First Heartland Jusan Bank Joint Stock Company

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

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Bank as at 31 December 2024 and its separate financial performance and its separate 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 separate financial statements* section of our report. We are independent of the Bank 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 separate 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 separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the 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 separate financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying separate financial statements.

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 Bank'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 Bank's management approach to estimation of allowance for expected credit losses is presented in *Note 4 Significant accounting judgements and estimates*, *Note 18 Loans to customers* and *Note 32 Risk management* to the separate 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 Bank 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 Bank 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 Bank 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 separate financial statements.

Other matters

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

Other information included in the Bank's 2024 Annual Report

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

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

Our opinion on the separate 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 separate 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 separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 separate 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

Auditor Qualification Certificate
No. МФ-0000286 dated 25 September 2015

Rustamzhan Sattarov
General Director
Ernst & Young LLP

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

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

(in KZT million)

	Notes	*2024*	*2023**
Interest revenue calculated using the effective interest method	5	**410,513**	329,341
Other interest revenue	5	**–**	10
Interest expense	5	**(181,370)**	(142,457)
Net interest income before credit loss expense		**229,143**	186,894
Credit loss expense	6	**(55,634)**	(24,928)
Net interest income		**173,509**	161,966
Fee and commission income	7	**47,938**	49,808
Fee and commission expense	7	**(30,111)**	(32,828)
Net fee and commission income		**17,827**	16,980
Net gains from financial instruments at fair value through profit or loss	8	**966**	3,871
Net losses on derecognition of investment securities measured at fair value through other comprehensive income		**(35)**	(83)
Net gains from foreign currencies	9	**49,770**	22,250
Dividend income	17, 21	**5,530**	–
Net gains from initial recognition of financial instruments	17, 26	**2,669**	–
Gain from modification of subordinated debt	27	**–**	2,436
Other income	10	**6,183**	7,611
Other operating income		**65,083**	36,085
Personnel expenses	11	**(41,482)**	(43,138)
Other general and administrative expenses	12	**(49,436)**	(41,270)
Reversal of impairment on investments in subsidiaries	21	**3,807**	7,253
Other impairment losses		**(306)**	(2,859)
Other expenses	10	**(1,790)**	(125)
Other operating expenses		**(89,207)**	(80,139)
Profit before corporate income tax expense		**167,212**	134,892
Corporate income tax expense	13	**(12,187)**	(1,600)
Profit for the year		**155,025**	133,292

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

The accompanying notes on pages 7 to 77 are an integral part of these separate financial statements.

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

	Note	*2024*	*2023*
Profit for the year		**155,025**	133,292
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	30	**1,877**	5,932
Change in allowance for expected credit losses of debt instruments measured at fair value through other comprehensive income	30	**103**	130
Reclassification of cumulative loss on disposal of debt instruments measured at fair value through other comprehensive income to profit or loss	30	35	83
Total other comprehensive income that will be reclassified to profit or loss in subsequent periods		2,015	6,145
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods			
Revaluation gains on equity instruments measured at fair value through other comprehensive income	30	36,684	3,949
Change in revaluation reserve for property	30	(13)	–
Total other comprehensive income that will not be reclassified to profit or loss in subsequent periods		36,671	3,949
Other comprehensive income for the year		38,686	10,094
Total comprehensive income for the year		193,711	143,386
Earnings per share			
Basic and diluted earnings per share (in KZT)	31	944.82	812.37

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

SEPARATE 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	**620,973**	527,455
Derivative financial assets	15	**60**	194
Amounts due from banks and other financial institutions	16	**57,953**	56,373
Investment securities	17	**1,190,370**	854,477
Investment securities pledged under repurchase agreements	17	**39,509**	29,038
Loans to customers	18	**958,685**	947,932
Promissory notes of the Ministry of Finance of the Republic of Kazakhstan		**122,212**	105,458
Property and equipment and right-of-use assets	19	**67,850**	60,467
Intangible assets	19	**5,445**	5,980
Non-current assets held for sale	20	**1,621**	4,906
Investments in subsidiaries	21	**166,548**	170,032
Current corporate income tax assets		**3,504**	78
Other assets	22	**79,478**	65,693
Total assets		**3,314,208**	2,828,083
Liabilities			
Amounts due to banks and other financial institutions	23	**107,059**	73,933
Amounts payable under repurchase agreements	24	**39,509**	29,038
Derivative financial liabilities	15	**944**	316
Amounts due to customers	25	**1,686,129**	1,452,771
Debt securities issued	26	**304,709**	213,241
Subordinated debt	27	**118,203**	201,874
Liabilities to the mortgage organisation	28	**7,810**	9,319
Lease liabilities		**1,987**	1,944
Deferred corporate income tax liabilities	13	**165,137**	164,447
Other liabilities	29	**34,917**	27,107
Total liabilities		**2,466,404**	2,173,990
Equity			
Share capital	30	**258,201**	258,201
Additional paid-in capital		**686**	686
Treasury shares		**(2,638)**	(2,638)
Revaluation reserve for property	30	**3,919**	6,323
Fair value reserve	30	**38,586**	9,877
Retained earnings		**549,050**	381,644
Total equity		**847,804**	654,093
Total equity and liabilities		**3,314,208**	2,828,083

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

The accompanying notes on pages 7 to 77 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

(in KZT million)

	Note	*Share capital*	*Additional paid-in capital*	*Treasury shares*	*Revaluation reserve for property*	*Fair value reserve*	*Other reserves related to equity instruments*	*Retained earnings*	*Total equity*
At 31 December 2022		258,201	686	(2,638)	6,966	(217)	2,847	247,709	513,554
Profit for the year		–	–	–	–	–	–	133,292	133,292
Other comprehensive income for the year	30	–	–	–	–	10,094	–	–	10,094
Total comprehensive income for the year		–	–	–	–	10,094	–	133,292	143,386
Share-based payment	30	–	–	–	–	–	(2,847)	–	(2,847)
Depreciation of revaluation reserve for property	30	–	–	–	(643)	–	–	643	–
At 31 December 2023		**258,201**	**686**	**(2,638)**	**6,323**	**9,877**	**–**	**381,644**	**654,093**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**–**	**155,025**	**155,025**
Other comprehensive income for the year	30	**–**	**–**	**–**	**(13)**	**38,699**	**–**	**–**	**38,686**
Total comprehensive income for the year		**–**	**–**	**–**	**(13)**	**38,699**	**–**	**155,025**	**193,711**
Transfer of accumulated revaluation reserve on disposal of equity instruments measured at fair value through other comprehensive income	30	**–**	**–**	**–**	**–**	**(9,990)**	**–**	**9,990**	**–**
Depreciation of revaluation reserve for property	30	**–**	**–**	**–**	**(2,391)**	**–**	**–**	**2,391**	**–**
At 31 December 2024		**258,201**	**686**	**(2,638)**	**3,919**	**38,586**	**–**	**549,050**	**847,804**

The accompanying notes on pages 7 to 77 are an integral part of these separate financial statements.

SEPARATE 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	**338,932**	308,763
Interest paid	5	**(144,334)**	(113,821)
Fees and commissions received		**49,381**	48,057
Fees and commissions paid		**(29,866)**	(32,273)
Net realised (losses)/gains on financial instruments at fair value through profit or loss	8	**(2,786)**	3,334
Net realised gains from foreign exchange transactions	9	**33,366**	20,096
Personnel and other general and administrative expenses paid		**(83,544)**	(80,593)
Other income received		**4,361**	419
Cash flows from operating activities before changes in operating assets and liabilities		**165,510**	153,982
Net decrease/(increase) in operating assets			
Derivative financial instruments		**198**	104
Trading securities		**–**	200
Amounts due from banks and other financial institutions		**13,583**	(17,823)
Loans to customers		**(45,091)**	(166,101)
Other assets		**14,654**	9,716
Net increase /(decrease) in operating liabilities			
Amounts due to banks and other financial institutions		**19,074**	27,698
Amounts payable under repurchase agreements		**7,753**	(91,082)
Amounts due to customers		**178,125**	(27,434)
Liabilities to the mortgage organisation		**(1,509)**	(1,498)
Other liabilities		**425**	(97)
Net cash flows from/(used in) operating activities before corporate income tax		**352,722**	(112,335)
Corporate income tax paid		**(14,939)**	–
Net cash flows from/(used in) operating activities		**337,783**	(112,335)

The accompanying notes on pages 7 to 77 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF CASH FLOWS (continued)

	Note	*2024*	*2023**
Cash flows from investing activities			
Purchase of investment securities measured at amortised cost	17	**(374,077)**	(176,789)
Redemption of investment securities measured at amortised cost	17	**225,983**	9,163
Purchase of investment securities measured at fair value through other comprehensive income	17	**(2,684,752)**	(6,443,961)
Sale and redemption of investment securities measured at fair value through other comprehensive income		**2,557,558**	6,623,962
Purchase of property and equipment and intangible assets		**(2,984)**	(17,926)
Decrease in share capital of subsidiaries	21	**7,613**	–
Proceeds from sale of non-current assets held for sale		**5,197**	1,398
Dividends received	17, 21	**5,530**	–
Increase in investments in subsidiaries	21	**–**	(6,300)
Net cash flows used in investing activities		**(259,932)**	(10,453)
Cash flows from financing activities			
Proceeds from debt securities issued	26	**100,000**	–
Redemption of debt securities issued	26	**–**	(46,899)
Redemption of subordinated debt	27	**(100,000)**	(5,000)
Repayment of principal portion of lease liabilities		**(966)**	(1,061)
Net cash used in financing activities		**(966)**	(52,960)
Effect of exchange rates changes on cash and cash equivalents		**15,868**	(3,810)
Effect of expected credit losses on cash and cash equivalents	6	**765**	(148)
Net increase/(decrease) in cash and cash equivalents		**93,518**	(179,706)
Cash and cash equivalents, beginning		**527,455**	707,161
Cash and cash equivalents, ending	14	**620,973**	527,455

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

(in KZT million, unless otherwise is stated)

1. Principal activities

Corporate structure and activities

First Heartland Jusan Bank Joint Stock Company (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).

