**(16,483)**	(4,037)

The income of the Bank and its subsidiaries, except Optima Bank OJSC, is subject to taxation in the Republic of Kazakhstan. Kazakhstan legal entities must file corporate income tax returns to the tax authorities. The statutory corporate income tax rate in 2024 and 2023 was 20%.

The income of Optima Bank OJSC is subject to taxation in the Kyrgyz Republic. The statutory income tax rate in 2024 and 2023 in the Kyrgyz Republic was 10%.

Below is a reconciliation of corporate income tax expenses calculated using a statutory tax rate with corporate income tax expenses recognised in the consolidated financial statements:

	2024	*2023*
Profit before tax	**196,361**	156,325
Statutory corporate income tax rate	**20%**	20%
Theoretical corporate income tax expense at the statutory rate	**(39,272)**	(31,265)
Non-deductible expenses from change in fair value of financial assets	**(1,201)**	–
Non-deductible credit loss expense	**(1,093)**	(3,329)
Non-deductible charity expenses	**(1,070)**	–
Other non-deductible expenses	**(2,765)**	(18)
Non-taxable income on government securities and securities listed at KASE	**15,947**	23,079
Change in unrecognised deferred tax assets	**5,978**	4,653
Adjustment of tax losses carried forward	**2,375**	293
Profit of subsidiary taxed at different rate	**1,482**	1,595
Non-taxable dividend income	**1,437**	–
Non-taxable income from the effect of initial application of IFRS 17 on profit or loss	**–**	151
Other non-taxable income	**1,699**	804
Corporate income tax expense	**(16,483)**	(4,037)

Deferred corporate income tax assets and liabilities

Temporary differences between the carrying amounts of assets and liabilities recorded in the consolidated financial statements and the amounts used for the purposes of calculation of taxable base, give rise to net deferred tax liabilities as at 31 December 2024 and 31 December 2023: Deferred tax assets in respect of tax losses carried forward are recognised in these consolidated financial statements. The future tax benefits will only be received in the event that the Group obtains a profit against which the unused tax loss can be offset and there are no changes in the legislation of Kazakhstan that adversely affect the Group's ability to use the above benefits in future periods.

Period of use of temporary differences reducing the amount of the taxable base for income tax is not limited in accordance with the current tax legislation of the Republic of Kazakhstan. Period of use of tax losses carried forward expires in 10 years.

In 2024, the Group fully used tax losses carried forward for 2017-2019.

(in KZT million, unless otherwise is stated)

13. Corporate income tax expense (continued)

Deferred corporate income tax assets and liabilities (continued)

Deferred tax assets and liabilities as at 31 December, as well as their movements for the respective years comprise the following:

	31 December 2022	*Origination and reversal of temporary differences in profit or loss*	*31 December 2023*	*Origination and reversal of temporary differences in profit or loss*	*31 December 2024*
Tax effect of deductible temporary differences					
Tax losses carried forward	12,574	394	12,968	**(12,868)**	**100**
Investment securities	–	–	–	**4,652**	**4,652**
Loans to customers	10,612	(10,612)	–	**546**	**546**
Derivative financial instruments	152	(128)	24	**152**	**176**
Lease liabilities	89	189	278	**(6)**	**272**
Other liabilities	2,102	(380)	1,722	**(1,680)**	**42**
Deferred tax assets	25,529	(10,537)	14,992	**(9,204)**	**5,788**
Less: deferred tax assets not recorded in the consolidated statement of financial position	(10,631)	4,653	(5,978)	**5,978**	**–**
Deferred tax assets	14,898	(5,884)	9,014	**(3,226)**	**5,788**
Tax effect of taxable temporary differences					
Debt securities issued	(99,255)	2,901	(96,354)	**(1,960)**	**(98,314)**
Subordinated debt	(68,203)	1,541	(66,662)	**3,171**	**(63,491)**
Amounts due to banks and other financial institutions	(5,306)	1,391	(3,915)	**204**	**(3,711)**
Amounts due to customers	(5,260)	(599)	(5,859)	**46**	**(5,813)**
Property and equipment and intangible assets	(1,789)	(841)	(2,630)	**(411)**	**(3,041)**
Loans to customers	–	(46)	(46)	**46**	**–**
Deferred tax liabilities	(179,813)	4,347	(175,466)	**1,096**	**(174,370)**
Total deferred corporate income tax liabilities	(164,915)	(1,537)	(166,452)	**(2,130)**	**(168,582)**
Deferred corporate income tax assets	213	(103)	110	**106**	**216**
Deferred corporate income tax liabilities	(165,128)	(1,434)	(166,562)	**(2,236)**	**(168,798)**

(in KZT million, unless otherwise is stated)

14. Cash and cash equivalents

	31 December 2024	*31 December 2023*
Cash on hand	**105,210**	94,846
Cash on current accounts with NBRK rated BBB-	**43,810**	31,055
Cash on current accounts with NBKR rated B	**23,126**	47,007
Cash on current accounts with other banks and other financial institutions:		
- rated from AA- to AA+	**911**	–
- rated from A- to A+	**26,323**	62,146
- rated from BBB- to BBB+	**35,020**	13,172
- rated from BB- to BB+	**24,843**	9,242
- rated from B- to B+	**1**	1
- not rated	**11,032**	8,879
Precious metals	**135**	25
Term deposits with NBRK with contractual maturity of less than 90 days rated BBB-	**179,135**	267,841
Term deposits with NBKR with contractual maturity of less than 90 days rated B	**79,124**	39,019
Term deposits with other banks with contractual maturity of less than 90 days		
- rated from AA- to AA+	**15,374**	50,591
- rated from A- to A+	**132,289**	52,429
- rated from BBB- to BBB+	**5,258**	4,550
- rated from BB- to BB+	**1,127**	–
- rated from B- to B+	**1**	–
- not rated	**–**	2,766
Reverse repurchase agreements with contractual maturities of less than 90 days	**169,908**	23,656
	852,627	707,225
Less: ECL allowance	**(83)**	(843)
Total cash and cash equivalents	**852,544**	706,382

The credit ratings indicated in the table above are presented by reference to the credit ratings of Standard & Poor's credit rating agency or similar standards of other international rating agencies.

All cash and cash equivalents are categorised into Stage 1 of the credit risk grading, except for cash and cash equivalents of KZT 14,822 million that are categorised into Stage 2 of the credit risk grading (31 December 2023: KZT 14,701 million).

As at 31 December 2024 and 2023, cash categorised into Stage 2 of the credit risk grading were presented by balances on accounts with Russian banks.

As at 31 December 2024, current account balances with other non-rated banks and other financial institutions comprise balances on accounts with Central Securities Depository JSC, foreign banks and payment systems in the amount of KZT 11,032 million (31 December 2023: KZT 8,879 million).

As at 31 December 2024, the Group entered into reverse repurchase agreements, using the auto repo method, with a carrying amount of KZT 169,908 million at KASE (as at 31 December 2023: KZT 23,656 million). The subject matter of these contracts are debt securities of state-owned companies and international financial institutions with fair value of KZT 169,308 million as at 31 December 2024 (as at 31 December 2023: KZT 23,656 million).

Minimum reserve requirements

As at 31 December 2024 and 31 December 2023 minimum reserve requirements are calculated in accordance with regulations issued by the NBRK. To meet the requirements the Group places cash in reserve assets, which should be maintained at the level not less than average of cash on hand in the national currency and balances on current account with the NBRK in the national currency for a 4-week period, calculated as certain minimum level of residents' and non-residents' customer deposits and current accounts balances as well as other Bank's liabilities.

As at 31 December 2024, the minimum reserve requirements amounted to KZT 40,768 million (31 December 2023: KZT 33,390 million), and the reserve asset is KZT 47,048 million (31 December 2023: KZT 43,004 million).

Optima Bank OJSC calculates the minimum reserve requirements in accordance with the rules of the National Bank of the Kyrgyz Republic (hereinafter, the "NBKR"). As at 31 December 2024, Optima Bank OJSC fulfils the mandatory reserve requirements, the minimum reserve is KZT 25,041 million (31 December 2023: KZT 17,666 million).

(in KZT million, unless otherwise is stated)

14. Cash and cash equivalents (continued)

Minimum reserve requirements (continued)

The table below provides an analysis of the changes in allowances for ECL on cash and cash equivalents for the year ended 31 December 2024:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
ECL as at 1 January 2024	**(68)**	**(775)**	**–**	**(843)**
Reversal for the year *(Note 6)*	**4**	**769**	**–**	**773**
Write-offs	**–**	**–**	**–**	**–**
Foreign exchange adjustments	**5**	**(18)**	**–**	**(13)**
ECL as at 31 December 2024	**(59)**	**(24)**	**–**	**(83)**

The table below provides an analysis of the changes in allowances for ECL on cash and cash equivalents for the year ended 31 December 2023:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
ECL as at 1 January 2023	(48)	(640)	(5)	**(693)**
(Accrual) / reversal for the year *(Note 6)*	(58)	(154)	5	**(207)**
Write-offs	28	–	–	**28**
Foreign exchange adjustments	10	19	–	**29**
ECL as at 31 December 2023	**(68)**	**(775)**	**–**	**(843)**

Concentration of cash and cash equivalents

As at 31 December 2024 and 2023 cash and cash equivalents comprised amounts on accounts with NBRK and NBKR whose balances exceeded 10% of the Group's total equity. The total value of these balances as at 31 December 2024 amounted to KZT 325,195 million (31 December 2023: KZT 384,922 million).

15. Derivative financial instruments

Foreign currency contracts

The Group enters into derivative transactions. The table below shows the fair values of derivatives carried as assets or liabilities, and its notional amounts in the consolidated financial statements. The notional amount, recorded gross, is the amount of a derivative's underlying asset, base rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are not indicative of the credit risk.

	31 December 2024			*31 December 2023*		
	Notional amount	*Fair value*		*Notional amount*	*Fair value*	
		Asset	*Liability*		*Asset*	*Liability*
Foreign currency contracts						
Currency swaps – domestic contracts	**76,262**	**60**	**(130)**	95,756	67	(384)
Currency swaps – foreign contracts	**14,640**	**–**	**(943)**	25,112	127	–
Forwards - foreign contracts	**914**	**–**	**–**	–	–	–
Total	**91,816**	**60**	**(1,073)**	120,868	194	(384)

Foreign contracts in the table above stand for contracts concluded with RK non-resident entities and domestic contracts mean contracts concluded with RK resident entities.

Forwards

A forward contract is a contract to buy or sell a certain financial instrument at a specified price on a specified future date. Forwards are the specialised contracts traded in an OTC market.

(in KZT million, unless otherwise is stated)

15. Derivative financial instruments (continued)

Swaps

Swaps are contractual agreements between two parties to exchange movements in foreign currency rates based on notional amounts.

In 2024 net loss on operations with foreign currency instruments amounted to KZT 3,653 million (2023: net profit amounted to KZT 3,866 million). *(Note 8).*

16. Amounts due from banks and other financial institutions

	31 December 2024	*31 December 2023*
Restricted cash with NBRK rated BBB-	**41**	838
Deposit with NBKR rated at B	**1,324**	736
Loans and deposits with other banks and other financial institutions		
- rated from A- to A+	**25,474**	11,858
- rated from BBB- to BBB+	**542**	412
- rated from BB- to BB+	**2,734**	4
- not rated	**44,524**	50,055
Amounts due from banks and other financial institutions before ECL allowance	**74,639**	63,903
Foreign currency contracts (spot)	**1,257**	4
Less: ECL allowance	**(51)**	(73)
Total amounts due from banks and other financial institutions	**75,845**	63,834

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

As at 31 December 2024 and 2023 all balances due from banks and other financial institutions are categorised into Stage 1 for ECL measurement purposes.

In January 2024, the Group provided a short-term syndicated loan to a BB- rated foreign bank in the amount of USD 5 million, equivalent to KZT 2,241 million.

Amounts due from banks and other financial institutions (not rated)

As at 31 December 2024, loans and deposits with other banks (not rated) comprise security deposits and a margin with KASE for the total amount of KZT 21,086 million (31 December 2023: KZT 41,025 million), restricted deposits in the international payment systems in the amount of KZT 14,101 million (31 December 2023: KZT 8,120 million) and other financial institutions in the amount of KZT 9,337 million (31 December 2023: KZT 910 million).

The table below provides an analysis of the changes in allowance for ECL on amounts due from banks and other financial institutions for the years ended 31 December:

	2024	*2023*
ECL at 1 January	**(73)**	(89)
Charge for the year *(Note 6)*	**48**	18
Foreign exchange adjustments	**(26)**	(2)
ECL at 31 December	**(51)**	(73)

Concentration of amounts due from banks and other financial institutions

As at 31 December 2024 and 2023 the Group has no amounts due from banks and other financial institutions, whose total balances exceed 10% of the Group's equity.

(in KZT million, unless otherwise is stated)

17. Trading securities

Trading securities comprise:

	31 December 2024	*31 December 2023*
Debt securities		
Government bonds		
US Treasury bonds rated AAA	**146**	–
Bonds of MFRK rated BBB-	**19**	1,218
Total government bonds	**165**	1,218
Corporate bonds		
- rated from AAA- to AAA+	**–**	820
- rated from A- to A+	**–**	1,360
- rated from BBB- to BBB+	**734**	400
- not rated	**3,044**	5,217
Total corporate bonds	**3,778**	7,797
International structured notes	**1**	38
Debt securities	**3,944**	9,053
Equity securities		
Corporate shares	**2,858**	2,482
Shares	**200**	548
KSF	**85**	494
Equity securities	**3,143**	3,524
Bonds of MFRK rated BBB- pledged under repurchase agreements *(Note 26)*	**–**	6,937
Trading securities	**7,087**	19,514

The credit ratings indicated in the table above are presented by reference to the credit ratings of Standard & Poor's credit rating agency or similar standards of international rating agencies.

As at 31 December 2024, corporate bonds (not rated) are presented by Eurobonds of Russian issuers for a total amount of KZT 3,044 million (31 December 2023: KZT 5,217 million).

In 2024, the amount of positive revaluation from changes in foreign currency exchange rates for trading securities included in the item "Net gains from foreign currencies" of the consolidated statement of comprehensive income amounted to KZT 722 million (2023: KZT 101 million).

18. Investment securities

Investment securities comprise:

	31 December 2024	*31 December 2023*
Investment securities measured at FVOCI	**939,486**	727,591
Investment securities measured at amortised cost	**393,014**	237,679
Investment securities	**1,332,500**	965,270

(in KZT million, unless otherwise is stated)

18. Investment securities (continued)

Investment securities measured at FVOCI comprise:

	31 December 2024	*31 December 2023*
Debt securities		
Government and quasi-government bonds		
US treasury bonds rated AAA	**125,119**	22,233
Bonds of MFRK rated BBB-	**283,035**	144,593
Notes of NBRK rated at BBB-	**110,440**	307,445
Bonds of Kazakhstan Sustainability Fund JSC rated BBB-	**78,147**	75,003
Bonds of NMH Baiterek JSC rated BBB-	**54,473**	–
Eurobonds of MFRK rated BBB-	**50,681**	5,394
Bonds of SWF Samruk-Kazyna JSC rated BBB-	**6,118**	8,805
Total government and quasi-government bonds	**708,013**	563,473
Corporate bonds		
- rated from AAA- to AAA+	**–**	2,539
- rated from AA- to AA+	**17,294**	1,359
- rated from A- to A+	**30,736**	1,435
- rated from BBB- to BBB+	**62,733**	56,812
- rated from BB- to BB+	**12,889**	3,134
- not rated	**3,299**	11,647
Total corporate bonds	**126,951**	76,926
Equity securities		
Corporate shares of Kcell JSC	**61,484**	35,244
Corporate shares of Kazakhtelecom JSC	**–**	32,366
Unquoted shares	**13**	39
Total equity securities	**61,497**	67,649
Pledged under repurchase agreements		
Government and quasi-government bonds		
Notes of NBRK rated BBB-	**20,159**	–
Bonds of SWF Samruk-Kazyna JSC rated BBB-	**18,808**	12,230
Eurobonds of MFRK rated BBB-	**537**	–
Bonds of MFRK rated BBB-	**–**	7,313
Corporate bonds		
Bonds of Eurasian Development Bank (not rated)	**3,521**	–
Total investment securities pledged under repurchase agreements	**43,025**	19,543
Investment securities measured at FVOCI	**939,486**	727,591

The credit ratings indicated in the table above are presented by reference to the credit ratings of Standard & Poor's credit rating agency or similar standards of international rating agencies.

As at 31 December 2024, the Group pledged bonds of SWF Samruk-Kazyna JSC, Eurobonds of MFRK, notes of NBRK and bonds of the Eurasian Development Bank measured at fair value through other comprehensive income with a total fair value of KZT 43,025 million as collateral under repurchase agreements entered into at KASE (as at 31 December 2023: KZT 19,543 million) *(Note 26)*.

Dividend income recognised for equity securities measured at fair value through other comprehensive income amounted to KZT 2,062 million.

As at 31 December 2024 and 2023, the Group holds securities measured at fair value through other comprehensive income issued by issuers registered in the Russian Federation that are categorised into Stage 2 for ECL measurement purposes. As at 31 December 2024 the total fair value of these securities amounted to KZT 1,217 million (31 December 2023: KZT 1,078 million). The ECL allowance recognised in respect of these securities amounted to KZT 1 million (31 December 2023: KZT 23 million).

(in KZT million, unless otherwise is stated)

18. Investment securities (continued)

In December 2024, the Group sold shares of Kazakhtelecom JSC in the number of 983,350 shares at KZT 43,497.82 tenge per ordinary share with instalment payments until 24 March 2025. The difference between the carrying value of the shares at the time of the transaction and the fair value of the consideration received amounted to KZT 1,545 million and was recognised in other expenses of the consolidated statement of profit or loss and other comprehensive income *(Note 10)*. As at 31 December 2024, the amount of debt amounts to KZT 31,265 million and is presented within other assets of the consolidated statement of financial position.

As at 31 December 2024 and 2023, all balances of investment securities measured at fair value through other comprehensive income are classified as Stage 1 for ECL measurement purposes.