(in KZT million, unless otherwise is stated)

1. Principal activities (continued)

Corporate structure and activities (continued)

As at 31 December 2024, the Bank has 18 branches and 106 sub-branches (31 December 2023: 19 branches and 103 sub-branches) through which it operates in the Republic of Kazakhstan.

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.

The Bank's subsidiaries

The Bank's subsidiaries as at 31 March 2024 and 2023 are as follows:

			Ownership interest, %	
Name	***Country of incorporation***	***Principal activities***	***31 December 2024***	***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
IC Jusan Garant JSC	Republic of Kazakhstan	Insurance	**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:

	Share, %	
Shareholders	***31 December 2024***	***31 December 2023***
First Heartland Securities JSC	**79.63**	79.63
G.Sh. Yessenov	**20.11**	20.11
Other shareholders	**0.26**	0.26
Total	**100.00**	100.00

During 2023, the Bank repurchased ordinary shares held by the Bank's minority shareholders, as many as 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 separate financial statements of the Bank for the year ended 31 December 2024 were authorised for issue by the Management Board of the Bank on 31 March 2025.

(in KZT million, unless otherwise is stated)

1. Principal activities (continued)

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.

For the purpose of managing the country risk, the Bank controls transactions with counterparties within the limits set by the Bank's collegial body, which are reviewed regularly.

As at 31 December 2024, the concentration of amounts due from Russian counterparties comprising cash and cash equivalents, less ECL allowance, amounted to KZT 11,491 million (as at 31 December 2023: KZT 10,081 million).

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% per annum.

On 29 November 2024, the Monetary Policy Committee of the NBRK made a decision to approve the base rate at 15.25% per annum with an interest rate collar of +/- 1%.

The Bank continues to assess the effect of these events and changes in economic conditions on its operations.

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 separate financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

These separate financial statements of the Bank were issued in addition to the consolidated financial statements of the Bank and its subsidiary (hereinafter, the “Group”). The consolidated financial statements of the Group were approved for issue by the management of the Group on 31 March 2025.

The Bank presented the items in the separate 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 separate 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 37*.

Basis of measurement

These separate 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 measured at fair value through other comprehensive income, property and equipment (land and buildings) at revalued cost and investment property at fair value.

(in KZT million, unless otherwise is stated)

2. Basis of preparation (continued)

Functional and presentation currency of separate financial statements

The functional currency of the Bank 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 Kazakhstani Tenge is also the presentation currency for the purposes of these separate financial statements.

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

Reclassifications

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

	As at 31 December 2023		
Separate statement of financial position	***As previously reported***	***Reclassified amount***	***Adjusted amount***
Property and equipment and intangible assets	66,447	(66,447)	–
Property and equipment and right-of-use assets	–	60,467	60,467
Intangible assets	–	5,980	5,980
Total assets	2,828,083	–	2,828,083

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

	For the year ended 31 December 2023		
Separate statement of profit or loss and other comprehensive income	***As previously reported***	***Reclassified amount***	***Adjusted amount***
Fee and commission income	53,913	(4,105)	49,808
Fee and commission expense	(36,933)	4,105	(32,828)
Profit for the year	133,292	–	133,292

	For the year ended 31 December 2023		
Separate statement of cash flows	***As previously reported***	***Reclassified amount***	***Adjusted amount***
Fee and commission income received	52,162	(4,105)	48,057
Fee and commission expenses paid	(36,378)	4,105	(32,273)
Net cash flows used in operating activities	339,845	–	339,845

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

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

3. Material accounting policies

Changes in accounting policies

The Bank applied for the first time certain amendments to standards, which are effective for annual periods beginning on or after 1 January 2024:

- 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 did not have any impact on the separate financial statements of the Bank.

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

(in KZT million, unless otherwise is stated)

3. Material accounting policies (continued)

Accounting for investments in subsidiaries

Investments in subsidiaries are accounted for in the Bank's separate financial statements at cost less impairment allowance. The Bank assesses at each reporting date whether there is any indication that investments in subsidiaries may be impaired. If any indication exists, the management estimates the recoverable amount, which is the greater of an asset's fair value (the price that can be received on the sale of the asset or paid on the transfer of a liability in a voluntary transaction between market participants at the measurement date; the existence of quoted prices in an active market is the best evidence of fair value) less costs to sell and its value in use (i.e., net present value in the future of cash flows).

A decrease in the share capital of subsidiaries through the withdrawal of assets and the effect of early repayment of loans issued to subsidiaries on non-market terms is recorded in a separate financial statement as a decrease in investments in subsidiaries.

Foreign currency transactions

The separate financial statements are presented in tenge, which is the Bank'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).

Fair value measurement

The Bank 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 35*.

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 Bank. 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.

The Bank 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 separate 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.

(in KZT million, unless otherwise is stated)

3. Material accounting policies (continued)

Fair value measurement (continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Bank 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 Bank commits to purchase the asset or liability. Regular way purchases or sales are 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 Bank 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 Bank classifies and measures its derivative and trading portfolio at FVTPL. The Bank 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 Bank 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).

Business model assessment

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

The Bank'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 Bank's assessment.

(in KZT million, unless otherwise is stated)

3. Material accounting policies (continued)

Financial assets and liabilities (continued)

Initial measurement (continued)

Business model assessment (continued)

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 Bank's original expectations, the Bank 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 Bank 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 Bank 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 Bank 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 separate 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.

Equity instruments at FVOCI

Sometimes, upon initial recognition, the Bank occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of 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 Bank 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.

(in KZT million, unless otherwise is stated)

3. Material accounting policies (continued)

Financial assets and liabilities (continued)

Initial measurement (continued)

Financial guarantees, letters of credit and undrawn loan commitments

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

Financial guarantees are initially recognised in the separate financial statements at fair value, being the premium received. Subsequent to initial recognition, the Bank'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 Bank 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 Bank 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 separate 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 separate statement of financial position. Securities borrowed are not recorded in the separate statement of financial position, unless these are sold to third parties.

Derivative financial instruments

In the normal course of business, the Bank 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 separate statement of profit or loss and other comprehensive income as part of net gains on financial instruments at fair value through profit or loss.

Borrowings

Issued financial instruments or their components are classified as liabilities, where the substance of the contractual arrangement results in the Bank 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 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.

(in KZT million, unless otherwise is stated)

3. Material accounting policies (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the separate 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 separate statement of financial position.

Restructured loans

Where possible, the Bank 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 Bank 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 Bank 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 Bank 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 Bank 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.

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 Bank 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 Bank 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.

(in KZT million, unless otherwise is stated)

3. Material accounting policies (continued)

Derecognition of financial assets and liabilities (continued)

Financial assets (continued)

Where the Bank 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 Bank 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 Bank 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 Bank's continuing involvement is the amount of the transferred asset that the Bank 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 Bank's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Write-offs

Financial assets are written off either partially or in their entirety only when the Bank 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 reversals are charged to credit loss expenses. A write-off results in 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.

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 separate 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.

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 separate 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.

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.

(in KZT million, unless otherwise is stated)

3. Material accounting policies (continued)

Property and equipment

Items of Property and equipment except for land and administrative buildings are stated at cost, excluding day-to-day maintenance costs, 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
Buildings	25-100
Computers	5-10
Vehicles	7 years
Other	2-20

The asset's residual values, useful lives and methods are reviewed, and adjusted as appropriate, at each financial year-end. 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 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 Bank as deferred expenses and recognised in the separate statement of profit or loss and other comprehensive income over the useful life of the asset.

Provisions

Provisions are recognised when the Bank 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.

(in KZT million, unless otherwise is stated)

3. Material accounting policies (continued)

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 deduction from the proceeds in equity. 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 separate statement of profit or loss and other comprehensive income within interest expense.

Treasury shares

Where the Bank 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 Bank 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 approved 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 separate financial statements are authorised for issue.

Segment reporting

The segment reporting provided to the Bank's management making operational decisions is based on financial statements prepared in accordance with IFRS. The Bank's management identified banking as the sole significant operating and reporting segment.

All of the Bank's revenues are derived from external customers in the Republic of Kazakhstan, and none of them exceed 10% or more of total revenue.

Contingent asset and liabilities

Contingent liabilities are not recognised in the separate 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 separate statement of financial position but disclosed when an inflow of economic benefits is probable.

Recognition of income and expenses

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

(in KZT million, unless otherwise is stated)

3. Material accounting policies (continued)

Recognition of income and expenses (continued)

Interest and similar income and expense

The Bank 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 Bank 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 Bank calculates interest revenue 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 Bank reverts to calculating interest revenue on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets, the Bank 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 separate statement of profit or loss and other comprehensive income.

Fee and commission income

The Bank 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.

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 Bank's separate financial statements are disclosed below. The Bank plans to adopt these new standards, amendments 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.

(in KZT million, unless otherwise is stated)

3. Material accounting policies (continued)

Standards issued but not yet effective (continued)

IFRS 18 Presentation and Disclosure in Financial Statements (continued)

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 Bank is currently working to identify all impacts the amendments will have on the primary separate financial statements and notes to the separate 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 Bank 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 Bank's separate financial statements:

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

4. Significant accounting judgments and estimates

Estimation uncertainty

In the process of applying the Bank's accounting policies, management has used its judgement and made estimates in determining the amounts recognised in the separate 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 separate 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 35*.

(in KZT million, unless otherwise is stated)

4. Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

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 organizations and consumers. The Bank'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 Bank's internal credit grading model, which assigns PDs to the individual grades;
- The Bank'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 the Bank's 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 separate statement of financial position as at 31 December 2024 was KZT 210,082 million (31 December 2023: KZT 270,188 million). More details are provided in *Note 18*.