An analysis of changes in the gross carrying values and associated allowances for ECLs in relation to debt securities at FVOCI is as follows:

Investment securities measured at FVOCI	*2024*	*2023*
Gross carrying amount at 1 January	**727,591**	868,018
Assets purchased	**2,702,778**	6,557,321
Assets sold or redeemed	**(2,590,286)**	(6,716,193)
Net change in accrued interest	**46,705**	9,966
Change in fair value	**39,197**	10,706
Foreign exchange adjustments	**13,501**	(2,227)
At 31 December	**939,486**	727,591

Investment securities measured at FVOCI	*2024*	*2023*
ECL at 1 January	**(408)**	(281)
Net change in ECL for the year	**(48)**	(625)
Write offs	**–**	489
Foreign exchange adjustments	**(11)**	9
At 31 December	**(467)**	(408)

Investment securities measured at amortised cost comprise:

	31 December 2024	*31 December 2023*
Debt securities		
Government and quasi-government bonds		
US Treasury bonds rated AAA	**–**	17,699
Bonds of MFRK rated BBB-	**183,492**	122,174
Bonds of Kazakhstan Sustainability Fund JSC rated BBB-	**38,990**	25,424
Eurobonds of MFRK rated BBB-	**–**	15,986
Treasury bills of MFKR rated B	**7,107**	4,211
Total government and quasi-government bonds	**229,589**	185,494
Corporate bonds		
- rated from AAA- to AAA+	**30,450**	15,243
- rated from BBB- to BBB+	**59,210**	20,294
- rated from BB- to BB+	**74,510**	–
Total corporate bonds	**164,170**	35,537
Debt securities pledged under repurchase agreements		
Eurobonds of MFRK rated BBB-	**–**	3,932
Corporate bonds (not rated)	**–**	12,876
Total investment securities pledged under repurchase agreements	**–**	16,808
Investment securities measured at amortised cost before ECL allowance	**393,759**	237,839
Less: ECL allowance	**(745)**	(160)
Investment securities measured at amortised cost	**393,014**	237,679

The credit ratings indicated in the table above are presented by reference to the credit ratings of Standard & Poor's credit rating agency or similar standards of international credit agencies.

(in KZT million, unless otherwise is stated)

18. Investment securities (continued)

As at 31 December 2023, the Group pledged bonds of SWF Samruk-Kazyna JSC, bonds of MFRK and notes of NBRK measured at amortised cost with a total fair value of KZT 16,808 million as collateral under repurchase agreements entered into at KASE *(Note 26)*.

In November 2024, the Group acquired coupon bonds with nominal value of KZT 100,000 million with a coupon rate of 8% per annum and maturity in 2034. The fair value at initial recognition of these bonds was determined by discounting contractual future cash flows using a market interest rate of 13.22% per annum.

The effect of initial recognition of these bonds amounted to KZT 23,395 million and was recognised in net gains from initial recognition of financial instruments in the consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2024 and 2023, all balances of investment securities measured at amortised cost are classified as Stage 1 for ECL measurement purposes.

Investment securities measured at amortised cost	***2024***	***2023***
Gross carrying amount at 1 January	**237,839**	69,654
Assets purchased	**385,925**	193,083
Assets repaid	**(236,910)**	(32,872)
Net change in accrued interest	**11,200**	6,763
Loss on initial recognition	**(23,395)**	–
Foreign exchange adjustments	**19,100**	1,211
At 31 December	**393,759**	237,839

Investment securities measured at amortised cost	***2024***	***2023***
ECL at 1 January	**(160)**	(100)
Net change in ECL for the year	**(634)**	(64)
Foreign exchange adjustments	**49**	4
At 31 December	**(745)**	(160)

19. Loans to customers

As at 31 December 2024 and 2023, loans to customers comprise:

	31 December 2024	***31 December 2023***
Loans to customers measured at amortised cost	**1,358,681**	1,336,108
Less: ECL allowance	**(220,926)**	(280,911)
Loans to customers measured at amortised cost	**1,137,755**	1,055,197
Loans to customers at fair value through profit or loss	**1,260**	9,009
Total loans to customers	**1,139,015**	1,064,206

(in KZT million, unless otherwise is stated)

19. Loans to customers (continued)

Loans to customers measured at amortised cost

Loans to customers measured at amortised cost comprise:

	31 December 2024				
	Stage 1	*Stage 2*	*Stage 3*	*POCI*	*Total*
Loans to corporate customers					
Loans to large corporates	**39,430**	**2,774**	**9,435**	**32,728**	**84,367**
Loans to small and medium-size businesses	**380,335**	**6,102**	**23,342**	**157,776**	**567,555**
Total loans to corporate customers	**419,765**	**8,876**	**32,777**	**190,504**	**651,922**
Loans to retail customers					
Express loans	**577,185**	**24,233**	**43,508**	**79**	**645,005**
Mortgage loans	**27,519**	**217**	**2,164**	**3,810**	**33,710**
Consumer loans	**20,201**	**1,036**	**3,230**	**2,395**	**26,862**
Credit cards	**339**	**4**	**360**	**–**	**703**
Car loans	**213**	**4**	**162**	**100**	**479**
Total loans to retail customers	**625,457**	**25,494**	**49,424**	**6,384**	**706,759**
Loans to customers before ECL allowance	**1,045,222**	**34,370**	**82,201**	**196,888**	**1,358,681**
Allowance for expected credit losses	**(25,486)**	**(9,151)**	**(44,913)**	**(141,376)**	**(220,926)**
Loans to customers net of ECL allowance	**1,019,736**	**25,219**	**37,288**	**55,512**	**1,137,755**

	31 December 2023				
	Stage 1	*Stage 2*	*Stage 3*	*POCI*	*Total*
Loans to corporate customers					
Loans to large corporates	155,436	418	11,630	63,819	231,303
Loans to small and medium-size businesses	356,507	9,164	21,704	214,099	601,474
Total loans to corporate customers	511,943	9,582	33,334	277,918	832,777
Loans to retail customers					
Express loans	367,601	10,004	30,015	65	407,685
Mortgage loans	31,175	432	1,792	4,670	38,069
Consumer loans	39,129	1,279	11,102	3,814	55,324
Credit cards	901	55	558	–	1,514
Car loans	449	–	170	120	739
Total loans to retail customers	439,255	11,770	43,637	8,669	503,331
Loans to customers before ECL allowance	951,198	21,352	76,971	286,587	1,336,108
Allowance for expected credit losses	(15,699)	(4,602)	(45,683)	(214,927)	(280,911)
Loans to customers net of ECL allowance	935,499	16,750	31,288	71,660	1,055,197

In 2019 the Group reclassified certain previously existing loans to customers to POCI loans. This resulted in derecognition of the previously recognised instruments and recognition of new POCI loans.

However, due to the limitations of the automated banking information system, the related consolidated financial statement disclosures reflect the historic gross value of the existing loan contracts, prior to their derecognition, together with a related allowance for expected credit losses. The additional gross disclosure of the historic loan amount does not affect the carrying amount of the newly recognised POCI loans in the Group's consolidated statement of financial position.

As at 31 December 2024, the gross carrying amount of corporate POCI loans recognised in the Group's consolidated statement of financial position was KZT 57,650 million (31 December 2023: KZT 87,410 million) and the corresponding provision for ECLs amounted to KZT 2,138 million (31 December 2023: KZT 15,750 million).

(in KZT million, unless otherwise is stated)

19. Loans to customers (continued)

Impairment allowance for loans to customers, measured at amortised cost

Below is an analysis of changes in gross carrying amount and corresponding ECL allowance for loans to corporate customers for the year ended 31 December 2024:

Loans to corporate customers	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Gross carrying amount as at 1 January 2024	**511,943**	**9,582**	**33,334**	**277,918**	**832,777**
New assets originated or purchased	**400,405**	**–**	**–**	**2,142**	**402,547**
Assets repaid, sold or derecognised due to modification	**(504,058)**	**(14,202)**	**(15,476)**	**(34,835)**	**(568,571)**
Transfers to Stage 1	**44,675**	**(44,675)**	**–**	**–**	**–**
Transfers to Stage 2	**(48,680)**	**68,488**	**(19,808)**	**–**	**–**
Transfers to Stage 3	**(13,005)**	**(15,535)**	**28,540**	**–**	**–**
Unwinding of discount (recognised in interest revenue)	**–**	**–**	**4,465**	**4,085**	**8,550**
Change in accrued interest	**1,570**	**4,585**	**2,212**	**823**	**9,190**
Changes in contractual cash flows due to modification not resulting in derecognition	**(938)**	**(64)**	**70**	**(88)**	**(1,020)**
Write-offs	**–**	**–**	**(4,647)**	**(77,043)**	**(81,690)**
Recoveries	**–**	**–**	**1,426**	**7,349**	**8,775**
Foreign exchange adjustments	**27,853**	**697**	**2,661**	**10,153**	**41,364**
As at 31 December 2024	**419,765**	**8,876**	**32,777**	**190,504**	**651,922**

Loans to corporate customers	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
ECL as at 1 January 2024	**(4,706)**	**(1,088)**	**(13,979)**	**(211,652)**	**(231,425)**
New assets originated or purchased	**(8,313)**	**–**	**–**	**(411)**	**(8,724)**
Assets repaid or derecognised due to modification	**1,372**	**469**	**6,428**	**8,086**	**16,355**
Transfers to Stage 1	**(1,577)**	**1,577**	**–**	**–**	**–**
Transfers to Stage 2	**1,239**	**(4,867)**	**3,628**	**–**	**–**
Transfers to Stage 3	**148**	**3,250**	**(3,398)**	**–**	**–**
Impact on ECL of exposures transferred between stages and changes in inputs	**5,911**	**(493)**	**(5,613)**	**10,041**	**9,846**
Unwinding of discount (recognised in interest revenue)	**–**	**–**	**(4,465)**	**(4,085)**	**(8,550)**
Write-offs	**–**	**–**	**4,647**	**77,043**	**81,690**
Recoveries	**–**	**–**	**(1,426)**	**(7,349)**	**(8,775)**
Foreign exchange adjustments	**(149)**	**(85)**	**(1,128)**	**(9,921)**	**(11,283)**
As at 31 December 2024	**(6,075)**	**(1,237)**	**(15,306)**	**(138,248)**	**(160,866)**

(in KZT million, unless otherwise is stated)

19. Loans to customers (continued)

Impairment allowance for loans to customers measured at amortised cost (continued)

Below is an analysis of changes in gross carrying amount and corresponding ECL allowance for loans to retail customers for the year ended 31 December 2024:

Loans to retail customers	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Gross carrying amount as at 1 January 2024	**439,255**	**11,770**	**43,637**	**8,669**	**503,331**
New assets originated or purchased	**666,744**	**–**	**–**	**16**	**666,760**
Assets repaid or derecognised due to modification	**(389,771)**	**(3,002)**	**(19,696)**	**(2,669)**	**(415,138)**
Transfers to Stage 1	**39,727**	**(39,727)**	**–**	**–**	**–**
Transfers to Stage 2	**(132,225)**	**136,605**	**(4,380)**	**–**	**–**
Transfers to Stage 3	**(7,033)**	**(80,858)**	**87,891**	**–**	**–**
Unwinding of discount (recognised in interest revenue)	**–**	**–**	**11,400**	**60**	**11,460**
Change in accrued interest	**4,402**	**1,421**	**(223)**	**(15)**	**5,585**
Changes in contractual cash flows due to modification not resulting in derecognition	**(1,613)**	**(45)**	**769**	**(16)**	**(905)**
Write-offs	**–**	**–**	**(82,820)**	**(452)**	**(83,272)**
Recoveries	**–**	**–**	**12,555**	**734**	**13,289**
Foreign exchange adjustments	**5,971**	**(670)**	**291**	**57**	**5,649**
As at 31 December 2024	**625,457**	**25,494**	**49,424**	**6,384**	**706,759**

Loans to retail customers	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
ECL as at 1 January 2024	**(10,993)**	**(3,514)**	**(31,704)**	**(3,275)**	**(49,486)**
New assets originated or purchased	**(49,159)**	**–**	**–**	**(2)**	**(49,161)**
Assets repaid or derecognised due to modification	**2,142**	**1,807**	**16,949**	**976**	**21,874**
Transfers to Stage 1	**(11,289)**	**11,289**	**–**	**–**	**–**
Transfers to Stage 2	**10,998**	**(13,506)**	**2,508**	**–**	**–**
Transfers to Stage 3	**410**	**29,228**	**(29,638)**	**–**	**–**
Impact on ECL of exposures transferred between stages and changes in inputs	**38,856**	**(33,213)**	**(46,296)**	**(673)**	**(41,326)**
Unwinding of discount (recognised in interest revenue)	**–**	**–**	**(11,400)**	**(60)**	**(11,460)**
Write-offs	**–**	**–**	**82,819**	**452**	**83,271**
Recoveries	**–**	**–**	**(12,555)**	**(734)**	**(13,289)**
Foreign exchange adjustments	**(376)**	**(5)**	**(290)**	**188**	**(483)**
As at 31 December 2024	**(19,411)**	**(7,914)**	**(29,607)**	**(3,128)**	**(60,060)**

(in KZT million, unless otherwise is stated)

19. Loans to customers (continued)

Impairment allowance for loans to customers measured at amortised cost (continued)

Below is an analysis of changes in gross carrying amount and corresponding ECL allowance for loans to corporate customers for the year ended 31 December 2023:

Loans to corporate customers	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Gross carrying amount as at 1 January 2023	479,032	14,129	30,461	348,617	872,239
New assets originated or purchased	297,527	–	–	242	297,769
Assets repaid, sold or derecognised due to modification	(258,197)	(6,612)	(3,568)	(27,257)	(295,634)
Transfers to Stage 1	2,224	(2,018)	(206)	–	–
Transfers to Stage 2	(7,296)	7,524	(228)	–	–
Transfers to Stage 3	(4,563)	(2,003)	6,566	–	–
Change in accrued interest	6,967	(1,135)	(295)	(5,235)	302
Write-offs less recoveries	–	–	941	(37,258)	(36,317)
Foreign exchange adjustments	(3,751)	(303)	(337)	(1,191)	(5,582)
As at 31 December 2023	511,943	9,582	33,334	277,918	832,777

Loans to corporate customers	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
ECL as at 1 January 2023	(3,863)	(741)	(15,503)	(260,749)	(280,856)
New assets originated or purchased	(1,761)	–	–	(1)	(1,762)
Assets repaid or derecognised due to modification	335	(42)	416	2,035	2,744
Transfers to Stage 1	(113)	94	19	–	–
Transfers to Stage 2	235	(323)	88	–	–
Transfers to Stage 3	(1,127)	(215)	1,342	–	–
Impact on ECL of exposures transferred between stages and changes in inputs	1,359	110	694	7,253	9,416
Unwinding of discount (recognised in interest revenue)	–	–	(25)	1,979	1,954
Write-offs less recoveries	–	–	(941)	37,258	36,317
Foreign exchange adjustments	229	29	(69)	573	762
As at 31 December 2023	(4,706)	(1,088)	(13,979)	(211,652)	(231,425)

Below is an analysis of changes in gross carrying amount and corresponding ECL allowance for loans to retail customers for the year ended 31 December 2023:

Loans to retail customers	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Gross carrying amount as at 1 January 2023	300,272	8,458	36,192	11,547	356,469
New assets originated or purchased	383,840	–	–	–	383,840
Assets repaid or derecognised due to modification	(211,422)	(2,647)	(22,110)	(3,378)	(239,557)
Transfers to Stage 1	3,033	(752)	(2,281)	–	–
Transfers to Stage 2	(11,897)	11,968	(71)	–	–
Transfers to Stage 3	(33,564)	(5,725)	39,289	–	–
Change in accrued interest	9,519	497	9,195	1,385	20,596
Write-offs less recoveries	–	–	(16,556)	(890)	(17,446)
Foreign exchange adjustments	(526)	(29)	(21)	5	(571)
As at 31 December 2023	439,255	11,770	43,637	8,669	503,331

(in KZT million, unless otherwise is stated)

19. Loans to customers (continued)

Impairment allowance for loans to customers measured at amortised cost (continued)

Loans to retail customers	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL as at 1 January 2023	(8,111)	(2,523)	(21,414)	(3,558)	(35,606)
New assets originated or purchased	(8,457)	–	–	–	(8,457)
Assets repaid or derecognised due to modification	2,659	244	1,199	100	4,202
Transfers to Stage 1	(717)	314	403	–	–
Transfers to Stage 2	663	(685)	22	–	–
Transfers to Stage 3	6,055	895	(6,950)	–	–
Impact on ECL of exposures transferred between stages and changes in inputs	(3,088)	(1,761)	(22,246)	(795)	(27,890)
Unwinding of discount (recognised in interest revenue)	–	–	704	88	792
Write-offs	–	–	16,556	890	17,446
Foreign exchange adjustments	3	2	22	–	27
As at 31 December 2023	(10,993)	(3,514)	(31,704)	(3,275)	(49,486)

In 2024, the Group has performed an analysis of macroeconomic factors and forward-looking information used for calculation of ECL on loans to customers measured at amortised cost. Based on the analysis, the Group revised the composition of macroeconomic factors based on the significance of their impact on default probability forecast. The increase in ECL from the revision of the composition of macroeconomic factors on ECL on loans to customers measured at amortised cost as at 31 December 2024 amounted to KZT 1,500 million. More detailed description of the forward-looking information used for calculation of ECL as at 31 December 2024 and 2023 is presented in *Note 35*.

Modified and restructured loans

The Group derecognises a financial asset, e.g. a loan to a customer, if the related contractual terms are renegotiated to the extent that it in fact becomes a new loan and records the difference as gains or losses arising from derecognition before impairment loss is recognised. Upon initial recognition the loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

If the modification does not imply a substantial change in cash flows, such modification does not result in a derecognition. Based on changes in cash flows discounted at the initial effective interest rate, the Group recognises profit or loss from modification before impairment loss is recognised.

The table below includes Stage 2 and 3 assets that were modified during the period and accounted for as restructured loans, with the related modification loss suffered by the Group:

	2024	***2023***
Loans to customers measured at amortised cost, modified during the period		
Amortised cost before modification	**64,629**	21,321
Net gain / (loss) on modification	**626**	(1,163)

In 2024, net loss from modification of financial assets at amortised cost not resulting in derecognition recorded in interest revenue, calculated using the EIR, of the consolidated statement of profit or loss and other comprehensive income includes a loss from changes in the contractual terms of loans to customers in the amount of KZT 1,925 million (2023: KZT 1,765 million).