(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	**61,190**	23,784
Amounts due from banks and other financial institutions	**1,515**	687
Investment securities measured at FVOCI	**60,758**	111,523
Investment securities measured at amortised cost	**36,665**	9,817
Loans to customers measured at amortised cost	**244,454**	178,211
Promissory notes of the Ministry of Finance of the Republic of Kazakhstan	**4,406**	4,260
Other financial assets	**1,525**	1,059
	410,513	329,341
Other interest income		
Trading securities	**–**	10
	–	10
Total interest income	**410,513**	329,351
Interest expense		
Amounts due to banks and other financial institutions	**(2,055)**	(1,294)
Amounts payable under repurchase agreements	**(16,688)**	(4,358)
Amounts due to customers	**(107,706)**	(83,246)
Debt securities issued *(Note 26)*	**(26,893)**	(24,897)
Subordinated debt *(Note 27)*	**(25,946)**	(26,922)
Liabilities to the mortgage organisation	**(400)**	(482)
Lease liabilities	**(290)**	(299)
Other financial liabilities	**(1,392)**	(959)
Total interest expenses	**(181,370)**	(142,457)
Net interest income	**229,143**	186,894

Interest receipts comprise:

	2024	*2023*
Cash and cash equivalents	**61,190**	23,784
Amounts due from banks and other financial institutions	**638**	94
Investment securities measured at FVOCI	**24,177**	101,508
Investment securities measured at amortised cost	**16,484**	3,024
Loans to customers measured at amortised cost	**232,114**	175,852
Promissory notes of the Ministry of Finance of the Republic of Kazakhstan	**4,329**	4,288
Other financial assets	**–**	206
Trading securities	**–**	7
Total	**338,932**	308,763

Interest expense payments comprise:

	2024	*2023*
Amounts due to banks and other financial institutions	**(1,041)**	(379)
Amounts payable under repurchase agreements	**(16,688)**	(4,358)
Amounts due to customers	**(107,227)**	(80,785)
Debt securities issued *(Note 26)*	**(9,361)**	(11,625)
Subordinated debt *(Note 27)*	**(9,617)**	(16,192)
Liabilities to the mortgage organisation	**(400)**	(482)
Total	**(144,334)**	(113,821)

(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**	**–**	**–**	**765**
Amounts due from banks and other financial institutions	16	**15**	**–**	**–**	**–**	**15**
Investment securities	17	**(599)**	**–**	**–**	**–**	**(599)**
Loans to customers measured at amortised cost	18	**(9,002)**	**(31,841)**	**(25,558)**	**13,320**	**(53,081)**
Promissory notes of the Ministry of Finance of the Republic of Kazakhstan		**(37)**	**–**	**–**	**–**	**(37)**
Financial guarantees and letters of credit	35	**157**	**2**	**614**	**–**	**773**
Total credit loss expense		**(9,470)**	**(31,070)**	**(24,944)**	**13,320**	**(52,164)**

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	(3)	(150)	5	–	(148)
Amounts due from banks and other financial institutions	16	21	–	–	–	21
Investment securities	17	(283)	–	–	–	(283)
Loans to customers measured at amortised cost	18	(10,614)	1,019	(18,794)	4,850	(23,539)
Total credit loss expense		**(10,879)**	**869**	**(18,789)**	**4,850**	**(23,949)**

In 2024, credit loss expenses in the separate statement of profit or loss and other comprehensive income include expenses for other financial assets in the amount of KZT 3,470 million (2023: KZT 979 million) *(Note 22)*.

7. Fee and commission income and expense

Fee and commission income and expense comprise:

	2024	*2023*
Fee and commission income		
Transfer and acquiring operations	**33.350**	34.743
Maintenance of customer accounts	**9.148**	9.008
Guarantees and letters of credits	**1.865**	1.983
Cash operations	**1.540**	1.462
Foreign exchange transactions	**682**	583
Agency fees	**480**	1.300
Operations on the securities market	**324**	150
Safe deposit transaction services	**196**	188
Other	**353**	391
Total fee and commission income	**47.938**	49.808
Fee and commission expense		
Transfer and acquiring operations	**(29.065)**	(31.475)
Broker services	**(460)**	(258)
Correspondents account maintenance	**(159)**	(37)
Agency fees	**(102)**	(620)
Foreign exchange transactions	**(83)**	(247)
Other	**(242)**	(191)
Total fee and commission expense	**(30.111)**	(32.828)
Net fee and commission income	**17.827**	16.980

(in KZT million, unless otherwise is stated)

7. Fee and commission income and expense (continued)

As at 31 December 2024 and 2023, the Bank recognised accounts receivable related to contracts with customers in the amount of KZT 2,783 million and KZT 4,227 million, respectively, in the separate statement of financial position within other assets *(Note 22)*. The Bank's fee and commission income is mainly concentrated in the Republic of Kazakhstan.

The Bank 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 Bank 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)*	**(2,786)**	3,334
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)*	**(1,005)**	194
Gain from change in fair value of trading securities	**–**	5
Total	**966**	3,871

9. Net gains from foreign currencies

	2024	*2023*
Dealing	**33,366**	20,096
Translation differences	**16,404**	2,154
Net gains from foreign currencies	**49,770**	22,250

10. Other income and expenses

	2024	*2023*
Other income		
Income from sale of inventories and non-current assets held for sale	**4,701**	5,756
Other	**1,482**	1,855
Total other income	**6,183**	7,611
Other expenses		
Loss on instalment sale of equity securities measured at fair value through other comprehensive income *(Note 17)*	**(1,545)**	–
Loss on change in net realisable value of foreclosed collateral	**(245)**	(125)
Total other expenses	**(1,790)**	(125)

11. Personnel expenses

Personnel expenses comprise:

	2024	*2023*
Wages and salaries	**(36,667)**	(39,076)
Social contributions and payroll related taxes	**(4,815)**	(4,062)
Total personnel expenses	**(41,482)**	(43,138)

(in KZT million, unless otherwise is stated)

12. Other general and administrative expenses

The other general and administrative expenses comprise:

	2024	*2023*
Charity	**(16,384)**	(89)
Depreciation and amortisation *(Note 19)*	**(7,816)**	(7,737)
Repair and maintenance	**(7,388)**	(9,160)
Taxes other than corporate income tax	**(5,631)**	(4,256)
Communication and information services	**(1,832)**	(2,331)
Professional services	**(1,699)**	(2,281)
Security	**(1,419)**	(1,377)
Guaranteed deposit insurance expenses	**(1,116)**	(1,953)
Advertising and marketing services	**(885)**	(4,695)
Encashment	**(792)**	(717)
Lease	**(523)**	(719)
Insurance	**(345)**	(108)
Transportation costs	**(298)**	(315)
Business trips expenses	**(225)**	(386)
Stationery and office equipment supplies	**(202)**	(293)
Inventory write-off	**(183)**	(339)
Postal and courier services	**(149)**	(168)
Fines and penalties	**(138)**	(36)
Recruitment and training	**(56)**	(113)
Representation expenses	**(16)**	(25)
Other	**(2,339)**	(4,172)
Total	**(49,436)**	(41,270)

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.

13. Corporate income tax expense

Corporate income tax expenses comprise the following:

	2024	*2023*
Current corporate income tax expense	**(11,497)**	–
Deferred corporate income tax expense - origination and reversal of temporary differences	**(690)**	(1,600)
Corporate income tax expense	**(12,187)**	(1,600)

The statutory corporate income tax rate in 2024 and 2023 was 20%.

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

	2024	*2023*
Profit before tax	**167,212**	134,892
Statutory corporate income tax rate	**20.00**	20.00
Theoretical corporate income tax expense at the statutory rate	**(33,442)**	(26,978)
Non-deductible expenses from change in fair value of financial assets	**(1,201)**	–
Non-deductible charity expenses	**(1,071)**	–
Non-deductible impairment losses	**(331)**	(1,872)
Other non-deductible expenses	**(1,419)**	(603)
Non-taxable income on government securities and securities listed at KASE	**14,949**	22,312
Change in unrecognised deferred tax assets	**5,962**	4,670
Adjustment of tax losses carried forward	**2,236**	293
Non-taxable dividend income	**1,106**	543
Non-taxable income from change in fair value of financial assets	**1,024**	35
Corporate income tax expense	**(12,187)**	(1,600)

(in KZT million, unless otherwise is stated)

13. Corporate income tax expense (continued)

Deferred corporate income tax assets and liabilities

Temporary differences between the carrying amounts of assets and liabilities recorded in the separate 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 separate financial statements. The future tax benefits will only be received in the event that the Bank 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 Bank'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.

Deferred tax assets were recognised in respect of tax losses for 2017-2019. In 2024, the Bank fully used tax losses carried forward for future periods.