(in KZT million, unless otherwise is stated)

19. Loans to customers (continued)

Credit quality of loans to customers measured at amortised cost

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

Loans to customers	*Loans to large corporates*	*Loans to small and medium-sized businesses*	*Express loans*	*Mortgage loans*	*Consumer loans*	*Credit cards*	*Car loans*	*Total*
- not overdue	**61,966**	**457,513**	**548,112**	**29,506**	**19,812**	**277**	**221**	**1,117,407**
- overdue for less than 30 days	**–**	**5,326**	**33,820**	**360**	**1,161**	**61**	**–**	**40,728**
- overdue for 30-89 days	**764**	**6,105**	**24,238**	**283**	**783**	**5**	**–**	**32,178**
- overdue for 90-179 days	**707**	**4,359**	**25,878**	**117**	**991**	**11**	**–**	**32,063**
- overdue for more than 180 days and less than 1 year	**826**	**4,321**	**10,144**	**106**	**651**	**17**	**4**	**16,069**
- overdue for more than 1 year	**20,104**	**89,931**	**2,814**	**3,338**	**3,463**	**332**	**254**	**120,236**
Total loans to customers before ECL allowance	**84,367**	**567,555**	**645,006**	**33,710**	**26,861**	**703**	**479**	**1,358,681**
Allowance for expected credit losses	**(25,350)**	**(135,517)**	**(53,513)**	**(2,004)**	**(4,022)**	**(363)**	**(157)**	**(220,926)**
Total loans to customers less ECL allowance	**59,017**	**432,038**	**591,493**	**31,706**	**22,839**	**340**	**322**	**1,137,755**

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

Loans to customers	*Loans to large corporates*	*Loans to small and medium-sized businesses*	*Express loans*	*Mortgage loans*	*Consumer loans*	*Credit cards*	*Car loans*	*Total*
- not overdue	205,036	463,321	356,650	33,162	38,940	826	451	**1,098,386**
- overdue for less than 30 days	3,222	11,351	13,148	307	1,723	80	–	**29,831**
- overdue for 30-89 days	1,442	2,734	10,264	307	1,437	55	–	**16,239**
- overdue for 90-179 days	–	1,303	8,649	166	1,589	149	–	**11,856**
- overdue for more than 180 days and less than 1 year	86	17,521	9,104	314	3,053	32	23	**30,133**
- overdue for more than 1 year	21,517	105,244	9,870	3,813	8,582	372	265	**149,663**
Total loans to customers before ECL allowance	231,303	601,474	407,685	38,069	55,324	1,514	739	**1,336,108**
Allowance for expected credit losses	(57,795)	(173,630)	(34,533)	(1,911)	(12,399)	(471)	(172)	**(280,911)**
Total loans to customers less ECL allowance	**173,508**	**427,844**	**373,152**	**36,158**	**42,925**	**1,043**	**567**	**1,055,197**

(in KZT million, unless otherwise is stated)

19. Loans to customers (continued)

Collateral and other credit enhancements

The amount and type of collateral required by the Group depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For corporate lending, charges over residential properties, equipment, vehicles and inventories;
- For retail lending, charges over residential properties, vehicles.

The Group also obtains guarantees from parent companies and other related parties of borrowers for loans to corporate customers.

The Group monitors the market value of collateral obtained during its review of the adequacy of the allowance for expected credit losses.

In the absence of collateral or other credit enhancements, ECLs for loans to customers of Stage 3 measured at amortised cost as at 31 December 2024 and 2023 would be higher by:

	31 December 2024	***31 December 2023***
Loans to corporate customers	**65,112**	79,463
Loans to retail customers	**7,833**	9,528
	72,945	88,991

Repossessed collateral

During the year ended 31 December 2024, the Group obtained certain assets by taking possession of collateral for loans to customers with a carrying amount of KZT 7,554 million (2023: KZT 8,214 million) and sold the repossessed collateral in the total amount of KZT 8,113 million (2023: KZT 9,272 million).

Concentration of loans to customers measured at amortised cost

As at 31 December 2024, the Group has no borrowers or groups of interrelated borrowers whose loans' amortised cost exceed 10% of the Group's equity.

As at 31 December 2023, the Group had one group of borrowers whose loans' amortised cost exceeded 10% of the Group's equity. As at 31 December 2023, the total loans amounted to KZT 70,452 million.

In December 2023, the Bank issued an unsecured loan of KZT 46,000 million to an individual using its own funds, which matures in 7 months and bears an interest rate of 18.2% per annum. This loan was classified in a corporate loan portfolio, and ECL allowance was calculated using PD value of 4.3% categorised to Stage 1 of credit quality.

(in KZT million, unless otherwise is stated)

19. Loans to customers (continued)

Concentration of loans to customers measured at amortised cost (continued)

Loans were mainly issued to customers located within the Republic of Kazakhstan, who operate in the following economic sectors:

	31 December 2024		*31 December 2023*	
	Amount	*%*	*Amount*	*%*
Individuals	**706,759**	**52.01%**	503,331	37.67%
Services	**161,440**	**11.88%**	225,533	16.88%
Trade	**159,872**	**11.77%**	129,836	9.72%
Construction	**109,471**	**8.06%**	107,630	8.06%
Production	**104,968**	**7.73%**	175,834	13.16%
Transport	**39,277**	**2.89%**	43,757	3.27%
Agriculture	**24,436**	**1.80%**	20,458	1.53%
Education	**23,398**	**1.72%**	20,965	1.57%
Finance and insurance	**13,468**	**0.99%**	96,447	7.22%
Other	**15,592**	**1.15%**	12,317	0.92%
Total loans to customers measured at amortised cost before ECL allowance	**1,358,681**	**100%**	1,336,108	100%
Less: ECL allowance	**(220,926)**	**–**	(280,911)	–
Total loans to customers measured at amortised cost	**1,137,755**	**–**	1,055,197	–

Loans to customers at fair value through profit or loss

Loans to customers at FVTPL are mostly represented by project finance loans that are economically or contractually non-recourse, and loans with embedded derivatives at terms that are inconsistent with basic lending arrangement. Information on the measurement of the fair value of loans to customers measured at fair value through profit or loss is disclosed in *Note 38*.

Loans to customers measured at fair value through profit or loss as at 31 December 2024 and 2023 include the following items:

	31 December 2024	*31 December 2023*
Loans to small and medium-sized businesses	**1,260**	9,009
Loans to customers at fair value through profit or loss	**1,260**	9,009

As at 31 December 2024 and 2023, loans to customers measured at fair value through profit or loss were past due for more than 360 days.

(in KZT million, unless otherwise is stated)

20. Insurance and reinsurance contracts

As at 31 December 2024 and 2023, assets and liabilities under insurance and reinsurance contracts issued and reinsurance contracts held include the following:

	General Measurement Model (GMM)		***Premium Allocation Approach (PAA)***									
2024	***Subsoil users' liability insurance***	***Reinsurance contracts held***	***Vehicle owners' civil liability insurance***	***Other civil liability insurance***	***Property damage reinsurance contracts issued***	***Property damage insurance***	***Motor vehicle insurance***	***Other liability insurance***	***Other property insurance***	***Other***	***Reinsurance contracts held***	***Total***
Insurance contract liabilities	**(846)**	–	**(12,632)**	**(1,268)**	**(11,610)**	**(1,702)**	**(1,323)**	**(7,906)**	**(703)**	**(1,308)**	–	**(39,298)**
Reinsurance contract assets	–	**2,497**	–	–	–	–	–	–	–	–	**1,052**	**3,549**

	General Measurement Model (GMM)		***Premium Allocation Approach (PAA)***									
2023	***Subsoil users' liability insurance***	***Reinsurance contracts held***	***Vehicle owners' civil liability insurance***	***Other civil liability insurance***	***Property damage reinsurance contracts issued***	***Property damage insurance***	***Motor vehicle insurance***	***Other liability insurance***	***Other property insurance***	***Other***	***Reinsurance contracts held in foreign currency***	***Total***
Insurance contract assets	106	–	922	133	111	451	148	533	482	62	–	**2,948**
Insurance contract liabilities	(1,324)	–	(11,496)	(1,652)	(1,384)	(5,621)	(1,839)	(6,648)	(6,007)	(776)	–	**(36,747)**
Reinsurance contract assets	–	1,662	–	–	–	–	–	–	–	26	1,391	**3,079**
Reinsurance contract liabilities	–	(117)	–	–	–	–	–	–	–	(2)	(97)	**(216)**

(in KZT million, unless otherwise is stated)

20. Insurance and reinsurance contracts (continued)

The revenue under insurance and reinsurance contracts for the years ended 31 December 2024 and 2023 comprises:

	Subsoil users' liability insurance	*Vehicle owners' civil liability insurance*	*Other civil liability insurance*	*Property damage insurance*	*Motor vehicle insurance*	*Other liability insurance*	*Other property insurance*	*Other*	*Total*
Contracts measured using the PAA	**–**	**17,856**	**519**	**2,915**	**1,902**	**3,886**	**1,952**	**1,360**	**30,390**
Contracts measured using the GMM	**883**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**883**
	883	**17,856**	**519**	**2,915**	**1,902**	**3,886**	**1,952**	**1,360**	**31,273**

	Subsoil users' liability insurance	*Vehicle owners' civil liability insurance*	*Other civil liability insurance*	*Property damage insurance*	*Motor vehicle insurance*	*Other liability insurance*	*Other property insurance*	*Other*	*Total*
Contracts measured using the PAA	–	15,994	2,037	11,710	1,568	15,481	4,562	3,157	**54,509**
Contracts measured using the GMM	336	–	–	–	–	–	–	–	**336**
	336	**15,994**	**2,037**	**11,710**	**1,568**	**15,481**	**4,562**	**3,157**	**54,845**

Insurance expenses for the years ended 31 December 2024 and 2023 comprise:

	2024	*2023*
Payments and claims	**(29,223)**	(31,799)
Amortisation of acquisition cash flows	**(7,408)**	(13,189)
Other insurance expenses	**(1,955)**	(621)
Change in loss component	**3,412**	–
Total insurance service expense	**35,174**	45,609

(in KZT million, unless otherwise is stated)

21. Property and equipment, right-of-use assets and intangible assets

Movement in property and equipment was presented as follows:

	Note	*Land*	*Adminis-trative buildings*	*Production buildings*	*Computers*	*Vehicles*	*Construction in progress*	*Other property and equipment*	*Right-of-use assets*	*Total*	*Intangible assets*
Cost or revalued cost											
As at 31 December 2022		4,946	44,326	3,196	8,624	3,300	1,359	15,104	6,496	**87,351**	9,072
Additions		1,746	752	48	1,941	190	2,361	5,610	1,398	**14,046**	3,821
Disposals		(229)	(2,183)	–	(2,570)	(63)	–	(2,462)	(1,859)	**(9,366)**	(886)
Transfers between categories		–	32	–	1,409	–	(1,782)	341	–	**–**	–
Impairment		–	–	–	–	–	–	–	–	**–**	(12)
Currency translation differences		–	(158)	–	(99)	(33)	(12)	(138)	(106)	**(546)**	(94)
As at 31 December 2023		6,463	42,769	3,244	9,305	3,394	1,926	18,455	5,929	**91,485**	11,901
Additions		**1,155**	**13,111**	**–**	**881**	**1,272**	**1,147**	**1,191**	**1,963**	**20,720**	**3,240**
Disposals		**(1,443)**	**(64)**	**(1,607)**	**(562)**	**(2,861)**	**–**	**(2,929)**	**(2,045)**	**(11,511)**	**(2,837)**
Transfers to other assets		**27**	**(1,053)**	**–**	**–**	**–**	**–**	**8**	**–**	**(1,018)**	**–**
Transfers between categories		**–**	**(4)**	**–**	**309**	**(1)**	**(1,021)**	**717**	**–**	**–**	**–**
Currency translation differences		**–**	**587**	**–**	**1,335**	**317**	**227**	**2,450**	**1,042**	**5,958**	**1,896**
As at 31 December 2024		**6,202**	**55,346**	**1,637**	**11,268**	**2,121**	**2,279**	**19,892**	**6,889**	**105,634**	**14,200**
Accumulated depreciation and impairment											
As at 31 December 2022		–	(1,198)	(595)	(546)	(192)	–	(4,463)	(2,369)	**(9,363)**	(2,601)
Depreciation charge		–	(910)	(4)	(2,384)	(116)	–	(3,390)	(1,416)	**(8,220)**	(1,811)
Disposals		–	67	–	2,296	51	–	1,649	1,544	**5,607**	864
Foreign exchange difference		–	3	–	5	–	–	6	10	**24**	–
As at 31 December 2023		–	(2,038)	(599)	(629)	(257)	–	(6,198)	(2,231)	**(11,952)**	(3,548)
Depreciation charge		**–**	**(996)**	**(17)**	**(2,233)**	**(181)**	**–**	**(3,297)**	**(1,539)**	**(8,263)**	**(2,508)**
Disposals		**–**	**107**	**582**	**272**	**200**	**–**	**1,432**	**1,460**	**4,053**	**1,416**
Transfers between categories		**–**	**–**	**–**	**1**	**–**	**–**	**(1)**	**–**	**–**	**–**
Foreign exchange difference		**–**	**40**	**–**	**(965)**	**(227)**	**–**	**(2,056)**	**(733)**	**(3,941)**	**(1,557)**
As at 31 December 2024		**–**	**(2,887)**	**(34)**	**(3,554)**	**(465)**	**–**	**(10,120)**	**(3,043)**	**(20,103)**	**(6,197)**
Net book value											
As at 31 December 2022		4,946	43,128	2,601	8,078	3,108	1,359	10,641	4,127	**77,988**	6,471
As at 31 December 2023		6,463	40,731	2,645	8,676	3,137	1,926	12,257	3,698	**79,533**	8,353
As at 31 December 2024		**6,202**	**52,459**	**1,603**	**7,714**	**1,656**	**2,279**	**9,772**	**3,846**	**85,531**	**8,003**

As at 31 December 2024, fully depreciated property and equipment in use by the Group amounted to KZT 15,975 thousand (as at 31 December 2023: KZT 12,508 million).

(in KZT million, unless otherwise is stated)

21. Property and equipment, right-of-use assets and intangible assets (continued)

The Group measures the fair value of land plots and buildings once every three years in accordance with the Group's accounting policy. In case of significant change in specific market or property indicators, the Group can perform revaluation more often.

In 2024 and 2023, the Group did not revalue the land plots and buildings.

The fair values of the land plots and buildings are categorised into Level 3 of the fair value hierarchy.

If the cost of buildings had been valued using the historical cost model, their carrying amount as at 31 December 2024 would have been amounted to KZT 61,821 million (31 December 2023: KZT 53,440 million).

As at 31 December 2023, property and equipment with total carrying amount of KZT 1,921 million were pledged as collateral under a loan agreement with a subsidiary of the Bank.

22. Assets held for sale

Assets held for sale include the following items:

	31 December 2024	*31 December 2023*
Assets of a disposal group	**11,448**	–
Other non-current assets held for sale	**1,672**	6,985
Total non-current assets held for sale	**13,120**	6,985

On 20 December 2024, the Group's management decided to sell a 100% stake in the share capital of JFOOD Kazakhstan LLP, a subsidiary of Jusan Development LLP. As at 31 December 2024, the assets and liabilities of JFOOD Kazakhstan LLP were consolidated in the consolidated financial statements as a disposal group held for sale.

The main categories of assets and liabilities of JFOOD Kazakhstan LLP as at 31 December 2024 are presented below:

Assets	*31 December 2024*
Cash and cash equivalents	**25**
Amounts due from banks and other financial institutions	**300**
Non-current assets held for sale	**11,123**
Assets held for sale	**11,448**
Liabilities	
Trade accounts payable	**(561)**
Deferred corporate income tax liabilities	**(311)**
Other liabilities	**(2,590)**
Liabilities directly associated with assets held for sale	**(3,462)**
Net assets of the disposal group	**7,986**

Other non-current assets held for sale comprise the equity shares in the charter capital of the companies and real estate accepted by the Group in exchange for its rights of claim in relation to impaired loans to customers.

Movements in other non-current assets held for sale are presented as follows:

	2024	*2023*
At 1 January	**6,985**	8,136
Additions	**1,536**	11,877
Transfers to investment property	**(4,057)**	(13,028)
Disposals	**(2,792)**	(13,028)
At 31 December	**1,672**	6,985

(in KZT million, unless otherwise is stated)

23. Investment property

Movement of investment property for the years ended 31 December is presented as follows:

	2024	*2023*
At 1 January	**42,861**	34,620
Additions	**3,499**	11,630
Transfers from assets held for sale	**4,057**	–
Transfers from other assets	**3,637**	–
Disposals	**(3,374)**	(8,051)
Remeasurement	**–**	4,662
At 31 December	**50,680**	42,861

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

24. Other assets

Other assets comprise:

	31 December 2024	*31 December 2023*
Financial assets		
Receivables from sale of owned assets	**39,598**	5,978
Receivables for transfer and payment operations	**4,662**	6,232
Fees and commissions receivable *(Note 7)*	**3,648**	4,569
Receivables from international payment systems	**2,944**	117
Trade receivables *(Note 7)*	**2,226**	2,873
Receivables from guarantees issued	**2,002**	2,540
Other investments	**1,289**	1,289
Security deposit for the Bank's participation in auctions	**807**	1,021
Other receivables	**5,645**	2,486
	62,821	27,105
Less: ECL allowance	**(6,100)**	(2,063)
Total other financial assets	**56,721**	25,042
Non-financial assets		
Repossessed collateral	**30,356**	31,530
Prepayments	**9,946**	21,306
Materials and supplies	**748**	4,427
Prepayments for intangible assets	**10**	225
Prepayments for office buildings	**–**	120
Other non-financial assets	**1,476**	596
	42,536	58,204
Less impairment allowance	**(2,245)**	(2,161)
Total other non-financial assets	**40,291**	56,043
Total other assets	**97,012**	81,085

Movements in allowance for expected credit losses for other financial assets for the years ended 31 December are as follows:

	2024	*2023*
ECL at 1 January	**(2,063)**	(1,723)
Net accrual of allowance for the year *(Note 6)*	**(4,613)**	(536)
Write-offs	**870**	132
Foreign exchange adjustments	**(294)**	64
ECL at 31 December	**(6,100)**	(2,063)

(in KZT million, unless otherwise is stated)

24. Other assets (continued)

Movements in impairment allowance for other non−financial assets for the years ended 31 December are as follows:

	2024	*2023*
At 1 January	**(2,161)**	(758)
Net accrual of allowance for the year	**(199)**	(1,484)
Write-offs	**121**	64
Foreign exchange adjustments	**(6)**	17
At 31 December	**(2,245)**	(2,161)

25. Amounts due to banks and other financial institutions

Amounts due to banks and other financial institutions comprise:

	31 December 2024	*31 December 2023*
Correspondent accounts of other banks	**79,451**	46,878
Term deposits from banks and other financial institutions	**28,736**	15,753
Loans from the state-owned companies	**11,397**	12,511
Loans from banks and other financial institutions	**2,054**	3,750
	121,638	78,892
Foreign currency contracts (spot)	**5**	4
Total amounts due to banks and other financial institutions	**121,643**	78,896

As at 31 December 2024, loans received from state-owned companies included amounts of KZT 7,348 million from Entrepreneurship Development Fund Damu (hereinafter, "DAMU"), amounts of KZT 3,265 million from Development Bank of Kazakhstan (hereinafter, "DBK"), and amounts of KZT 784 million from the Ministry of Finance of the Kyrgyz Republic (hereinafter, "MFKR") (31 December 2023: DAMU − KZT 6,610 million, DBK − KZT 4,523 million and MFKR − KZT 1,378 million).

The loans issued by DAMU, and DBK are denominated in KZT, bear the nominal interest rates from 0.1% to 2.0% per annum and mature in 2034−2035.

Loans provided by MFKR are denominated in Kyrgyz Som, bear a nominal interest rate from 1.5% to 2.0% per annum and mature in 2025.

As at 31 December 2024 and 2023 the Group has no amounts due to banks and other financial institutions, whose total balances exceed 10% of the Group's equity.

26. Amounts payable under repurchase agreements

As at 31 December 2024 the Bank entered into repurchase agreements at KASE with total carrying amount of KZT 43,025 million (31 December 2023: KZT 43,288 million). Repurchase agreements are used by the Bank to manage short-term liquidity.

As at 31 December 2024, the subject of these agreements are investment securities valued at FVOCI, the total fair value of which as at 31 December 2024 was KZT 43,025 million. As at 31 December 2023, investment securities at FVOCI with a total fair value of KZT 19,543 million, trading securities with a total fair value of KZT 6,937 million and investment securities at amortised cost with a total fair value of KZT 16,808 million were pledged as collateral for repurchase agreements. *(Notes 17, 18)*.

Master netting agreements allow the Group to offset liabilities against existing assets in the event of default. The right to offset is the legal right to repay or otherwise reduce all or part of the amount at the expense of the amount received from the same counterparty, thus reducing exposure to credit risk.

As at 31 December 2024 and 2023, the Group did not record offsets in the consolidated statement of financial position.

(in KZT million, unless otherwise is stated)

27. Amounts due to customers

Amounts due to customers comprise:

	31 December 2024	*31 December 2023*
Current accounts and demand deposits		
- Corporate	**437,928**	398,412
- Retail	**206,527**	169,473
Term deposits		
- Corporate	**526,664**	398,448
- Retail	**716,356**	595,892
Savings deposits		
- Corporate	**49,124**	11,603
- Retail	**19,197**	47,580
Total amounts due to customers	**1,955,796**	1,621,408
Held as security against loans issued	**(7,275)**	(8,185)
Held as security of guarantees and letters of credit (*Note 37*)	**(2,028)**	(596)

As at 31 December 2024 the corporate term deposits comprise deposits for the total amount of KZT 13,639 million received from KSF JSC as part of the state programme for refinancing of residential mortgage loans approved by NBRK (as at 31 December 2023: KZT 14,253 million). Deposits are denominated in tenge, bear nominal interest rates of 0.10%−2.99% per annum and are repayable in 2045−2050.

Concentration of amounts due to customers

As at 31 December 2024, the Group has no customers or group of related customers (31 December 2023: one customer), whose total balances on current accounts and deposits exceeds 10% of the Group's equity.

As at 31 December 2023, the total value of balances on current accounts and deposits of the mentioned customer is KZT 67,906 million.

28. Debt securities issued

Debt securities issued comprise:

	Date of issue	*Year of maturity*	*Coupon rate*	*Effective rate*	*31 December 2024*	*31 December 2023*
KZT bonds of the sixth issue	13.11.2024	13.11.2034	8,00%	13,07%	**75,143**	–
Third bond issue as part of the fifth program	14.03.2019	14.03.2026	10,95%	13,44%	**60,072**	59,089
KZT bonds of the first bond issue	15.10.2018	15.01.2034	0,10%	11,50%	**45,875**	41,254
KZT bonds of the fourth issue	22.01.2019	22.01.2034	0,10%	11,50%	**31,993**	28,777
KZT bonds of the fifth issue	11.12.2020	05.10.2045	0,10%	12,50%	**28,427**	25,557
First bond issue as part of the fourth bond program	10.02.2015	10.02.2025	9,90%	13,41%	**18,932**	19,887
KZT bonds of the third issue	28.01.2019	28.01.2034	0,10%	11,50%	**28,922**	24,658
KZT bonds of the fourth issue	28.01.2019	28.01.2034	0,10%	11,50%	**11,359**	10,217
KZT bonds of the first issue	11.07.2007	11.07.2027	7,50%	10,90%	**3,255**	3,144
KZT bonds of the second issue	22.01.2019	22.01.2034	0,10%	11,50%	**508**	469
					304,486	213,052

The Group's debt securities issued are quoted at KASE.

In November 2024, as part of the sixth bond program, the Bank registered and issued coupon bonds with a nominal value of KZT 100,000 million with a coupon rate of 8% per annum and maturing in 2034. The fair value of these bonds was determined by discounting contractual future cash flows using a market interest rate of 13.7% per annum. The effect of the initial recognition of the bonds in the amount of KZT 26,091 million was recognised as part of the net gains from the initial recognition of financial instruments.

(in KZT million, unless otherwise is stated)

28. Debt securities issued (continued)

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

	2024	*2023*
At 1 January	**213,052**	246,693
Placement of debt securities issued	**100,000**	–
Repayment of debt securities issued	**–**	(46,899)
Discount recognition	**(26,091)**	–
Interest expense *(Note 5)*	**26,884**	24,879
Interest paid *(Note 5)*	**(9,359)**	(11,621)
At 31 December	**304,486**	213,052

29. Subordinated debt

Subordinated debt comprises:

	31 December 2024	*31 December 2023*
Subordinated bonds	**117,806**	201,511
Debt component of preferred shares	**343**	49
Total subordinated debt	**118,149**	201,560

As at 31 December 2024 and 2023 subordinated debt comprises bonds issued and debt component of cumulative preference shares in the number of 2,500,000 pieces for the total amount of KZT 343 million (31 December 2023: KZT 49 million).

In case of bankruptcy, the subordinated debt would be repaid once the Group fully repays all other liabilities but before repayment of the preference shares.

The subordinated bonds comprise:

	Date of issue	*Year of maturity*	*Coupon rate*	*Effective rate*	*31 December 2024*	*31 December 2023*
First bond issue as part of the fifth bond program	10.02.2015	10.02.2025	10,00%	14,93%	**42,043**	40,437
Second bond issue as part of the fifth bond program	10.02.2015	10.02.2025	10,00%	14,93%	**21,839**	21,005
KZT subordinated registered unsecured coupon bonds	22.12.2020	01.11.2035	0,10%	15,29%	**14,899**	12,977
KZT bonds of the sixth issue	11.12.2020	25.10.2040	0,10%	14,60%	**12,191**	10,723
KZT subordinated registered unsecured coupon bonds	11.12.2020	01.11.2040	0,10%	15,29%	**11,100**	9,713
KZT subordinated registered unsecured coupon bonds	23.12.2020	01.11.2040	0,10%	15,29%	**8,312**	7,272
KZT bonds of the eighth issue	04.06.2013	04.06.2028	9,00%	10,01%	**4,881**	4,850
KZT bonds of the second issue	11.12.2020	26.10.2040	0,10%	14,60%	**2,541**	2,237
KZT bonds of the first issue	24.12.2020	24.12.2025	9,00%	13,80%	**–**	92,297
					117,806	201,511

On 9 April 2024, as part of the sixth bond program, the Group made early repayment of the first issue of subordinated bonds with the Bank's own funds. The total amount of payments on these bonds amounted to KZT 100,000 million. The SWF Samruk-Kazyna JSC is the holder of these bonds. As a result of the early repayment of the subordinated bonds, the Bank recognised a loss of KZT 7,106 million in interest expense in the consolidated statement of profit or loss and other comprehensive income.

On 4 June 2023, the Group redeemed its seventh bond issue, due to the expiry of their circulation period, with the Group's own funds. The total amount of payments on these bonds amounted to KZT 5,000 million.

(in KZT million, unless otherwise is stated)

29. Subordinated debt (continued)

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

	2024	***2023***
At 1 January	**201,560**	198,274
Repayment of subordinated debt	**(100,000)**	(5,000)
Discount recognition	**–**	(2,436)
Interest expense *(Note 5)*	**26,206**	26,916
Interest paid *(Note 5)*	**(9,617)**	(16,194)
At 31 December	**118,149**	201,560

Cumulative non−redeemable preference shares

Holders of cumulative non−redeemable preference shares receive a minimum cumulative dividend of 100 KZT per share.

The preference shares do not carry the right to vote unless the dividend is in arrears. All shares rank equally with regard to distribution of residual value of the Group's net assets, except that preference shareholders participate only to the extent of the face value of the shares adjusted for any dividends in arrears. All preference shares in the number of 2,500,000 pieces were issued and fully paid at price of KZT 1,000 each.

Due to the amendments to the Law of the Republic of Kazakhstan "On Banks and Banking Activities in the Republic of Kazakhstan", the Bank, which financial stability and recovery require use of the funds allocated from the national budget, National Fund of the Republic of Kazakhstan (hereinafter, "NFRK"), NBRK and its subsidiaries, from the date of making decision to provide funds from the state budget, NFRK, NBRK and its subsidiaries and until the Bank discharges its obligations to repay the funds received in full, shall distribute profit, accrue dividends on ordinary and preference shares, as well as repurchase its own shares, subject to compliance with the terms and conditions prescribed by the regulatory legal act of the authorised body, the Bank neither declared nor paid dividends for 2024 and 2023, including on preference shares.

As a result of the above amendments, in 2023 the Bank recognised the difference between the carrying amount and fair value of the debt component of the preference shares in the amount of KZT 2,436 million, given the final period of payments of the funds provided as part of the state programmes. This difference was recognised as gain from modification of the subordinated debt in the consolidated statement of profit or loss and other comprehensive income using a fixed interest rate of 10.0% per annum.

30. Liabilities to the mortgage organisation

In 2018 and 2019, the NBRK approved the residential mortgage programmes "Mortgage Program "7−20−25" and "Baspana Hit". Main objective of these programme is providing opportunities to population to buy primary housing and encouraging banks to provide related financing. According to the terms of "Mortgage Program "7−20−25", loans are issued in KZT, carry an annual interest rate of 7.0% and mature in 25 years. The initial contribution makes up 20%. According to the terms of "Baspana Hit" programme, loans are issued in KZT, carry an annual nominal interest rate equal to a base rate of the National Bank of the RK plus 175 basis points and maturity of 15 years. The initial contribution makes up 20%. No commission for issue and servicing a loan is charged.

As part of the programmes the Group issued mortgage loans to customers and transferred it to Kazakhstan Sustainability Fund JSC (the "Operator") in exchange for consideration in cash in the amount of the loans' nominal value. The Bank acts as an agent under this programme and receives a commission fee of 4.0% p.a. of the interest receipts.

In accordance with the terms of the transfer of assets to the Operator, in the event of a default on the transferred loans, the Bank is obliged to repurchase the transferred loans from the Operator. As a result, the Group retains credit risks in respect of the loans transferred and retains all benefits on these loans, and therefore the Group continues recognising these loans as part of its assets.

As at 31 December 2024, the carrying amount of loans transferred is KZT 8,155 million and the carrying amount of liabilities to the Operator is KZT 7,810 million (31 December 2023: KZT 9,680 million and KZT 9,319 million, respectively).

(in KZT million, unless otherwise is stated)

31. Other liabilities

Other liabilities comprise:

	31 December 2024	*31 December 2023*
Financial liabilities		
Liabilities on electronic money issued	**3,905**	152
ECL allowance on guarantees and letters of credit issued *(Note 37)*	**3,018**	3,755
Trade payables	**1,293**	1,383
Accrued fee and commission expense	**889**	740
Insurance and reinsurance payables	**783**	1,693
Liabilities to deposit guarantee fund	**247**	440
Other	**8,220**	6,213
Total other financial liabilities	**18,355**	14,376
Non-financial liabilities		
Prepayments	**10,411**	3,593
Provision for vacations and other amounts due to employees	**7,164**	8,502
Provisions	**6,393**	6,393
Other tax liabilities	**4,523**	2,362
Deferred income on guarantees and letters of credit issued	**1,501**	1,566
Other	**5,163**	3,267
Total non-financial liabilities	**35,155**	25,683
Total other liabilities	**53,510**	40,059

32. Equity

Share capital

As at 31 December 2024 and 2023, the authorised share capital of the Bank consists of 697,500,000 ordinary shares. The share capital comprises 165,318,620 ordinary shares issued of which 164,078,731 ordinary shares are outstanding. The shares have no nominal value.

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 Group shareholders.

For the years ended 31 December 2024 and 2023, the Bank neither declared, nor paid dividends.

Fair value reserve

Fair value reserve comprises change in the fair value of financial assets measured at fair value through other comprehensive income.

Revaluation reserve for property

The revaluation reserve for property is used to record increase in fair value of land and buildings and decrease of this cost but only to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

Currency translation reserve

Currency translation reserve is used to reflect the translation differences, which arise in translation of the financial statements of the Bank's foreign operations.

Reverse acquisition reserve

In 2019, under the business combination, First Heartland Bank JSC was identified as the acquirer.

The reverse acquisition reserve represents an adjustment to the Group's equity in accordance with IFRS, in order to allow the registered share capital of the Bank to be presented as a separate component.

(in KZT million, unless otherwise is stated)

32. Equity (continued)

Other reserves related to equity instruments

Share–based payments

The Bank implemented a program under which certain senior executives were provided with the options for Bank shares.

In 2021 the Bank established the share–based payment reserve used to record the amount of share–based payment settled with equity instruments made by key management personnel as part of their remuneration.

In November 2023 the Bank wrote back the entire provision related to payment of lump–sum variable remuneration in the form of ordinary shares held by certain members of the Bank's Management Board due to their retirement.

Movement in provision items for 2024 and 2023 is as follows:

	Revaluation reserve for property	*Fair value reserve*	*Currency translation reserve*	*Other reserves related to equity instruments*	*Total*
At 1 January 2023	7,521	(2,792)	1,839	2,847	**9,415**
Depreciation of revaluation reserve, net of corporate income tax	(642)	–	–	–	**(642)**
Change in property revaluation reserve	(77)	–	–	–	**(77)**
Share-based payment	–	–	–	(2,847)	**(2,847)**
Net change in fair value of debt instruments measured at FVOCI	–	6,756	–	–	**6,756**
Change in allowance for expected credit losses of debt instruments at FVOCI	–	546	–	–	**546**
Reclassification of cumulative loss on disposal of debt instruments at FVOCI to profit or loss	–	110	–	–	**110**
Gains on equity instruments at FVOCI	–	3,950	–	–	**3,950**
Currency translation differences	–	–	(3,827)	–	**(3,827)**
At 31 December 2023	6,802	8,570	(1,988)	–	**13,384**
Depreciation of revaluation reserve, net of corporate income tax	**(2,391)**	**–**	**–**	**–**	**(2,391)**
Change in property revaluation reserve	**767**	**–**	**–**	**–**	**767**
Net change in fair value of debt instruments measured at FVOCI	**–**	**2,513**	**–**	**–**	**2,513**
Change in allowance for expected credit losses of debt instruments measured at FVOCI	**–**	**48**	**–**	**–**	**48**
Reclassification of cumulative loss on disposal of debt instruments at FVOCI to profit or loss	**–**	**12**	**–**	**–**	**12**
Gains on equity instruments at FVOCI	**–**	**36,684**	**–**	**–**	**36,684**
Transfer of accumulated revaluation reserve on disposal of equity instruments measured at FVOCI	**–**	**(9,990)**	**–**	**–**	**(9,990)**
Currency translation differences	**–**	**–**	**14,761**	**–**	**14,761**
At 31 December 2024	**5,178**	**37,837**	**12,773**	**–**	**55,788**

Dividends

In accordance with Kazakhstan legislation and the Bank's charter documents, distributable reserves are subject to the rules and regulations of the Republic of Kazakhstan.

(in KZT million, unless otherwise is stated)

33. Earnings per share

The following table shows the profit and number of shares used to calculate basic and diluted earnings per ordinary share:

	31 December 2024	*31 December 2023*
Profit for the year	**179,480**	151,872
Less dividends that can be paid to preference shareholders if profit is fully distributed	**–**	–
Net profit attributable to ordinary shareholders	**179,480**	151,872
Weighted average number of ordinary shares for calculation of basic earnings per share	**164,078,731**	164,078,731
Basic and diluted earnings per share (KZT)	**1,093.87**	925.60

Book value per share

The book value per share calculated in accordance with the methodology indicated in the Listing Rules of the KASE as at 31 December 2024 and 2023 is presented below:

	31 December 2024			*31 December 2023*		
Type of shares	*Number of outstanding shares*	*Net assets (thousands of tenge)*	*Book value per share (tenge)*	*Number of outstanding shares*	*Net assets (thousands of tenge)*	*Book value per share (tenge)*
Ordinary	**164,078,731**	**3,776,203,574**	**5,863,97**	164,078,731	3,151,741,039	4,433.02

	31 December 2024			*31 December 2023*		
Type of shares	*Number of outstanding shares*	*Book value of shares (thousands of tenge)*	*Book value per share (tenge)*	*Number of outstanding shares*	*Book value of shares (thousands of tenge)*	*Book value per share (tenge)*
Preference	**2,500,000**	**342,916**	**137,20**	2,500,000	49,227	19.60

34. Segment analysis

The main format of presentation of segment disclosure of the Group is presenting the information based on operating segments.