(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	12,661	307	12,968	**(12,968)**	**–**
Investment securities	–	–	–	**4,652**	**4,652**
Loans to customers	10,912	(9,707)	1,205	**1,097**	**2,302**
Lease liabilities	423	(34)	389	**9**	**398**
Derivative financial instruments	152	(128)	24	**153**	**177**
Other assets	3,259	(990)	2,269	**(496)**	**1,773**
Deferred tax assets	27,407	(10,552)	16,855	**(7,553)**	**9,302**
Less: deferred tax assets not recorded in the separate statement of financial position	(10,632)	4,670	(5,962)	**5,962**	**–**
Deferred tax assets	16,775	(5,882)	10,893	**(1,591)**	**9,302**
Tax effect of taxable temporary differences					
Debt securities issued	(99,256)	2,902	(96,354)	**(1,960)**	**(98,314)**
Subordinated debt	(68,203)	1,541	(66,662)	**3,171**	**(63,491)**
Amounts due to customers	(5,260)	(599)	(5,859)	**46**	**(5,813)**
Amounts due to banks and other financial institutions	(4,704)	783	(3,921)	**205**	**(3,716)**
Property and equipment and intangible assets	(1,824)	(373)	(2,197)	**(554)**	**(2,751)**
Right-of-use assets	(375)	28	(347)	**(7)**	**(354)**
Deferred tax liabilities	(179,622)	4,282	(175,340)	**901**	**(174,439)**
Total deferred corporate income tax liabilities	(162,847)	(1,600)	(164,447)	**(690)**	**(165,137)**

(in KZT million, unless otherwise is stated)

14. Cash and cash equivalents

	31 December 2024	*31 December 2023*
Cash on hand	**67,098**	64,841
Cash on current accounts with NBRK rated BBB-	**43,810**	31,055
Cash on current accounts with other banks and other financial institutions:		
- rated from AA- to AA+	**901**	–
- rated from A- to A+	**15,477**	40,365
- rated from BBB- to BBB+	**23,239**	2,086
- not rated	**6,611**	6,839
Precious metals	**135**	25
Term deposits with NBRK with contractual maturity of less than 90 days rated BBB-	**179,136**	267,842
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+	**108,486**	–
- rated from BBB- to BBB+	**–**	52,429
Reverse repurchase agreements with contractual maturities of less than 90 days	**160,730**	12,156
	620,997	528,229
Less: ECL allowance	**(24)**	(774)
Total cash and cash equivalents	**620,973**	527,455

The credit ratings are presented by reference to the credit ratings of international rating agencies. None of cash and cash equivalents are past due.

All cash and cash equivalents are categorised into Stage 1 of the credit risk grading, except for cash and cash equivalents of KZT 11,491 million that are categorised into Stage 2 of the credit risk grading (31 December 2023: KZT 10,081 million).

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 6,611 million (31 December 2023: KZT 6,839 million).

As at 31 December 2024, the Bank entered into reverse repurchase agreements, using the auto repo method, with a carrying amount of KZT 160,730 million at KASE (as at 31 December 2023: KZT 12,156 million). The subject matter of these contracts are debt securities of state-owned companies and international financial institutions with fair value of KZT 160,130 million as at 31 December 2024 (as at 31 December 2023: debt securities of state-owned companies with fair value of KZT 12,399 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 Bank 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).

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	**(3)**	**(771)**	**–**	**(774)**
Net change in ECL for the year *(Note 6)*	**(4)**	**769**	**–**	**765**
Effect of movements in foreign exchange rates	**3**	**(18)**	**–**	**(15)**
ECL as at 31 December 2024	**(4)**	**(20)**	**–**	**(24)**

(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 2023:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
ECL as at 1 January 2023	–	(640)	(5)	(645)
Net change in ECL for the year *(Note 6)*	(3)	(150)	5	(148)
Foreign exchange adjustments	–	19	–	19
ECL as at 31 December 2023	(3)	(771)	–	(774)

Concentration of cash and cash equivalents

As at 31 December 2024 and 2023 cash and cash equivalents comprised amounts on accounts with NBRK whose balances exceeded 10% of the Bank's total equity. The total value of these balances as at 31 December 2024 amounted to KZT 222,946 million (31 December 2023: KZT 298,897 million).

15. Derivative financial instruments

Foreign currency contracts

The Bank enters into derivative financial instruments for trading purposes. The table below shows the fair values of derivatives carried as assets or liabilities, and its notional amounts in the separate 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	**70,350**	**60**	**–**	93,612	67	(316)
Currency swaps – foreign contracts	**14,640**	**–**	**(944)**	25,112	127	–
Forwards - foreign contracts	**914**	**–**	**–**	–	–	–
Total	**85,904**	**60**	**(944)**	118,724	194	(316)

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

Forwards contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market.

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 3,791 million (2023: net profit amounted to KZT 3,528 million) *(Note 8)*.

(in KZT million, unless otherwise is stated)

16. Amounts due from banks and other financial institutions

	31 December 2024	*31 December 2023*
Restricted cash with NBRK rated BBB-	**41**	838
Loans and deposits with other banks and other financial institutions		
- rated from A- to A+	**18,351**	6,011
- rated from BBB- to BBB+	**447**	411
- rated from BB- to BB+	**2,715**	–
- not rated	**35,187**	49,145
Amounts due from banks and other financial institutions before ECL allowance	**56,741**	56,405
Foreign currency contracts (spot)	**1,257**	4
Less: ECL allowance	**(45)**	(36)
Total amounts due from banks and other financial institutions	**57,953**	56,373

The credit ratings indicated in the table above are presented by reference to the credit ratings of international rating 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 Bank 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).

The table below provides an analysis of the changes in allowance for ECL on amounts due from banks and other financial institutions (not rated) for the years ended 31 December:

	2024	*2023*
ECL at 1 January	**(36)**	(57)
Reversal for the year *(Note 6)*	**15**	21
Foreign exchange adjustments	**(24)**	–
ECL at 31 December	**(45)**	(36)

Concentration of amounts due from banks and other financial institutions

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

17. Investment securities

Investment securities comprise:

	31 December 2024	*31 December 2023*
Investment securities measured at FVOCI	**843,873**	650,004
Investment securities measured at amortised cost	**386,006**	233,511
Investment securities	**1,229,879**	883,515

(in KZT million, unless otherwise is stated)

17. 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	**123,010**	22,233
Bonds of the Ministry of Finance of the Republic of Kazakhstan rated at BBB-	**238,109**	115,531
Notes of the NBRK rated at BBB-	**110,440**	305,432
Bonds of Kazakhstan Sustainability Fund JSC rated BBB-	**76,633**	75,003
Bonds of NMH Baiterek JSC rated BBB-	**54,473**	–
Bonds of SWF Samruk-Kazyna JSC rated BBB-	**6,118**	8,805
Eurobonds of MFRK rated BBB-	**50,681**	5,394
Total government and quasi-government bonds	**659,464**	532,398
Corporate bonds		
- rated from AA- to AA+	**13,603**	–
- rated from A- to A+	**27,183**	–
- rated from BBB- to BBB+	**42,630**	37,766
Total corporate bonds	**83,416**	37,766
Equity securities		
Corporate shares of Kcell JSC	**61,484**	35,244
Corporate shares of Kazakhtelecom JSC	**–**	32,366
Total equity securities	**61,484**	67,610
Pledged under repurchase agreements		
Government and quasi-government bonds		
Notes of NBRK rated BBB-	**20,164**	–
Bonds of SWF Samruk-Kazyna JSC rated BBB-	**18,808**	12,230
Eurobonds of MFRK rated BBB-	**537**	–
Total investment securities pledged under repurchase agreements	**39,509**	12,230
Investment securities measured at FVOCI	**843,873**	650,004

The credit ratings indicated in the table above are presented by reference to the credit ratings of international rating agencies.

As at 31 December 2024, the Bank pledged bonds of SWF Samruk-Kazyna JSC, bonds of MFRK, and notes of NBRK measured at fair value through other comprehensive income with a total fair value of KZT 39,509 million as collateral under repurchase agreements entered into at KASE (as at 31 December 2023: bonds of SWF Samruk-Kazyna JSC for the amount of KZT 12,230 million *(Note 24)*.

In 2024, dividend income recognised for equity securities measured at fair value through other comprehensive income amounted to KZT 2,062 million.

In December 2024, the Bank 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 separate 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 separate 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.

(in KZT million, unless otherwise is stated)

17. Investment securities (continued)

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	**650,004**	815,317
Assets purchased	**2,684,752**	6,443,961
Assets sold or redeemed	**(2,590,296)**	(6,623,962)
Net change in accrued interest	**36,581**	10,015
Change in fair value	**38,561**	9,881
Foreign exchange adjustments	**24,271**	(5,208)
At 31 December	**843,873**	650,004

Investment securities measured at FVOCI	*2024*	*2023*
ECL at 1 January	**(215)**	(85)
Net change in ECL for the year	**(103)**	(130)
Foreign exchange adjustments	**37**	–
At 31 December	**(281)**	(215)

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 the MFRK rated at BBB-	**183,493**	122,174
Bonds of Kazakhstan Sustainability Fund JSC rated BBB-	**38,990**	25,424
Eurobonds of MFRK rated BBB-	**–**	15,986
Total government and quasi-government bonds	**222,483**	181,283
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	**386,653**	233,628
Less: ECL allowance	**(647)**	(117)
Investment securities measured at amortised cost	**386,006**	233,511

The credit ratings indicated in the table above are presented by reference to the credit ratings of international rating agencies.

As at 31 December 2023, the Bank pledged coupon bonds of MFRK and bonds of international financial institutions measured at amortised cost with a total fair value of KZT 16,808 million as collateral under repurchase agreements entered into at KASE *(Note 24)*.

In November 2024, the Bank 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 separate statement of profit or loss and other comprehensive income.