Operating segments are components of the Group that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker and for which financial information is available. The chief operating decision maker is the person or group of persons who allocates resources and assesses the performance for the Group. The functions of the person responsible for making operational decisions are carried out by the Management Board of the Group. In order to make operational decisions and allocate resources, the Management Board uses IFRS based financial information.

Description of products and services from which each reportable segment derives its revenue

The Group has three reportable segments, as described below:

Banking – includes lending, deposit taking and other transactions with customers, trading and corporate finance activities, the Group's funding and banking risk management activities through borrowings, issue of debt securities;

Insurance – conducting insurance and reinsurance activities;

Investing and brokerage activity – includes provision of broker services, financing instrument trading and transactions on capital markets.

(in KZT million, unless otherwise is stated)

34. Segment analysis (continued)

Description of products and services from which each reportable segment derives its revenue (continued)

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax as included in the internal management reports, which are based on the statutory financial statements, that are reviewed by the Chairman of the Management Board. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to others who operate within these industries. Inter–segment pricing is determined on an arm's length basis.

Segment breakdown of assets, without taking into account the elimination of intra–group operations, for the year ended 31 December 2024, is set out below:

	31 December 2024	*31 December 2023*
Assets		
Banking	**3,760,453**	3,134,018
Investing and brokerage activity	**90,889**	88,018
Insurance	**73,426**	70,315
Unallocated assets	**80,581**	84,856
Total assets	**4,005,349**	3,377,207
Liabilities		
Banking	**2,812,953**	2,404,689
Investing and brokerage activity	**4,453**	14,561
Insurance	**42,423**	39,086
Unallocated liabilities	**10,293**	15,427
Total liabilities	**2,870,122**	2,473,763

Segment information for the main reportable segments, not taking into account the elimination of intra–segment operations for the year ended 31 December 2024 is set out below:

	Banking	*Investing and brokerage activity*	*Insurance*	*Undistributed segments*	*Total*
Interest revenue calculated using the effective interest method	**441,074**	**5,548**	**7,486**	**514**	**454,622**
Other interest income	**206**	**390**	**–**	**–**	**596**
Fee and commission income	**57,995**	**1,475**	**–**	**–**	**59,470**
Revenue from insurance contracts			**31,273**		**31,273**
Net finance income for reinsurance contracts held			**76**		**76**
Net gain on financial instruments measured at FVTPL	**1,104**	**4,521**	**–**	**–**	**5,625**
Net gains from foreign currencies	**59,076**	**5,342**	**3,585**	**–**	**68,003**
Net gains from initial recognition of financial instruments	**2,669**	**–**	**–**	**–**	**2,669**
Other income	**6,476**	**21**	**279**	**40,116**	**46,892**
Total income	**568,600**	**17,297**	**42,699**	**40,630**	**669,226**
Interest expense	**(186,814)**	**(1,428)**	**–**	**(552)**	**(188,794)**
Credit loss expense	**(54,092)**	**(222)**	**(870)**	**310**	**(54,874)**
Fee and commission expense	**(36,832)**	**(500)**	**–**	**(44)**	**(37,376)**
Insurance service expense			**(35,174)**		**(35,174)**
Net expense from reinsurance contracts held			**(224)**		**(224)**
Net finance expenses for insurance contracts issued			**(1,676)**		**(1,676)**
Net (losses)/gains on derecognition of investment securities measured at FVOCI	**(35)**	**18**	**5**	**–**	**(12)**
Personnel expenses	**(56,248)**	**(1,769)**	**(1,469)**	**(6,121)**	**(65,607)**
Other impairment losses	**(344)**	**–**	**–**	**(9)**	**(353)**
Other expenses	**(1,878)**	**(40)**	**(557)**	**(23,605)**	**(26,080)**
Other general and administrative expenses	**(57,631)**	**(713)**	**(1,057)**	**(3,294)**	**(62,695)**
Total expenses	**(393,874)**	**(4,654)**	**(41,022)**	**(33,315)**	**(472,865)**
Segment financial result	**174,726**	**12,643**	**1,677**	**7,315**	**196,361**
Corporate income tax expense	**(13,622)**	**(407)**	**(1,803)**	**(651)**	**(16,483)**
Net profit /(loss) after corporate income tax	**161,104**	**12,236**	**(126)**	**6,664**	**179,878**

(in KZT million, unless otherwise is stated)

34. Segment analysis (continued)

Segment information for the main reportable segments, not taking into account the elimination of intra−segment operations for the year ended 31 December 2023 is set out below:

	Banking	*Investing and brokerage activity*	*Insurance*	*Undistri-buted segments*	*Total*
Interest revenue calculated using the effective interest method	354,264	2,892	4,299	2,112	363,567
Other interest income	233	1,602	–	–	1,835
Fee and commission income	64,349	753	–	–	65,102
Revenue from insurance contracts			54,845		54,845
Net finance income for reinsurance contracts held			744		744
Net gains/(losses) on financial instruments measured at FVTPL	4,208	1,551	–	–	5,759
Net gains/(losses) from foreign currencies	29,485	(947)	(324)	–	28,214
Gain from modification of subordinated debt	2,436	–	–	–	2,436
Other income	7,809	–	–	31,945	39,754
Total income	462,784	5,851	59,564	34,057	562,256
Interest expense	(146,629)	(314)	–	(351)	(147,294)
Fee and commission expense	(43,782)	(343)	–	(83)	(44,208)
Insurance service expense			(45,609)		(45,609)
Net expense from reinsurance contracts held			(2,050)		(2,050)
Net finance expenses for insurance contracts issued			(5,494)		(5,494)
Credit loss expense	(23,028)	(45)	(2)	(86)	(23,161)
Net (losses)/gains on derecognition of investment securities measured at FVOCI	(83)	481	(508)	–	(110)
Personnel expenses	(54,787)	(1,560)	(2,037)	(6,405)	(64,789)
Other expenses	(533)	(26)	–	(19,285)	(19,844)
Other impairment losses	(2,576)	–	–	(19)	(2,595)
Other general and administrative expenses	(47,237)	(972)	(186)	(2,429)	(50,824)
Total expenses	(318,655)	(2,779)	(55,886)	(28,658)	(405,978)
Segment financial result	144,129	3,072	3,678	5,399	156,278
Corporate income tax expense	(3,213)	(101)	(114)	(609)	(4,037)
Net profit after corporate income tax	140,916	2,971	3,564	4,790	152,241

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2024	*2023*
Revenue		
Total revenue of reportable segments	**669,226**	562,256
Elimination of inter−segment revenue	**(3,207)**	(8,250)
Consolidated revenue	**666,019**	554,006
Profit or loss		
Total profit of reportable segments	**179,878**	152,288
Consolidated profit for the year ended 31 December	**179,878**	152,288

(in KZT million, unless otherwise is stated)

34. Segment analysis (continued)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities (continued)

	31 December 2024	*31 December 2023*
Assets		
Total assets for reportable segments	**4,005,349**	3,377,207
Elimination of inter–segment assets	**(213,287)**	(225,466)
Consolidated assets	**3,792,062**	3,151,741
Liabilities		
Total liabilities of reportable segments	**2,870,122**	2,473,763
Elimination of inter–segment liabilities	**(48,337)**	(57,739)
Consolidated liabilities	**2,821,785**	2,416,024

The geographic information for 2024 and 2023 is as follows:

	Revenues		*Non-current non-financial assets*	
	2024	*2023*	*31 December 2024*	*31 December 2023*
Republic of Kazakhstan	620,650	519,449	124,510	125,726
Kyrgyz Republic	48,576	42,807	13,420	12,054
Total	**669,226**	**562,256**	**137,930**	**137,780**

The Group operates in the Republic of Kazakhstan and Kyrgyz Republic. The majority of revenues from external customers relate to residents of the Republic of Kazakhstan. The majority of non–current assets are located in the Republic of Kazakhstan. In presenting the geographic information, the allocation of revenue has been based on the geographic location of customers and assets.

Major customers

For 2024 and 2023, no corporate customers of the reportable segments represented more than 10% of the Group's total revenue.

35. Risk management

Introduction

Risk is inherent in the Group's activities. The Group manages risks in a continuous process of identification, assessment and monitoring, and through the establishment of risk limits and other internal control measures. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. The Group is also exposed to operational risks.

The Group's risk management policies aimed at creating comprehensive risk management system that is appropriate to the nature and scope of the Group's operations, the profile of the risks to be taken, and the needs of further business development.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group's strategic planning process.

Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks; however, there are separate independent bodies responsible for managing and monitoring risks.

Board of Directors

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles.

(in KZT million, unless otherwise is stated)

35. Risk management (continued)

Introduction (continued)

Management Board

The Management Board has the responsibility to monitor the overall risk process within the Group.

Risk management

The Risk Management Unit is responsible for implementing and maintaining risk related procedures to ensure an independent control process.

The primary objective of the financial risk management function (credit risk, liquidity risk, market risk) is to establish risk limits, and then ensure that exposure to risks stays within these limits. Management of operational risks, risks of information technology and information security, legal and compliance risks should ensure proper functioning of internal processes and procedures in order to minimise the Group's exposure to internal and external risks.

Bank Treasury

Treasury is responsible for managing the Group's assets and liabilities by implementing the decisions of the Asset and Liability Management Committee. Treasury is also primarily responsible for managing short-term liquidity risk and is involved in managing the Group's funding risk.

Internal audit

Risk management processes throughout the Group are audited annually by the internal audit unit that examines both the adequacy of the procedures and the Group's compliance with the procedures. Internal Audit discusses the results of all assessments with management and reports its findings and recommendations to the Audit Committee.

Risk measurement and reporting systems

The Group's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models use the probabilities obtained from past experience and adjusted for economic conditions. The Group also stimulates the "worst-case scenarios" that will occur in case of events that are considered unlikely.

Risk monitoring and control are mainly based on limits set by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept, with additional emphasis on selected industries. In addition, the Group monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the businesses is examined and processed in order to analyse, control and identify early risks. This information is presented and explained to the Management Board, the Risk Committee, and the head of each business division. The report includes aggregate credit exposure, credit metric forecasts, hold limit exceptions, liquidity ratios and risk profile changes. The information on risks by industry, business segments, products, currency, types of collateral, terms of financing, and regions is provided on a monthly basis. The Board of Directors receives a comprehensive risk report once a quarter which is designed to provide all the necessary information to assess and conclude on the risks of the Group.

Risk mitigation

Credit risk reduction is provided by regular extended monitoring of financial condition and collateral of clients with control over implementation of covenants established during initial financing. Also, as part of its overall risk management, the Group uses derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies and exposures arising from forecast transactions.

Excessive risk concentration

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Risk concentrations reflect the relative sensitivity of the Group's performance to changes in conditions that affect a particular industry or geographic region.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include special principles aimed at maintaining a diversified portfolio. Identified concentrations of risks are managed.

35. Risk management (continued)

Credit risk

Credit risk is the risk that the Group will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Group manages credit risk (for recognised financial assets and unrecognised contractual commitments) through the adoption of approved policies and procedures, requiring to set and meet the limits of credit risk concentration as well as by means of establishing the credit committee whose functions include monitoring of a credit risk. The credit policy is reviewed and approved by the Board of Directors.

The credit policy establishes and determines the major requirements to be followed in lending activity, including:

- Aims and objectives of the Group's lending activity;
- Priorities and restrictions in lending;
- Credit risk allowable level;
- System of the credit risk limits;
- Terms of granting loans to the individuals and legal entities, including entities having special relations with the Bank;
- Stages and participants of the lending process;
- Decision−making system;
- Key principles and methods of credit risk management in the Group;
- Internal control system for the credit risk management process.

On the basis of the Credit Policy, which covers the key directions of the Group's activity and the system of the credit risk management instruments, the Group has built a more efficient lending process in the segments of the corporate business, small and medium−sized business and retail business, as described below. The Group has established several credit committees which approve credit limits for borrowers:

Corporate and SME loan credit applications are analysed by the Credit Analysis Department and SME lending divisions in branches, respectively, which are responsible for the analysis of issuing loans. The minimum rating required for the borrower to obtain a loan has been established in accordance with the decision of the Board of Directors of the Bank.

Then, to consider a project at the meeting of the authorised body that makes decisions on concluding a transaction, the opinions of the Group's departments are provided, including: opinion of the Legal Department; opinion of the Security Department; opinion of the Collateral Department; and opinion of the Risk Management Department.

For the purpose of effective risk management, the Risk Management Department, while analysing the projects, assigns a rating (probability of default) to the borrower.

Currently the Group uses the rating and scoring models for each business segment: small, medium, corporate and retail clients.

Based on the submitted opinions, the Credit Committee makes a decision depending on the level of authority to make decisions. In this case, transactions in excess of 5% of the Bank's equity are approved exclusively by the decision of the Board of Directors of the Bank.

Retail loan credit applications are reviewed by the Retail Lending Department through the use of models and application data verification procedures developed together with the Credit Risk Department.

To achieve the Group's key performance indicators, while setting the interest rates for the customers from the corporate business, SME and retail business, the level of credit risk accepted under each transaction is taken into account, and at least the following factors are analysed:

- Rating/scoring (probability of default of the borrower);
- Losses if the borrower defaults;
- Funding costs;
- Cost of capital;
- The group's overheads.

(in KZT million, unless otherwise is stated)

35. Risk management (continued)

Credit risk (continued)

To ensure the effective risk management at the portfolio level the Group uses such methods as diversification of the loan portfolio and system of management reporting, which allows exercising the regular monitoring of the Group lending activity, identifying the major problems and implementing the risk minimisation instruments as well as stress−testing of credit risk.

The Group has improved the system of credit risk limits, which comprises:

- Credit risk allowable level;
- Limits by the categories of borrowers;
- Limits on the types of lending;
- Limits for the retail segment, comprising the portfolio limits and individual limits;
- Limits on lending in terms of the industries, etc.

Monitoring and control are exercised periodically, and findings are submitted for consideration to the Management Board/Board of Directors of the Bank.

This instrument allows the Group to control the lending activity based on the strategic development targets and risk taking in different areas.

The system of management reporting is functioning within the Group, the purpose of which is to provide the high quality, reliable and accurate information on the credit risk level and its deviation from the set value. The management reports are generated at the level of both the Group and individual segments on a monthly/quarterly basis and submitted for consideration to the Management Board/Board of Directors of the Bank.

The Group applies the methodology of credit risk stress testing, which is performed using a scenario analysis and sensitivity analysis. While performing the stress testing, the Group uses the following scenarios:

- General business scenario, which is based on assessment of influence of deterioration of the economic situation in the country, including decline in economic growth in general and in separate industries;
- Scenario specific to the group's business, which is based on assessment of influence of the local stress factors, including those related to the specifics of the group's lending activity and structure of its loan portfolio.

Credit risk stress testing makes it possible to respond on a timely basis to changes in macroeconomic and other indicators that may adversely affect the Group's operations, and to forecast the impact of these factors and develop risk mitigation methods.

The maximum exposure to credit risk for the components of the consolidated statement of financial position, before the effect of mitigation through the use of master netting and collateral agreements, is best represented by their carrying amounts.

Where financial instruments are recorded at fair value, their carrying amounts represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Collateral is generally not held against claims for investments in securities, due from banks and other financial organisations unless the securities are held under reverse repurchase agreements and borrowings secured by securities. The analysis of credit quality in relation to contractual contingencies at the reporting date is presented in *Note 37*.

Impairment assessment

The Group calculates ECL based on several probability-weighted scenarios with due account for the expected cash discounted using the EIR. The main elements of calculating the ECL are as follows:

Probability of Default (PD)	The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
Exposure at default (EAD)	The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
The Loss Given Default (LGD)	The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

(in KZT million, unless otherwise is stated)

35. Risk management (continued)

Credit risk (continued)

Impairment assessment (continued)

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Bank groups its loans, as described below:

1. Stage 1 − financial assets for which there are no indicators of a significant increase in the credit risk and impairment;
2. Stage 2 − financial assets with a significant increase in credit risk and with no impairment indicators;
3. Stage 3 − financial assets with a significant increase in credit risk and having at least one impairment and default risk.
4. POCI − purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECL are only recognised or released to the extent that there is a subsequent change in the lifetime expected credit losses.

Significant increase in credit risk

In assessing whether there has been a significant increase in the credit risk of a financial instrument since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

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

- Quantitative factor based on changes in the probability of default (for each risk group of a financial instrument, allowable thresholds are set for a relative increase in the probability of default from 100% to 200%);
- Qualitative factors; and
- 30-day overdue.

The Group assesses whether credit risk has increased significantly since initial recognition in each reporting period. The criteria for determining a significant increase in credit risk vary depending on different types of lending, in particular, for corporate and retail customers, as well as on the portfolio, and include both quantitative changes in the values of the probability of default and qualitative factors, including the "limiter" of the period of delay.

The Group considers that the credit risk of a particular position exposed to credit risk has increased significantly since its initial recognition if, on the basis of the Group's modelling methods, it is determined that there are objective factors that lead to a deterioration in the financial and economic condition of the counterparty.

When assessing whether there is a significant increase in credit risk, the expected credit losses for the remaining entire period are adjusted to changes in the maturity.

An increase in credit risk can be considered significant if it is indicated by qualitative factors linked to the Group's credit risk management process, the effect of which cannot be fully identified in a timely manner during quantitative analysis. This applies to those items subject to credit risk that meet certain high-risk criteria, such as being on a watch list.

The assessment of these qualitative factors is carried out on the basis of professional judgment and taking into account the relevant past experience.