(in KZT million, unless otherwise is stated)

17. Investment securities (continued)

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	**233,628**	57,978
Assets purchased	**374,077**	176,789
Assets repaid	**(225,983)**	(9,163)
Net change in accrued interest	**20,181**	6,793
Loss on initial recognition	**(23,395)**	–
Foreign exchange adjustments	**8,145**	1,231
At 31 December	**386,653**	233,628

Investment securities measured at amortised cost	***2024***	***2023***
ECL at 1 January	**(117)**	(43)
Net change in ECL for the year	**(496)**	(153)
Foreign exchange adjustments	**(34)**	79
At 31 December	**(647)**	(117)

18. 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	**1,167,507**	1,209,111
Less: ECL allowance	**(210,082)**	(270,188)
Loans to customers measured at amortised cost	**957,425**	938,923
Loans to customers at fair value through profit or loss	**1,260**	9,009
Total loans to customers	**958,685**	947,932

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	**23,240**	**349**	**4,628**	**24,568**	**52,785**
Loans to small and medium-sized businesses	**274,628**	**4,756**	**34,415**	**137,574**	**451,373**
Total loans to corporate customers	**297,868**	**5,105**	**39,043**	**162,142**	**504,158**
Loans to retail customers					
Express loans	**548,816**	**23,894**	**41,727**	**58**	**614,495**
Mortgage loans	**20,459**	**115**	**3,567**	**2,004**	**26,145**
Consumer loans	**15,007**	**1,000**	**3,435**	**2,143**	**21,585**
Credit cards	**285**	**4**	**356**	**–**	**645**
Car loans	**213**	**4**	**235**	**27**	**479**
Total loans to retail customers	**584,780**	**25,017**	**49,320**	**4,232**	**663,349**
Loans to customers before ECL allowance	**882,648**	**30,122**	**88,363**	**166,374**	**1,167,507**
Allowance for expected credit losses	**(24,073)**	**(8,729)**	**(51,924)**	**(125,356)**	**(210,082)**
Loans to customers net of ECL allowance	**858,575**	**21,393**	**36,439**	**41,018**	**957,425**

(in KZT million, unless otherwise is stated)

18. Loans to customers (continued)

Loans to customers measured at amortised cost (continued)

	31 December 2023				
	Stage 1	***Stage 2***	***Stage 3***	***POCI***	***Total***
Loans to corporate customers					
Loans to large corporates	147,421	61	6,730	54,373	208,585
Loans to small and medium-sized businesses	287,482	4,929	46,159	179,591	518,161
Total loans to corporate customers	434,903	4,990	52,889	233,964	726,746
Loans to retail customers					
Express loans	360,299	9,963	29,714	38	400,014
Mortgage loans	25,882	173	3,395	2,591	32,041
Consumer loans	32,471	1,222	11,312	3,511	48,516
Credit cards	620	11	424	–	1,055
Car loans	449	–	251	39	739
Total loans to retail customers	419,721	11,369	45,096	6,179	482,365
Loans to customers before ECL allowance	854,624	16,359	97,985	240,143	1,209,111
Allowance for expected credit losses	(14,650)	(3,769)	(62,294)	(189,475)	(270,188)
Loans to customers net of ECL allowance	839,974	12,590	35,691	50,668	938,923

In 2019 the Bank 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 separate 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 Bank's separate statement of financial position.

As at 31 December 2024, the gross carrying amount of corporate POCI loans recognised in the Bank's separate statement of financial position was KZT 54,500 million (31 December 2023: KZT 72,072 million) and the corresponding provision for ECLs amounted to KZT 13,482 million (31 December 2023: KZT 21,404 thousand).

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	**434,903**	**4,990**	**52,889**	**233,964**	**726,746**
New assets originated or purchased	**328,792**	**–**	**–**	**2,142**	**330,934**
Assets repaid, sold or derecognised due to modification	**(462,077)**	**(11,775)**	**(19,927)**	**(22,282)**	**(516,061)**
Transfers to Stage 1	**43,149**	**(43,149)**	**–**	**–**	**–**
Transfers to Stage 2	**(44,759)**	**63,473**	**(18,714)**	**–**	**–**
Transfers to Stage 3	**(12,693)**	**(12,974)**	**25,667**	**–**	**–**
Unwinding of discount (recognised in interest revenue)	**–**	**–**	**3,125**	**4,690**	**7,815**
Change in accrued interest	**2,187**	**4,605**	**2,616**	**(469)**	**8,939**
Changes in contractual cash flows due to modification not resulting in derecognition	**(938)**	**(64)**	**68**	**(86)**	**(1,020)**
Write-offs	**–**	**–**	**(10,132)**	**(71,335)**	**(81,467)**
Recoveries	**–**	**–**	**3,382**	**5,813**	**9,195**
Foreign exchange adjustments	**9,304**	**(1)**	**69**	**9,705**	**19,077**
At 31 December 2024	**297,868**	**5,105**	**39,043**	**162,142**	**504,158**

(in KZT million, unless otherwise is stated)

18. Loans to customers (continued)

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

Loans to corporate customers	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
ECL as at 1 January 2024	**(3,969)**	**(291)**	**(29,796)**	**(187,348)**	**(221,404)**
New assets originated or purchased	**(8,049)**	**–**	**–**	**(412)**	**(8,461)**
Assets repaid or derecognised due to modification	**1,033**	**140**	**4,785**	**6,832**	**12,790**
Transfers to Stage 1	**(1,499)**	**1,499**	**–**	**–**	**–**
Transfers to Stage 2	**1,012**	**(4,248)**	**3,236**	**–**	**–**
Transfers to Stage 3	**118**	**2,665**	**(2,783)**	**–**	**–**
Impact on ECL of exposures transferred between stages and changes in inputs	**6,198**	**(627)**	**(864)**	**6,386**	**11,093**
Unwinding of discount (recognised in interest revenue)	**–**	**–**	**(3,125)**	**(4,690)**	**(7,815)**
Write-offs	**–**	**–**	**10,132**	**71,335**	**81,467**
Recoveries	**–**	**–**	**(3,382)**	**(5,813)**	**(9,195)**
Foreign exchange adjustments	**(23)**	**–**	**(83)**	**(9,675)**	**(9,781)**
At 31 December 2024	**(5,179)**	**(862)**	**(21,880)**	**(123,385)**	**(151,306)**

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	**419,721**	**11,369**	**45,096**	**6,179**	**482,365**
New assets originated or purchased	**611,238**	**–**	**–**	**14**	**611,252**
Assets repaid or derecognised due to modification	**(352,095)**	**(2,869)**	**(19,053)**	**(2,227)**	**(376,244)**
Transfers to Stage 1	**38,717**	**(38,717)**	**–**	**–**	**–**
Transfers to Stage 2	**(130,096)**	**134,078**	**(3,982)**	**–**	**–**
Transfers to Stage 3	**(5,990)**	**(79,470)**	**85,460**	**–**	**–**
Unwinding of discount (recognised in interest revenue)	**–**	**–**	**11,352**	**73**	**11,425**
Change in accrued interest	**4,892**	**671**	**(112)**	**(125)**	**5,326**
Changes in contractual cash flows due to modification not resulting in derecognition	**(1,613)**	**(45)**	**769**	**(16)**	**(905)**
Write-offs	**–**	**–**	**(82,934)**	**(337)**	**(83,271)**
Recoveries	**–**	**–**	**12,698**	**621**	**13,319**
Foreign exchange adjustments	**6**	**–**	**26**	**50**	**82**
At 31 December 2024	**584,780**	**25,017**	**49,320**	**4,232**	**663,349**

(in KZT million, unless otherwise is stated)

18. 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 2024	**(10,681)**	**(3,478)**	**(32,498)**	**(2,127)**	**(48,784)**
New assets originated or purchased	**(48,741)**	**–**	**–**	**(2)**	**(48,743)**
Assets repaid or derecognised due to modification	**1,537**	**1,801**	**16,647**	**883**	**20,868**
Transfers to Stage 1	**(11,142)**	**11,142**	**–**	**–**	**–**
Transfers to Stage 2	**10,760**	**(13,170)**	**2,410**	**–**	**–**
Transfers to Stage 3	**352**	**28,993**	**(29,345)**	**–**	**–**
Impact on ECL of exposures transferred between stages and changes in inputs	**39,020**	**(33,155)**	**(46,126)**	**(367)**	**(40,628)**
Unwinding of discount (recognised in interest revenue)	**–**	**–**	**(11,352)**	**(73)**	**(11,425)**
Write-offs	**–**	**–**	**82,934**	**337**	**83,271**
Recoveries	**–**	**–**	**(12,698)**	**(621)**	**(13,319)**
Foreign exchange adjustments	**1**	**–**	**(16)**	**(1)**	**(16)**
At 31 December 2024	**(18,894)**	**(7,867)**	**(30,044)**	**(1,971)**	**(58,776)**

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	405,413	10,025	55,062	292,116	762,616
New assets originated or purchased	285,201	–	–	242	285,443
Assets repaid, sold or derecognised due to modification	(247,290)	(8,808)	(4,896)	(21,403)	(282,397)
Transfers to Stage 1	897	(722)	(175)	–	–
Transfers to Stage 2	(4,669)	4,714	(45)	–	–
Transfers to Stage 3	(4,147)	(98)	4,245	–	–
Change in accrued interest	271	(121)	(2,353)	336	(1,867)
Write-offs less recoveries	–	–	1,094	(36,186)	(35,092)
Foreign exchange adjustments	(773)	–	(43)	(1,141)	(1,957)
At 31 December 2023	434,903	4,990	52,889	233,964	726,746

Loans to corporate customers	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
ECL as at 1 January 2023	(2,849)	(129)	(34,914)	(230,781)	(268,673)
New assets originated or purchased	(1,751)	–	–	(1)	(1,752)
Assets repaid or derecognised due to modification	489	117	2,235	1,194	4,035
Transfers to Stage 1	(186)	87	99	–	–
Transfers to Stage 2	369	(384)	15	–	–
Transfers to Stage 3	997	17	(1,014)	–	–
Impact on ECL of exposures transferred between stages and changes in inputs	(1,042)	1	3,042	4,258	6,259
Unwinding of discount (recognised in interest revenue)	–	–	1,795	670	2,465
Write-offs less recoveries	–	–	(1,094)	36,186	35,092
Foreign exchange adjustments	4	–	40	1,126	1,170
At 31 December 2023	(3,969)	(291)	(29,796)	(187,348)	(221,404)

(in KZT million, unless otherwise is stated)

18. 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 2023:

Loans to retail customers	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Gross carrying amount as at 1 January 2023	288,238	7,741	38,740	8,258	342,977
New assets originated or purchased	377,069	–	–	–	377,069
Assets repaid or derecognised due to modification	(207,247)	(3,267)	(21,257)	(2,608)	(234,379)
Transfers to Stage 1	3,164	(729)	(2,435)	–	–
Transfers to Stage 2	(11,817)	11,884	(67)	–	–
Transfers to Stage 3	(33,409)	(5,467)	39,056	–	–
Change in accrued interest	3,723	1,387	9,309	1,278	15,697
Write-offs less recoveries	–	–	(18,231)	(746)	(18,977)
Foreign exchange adjustments	–	–	(19)	(3)	(22)
At 31 December 2023	419,721	11,369	45,096	6,179	482,365

Loans to retail customers	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
ECL as at 1 January 2023	(8,898)	(2,490)	(22,743)	(2,337)	(36,468)
New assets originated or purchased	(8,340)	–	–	–	(8,340)
Assets repaid or derecognised due to modification	2,691	238	1,007	–	3,936
Transfers to Stage 1	182	(323)	505	–	–
Transfers to Stage 2	665	(689)	24	–	–
Transfers to Stage 3	6,044	(877)	(5,167)	–	–
Impact on ECL of exposures transferred between stages and changes in inputs	(2,661)	663	(25,078)	(601)	(27,677)
Unwinding of discount (recognised in interest revenue)	–	–	704	62	766
Write-offs less recoveries	–	–	18,231	746	18,977
Foreign exchange adjustments	–	–	19	3	22
At 31 December 2023	(10,681)	(3,478)	(32,498)	(2,127)	(48,784)

In 2024, the Bank 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 Bank 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 ECLs 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 32*.