The Group considers the arrears on this asset for more than 30 days to be arrears of more than 30 days, except for funds in bank accounts, as well as investment securities for which there was a significant increase in credit risk, if the delay thereon was more than three days.

The number of outstanding days is determined by counting the number of days starting from the earliest day on which payment was not fully received. Payment dates are determined without taking into account the grace period that may be granted to the borrower.

(in KZT million, unless otherwise is stated)

35. Risk management (continued)

Credit risk (continued)

Impairment assessment (continued)

Definition of default and cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days and over 90 days (60 days and more for individual financial assets) past due on its contractual payments except for funds in bank accounts, as well as investment securities for which there was a significant increase in credit risk, if the delay thereon was more than three days.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate that the probability of payment is low. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- It is unlikely that the borrower's loan obligations to the Group will be repaid in full without the Group taking measures such as the sale of collateral (if any);
- Loan is being restructured due to deterioration of financial condition of the borrower;
- Probability of bankruptcy of the borrower arises;
- Breach of covenants;
- Overdue debts and default on other obligations to the Group by the same issuer;
- Other information obtained from own and external sources.

If there is evidence that there is no longer a significant increase in credit risk or default relative to the time of initial recognition, the loss allowance for the relevant instrument will again be measured at 12-month ECLs. Some qualitative factors of increased credit risk may indicate an increased risk of default, which continues to occur after the factor itself has ceased to exist.

In these cases, the Group designates a "probationary period" of 3 months, during which payments on the financial asset must be made on time and in specified amounts to demonstrate that the credit risk of the asset has been sufficiently reduced. Where contractual loan terms have been changed, evidence that the criteria for recognising a lifetime ECL are no longer met shall include statistics on timely payments in accordance with the modified contractual terms.

In the case of restructured financial assets, the Group has defined a "probationary period" of 12 months, during which payments on the financial asset must be made on time and in specified amounts before the financial asset is no longer classified as credit-impaired.

Forward-looking information and economic scenarios

The Group includes forward-looking information both in the assessment for a significant increase in credit risk since the initial recognition of the financial instrument and in the assessment of expected credit losses. In assessing forward-looking information, the Group relies on information obtained from external sources.

The Group identified and documented a list of the main factors affecting the assessment of credit risk and credit losses for each portfolio of financial instruments and, using historical data analysis, assessed the correlation between macroeconomic variables, credit risk and credit losses.

Forward-looking ratios between the key indicator and default events and loss levels for various portfolios of financial assets were developed using the analysis of historical data over the past 5 years.

Historical data on selected macroeconomic factors are used from external sources, which are available without undue cost or effort. The Group's ECL models use the following main macroeconomic factors such as price of oil, GDP growth and consumer prices.

(in KZT million, unless otherwise is stated)

35. Risk management (continued)

Credit risk (continued)

Impairment assessment (continued)

Forward-looking information and economic scenarios

Key drivers	ECL scenario	Assigned probabilities, %	2024	
			2025	2026
Consumer price index	Upside	20,00	**8.43%**	**7.27%**
	Base case	60,00	**8.95%**	**7.78%**
	Downside	20,00	**9.46%**	**8.24%**
Oil prices, in US dollars	Upside	20,00	**81,61**	**81,54**
	Base case	60,00	**73,6**	**73,54**
	Downside	20,00	**64,08**	**64,02**
GDP, billions of tenge	Upside	20,00	**153,765**	**171,727**
	Base case	60,00	**153,653**	**171,998**
	Downside	20,00	**153,333**	**171,919**

Key drivers	ECL scenario	Assigned probabilities, %	2023	
			2024	2025
Consumer price index	Upside	20,00	8.65%	6.19%
	Base case	60,00	9.59%	6.89%
	Downside	20,00	10.45%	7.45%
Oil prices, in US dollars	Upside	20,00	102,47	111,40
	Base case	60,00	96,89	100,06
	Downside	20,00	89,50	88,20

To forecast scenarios and determine the probability of their development, historical forecast macroeconomic indicators and actual results for the maximum possible period are analysed from the same sources that were used for scenario forecasting.

Treasury and interbank relationships

For financial instruments (correspondent accounts, interbank loans and deposits, securities), a significant increase in credit risk is determined individually for each financial asset based on quantitative indicators (downgrading of the rating determined by international rating agencies since initial recognition) and qualitative indicators (negative information concerning the issuer/counterparty, including deterioration of financial condition, change of shareholders, implementation of the risk of loss of reputation, the systematic violation of prudential regulations) from the moment of initial recognition.

Corporate lending

In the case of commercial lending, the borrowers are assessed by the Group's Credit Risk Department. The credit risk assessment is based on a credit scoring model that takes into account various historical, current and forward-looking information such as:

- Historical financial information together with forecasts and budgets prepared by the client. This financial information includes realised and expected results, solvency ratios, liquidity ratios and any other relevant ratios to measure the client's financial performance. Some of these indicators are captured in covenants with the clients and are, therefore, measured with greater attention.
- Any publicly available information on the clients from external parties. This includes external rating grades issued by rating agencies, independent analyst reports, publicly traded bond or CDS prices or press releases and articles;
- Any macro-economic or geopolitical information, e.g., GDP growth relevant for the specific industry and geographical segments where the client operates.
- Any other objectively supportable information on the quality and abilities of the client's management relevant for the borrower's performance.

All significant financial assets with a carrying amount of more than 0.2% of the Group's equity are individually assessed (each separate financial asset) at the reporting date. Financial assets that are not significant are collectively assessed for groups with similar risk characteristics.

(in KZT million, unless otherwise is stated)

35. Risk management (continued)

Credit risk (continued)

Impairment assessment (continued)

Small and medium business and retail lending

The Group uses data collected to analyse maturities that reflect the historical migration of loans grouped into groups on a collective basis. The depth of the calculation period is at least 60 months from the current reporting date. Then, a model is used to measure the relationship between macroeconomic factors and the probability of default.

When calculating the discounted value of estimated future cash flows for a financial asset, the Group also takes into account cash flows that may arise as a result of the transfer of ownership of the Group to collateral. If contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

Credit quality by class of financial assets

Below is the geographical concentration of the Group's assets and liabilities as at 31 December 2024:

	Kazakhstan	*OECD*	*Other*	*Total*
Assets				
Cash and cash equivalents	**499,455**	**146,747**	**206,342**	**852,544**
Derivative financial assets	**60**	**–**	**–**	**60**
Amounts due from banks and other financial institutions	**21,707**	**22,358**	**31,780**	**75,845**
Trading securities	**3,189**	**1,286**	**2,612**	**7,087**
Investment securities	**1,124,345**	**173,964**	**34,191**	**1,332,500**
Loans to customers	**958,100**	**169**	**180,746**	**1,139,015**
Promissory notes of the Ministry of Finance of the Republic of Kazakhstan	**122,212**	**–**	**–**	**122,212**
Insurance contract assets	**–**	**–**	**–**	**–**
Other financial assets	**46,072**	**802**	**9,847**	**56,721**
	2,775,140	**345,326**	**465,518**	**3,585,984**
Liabilities				
Amounts due to banks and other financial institutions	**16,757**	**432**	**104,454**	**121,643**
Amounts payable under repurchase agreements	**43,025**	**–**	**–**	**43,025**
Derivative financial liabilities	**–**	**943**	**130**	**1,073**
Amounts due to customers	**1,505,636**	**31,013**	**419,147**	**1,955,796**
Debt securities issued	**304,486**	**–**	**–**	**304,486**
Subordinated debt	**118,149**	**–**	**–**	**118,149**
Liabilities to the mortgage organisation	**7,810**	**–**	**–**	**7,810**
Lease liabilities	**2,201**	**–**	**2,023**	**4,224**
Insurance contract liabilities	**39,298**	**–**	**–**	**39,298**
Other financial liabilities	**7,847**	**4,795**	**5,713**	**18,355**
	2,045,209	**37,183**	**531,467**	**2,613,859**
Net position	**729,931**	**308,143**	**(65,949)**	**972,125**

Below is the geographical concentration of the Group's assets and liabilities as at 31 December 2023:

	Kazakhstan	*OECD*	*Other*	*Total*
Assets				
Cash and cash equivalents	411,717	120,957	173,708	706,382
Derivative financial assets	60	–	134	194
Amounts due from banks and other financial institutions	41,840	14,547	7,447	63,834
Trading securities	10,661	3,452	5,401	19,514
Investment securities	840,002	83,730	41,538	965,270
Loans to customers	945,573	157	118,476	1,064,206
Promissory notes of the Ministry of Finance of the Republic of Kazakhstan	105,458	–	–	105,458
Insurance contract assets	2,948	–	–	2,948
Other financial assets	16,355	1,978	6,709	25,042
	2,374,614	224,821	353,413	2,952,848
Liabilities				
Amounts due to banks and other financial institutions	16,364	57	62,475	78,896
Amounts payable under repurchase agreements	43,288	–	–	43,288
Derivative financial liabilities	308	–	76	384
Amounts due to customers	1,314,184	19,470	287,754	1,621,408
Debt securities issued	213,052	–	–	213,052
Subordinated debt	201,560	–	–	201,560
Liabilities to the mortgage organisation	9,319	–	–	9,319
Lease liabilities	1,929	–	2,105	4,034
Insurance contract liabilities	36,747	–	–	36,747
Reinsurance contract liabilities	216	–	–	216
Other financial liabilities	5,431	1,740	7,205	14,376
	1,842,398	21,267	359,615	2,223,280
Net position	532,216	203,554	(2,447)	733,323

(in KZT million, unless otherwise is stated)

35. Risk management (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchanges, and equity prices. The Group classifies exposures to market risk into either trading or non-trading portfolios. Except for the concentrations within foreign currency, the Group has no significant concentration of market risk.

The Group manages market risk through performance of the following tasks:

- Determining and establishing the levels of market risk appetite and developing action plans in case of breaches of the established levels, including responsibility for taking risks that have been determined to be high;
- Building up an effective market risk management system of the group;
- Ensuring an optimal ratio between profitability and the level of risk assumed;
- Ensuring that the authorised collegial bodies (acb) who make decisions involving risks, are aware of the market risk by establishing an effective corporate governance system and having complete, reliable and timely management information;
- Identifying the participants to the process and determining the procedure for their interaction while managing market risk;
- Ensuring continuous monitoring and control of established levels of risk appetite and internal limits of market risk;
- Performing stress testing to identify the level of potential market risks, assessing the group's ability to withstand changes;
- Performing back−testing to check the effectiveness of the risk measurement procedures using historical data on the group's operations;
- Minimising risks related to the failure of the group's staff to comply with the established limits and market risk powers;
- Developing mechanisms to address unexpected or extraordinary situations of the group related to a significant change in market indicators resulting in increase in market risk.

The Group manages its market risk by setting open position limits in relation to consolidated financial instruments, interest rate maturity and currency positions and stop−loss limits.

These are monitored on a regular basis and reviewed by the Management Board and approved by the Board of Directors.

During 2024 and 2023 the Group implemented the following measures: improved the market risk management procedures; improved procedures of the market risk stress testing; improved the system of the market risk management reporting; revised internal limits form market risk.

(in KZT million, unless otherwise is stated)

35. Risk management (continued)

Market risk (continued)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Management Board has set limits on foreign currency positions below the regulatory limits of the NBRK, in accordance with the Group's own risk appetite in the current environment.

Below is the analysis of financial assets and liabilities by foreign currencies as at 31 December 2024:

	KZT	*USD*	*EUR*	*RUB*	*Other currencies**	*Total*
Assets						
Cash and cash equivalents	**401,474**	**151,173**	**95,664**	**42,801**	**161,432**	**852,544**
Amounts due from banks and other financial institutions	**1,470**	**63,267**	**447**	**–**	**10,661**	**75,845**
Trading securities	**1,404**	**2,033**	**507**	**–**	**–**	**3,944**
Investment securities	**1,005,788**	**258,207**	**–**	**–**	**7,008**	**1,271,003**
Loans to customers	**921,802**	**117,987**	**5**	**–**	**99,221**	**1,139,015**
Promissory notes of the Ministry of Finance of the Republic of Kazakhstan**	**–**	**122,212**	**–**	**–**	**–**	**122,212**
Reinsurance contract assets	**2,561**	**988**	**–**	**–**	**–**	**3,549**
Other financial assets	**49,467**	**897**	**60**	**499**	**5,798**	**56,721**
	2,383,966	**716,764**	**96,683**	**43,300**	**284,120**	**3,524,833**
Liabilities						
Amounts due to banks and other financial institutions	**14,434**	**46,494**	**15,345**	**9,210**	**36,160**	**121,643**
Amounts payable under repurchase agreements	**23,680**	**19,345**	**–**	**–**	**–**	**43,025**
Amounts due to customers	**1,145,188**	**533,515**	**77,155**	**24,261**	**175,677**	**1,955,796**
Debt securities issued	**304,486**	**–**	**–**	**–**	**–**	**304,486**
Subordinated debt	**118,149**	**–**	**–**	**–**	**–**	**118,149**
Lease liabilities	**1,952**	**1,792**	**–**	**–**	**480**	**4,224**
Other financial liabilities	**9,877**	**2,391**	**423**	**1**	**5,663**	**18,355**
	1,617,766	**603,537**	**92,923**	**33,472**	**217,980**	**2,565,678**
The effect of derivatives held for risk management	**58,278**	**(48,295)**	**2,286**	**(9,609)**	**(1,708)**	**952**
Net foreign currency position	**824,478**	**64,932**	**6,046**	**219**	**64,432**	**960,107**

* *Other currencies mainly include KGS for Optima Bank OJSC's transactions.*

** *Promissory notes of the Ministry of Finance of the Republic of Kazakhstan are denominated in KZT, but all payments, including interest, are indexed to the change in US Dollar to KZT exchange rate from the date of issue of the promissory notes.*

(in KZT million, unless otherwise is stated)

35. Risk management (continued)

Market risk (continued)

Foreign currency risk (continued)

Below is the analysis of financial assets and liabilities by foreign currencies as at 31 December 2023:

	KZT	USD	EUR	RUB	Other currencies*	Total
Assets						
Cash and cash equivalents	260,849	264,269	42,391	28,241	110,632	706,382
Amounts due from banks and other financial institutions	907	61,781	410	–	736	63,834
Trading securities	313	15,676	1	–	–	15,990
Investment securities	763,972	129,481	–	–	4,168	897,621
Loans to customers	853,693	145,311	11	55	65,136	1,064,206
Promissory notes of the Ministry of Finance of the Republic of Kazakhstan**	–	105,458	–	–	–	105,458
Insurance contract assets	1,728	1,216	1	3	–	2,948
Reinsurance contract assets	1,805	1,270	1	3	–	3,079
Other financial assets	16,389	2,602	107	223	5,721	25,042
	1,899,656	727,064	42,922	28,525	186,393	2,884,560
Liabilities						
Amounts due to banks and other financial institutions	12,878	40,433	21,576	234	3,775	78,896
Amounts payable under repurchase agreements	14,250	29,038	–	–	–	43,288
Amounts due to customers	968,830	437,338	61,712	26,092	127,436	1,621,408
Debt securities issued	213,052	–	–	–	–	213,052
Subordinated debt	201,560	–	–	–	–	201,560
Lease liabilities	1,680	1,883	–	–	471	4,034
Other financial liabilities	4,835	1,949	405	42	7,145	14,376
	1,417,085	510,641	83,693	26,368	138,827	2,176,614
The effect of derivatives held for risk management	78,228	(118,519)	42,354	(4)	(1,849)	210
Net foreign currency position	560,799	97,904	1,583	2,153	45,717	708,156

* *Other currencies mainly include KGS for Optima Bank OJSC's transactions.*

** *Promissory notes of the Ministry of Finance of the Republic of Kazakhstan are denominated in KZT, but all payments, including interest, are indexed to the change in US Dollar to KZT exchange rate from the date of issue of the promissory notes.*

The sensitivity analysis is based on the internal report on open currency positions, including derivative financial instruments, for assessing possible changes in profit and cost of capital.

The table below shows the change in the financial result as a result of possible changes in exchange rates used at the reporting date. This analysis was carried out before deduction of taxes, while all other variables are held constant:

Currency	Increase in currency rate, %	Effect on profit	Effect on other comprehensive income	Increase in currency rate, %	Effect on profit	Effect on other comprehensive income
USD	9.09	5,902	5,902	14.15	13,853	13,853
EUR	9.00	544	544	12.95	205	205
RUB	19.82	43	43	28.54	614	614

	2024			2023		
Currency	Decrease in currency rate, %	Effect on profit	Effect on other comprehensive income	Decrease in currency rate, %	Effect on profit	Effect on other comprehensive income
USD	(7.34)	(4,766)	(4,766)	(14.15)	(13,853)	(13,853)
EUR	(5.95)	(360)	(360)	(12.95)	(205)	(205)
RUB	(38.53)	(84)	(84)	(28.54)	(614)	(614)

(in KZT million, unless otherwise is stated)

35. Risk management (continued)

Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulties in meeting its financial obligations, under normal and unforeseen conditions, in a timely manner. The Group is exposed to the risk due to the daily need to use available funds for settlements on overnight deposits, customer accounts, repayment of deposits, loans, guarantees and derivative financial instruments that are settled in cash. The Group accumulates a sufficient amount of cash based on its experience and with a sufficient degree of accuracy in forecasting the required level of liquidity to meet its obligations.

As a protective measure in the event of a cash flow disruption, the Group maintains a portfolio of highly liquid assets that can be easily sold.

The key objectives of the Group's liquidity risk management are as follows:

- To ensure that the Group is able to discharge its liabilities in time and in full scope;
- To invest the Group's free cash flows in high income earning and highly liquid assets.

In the process of liquidity risk management the Group is governed by the following principles:

- Liquidity is managed on a day–to–day basis and continuously;
- Sound management of assets and liabilities;
- Management of access to the interbank market;
- Diversification and stability of liabilities;
- Application of the methods and instruments for the liquidity risk assessment, which do not contradict the regulatory legal acts of the nbrk;
- Clear split of the powers and responsibility for liquidity management between the bodies of the group, its officials and business units;
- Setting of limits that ensure the adequate level of liquidity and meet the size, nature of business and financial position of the group;
- In case of a conflict between the liquidity and returns, to make decision in favour of liquidity;
- Planning of the liquidity requirements;
- Regular monitoring of the decisions to provide liquidity, which have been made before.