Modified and restructured loans

The Bank 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. The newly recognised loans are classified as Stage 1 for ECL measurement purposes unless the new loan is deemed to be POCI.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on changes in cash flows discounted at the initial effective interest rate, the Bank recognises profit or loss from modification before impairment loss is recognised.

(in KZT million, unless otherwise is stated)

18. Loans to customers (continued)

Modified and restructured loans (continued)

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 Bank:

	2024	*2023*
Loans to customers measured at amortised cost, modified during the period		
Amortised cost before modification	**63,657**	21,321
Net gain / (loss) on modification	**626**	(1,163)

In 2024, net loss from changes in the contractual terms of loans to customers measured at amortised cost, recorded in interest revenue, calculated using the EIR, of the separate statement of profit or loss and other comprehensive income amounted to KZT 1,925 million (2023: KZT 1,765 million).

(in KZT million, unless otherwise is stated)

18. 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	**38,536**	**345,883**	**520,403**	**22,195**	**14,572**	**277**	**221**	**942,087**
- overdue for less than 30 days	**–**	**4,691**	**33,049**	**290**	**1,157**	**7**	**–**	**39,194**
- overdue for 30-89 days	**–**	**5,575**	**23,589**	**197**	**777**	**4**	**–**	**30,142**
- overdue for 90-179 days	**–**	**3,919**	**25,301**	**97**	**991**	**8**	**–**	**30,316**
- overdue for more than 180 days and less than 1 year	**–**	**4,122**	**9,647**	**105**	**641**	**17**	**4**	**14,536**
- overdue for more than 1 year	**14,249**	**87,183**	**2,506**	**3,261**	**3,447**	**332**	**254**	**111,232**
Total loans to customers before ECL allowance	**52,785**	**451,373**	**614,495**	**26,145**	**21,585**	**645**	**479**	**1,167,507**
Allowance for expected credit losses	**(19,692)**	**(131,614)**	**(52,549)**	**(1,871)**	**(3,842)**	**(357)**	**(157)**	**(210,082)**
Total loans to customers less ECL allowance	**33,093**	**319,759**	**561,946**	**24,274**	**17,743**	**288**	**322**	**957,425**

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	190,952	384,592	349,404	27,383	32,228	613	451	985,623
- overdue for less than 30 days	–	10,966	13,052	267	1,692	12	–	25,989
- overdue for 30-89 days	–	2,333	10,189	267	1,419	11	–	14,219
-overdue for 90-179 days	–	792	8,592	130	1,563	15	–	11,092
- overdue for more than 180 days and less than 1 year	–	17,117	9,061	288	3,044	32	23	29,565
- overdue for more than 1 year	17,633	102,361	9,716	3,706	8,570	372	265	142,623
Total loans to customers before ECL allowance	208,585	518,161	400,014	32,041	48,516	1,055	739	1,209,111
Allowance for expected credit losses	(52,664)	(168,740)	(34,241)	(1,732)	(12,226)	(413)	(172)	(270,188)
Total loans to customers less ECL allowance	155,921	349,421	365,773	30,309	36,290	642	567	938,923

(in KZT million, unless otherwise is stated)

18. Loans to customers (continued)

Collateral and other credit enhancements

The amount and type of collateral required by the Bank 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 Bank also obtains guarantees from parent companies and other related parties of borrowers for loans to corporate customers.

The Bank 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 and POCI as at 31 December 2024 and 2023 would be higher by:

	31 December 2024	*31 December 2023*
Loans to corporate customers	**55,920**	69,709
Loans to retail customers	**7,833**	9,528
	63,753	79,237

Repossessed collateral

During the year ended 31 December 2024, the Bank obtained certain assets by taking possession of collateral for loans to customers with a carrying amount of KZT 6,588 million (2023: KZT 6,943 million) and sold the repossessed collateral in the total amount of KZT 6,059 million (2023: KZT 7,404 thousand).

Concentration of loans to customers measured at amortised cost

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

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

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	**663,349**	**56.82%**	482,365	39.89%
Services	**144,223**	**12.35%**	212,119	17.54%
Construction	**93,266**	**7.99%**	95,698	7.91%
Trade	**92,472**	**7.92%**	79,012	6.53%
Production	**87,695**	**7.51%**	165,621	13.70%
Transport	**37,855**	**3.24%**	42,683	3.53%
Education	**20,914**	**1.79%**	20,221	1.67%
Finance and insurance	**13,468**	**1.15%**	96,447	7.98%
Agriculture	**9,972**	**0.85%**	11,546	0.95%
Other	**4,293**	**0.38%**	3,399	0.30%
Total loans to customers measured at amortised cost before ECL allowance	**1,167,507**	**100.00%**	1,209,111	100.00%
Less: ECL allowance	**(210,082)**		(270,188)	
Total loans to customers measured at amortised cost	**957,425**		938,923	

(in KZT million, unless otherwise is stated)

18. Loans to customers (continued)

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. Information on the measurement of the fair value of loans to customers measured at fair value through profit or loss is disclosed in *Note 35*.

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)

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

Movement in property and equipment was presented as follows:

	Note	*Land*	*Buildings*	*Computer equipment*	*Vehicles*	*Construction in progress*	*Other property and equipment*	*Right-of-use assets*	*Total*	*Intangible assets*
Cost or revalued cost										
At 31 December 2022		6,643	40,166	12,624	576	541	20,804	3,830	85,184	12,699
Additions		4	672	1,365	–	–	2,563	913	5,517	3,207
Disposals		(229)	(2,182)	(2,208)	(55)	–	(1,493)	(1,731)	(7,898)	(623)
Impairment		–	–	–	–	–	–	–	–	(12)
At 31 December 2023		6,418	38,656	11,781	521	541	21,874	3,012	82,803	15,271
Additions		**982**	**12,111**	**80**	**–**	**–**	**328**	**1,175**	**14,676**	**1,433**
Disposals		**(10)**	**(21)**	**(331)**	**(154)**	**–**	**(1,298)**	**(1,604)**	**(3,418)**	**(1,321)**
Transfers to other assets		**27**	**(1,053)**	**–**	**–**	**–**	**8**	**–**	**(1,018)**	**–**
Transfers between categories		**–**	**(7)**	**(5)**	**–**	**–**	**12**	**–**	**–**	**–**
At 31 December 2024		**7,417**	**49,686**	**11,525**	**367**	**541**	**20,924**	**2,583**	**93,043**	**15,383**
Accumulated depreciation and impairment										
At 31 December 2022		–	(440)	(7,154)	(444)	–	(11,385)	(1,954)	(21,377)	(8,336)
Depreciation charge		–	(739)	(1,904)	(27)	–	(2,720)	(769)	(6,159)	(1,578)
Disposals		–	66	2,208	51	–	1,430	1,445	5,200	623
At 31 December 2023		–	(1,113)	(6,850)	(420)	–	(12,675)	(1,278)	(22,336)	(9,291)
Depreciation charge		**–**	**(800)**	**(1,738)**	**(25)**	**–**	**(2,563)**	**(722)**	**(5,848)**	**(1,968)**
Disposals		**–**	**64**	**331**	**153**	**–**	**1,257**	**1,186**	**2,991**	**1,321**
Transfers between categories		**–**	**–**	**1**	**–**	**–**	**(1)**	**–**	**–**	**–**
At 31 December 2024		**–**	**(1,849)**	**(8,256)**	**(292)**	**–**	**(13,982)**	**(814)**	**(25,193)**	**(9,938)**
Carrying amount										
At 31 December 2022		6,643	39,726	5,470	132	541	9,419	1,876	63,807	4,363
At 31 December 2023		6,418	37,543	4,931	101	541	9,199	1,734	60,467	5,980
At 31 December 2024		**7,417**	**47,837**	**3,269**	**75**	**541**	**6,942**	**1,769**	**67,850**	**5,445**

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

The Bank measures the fair value of land plots and buildings once every three years in accordance with the Bank's accounting policy. In case of significant change in specific market or property indicators, the Bank can perform revaluation more often. In 2024 and 2023, the Bank did not revalue the land plots and buildings.

(In KZT million, unless otherwise is stated)

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

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 57,982 million (31 December 2023: KZT 47,688 million).