Liquidity risk management policy provides for assessment of the total liquidity requirement under both normal and stressed conditions, taking into account the following:

- The Group's strategy and those types of activity, which expose the Group to the liquidity risk;
- The Group's risk appetite strategy;
- Size, nature and complexity of the Group's business;
- Size of the Group's exposure to liquidity risk and assessment of its impact on the Group's financial position;
- The results of the risk assessment, including those obtained through stress testing;
- The effectiveness of the liquidity risk management procedures previously applied by the Group;
- Expectations of internal organisational and/or external changes in market conditions;
- Legislation of the Republic of Kazakhstan.

To manage the liquidity risk, a system of the liquidity risk management is established, which is based on the Rules for the Formation of the Risk Management and Internal Control System for Second–tier Banks, approved by Resolution No.188 of the NBRK's Management Board of dated 12 November 2019, and standards and instruments recommended by Basel Committee on Bank Supervision and complies with the requirements of the banking laws and best global practices. The liquidity risk management system meets the current market situation, strategy, size and level of complexity of the Bank's operations and ensures the efficient identification, measurement, monitoring and control of the Bank's liquidity risk, with due consideration of the intra–group transactions.

(in KZT million, unless otherwise is stated)

35. Risk management (continued)

Liquidity risk (continued)

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

The liquidity position is monitored on a daily basis and liquidity forecasting is performed on a regular basis by the Strategic Risks Department both under normal and stress market conditions. Under normal market conditions, liquidity reports covering the liquidity position are presented to senior management on a daily basis. Decisions on liquidity management are made by the authorised collegial body and implemented by the Strategic Risks Department.

(in KZT million, unless otherwise is stated)

35. Risk management (continued)

Liquidity risk (continued)

The tables below summarise the maturity profile of the Group's financial liabilities at 31 December 2024 based on contractual undiscounted repayment obligations:

	On demand	*From 1 to 3 months*	*From 3 months to 1 year*	*From 1 to 5 years*	*More than 5 years*	*No maturity*	*Total gross amount outflow*	*Book value*
Liabilities								
Amounts due to banks and other financial institutions	**109,277**	**1,481**	**810**	**130**	**29,355**	**–**	**141,053**	**121,643**
Amounts payable under repurchase agreements	**43,074**	**–**	**–**	**–**	**–**	**–**	**43,074**	**43,025**
Amounts due to customers	**792,551**	**428,474**	**711,796**	**38,707**	**27,434**	**–**	**1,998,962**	**1,955,796**
Debt securities issued	**440**	**23,979**	**11,685**	**101,148**	**755,935**	**–**	**893,187**	**304,486**
Subordinated debt	**–**	**64,864**	**814**	**7,563**	**367,420**	**260**	**440,921**	**118,149**
Lease liabilities	**145**	**316**	**786**	**2,944**	**33**	**–**	**4,224**	**4,224**
Other financial liabilities	**15,964**	**330**	**1,835**	**226**	**–**	**–**	**18,355**	**18,355**
Total	**961,451**	**519,444**	**727,726**	**150,718**	**1,180,177**	**260**	**3,539,776**	**2,565,678**
Credit related commitments	**10,170**	**–**	**–**	**–**	**–**	**–**	**10,170**	**–**

Future interest payments for non–redeemable cumulative preference shares, which are payable annually, are not included in the table above.

The tables below summarise the maturity profile of the Group's financial liabilities at 31 December 2023 based on contractual undiscounted repayment obligations:

	On demand	*From 1 to 3 months*	*From 3 months to 1 year*	*From 1 to 5 years*	*More than 5 years*	*No maturity*	*Total gross amount outflow*	*Book value*
Liabilities								
Amounts due to banks and other financial institutions	71,695	1,076	4,884	7,646	31,111	–	116,412	78,896
Amounts payable under repurchase agreements	43,313	–	–	–	–	–	43,313	43,288
Amounts due to customers	770,910	178,009	720,048	51,856	54,893	–	1,775,716	1,621,408
Debt securities issued	440	4,232	4,663	96,643	616,544	–	722,522	213,052
Subordinated debt	–	3,089	12,902	181,894	367,783	–	565,668	201,560
Lease liabilities	61	264	736	2,768	205	–	4,034	4,034
Other financial liabilities	10,885	1,032	1,681	778	–	–	14,376	14,376
Total	897,304	187,702	744,914	341,585	1,070,536	–	3,241,840	2,176,614
Credit related commitments	7,200	–	–	–	–	–	7,200	

Future interest payments for non–redeemable cumulative preference shares, which are payable annually, are not included in the table above.

35. Risk management (continued)

Liquidity risk (continued)

The analysis of expected maturities of assets and liabilities as at 31 December 2024 and 2023 is presented in *Note 40*.

The following tables contain information on undiscounted cash flows on non-derivative financial liabilities, including financial guarantees issued and unrecognised credit commitments, relating to the earliest maturity date possible in accordance with the terms of the contract. For financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee can be called.

In accordance with Article 765 of the Civil Code of the Republic of Kazakhstan, depositors can withdraw their term, savings, escrow and demand deposits from the Bank on demand, generally losing, in most of the cases, the accrued interest.

The Bank is obliged to return term and/or escrow deposits or part thereof not later than seven calendar days from the date of receipt of the depositor's request, and savings deposits – not earlier than thirty calendar days from the date of receipt of the depositor's request. In accordance with legislation of the Republic of Kyrgyzstan, individuals can withdraw their term deposits at any time, losing in most of the cases the accrued interest.

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

Management expects that the cash flows from certain 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.

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or can lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access rights, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

Compliance risk

The compliance risk comprises risks associated with non-compliance with regulatory requirements and legislation. The compliance risk is the risk that the Group will be exposed to financial or reputational risk arising from fines or other penalties for non–compliance with applicable laws and regulations or unfair business practices (including violations of ethical standards). The Bank's Compliance Unit strives to improve the effectiveness of managing this risk and the corresponding controls. The Group operates in a market where there is a significant level of variability in the regulatory framework, therefore, the risk associated with non–compliance with regulatory requirements refers to the areas of attention of senior management. The Bank's Compliance Unit monitors this risk by applying indicators relevant to the Group, review and analysis of reports on violations, risk analysis and controls related to the first and second lines of protection, the results of state audits and analysis of the results of internal and external audits.

Insurance risk

Insurance risk management is critical to the Group's operations. For insurance contracts, the goal is to select assets with a maturity and repayment amount that match the expected cash flows from insurance claims in those portfolios.

The main insurance and reinsurance activities carried out by the Group involve the acceptance of risk of loss from individuals and organisations that are immediately exposed to the risk. Such risks may involve property, liability, accident, cargo, health, financial or other risks that may arise from the insured event.

However, the Group is exposed to a risk of uncertainty relating to the timing and severity of the contractual claims.

The Group manages its insurance risk by limiting the sum insured; procedures for approving transactions that involve new products or exceed certain limits, pricing guidelines, centralised reinsurance management and monitoring of emerging issues.

Probability theory is applied to the pricing and calculation of reserves for insurance contracts. The key risk is that the frequency and severity of insurance claims may be higher than expected. Insured events are inherently rare, and the actual number and size of the event within one year may differ from those calculated using normal statistical methods.

(in KZT million, unless otherwise is stated)

35. Risk management (continued)

Insurance risk (continued)

Concentration of insurance risks

The key aspect of insurance risk that the Group faces is the degree of concentration of insurance risk that may exist if a certain event or series of events may have a significant impact on the Group's obligations. Such concentrations may arise from a single insurance contract or a small number of related insurance contracts and relate to circumstances in which significant obligations may arise. An important aspect of the concentration of insurance risk is that it may arise as a result of the accumulation of risks within a number of individual insurance classes or a series of contracts.

Risk concentrations may arise both as a result of events that occur rarely but have a high degree of severity, such as natural disasters, and in situations where insurance activity deviates towards a certain group, for example, a certain geographical location or demographic trends.

The main methods the Group applies to manage these risks are of a dual nature. First, risk management is carried out through appropriate underwriting. Underwriters are not allowed to insure risks if the expected profit is not commensurate with the risks taken. Secondly, risk management is carried out through the use of reinsurance. The Group acquires reinsurance coverage for various classes of its liabilities and property insurance. The Group regularly assesses the costs and benefits associated with the reinsurance program.

Total credit exposure

The Group determines the total risk exposure that it is willing to accept in relation to the concentration of risk. The Group monitors these exposures, both at the time of risk assessment and on a monthly basis, by analysing reports that show the main portfolios of risks to which the Group is exposed. The Group uses a number of modelling tools to assess the effectiveness of reinsurance programmes and the Group's net exposure.

Sensitivity analysis

The following table shows an analysis of how profit or loss would have been increased/(decreased) if there had been changes in underwriting risk variables reasonably possible at the reporting date.

The analysis shows sensitivity both before and after risk reduction as a result of reinsurance and is based on the assumption that all other variables remain constant.

	Profit or loss		***Equity***	
2024				
Final claims	***Gross amount***	***Net amount***	***Gross amount***	***Net amount***
(Increase by 5%)	**(1,569)**	**(479)**	**(1,569)**	**(479)**
(Decrease by 5%)	**994**	**880**	**994**	**880**

	Profit or loss		***Equity***	
2024				
Final claims	***Gross amount***	***Net amount***	***Gross amount***	***Net amount***
(Increase by 5%)	(994)	(880)	(994)	(880)
(Decrease by 5%)	994	880	994	880

36. Capital management

The Group maintains an actively managed capital base to cover risks inherent in the business.

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. The adequacy of the Group's capital is monitored using, among other measures, the ratios established by the NBRK in supervising the Group. As at 31 December 2024 and 2023 the Group had complied in full with all its externally imposed capital requirements.

(in KZT million, unless otherwise is stated)

36. Capital management (continued)

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

- A ratio of core capital to the sum of credit risk weighted assets and contingent liabilities, market risk and a quantitative measure of operating risk weighted assets and contingent liabilities (k1) in the value not less than 7.5% in 2024 (2023: at least 7.5%);
- A ratio of tier 1 capital less investments to the sum of credit risk-weighted assets and contingent liabilities, market risk and a quantitative measure of operational risk weighted assets, contingent assets and liabilities (k1.2) in the value not less than 8.5% in 2024 (2023: at least 8.5%);
- A ratio of own capital to the sum of credit risk weighted assets and contingent liabilities, market risk and a quantitative measure of operating risk weighted assets and contingent liabilities (k2) in the value not less than 10% in 2024 (2023: at least 10%).

	31 December 2024	*31 December 2023*
Core capital		
Tier 1 capital	**841,235**	655,126
Tier 2 capital	**225,733**	252,696
Regulatory capital	**1,066,968**	907,822
Risk weighted assets and contingent liabilities, possible requirements and liabilities	**2,172,448**	1,843,707
Capital adequacy ratio (k1)	**38.7%**	35.5%
Capital adequacy ratio (k1.2)	**38.7%**	35.5%
Capital adequacy ratio (k2)	**49.1%**	49.2%

The Bank and its subsidiaries complied with all externally imposed capital requirements as at 31 December 2024 and 2023.

37. Commitments and contingencies

Political and economic environment

Republic of Kazakhstan continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Kazakhstani economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the Government.

In 2024, volatility of world prices for crude oil and the tenge's exchange rate against major global currencies continued to have a negative impact on the Kazakhstan economy. Interest rates of attracting funds in tenge remain high. Combination of these factors resulted in limited access to capital, a high cost of capital and increased uncertainty regarding further economic growth, which could negatively affect the Group's future financial position, results of operations and business prospects. The management of the Group believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

Legal issues

In the ordinary course of business, the Group is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints, will not have a material adverse effect on the financial conditions of the results of future operations of the Group. As at 31 December 2024 and 2023, Management is unaware of any significant actual, pending or threatened claims against the Group.

Taxation

The taxation system in the Republic of Kazakhstan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. The adequacy of tax assessment in the reporting period may be reviewed during the next five calendar years. However, under certain circumstances a tax year may remain open for a longer period of time.

(in KZT million, unless otherwise is stated)

37. Commitments and contingencies (continued)

Taxation (continued)

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

Insurance

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

Credit related commitments

The Group has commitments to provide credit resources. The Group provides financial guarantees to ensure that their customers' obligations to third parties are met.

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

The contractual amounts of credit related contingencies are set out in the table by category. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the reporting date if counterparties failed to fulfil their contractual obligations. The amounts shown in the table for credit related commitments imply that these contingencies will be fully settled. The total outstanding contractual amount of commitments to extend loans and guarantees does not necessarily represent future cash requirements, as these commitments may expire or terminate without being funded. The loan commitment agreements stipulate the right of the Group to unilaterally withdraw from the agreement should any conditions unfavourable to the Group arise, including change of the refinance rate, inflation, exchange rates and other conditions.

At 31 December the Group's commitments and contingencies comprised the following:

	31 December 2024	*31 December 2023*
Credit related commitments		
Undrawn loan commitments	**229,845**	267,903
Credit card commitments	**2,205**	3,318
Financial guarantees	**5,593**	3,311
Letters of credit	**2,372**	571
Commitments and contingencies (before deducting collateral)	**240,015**	275,103
ECL allowance for credit related commitments *(Note 31)*	**(3,018)**	(3,755)
Deposits held as security for credit related commitments *(Note 27)*	**(2,028)**	(596)
Commitments and contingencies	**234,969**	270,752

Below is an analysis of changes in allowances for ECL for the year ended 31 December 2024:

Credit related contingencies	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
ECL as at 1 January 2024	**314**	**2**	**3,420**	**3,736**
New liabilities	**6**	**–**	**127**	**133**
Liabilities repaid	**(193)**	**–**	**(2,562)**	**(2,755)**
Liabilities expired	**(10)**	**–**	**(540)**	**(550)**
Net change in allowance for the year	**40**	**(2)**	**2,361**	**2,399**
Foreign exchange adjustments	**63**	**–**	**(8)**	**55**
At 31 December 2024	**220**	**–**	**2,798**	**3,018**

(in KZT million, unless otherwise is stated)

37. Commitments and contingencies (continued)

Credit related commitments (continued)

Below is an analysis of changes in allowances for ECL for the year ended 31 December 2023:

Credit related contingencies	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
ECL as at 1 January 2023	84	–	3,406	3,490
New liabilities	40	–	504	544
Liabilities repaid	(984)	–	–	(984)
Liabilities expired	(234)	–	(301)	(535)
Net change in allowance for the year	1,409	2	(189)	1,222
Foreign exchange adjustments	18	–	–	18
At 31 December 2023	333	2	3,420	3,755

38. Fair value measurements

The Group's management defines policies and procedures for the periodic measurement of fair value.

The external valuers are involved in the valuation of significant assets, such as land and administrative buildings as part of property and equipment. Involvement of external valuers is decided upon annually by the management of the Group after discussion with and approval by the Bank's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Group's management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group's management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group's management, in conjunction with the Group's external valuers, also compares any change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. On an interim basis, the Group's management and the external valuers present the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

The table below analyses assets measured at fair value as at 31 December 2024, by levels in the fair value hierarchy:

	Measurement date	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets					
Derivative financial assets	31 December 2024	**–**	**60**	**–**	**60**
Trading securities	31 December 2024	**3,387**	**678**	**3,022**	**7,087**
Investment securities measured at FVOCI					
- equity securities	31 December 2024	**61,484**	**13**	**–**	**61,497**
- debt securities	31 December 2024	**585,916**	**292,073**	**–**	**877,989**
Loans to customers at fair value through profit or loss	31 December 2024	**–**	**–**	**1,260**	**1,260**
Promissory notes of the Ministry of Finance of the Republic of Kazakhstan	31 December 2024	**–**	**122,212**	**–**	**122,212**
Investment property	31 December 2024	**–**	**–**	**50,680**	**50,680**
Property and equipment (land and buildings)	31 December 2022	**–**	**–**	**61,776**	**61,776**
		650,787	**415,036**	**116,738**	**1,181,049**
Liabilities					
Derivative financial liabilities	31 December 2024	**–**	**1,073**	**–**	**1,073**
		–	**1,073**	**–**	**1,073**

(in KZT million, unless otherwise is stated)

38. Fair value measurements (continued)

The table below analyses assets measured at fair value as at 31 December 2023, by levels in the fair value hierarchy:

	Measurement date	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets					
Derivative financial assets	31 December 2023	–	194	–	**194**
Trading securities	31 December 2023	12,274	2,018	5,222	**19,514**
Investment securities measured at FVOCI					
- equity securities	31 December 2023	67,633	–	16	**67,649**
- debt securities	31 December 2023	475,523	184,419	–	**659,942**
Loans to customers at fair value through profit or loss	31 December 2023	–	–	9,009	**9,009**
Promissory notes of the Ministry of Finance of the Republic of Kazakhstan	31 December 2023	–	105,458	–	**105,458**
Investment property	31 December 2023	–	–	42,861	**42,861**
Property and equipment (land and buildings)	31 December 2022	–	–	49,839	**49,839**
		555,430	**292,089**	**106,947**	**954,466**
Liabilities					
Derivative financial liabilities	31 December 2023	–	384	–	**384**
		–	**384**	**–**	**384**

Securities, which are listed on Kazakh Stock Exchange, but which do not have an active market as at 31 December 2024 and 2023 are classified as Level 2 in the fair value hierarchy. As at 31 December 2024, the financial instruments classified as Level 2, include government securities and corporate securities for the amount of KZT 292,073 million (31 December 2023: KZT 184,419 million) and Promissory notes of the Ministry of Finance of the Republic of Kazakhstan in the amount of KZT 122,212 million (31 December 2023: KZT 105,458 million).

In many cases all significant inputs into the valuation techniques are wholly observable, for example by reference to information from similar transactions in the currency market. In cases where all inputs are not observable, for example because there are no observable trades in a similar risk at the reporting date, the Group uses valuation techniques that rely on unobservable inputs.

(in KZT million, unless otherwise is stated)

38. Fair value measurements (continued)

Changes in Level 3 assets measured at fair value

The following table shows a reconciliation of the amounts of Level 3 assets and liabilities carried at fair value recognised at the beginning and at the end of the reporting period:

	At 31 December 2023	*Total gains recognised in profit or loss*	*Interest paid*	*Repayments*	*Transfer from level 2*	*Other changes*	*At 31 December 2024*
Financial assets							
Trading securities	**5,222**	**3,962**	**(435)**	**(6,193)**	**81**	**385**	**3,022**
Investing securities – equity securities at FVOCI	**16**	**–**	**–**	**(16)**	**–**	**–**	**–**
Loans to customers at fair value through profit or loss	**9,009**	**4,757**	**(3,047)**	**(9,551)**	**–**	**92**	**1,260**
Total financial assets of Level 3	**14,247**	**8,719**	**(3,482)**	**(15,760)**	**81**	**477**	**4,282**

The following table shows a reconciliation of the amounts of Level 3 assets and liabilities carried at fair value recognised at the beginning and at the end of the past reporting period:

	At 31 December 2022	*Total gains recognised in profit or loss*	*Interest paid*	*Repayments*	*Transfer from Level 2*	*Other changes*	*At 31 December 2023*
Financial assets							
Trading securities	5,587	445	(216)	(616)	–	22	5,222
Investing securities – equity securities at FVOCI	–	–	–	–	16	–	16
Loans to customers at fair value through profit or loss	13,524	338	(1,109)	(3,915)	–	171	9,009
Total financial assets of Level 3	19,111	783	(1,325)	(4,531)	16	193	14,247

Gains recognised in profit or loss comprise net gains on fair value revaluation, foreign currency revaluation and interest revenue on financial assets measured at fair value through profit or loss.

(in KZT million, unless otherwise is stated)

38. Fair value measurements (continued)

Significant unobservable inputs and sensitivity of Level 3 financial instruments measured at fair value to changes in key assumptions

The following table shows the quantitative information about significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy:

At 31 December 2024	*Book value*	*Valuation techniques*	*Unobservable inputs*	*Range (weighted average)*
Trading securities	**3,022**	Securities database cash price method	Bid-ask spreads, liquidity risk and country risk	**+/- 10,00%**
Loans to customers measured at FVTPL	**1,260**	Discounting of expected cash flows	Internal discount rate	**20,21%**

At 31 December 2023	*Book value*	*Valuation techniques*	*Unobservable inputs*	*Range (weighted average)*
Trading securities	5,222	Securities database cash price method	Bid-ask spreads	+/- 4.75%
Loans to customers measured at FVTPL	9,009	Discounting of expected cash flows	Internal discount rate	21,01%

In order to determine reasonably possible alternative assumptions the Group adjusted the above key unobservable model inputs as follows:

- For loans to customers, the Group adjusted the internal discount rate upwards/downwards by 1 percentage point;
- For trading securities, the Group adjusted the average bid-ask spread within a range.

The following table shows the effect of reasonably possible alternative assumptions on the fair value of Level 3 instruments:

	At 31 December 2024			*At 31 December 2023*		
		Effect of reasonably possible alternative assumptions			*Effect of reasonably possible alternative assumptions*	
	Book value	*Favourable changes*	*Unfavourable changes*	*Book value*	*Favourable changes*	*Unfavourable changes*
Trading securities	**3,022**	**251**	**(286)**	5,222	426	(436)
Loans to customers measured at FVTPL	**1,260**	**75**	**(75)**	9,009	249	(249)

The table below provides an analysis of the fair and carrying value of financial assets and liabilities whose fair value is disclosed as of 31 December 2024 and 2023 by levels of the fair value hierarchy:

At 31 December 2024	*Level 1*	*Level 2*	*Level 3*	*Total fair value*	*Total carrying amount*
Assets					
Cash and cash equivalents	**–**	**852,544**	**–**	**852,544**	**852,544**
Amounts due from banks and other financial institutions	**–**	**75,845**	**–**	**75,845**	**75,845**
Investment securities measured at amortised cost	**183,468**	**236,349**	**–**	**419,817**	**393,014**
Loans to customers	**–**	**–**	**1,469,553**	**1,469,553**	**1,137,755**
Other financial assets	**–**	**–**	**56,721**	**56,721**	**56,721**
	183,468	**1,164,738**	**1,526,274**	**2,874,480**	**2,515,879**
Liabilities					
Amounts due to banks and other financial institutions	**–**	**120,778**	**–**	**120,778**	**121,643**
Amounts payable under repurchase agreements	**–**	**43,025**	**–**	**43,025**	**43,025**
Amounts due to customers	**–**	**1,940,280**	**–**	**1,940,280**	**1,955,796**
Debt securities issued	**–**	**275,583**	**–**	**275,583**	**304,486**
Subordinated debt	**–**	**135,096**	**–**	**135,096**	**118,149**
Lease liabilities	**–**	**–**	**4,224**	**4,224**	**4,224**
Other financial liabilities	**–**	**–**	**18,355**	**18,355**	**18,355**
	–	**2,514,762**	**22,579**	**2,537,341**	**2,565,678**

(in KZT million, unless otherwise is stated)

38. Fair value measurements (continued)

Significant unobservable inputs and sensitivity of Level 3 financial instruments measured at fair value to changes in key assumptions (continued)

At 31 December 2023	*Level 1*	*Level 2*	*Level 3*	*Total fair value*	*Total carrying amount*
Assets					
Cash and cash equivalents	–	706,382	–	706,382	706,382
Amounts due from banks and other financial institutions	–	63,834	–	63,834	63,834
Investment securities measured at amortised cost	163,817	72,803	–	236,620	237,679
Loans to customers measured at amortised cost	–	–	1,041,086	1,041,086	1,055,197
Other financial assets	–	–	25,042	25,042	25,042
	163,817	843,019	1,066,128	2,072,964	2,088,134
Liabilities					
Amounts due to banks and other financial institutions	–	74,819	–	74,819	78,896
Amounts payable under repurchase agreements	–	43,288	–	43,288	43,288
Amounts due to customers	–	1,623,175	–	1,623,175	1,621,408
Debt securities issued	–	172,317	–	172,317	213,052
Subordinated debt	–	199,453	–	199,453	201,560
Lease liabilities	–	–	4,034	4,034	4,034
Other financial liabilities	–	–	14,376	14,376	14,376
	–	2,113,052	18,410	2,131,462	2,176,614

Valuation models and assumptions

The following describes the models and assumptions used to determine fair values for assets and liabilities recorded at fair value in the consolidated financial statements and those items that are not measured at fair value in the statement of financial position, but whose fair value is disclosed.

Assets the fair value of which approximates their carrying amount

For financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months), it is assumed that the carrying amount approximates their fair value. This assumption is also applied to deposits and amounts due to customers without a specific maturity.

Derivative financial assets

Derivative financial assets valued using valuation models with market observable inputs are mainly currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

Loans at fair value through profit or loss

Loans at fair value through profit or loss are valued using a combination of approaches. Where appropriate, loans are valued with reference to observable prices of debt securities issued by the borrower or by comparable entities. In other cases, valuation is performed using internal models based on present value techniques or, in some circumstances (for example, in respect of cash flow from assets held as collateral), external valuation reports. The non-observable inputs to the models include adjustments for credit, market and liquidity risks associated with the expected cash flows from the borrower's operations or in respect of collateral valuation.

Financial assets and financial liabilities at amortised cost

Fair value of the quoted bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans to customers, amounts due to customers, amounts due to banks and other financial institutions, other financial assets and liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

(in KZT million, unless otherwise is stated)

38. Fair value measurements (continued)

Valuation techniques and assumptions (continued)

Financial assets and financial liabilities at amortised cost (continued)

The following assumptions are used by the Management to estimate the fair values of financial instruments as at 31 December 2024:

- Discount rates of 16.00% − 24.90% p.a., 6.00% − 28.00% p.a. and 5.00% − 18.00% p.a. are used for discounting future cash flows from loans to corporate customers denominated in KZT, KGS and USD, respectively (31 December 2023: 20.35% − 23.68% p.a., 13.00% − 28.00% p.a. and 7.20% − 10.50% p.a., respectively);
- Discount rates of 3.90% − 34.60% p.a. and 10.00% − 30.50% p.a. are used for discounting future cash flows from loans to retail customers denominated in USD, KZT and KGS, respectively (31 December 2023: 9.68% − 40.11% p.a. and 8.00% − 30.00% p.a., respectively);
- Discount rates of 12.30% − 14.10% p.a. are used for discounting future cash flows from debt securities issued denominated in KZT (31 December 2023: 14.60% − 16.20% p.a.);
- Discount rates of 12.60% − 14.10% p.a. are used for discounting future cash flows from subordinated debt denominated in KZT (31 December 2023: 14.70% − 16.40% p.a.).

Property and equipment (land and buildings) and investment property

Fair value of the properties was determined by using comparable method and income method.

This means that valuations are based on market transaction prices, significantly adjusted for difference in the nature, location or condition of the specific property. In determining the cost of a similar building, the Group applies judgement on the impact on the market value of the following aspects:

- Bargaining adjustment;
- Adjustment for area of the building;
- Location adjustment;
- Other adjustments.

When estimating the fair value of real estate by income method capitalisation rates of 18.81% to 21.60% per annum were used. The increase in capitalisation rate would reduce the fair value of buildings.

Income method is based on the following assumptions:

- Rental rates used by the appraiser were calculated based on the analysis of rental rates (rental offers) for comparative objects;
- When calculating the potential gross income, the total area of the premises was used as a typical for the analysed local non-residential real estate markets;
- The amount of average market rental rate that was used within the income approach, takes into account the number of population and the degree of development of the commercial real estate market in the towns where the valuation objects are situated.

(in KZT million, unless otherwise is stated)

39. Related party transactions

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not. Transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

Transactions with key management personnel

Remuneration to the key management personnel

Total remuneration paid to the key management personnel included in personnel expenses in the consolidated statement of profit or loss and other comprehensive income for 2024 and 2023 is as follows:

	2024	***2023***
Personnel expenses		
Key management personnel	**(1,560)**	(1,737)

These amounts include long–term remuneration to the members of the Board of Directors and the Management Board and related taxes of KZT 429 million (2023: KZT 59 million) recognised in accordance with the NBRK Resolution No. 74 dated 24 February 2012, payable over a period of at least three years, subject to the established conditions.

The outstanding balances and average interest rates as at 31 December 2024 and 2023 for transactions with the members of the key management personnel are as follows:

	31 December 2024	***Average interest rate***	***31 December 2023***	***Average interest rate***
Assets				
Loans to customers	**40**	**0,47**	–	–
Liabilities				
Current accounts and deposits from customers	**253**	**11,79**	498	5,14
Other liabilities	**877**	**–**	92	–

Amounts included in profit or loss in relation to transactions with the key management personnel are as follows:

	2024	***2023***
Interest expense	**(19)**	(54)
Total	**(19)**	(54)

(in KZT million, unless otherwise is stated)

39. Related party transactions (continued)

Transactions with key management personnel (continued)

Remuneration to the key management personnel (continued)

As at 31 December 2024 and for the year then ended, related party account balances, average interest rates, and related gains or losses on transactions with related parties were as follows:

	Parent		*Ultimate controlling party and its subsidiaries*		*Other**		
	Amount	*Average interest rate*	*Amount*	*Average interest rate*	*Amount*	*Average interest rate*	*Total*
Consolidated statement of financial position							
Assets							
Loans to customers							
- principal, in KZT	–	–	–	–	499	14,00	499
Other assets	–	–	–	–	18	–	18
Liabilities							
Current accounts and deposits from customers							
- in KZT	72	–	543	14,00	3,907	13,25	4,522
- in USD	3	–	4,304	1,00	2,016	0,81	6,323
- in other currencies	–	–	–	–	–	–	–
Lease liabilities	–	–	–	–	480	–	480
Other liabilities	–	–	–	–	77	–	77
Consolidated statement of profit or loss and other comprehensive income							
Interest revenue	–	–	–	–	80	–	80
Interest expense	–	–	(127)	–	(572)	–	(699)
Other income	–	–	–	–	63	–	63
Other general and administrative expenses	–	–	–	–	(30)	–	(30)

* *Other related parties include other entities under common control.*

(in KZT million, unless otherwise is stated)

39. Related party transactions (continued)

Transactions with key management personnel (continued)

Remuneration to the key management personnel (continued)

As at 31 December 2023 and for the year then ended, related party account balances, average interest rates, and related gains or losses on transactions with related parties were as follows:

	Parent		*Ultimate controlling party and its subsidiaries*		*Other**		
	Amount	*Average interest rate*	*Amount*	*Average interest rate*	*Amount*	*Average interest rate*	*Total*
Consolidated statement of financial position							
Assets							
Loans to customers							
- principal, in KZT	–	–	–	–	613	14,03	613
Other assets	–	–	–	–	–	–	–
Liabilities							
Current accounts and deposits from customers							
- in KZT	63	–	132	14,50	4,249	13,80	4,444
- in USD	10	–	593	1,00	3,273	1,32	3,876
- in other currencies	–	–	–	–	1,243	3,00	1,243
Lease liabilities	–	–	–	–	409	–	409
Other liabilities	–	–	–	–	71	–	71
Consolidated statement of profit or loss and other comprehensive income							
Interest revenue	–	–	–	–	98	–	98
Interest expense	–	–	(3)	–	(2,863)	–	(2,866)
Other income	–	–	–	–	51	–	51
Other general and administrative expenses	–	–	–	–	(11)	–	(11)

** Other related parties include other entities under common control.*

(in KZT million, unless otherwise is stated)

40. Maturity analysis of assets and liabilities

The following table shows the expected maturities of assets and liabilities as at 31 December 2024 and 2023:

	2024			*2023*		
	Within one year	*More than one year*	*Total*	*Within one year*	*More than one year*	*Total*
Assets						
Cash and cash equivalents	**852,544**	**–**	**852,544**	706,382	–	706,382
Derivative financial instruments	**60**	**–**	**60**	194	–	194
Amounts due from banks and other financial institutions	**54,619**	**21,226**	**75,845**	48,842	14,992	63,834
Trading securities						
Trading securities	**1,140**	**5,947**	**7,087**	8,893	3,684	12,577
Trading securities pledged under repurchase agreements	**–**	**–**	**–**	6,937	–	6,937
Investment securities	**827,107**	**505,393**	**1,332,500**	641,120	287,799	928,919
Investment securities pledged under repurchase agreements	**–**	**–**	**–**	36,351	–	36,351
Loans to customers	**213,000**	**926,015**	**1,139,015**	330,844	733,362	1,064,206
Promissory notes of the Ministry of Finance of the Republic of Kazakhstan	**122,212**	**–**	**122,212**	719	104,739	105,458
Insurance contract assets	**–**	**–**	**–**	2,930	18	2,948
Reinsurance contract assets	**3,445**	**104**	**3,549**	3,060	19	3,079
Property and equipment and intangible assets	**–**	**93,534**	**93,534**	–	87,886	87,886
Non-current assets held for sale	**1,672**	**–**	**1,672**	6,985	–	6,985
Investment property	**–**	**50,680**	**50,680**	–	42,861	42,861
Current corporate income tax assets	**4,688**	**–**	**4,688**	1,929	–	1,929
Deferred corporate income tax assets	**–**	**216**	**216**	–	110	110
Assets of a disposal group classified as held for sale	**11,448**	**–**	**11,448**	–	–	–
Other assets	**55,400**	**41,612**	**97,012**	39,302	41,783	81,085
Total assets	**2,147,335**	**1,644,727**	**3,792,062**	1,834,488	1,317,253	3,151,741
Liabilities						
Amounts due to banks and other financial institutions	**108,946**	**12,697**	**121,643**	65,338	13,558	78,896
Amounts payable under repurchase agreements	**43,025**	**–**	**43,025**	43,288	–	43,288
Derivative financial instruments	**1,073**	**–**	**1,073**	384	–	384
Amounts due to customers	**1,902,743**	**53,053**	**1,955,796**	1,534,324	87,084	1,621,408
Debt securities issued	**23,766**	**280,720**	**304,486**	3,297	209,755	213,052
Subordinated debt	**63,974**	**54,175**	**118,149**	2,686	198,874	201,560
Liabilities to the mortgage organisation	**8**	**7,802**	**7,810**	7	9,312	9,319
Lease liabilities	**1,247**	**2,977**	**4,224**	1,061	2,973	4,034
Current corporate income tax liabilities	**411**	**100**	**511**	408	91	499
Deferred corporate income tax liabilities	**3,452**	**165,346**	**168,798**	1,594	164,968	166,562
Insurance contract liabilities	**21,812**	**17,486**	**39,298**	33,598	3,149	36,747
Reinsurance contract liabilities	**–**	**–**	**–**	216	–	216
Liabilities of a disposal group classified as held for sale	**3,462**	**–**	**3,462**	–	–	–
Other liabilities	**51,721**	**1,789**	**53,510**	36,346	3,713	40,059
Total liabilities	**2,225,640**	**596,145**	**2,821,785**	1,722,547	693,477	2,416,024
Net position	**(78,305)**	**1,048,582**	**970,277**	111,941	623,776	735.717

The negative liquidity gap is mainly related to customers' current accounts and deposits. Despite the option of early withdrawals and the fact that a significant proportion of customer funds are placed on demand, the Group's management believes that customer funds are a long-term and sustainable source of funding due to the diversified client portfolio.

The Group's management expects that the cash flows of certain financial assets and liabilities will differ from their contractual terms.

The Group conducts liquidity stress tests on a regular basis, taking into account a variety of scenarios covering both normal and more severe market conditions. Based on the results of stress tests, management assesses that the Group has sufficient liquidity to cover the negative current liquidity gap, avoiding unacceptable losses and without risking damage to the Group's reputation.

(in KZT million, unless otherwise is stated)

41. Subsequent events

On 10 February 2025, the Group redeemed its first and second subordinated bond issues due to the expiry of their circulation period, with the Group's own funds. The total amount of payments on these subordinated bonds amounted to KZT 61,775 million.

On 10 February 2025, the Group redeemed its first bond issue as part of the fourth bond program due to the expiry of their circulation period, with the Group's own funds. The total amount of payments on these securities amounted to KZT 19,747 million.