20. Non-current assets held for sale

	2024	*2023*
At 1 January	**4,906**	5,731
Additions	**1,485**	892
Disposals	**(4,770)**	(1,717)
At 31 December	**1,621**	4,906

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

21. Investments in subsidiaries

Investments in the Bank's subsidiaries as at 31 December 2024 and 31 December 2023 include the following items:

	Country of registration	*Principal activity*	*Ownership interest, %*	*31 December 2024*	*Ownership interest, %*	*31 December 2023*
First Heartland Jusan Invest JSC	Republic of Kazakhstan	Brokerage and dealing activities	**100.00**	**40,006**	100.00	40,006
Jusan Development LLP	Republic of Kazakhstan	Management of doubtful and bad assets	**100.00**	**30,819**	100.00	27,492
First Heartland Capital JSC	Republic of Kazakhstan	Investment portfolio management	**100.00**	**29,976**	100.00	29,748
Optima Bank OJSC	Kyrgyz Republic	Banking	**97.14**	**23,790**	97.14	23,790
Jusan Property LLP	Republic of Kazakhstan	Management of doubtful and bad assets	**100.00**	**14,611**	100.00	15,284
OMAD YUG LLP	Republic of Kazakhstan	Management of doubtful and bad assets	**100.00**	**14,152**	100.00	19,417
IC Jusan Garant JSC	Republic of Kazakhstan	Insurance	**100.00**	**12,763**	100.00	14,039
Jusan Inkassatsiya LLP	Republic of Kazakhstan	Cash collection services	**100.00**	**431**	100.00	256
Total				**166,548**		170,032

Jusan Development LLP

In 2024, the Bank reduced investments in the charter capital of Jusan Development LLP through taking possession of property for a total amount of KZT 190 million and recognition of the effect of early repayment of the loan in the amount of KZT 519 million (2023: increased investments in the amount of KZT 2,022 million through the transfer of property).

In 2024, the Bank recovered impairment losses on investments in Jusan Development LLP in the amount of KZT 4,036 million (2023: KZT 1,383 million).

First Heartland Capital JSC

In 2024, the Bank recovered impairment losses on investments in First Heartland Capital JSC in the amount of KZT 228 million (2023: KZT 3,621 million).

(In KZT million, unless otherwise is stated)

21. Investments in subsidiaries (continued)

Optima Bank OJSC

In accordance with the decision of the Annual General Meeting of Shareholders, Optima Bank OJSC declared and paid dividends for the results of 2023 in the amount of KZT 3,468 million (KGS 17 and KZT 85 per share).

Jusan Property LLP

In 2024, the Bank reduced investments in the charter capital of Jusan Property LLP through taking possession of property for a total amount of KZT 673 million (2023: increased investments in the amount of KZT 860 million through the transfer of property).

In 2024, the Bank recovered impairment losses on investments in Jusan Property LLP in the amount of KZT 515 million.

OMAD YUG LLP

In 2024, the Bank increased investments in the charter capital of OMAD Yug LLP through the transfer of property for the total amount of KZT 1,704 million (in 2023: KZT 970 million through the transfer of property) and reduced the share capital of KZT 7,613 million through cash withdrawal.

In 2024, the Bank recovered impairment losses on investments in OMAD Yug LLP in the amount of KZT 644 million (2023: KZT 1,764 million).

SK Jusan Garant JSC

In 2024, the Bank recognised impairment losses on investments in SK Jusan Garant JSC in the amount of KZT 1,276 million.

In accordance with the decision of the Board of Directors of the Bank dated 28 December 2023 the Bank carried out additional capitalisation of SK Jusan Garant JSC in the amount of KZT 6,300 million by issue of 63,000 shares at the price of KZT 100,000 per one ordinary share.

Jusan Inkassatsiya LLP

In 2024, the Bank recovered impairment losses on investments in Jusan Inkassatsiya LLP in the amount of KZT 175 million (2023: recognised an impairment loss in the mount of KZT 30 million).

On 28 November 2024 the Bank made a decision on voluntary liquidation of Jusan Inkassatsiya LLP.

Analysis of movements in the carrying amount of investments in the subsidiaries is as follows:

	2024	***2023***
At 1 January	**170,032**	152,627
Increase of investments in subsidiaries	**1,704**	10,152
Decrease of investments in subsidiaries	**(8,995)**	–
Net reversal of investment impairment loss on subsidiary	**3,807**	7,253
At 31 December	**166,548**	170,032

The Bank uses its own experience and judgments to assess the amount of provision for impairment of investments in subsidiaries. For the investments in subsidiaries, whose assets are measured predominantly at fair value, management believes that adjusted net assets is the most appropriate technique for estimation of the recoverable amount of the investments at the reporting date.

For other investments in subsidiaries, the recoverable amount of investment is determined with the reference to the discounted projected future cash flows from operational activity of each particular subsidiary with the evidence of impairment indicators.

(In KZT million, unless otherwise is stated)

22. Other assets

Other assets comprise:

	31 December 2024	*31 December 2023*
Financial assets		
Receivables from sale of owned assets	**39,598**	14,319
Receivables from international payment systems	**2,944**	117
Fees and commissions receivable *(Note 7)*	**2,783**	4,227
Receivables from guarantees issued	**2,002**	2,540
Other investments	**1,289**	1,289
Margin security for the Bank's participation in auctions	**807**	1,021
Other	**4,572**	1,482
	53,995	24,995
Less: ECL allowance	**(9,110)**	(5,544)
Total other financial assets	**44,885**	19,451
Non-financial assets		
Repossessed collateral	**32,919**	33,454
Prepayments	**7,984**	18,869
Materials and supplies	**405**	376
Other	**27**	2
	41,335	52,701
Less impairment allowance	**(6,742)**	(6,459)
Total other non-financial assets	**34,593**	46,242
Total other assets	**79,478**	65,693

As at 31 December 2023, prepayments included prepayment under contract of sale and purchase of the movable and immovable property related to purchase of an administrative building in the amount of KZT 11,900 million.

As at 31 December 2024, other financial assets included credit impaired receivables in the amount of KZT 3,037 million (31 December 2023: KZT 547 million). ECL allowance in full amount was recognised in respect of these receivables.

Analysis of movements in allowance for expected credit losses for other financial assets for the years ended 31 December is as follows:

	2024	*2023*
ECL at 1 January	**(5,544)**	(6,256)
Net accrual of allowance for the year	**(3,470)**	(979)
Write-offs	**89**	1,527
Foreign exchange adjustments	**(185)**	164
ECL at 31 December	**(9,110)**	(5,544)

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

	2024	*2023*
At 1 January	**(6,459)**	(4,753)
Net accrual of allowance for the year	**(306)**	(1,706)
Write-offs	**23**	–
At 31 December	**(6,742)**	(6,459)

(In KZT million, unless otherwise is stated)

23. 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	**81,481**	49,023
Loans from other banks	**14,960**	13,773
Loans from the state-owned companies	**10,613**	11,133
	107,054	73,929
Foreign currency contracts (spot)	**5**	4
Total amounts due to banks and other financial institutions	**107,059**	73,933

As at 31 December 2024, deposits received from other banks included deposits received from foreign banks in the amount of KZT 9,670 million and a Kazakh second-tier bank in the amount of KZT 5,290 million (31 December 2023: from foreign banks in the amount of KZT 6,326 million and a Kazakh second-tier bank in the amount of KZT 7,447 million).

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") and amounts of KZT 3,265 million from Development Bank of Kazakhstan (hereinafter, "DBK") (31 December 2023: KZT 6,610 million from DAMU and KZT 4,523 million from DBK). 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.

Concentration of amounts due from banks and other financial institutions

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

24. Amounts payable under repurchase agreements

As at 31 December 2024 the Bank entered into repurchase agreements at KASE with total carrying amount of KZT 39,509 million (31 December 2023: KZT 29,038 million). Repurchase agreements are used by the Bank to manage short-term liquidity.

As at 31 December 2024, the subject matter of these agreements is investment securities valued at FVOCI, the total fair value of which as at 31 December 2024 was KZT 39,509 million (31 December 2023: investment securities at FVOCI and investment securities at amortised cost the total fair value of which was KZT 12,230 million and KZT 16,808 million, respectively) *(Note 17)*.

Master netting agreements allow the Bank to offset assets against existing liabilities 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 Bank did not record offsets in the separate statement of financial position.

25. Amounts due to customers

Amounts due to customers comprise:

	31 December 2024	*31 December 2023*
Current accounts and demand deposits		
- Corporate	**325,593**	344,885
- Retail	**103,750**	93,827
Term deposits		
- Corporate	**527,294**	397,508
- Retail	**661,171**	557,369
Savings deposits		
- Corporate	**49,124**	11,603
- Retail	**19,197**	47,579
Total amounts due to customers	**1,686,129**	1,452,771
Held as security against loans to customers	**(6,087)**	(7,182)
Held as security of financial guarantees and letters of credit (*Note 34*)	**(999)**	(405)

(In KZT million, unless otherwise is stated)

25. Amounts due to customers (continued)

As at 31 December 2024 the corporate term deposits comprise deposits for the total amount of KZT 13,639 million received from Kazakhstan Sustainability Fund JSC (the "KSF") 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 Bank 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 Bank's equity. As at 31 December 2023, the total value of balances of current accounts and deposits of the mentioned customer is KZT 67,906 million.

26. 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 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%	**731**	658
					304,709	213,241

The Bank'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 26,064 million was recognised as part of the net gains from the initial recognition of financial instruments.

Analysis of movements in the carrying amount of debt securities issued is as follows:

	2024	*2023*
At 1 January	**213,241**	246,868
Proceeds from issue	**100,000**	–
Repayment	**–**	(46,899)
Unwinding of discount	**(26,064)**	–
Interest expense *(Note 5)*	**26,893**	24,897
Interest paid *(Note 5)*	**(9,361)**	(11,625)
At 31 December	**304,709**	213,241

27. Subordinated debt

Subordinated debt comprises:

	31 December 2024	*31 December 2023*
Subordinated bonds	**117,823**	201,528
Debt component of preference shares	**380**	346
Total subordinated debt	**118,203**	201,874

(In KZT million, unless otherwise is stated)

27. Subordinated debt (continued)

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. As at 31 December 2024, the carrying amount of debt component of preference shares is KZT 380 million (as at 31 December 2023: KZT 346 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.

Subordinated loans consisted of the following:

	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%	**4,898**	4,867
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
					117,823	201,528

On 9 April 2024, as part of the sixth bond program, the Bank 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 separate statement of profit or loss and other comprehensive income.

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

Analysis of movements in the carrying amount of subordinated debt is as follows:

	2024	*2023*
At 1 January	**201,874**	198,580
Repayment	**(100,000)**	(5,000)
Discount recognition	**–**	(2,436)
Interest expense *(Note 5)*	**25,946**	26,922
Interest paid *(Note 5)*	**(9,617)**	(16,192)
At 31 December	**118,203**	201,874

Cumulative non–redeemable preference shares

Holders of cumulative non-redeemable preference shares receive a minimum cumulative dividends of KZT 100 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 Bank'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.

(In KZT million, unless otherwise is stated)

27. Subordinated debt (continued)

Cumulative non–redeemable preference shares (continued)

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 subordinated debt in the separate statement of profit or loss and other comprehensive income using a fixed interest rate of 10.0% per annum.

28. 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 Bank issued mortgage loans to customers and transferred it to Kazakhstan Sustainability Fund JSC (the "Operator") (previously Mortgage Organisation "Baspana" JSC whose activity was terminated in March 2020 through consolidation with KFS), in exchange for consideration in cash in the amount of the loans' nominal value. The Bank legally acts as an agent for this program and receives a fee of 4.0% per annum.

In accordance with the terms of the transfer of the Bank's 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 Bank retains credit risks in respect of the loans transferred and retains all benefits on these loans, and therefore the Bank 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: the carrying amount of loans transferred is KZT 9,680 million and KZT 9,319 million, respectively).

29. 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 34)*	**2,949**	3,726
Liabilities to deposit guarantee fund	**247**	440
Other	**3,058**	2,261
Total other financial liabilities	**10,159**	6,579
Non-financial liabilities		
Provisions	**6,393**	6,393
Provision for vacations and other amounts due to employees	**4,831**	7,030
Prepayments	**4,510**	1,651
Other tax liabilities	**2,502**	80
Deferred income on guarantees and letters of credit issued	**1,501**	1,566
Other	**5,021**	3,808
Total non-financial liabilities	**24,758**	20,528
Total other liabilities	**34,917**	27,107

(In KZT million, unless otherwise is stated)

30. 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 ordinary shares issues comprising the share capital of the Bank consist of 165,318,620 ordinary shares, 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 Bank 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.

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 a 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*	*Other reserves related to equity instruments*	*Total*
At 1 January 2023	6,966	(217)	2,847	9,596
Depreciation of revaluation reserve, net of corporate income tax	(643)	–	–	(643)
Share-based payment	–	–	(2,847)	(2,847)
Net change in fair value of debt instruments at FVOCI	–	5,932	–	5,932
Change in allowance for expected credit losses of debt instruments at FVOCI	–	130	–	130
Reclassification of cumulative loss on disposal of debt instruments at FVOCI to profit or loss	–	83	–	83
Gains on equity instruments at FVOCI	–	3,949	–	3,949
At 31 December 2023	6,323	9,877	–	16,200
Depreciation of revaluation reserve for property, net of corporate income tax	**(2,391)**	**–**	**–**	**(2,391)**
Change in revaluation reserve for property	**(13)**	**–**	**–**	**(13)**
Net change in fair value of debt instruments at FVOCI	**–**	**1,877**	**–**	**1,877**
Change in allowance for expected credit losses of debt instruments at FVOCI	**–**	**103**	**–**	**103**
Reclassification of cumulative loss on disposal of debt instruments at FVOCI to profit or loss	**–**	**35**	**–**	**35**
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)**
At 31 December 2024	**3,919**	**38,586**	**–**	**42,505**

(In KZT million, unless otherwise is stated)

31. Earnings per share

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

	31 December 2024	*31 December 2023*
Profit for the year	**155,025**	133,292
Less dividends that can be paid to preference shareholders if profit is fully distributed	**–**	–
Net profit attributable to ordinary shareholders	**155,025**	133,292
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)	**944.82**	812.37

32. Risk management

Introduction

Risk is inherent in the Bank's activities. The Bank manages these risks through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. The Bank is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. It is also subject to operating risks.

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

The process of independent risk control does not affect the risks of doing business, such as changes in the environment, technology or changes in the industry. They are monitored through the Bank'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.

Management Board

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

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 Bank's exposure to internal and external risks.

Bank Treasury

Treasury is responsible for managing the Bank'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 Bank's funding risk.

(In KZT million, unless otherwise is stated)

32. Risk management (continued)

Introduction (continued)

Internal audit

Risk management processes throughout the Bank are audited annually by the internal audit group that examines both the adequacy of the procedures and the Bank'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 Bank'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 make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Bank also runs worst case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks are primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept, with additional emphasis on selected industries. In addition, the Bank 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 Bank.

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 Bank uses derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies and exposures arising from forecast transactions.

Excessive risk concentrations

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. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risks, the Bank's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of risks are controlled and managed accordingly.

Credit risk

Credit risk is the risk that the Bank will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Bank manages credit risk (for recognised financial assets and unrecognised contractual commitments) through the adoption of approved policies and procedures, requiring setting and meeting 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.

(In KZT million, unless otherwise is stated)

32. Risk management (continued)

Credit risk (continued)

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

- Aims and objectives of the Bank'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 Bank;
- Internal control system for the credit risk management process.

On the basis of the Credit Policy, which covers the key directions of the Bank's activity and the system of the credit risk management instruments, the Bank 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 Bank 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 Bank'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 Bank 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 Bank'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 Bank's overheads.

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

(In KZT million, unless otherwise is stated)

32. Risk management (continued)

Credit risk (continued)

The Bank 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 Bank 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 Bank, 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 on a monthly/quarterly basis and submitted for consideration to the Management Board/Board of Directors of the Bank.

The Bank applies the methodology of credit risk stress testing, which is performed using a scenario analysis and sensitivity analysis. While performing the stress testing, the Bank 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 Bank's business, which is based on assessment of influence of the local stress factors, including those related to the specifics of the Bank'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 Bank'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 separate 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 organizations 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 34*.

Impairment assessment

The Bank 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)

32. Risk management (continued)

Credit risk (continued)

Impairment assessment (continued)

The Bank 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:

Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12m ECL. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECL. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit impaired. The Bank recognises an allowance for the LTECL.

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 revenue 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 Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information.

The Bank 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 Bank 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 Bank 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 Bank'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 Bank'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 Bank 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)

32. Risk management (continued)

Credit risk (continued)

Impairment assessment (continued)

Definition of default and cure

The Bank 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 Bank also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Bank 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 Bank will be repaid in full without the Bank 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 Bank 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 Bank 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 Bank 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 Bank 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 Bank relies on information obtained from external sources.

The Bank identified 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.

(In KZT million, unless otherwise is stated)

32. Risk management (continued)

Credit risk (continued)

Impairment assessment (continued)

Forward-looking information and economic scenarios (continued)

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

			31 December 2024	
Key drivers	***ECL scenario***	***Assigned probabilities, %***	***2025***	***2026***
	Upside	**20.00**	**8.43%**	**7.27%**
Consumer price index	Base	**60.00**	**8.95%**	**7.78%**
	Downside	**20.00**	**9.46%**	**8.24%**
	Upside	**20.00**	**81.61**	**81.54**
Oil prices, in US dollars	Base case	**60.00**	**73.6**	**73.54**
	Downside	**20.00**	**64.08**	**64.02**
	Upside	**20.00**	**153,765**	**171,727**
GDP, in billions of tenge	Base case	**60.00**	**153,653**	**171,998**
	Downside	**20.00**	**153,333**	**171,919**

			31 December 2023	
Key drivers	***ECL scenario***	***Assigned probabilities, %***	***2024***	***2025***
	Upside	20.00	8.65%	6.19%
Consumer price index	Base	60.00	9.59%	6.89%
	Downside	20.00	10.45%	7.45%
	Upside	20.00	102.47	111.40
Oil prices, in US dollars	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. If the counterparty does not have external ratings, the Bank assigns an internal rating as shown in the table below.

Corporate lending

In the case of commercial lending, the borrowers are assessed by the Bank'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 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.

(In KZT million, unless otherwise is stated)

32. Risk management (continued)

Credit risk (continued)

Impairment assessment (continued)

Corporate lending (continued)

All significant financial assets with a carrying amount of more than 0.2% of the Bank'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.

The Bank uses the following levels of internal credit rating for the assets from treasury and interbank operations and loans to corporates.

Rating similar to that of the international rating agency (S&P)	Internal rating description	Lifetime PD
AA+ to AAA AA A+ to AA- A- to A BBB+ BBB	High rating	0.00% - 0.07%
BBB- BB+ BB- to BB	Standard rating	0.07% - 6.65%
B- to B+ CCC CCC-	Sub-standard rating	6.65% - 47.47%
D	Impaired	100.00%

Small and medium business and retail lending

The Bank 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 Bank also takes into account cash flows that may arise as a result of the transfer of ownership of the Bank to collateral.

Credit quality by class of financial assets

The Bank manages the credit quality of financial assets using an internal rating system, one of the components of which is rating assigned by the international rating agencies. Analysis of credit quality is disclosed in respective notes to the separate financial statements of the Bank.

(In KZT million, unless otherwise is stated)

32. Risk management (continued)

Credit risk (continued)

Credit quality by class of financial assets (continued)

The table below shows the credit quality by class of assets for loan-related separate statement of financial position lines, based on the Bank's credit rating system.

31 December 2024	*Note*	*Stage*	*High*	*Standard*	*Substandard*	*Impaired*	*Total*
Cash and cash equivalents, except for		Stage 1	140,238	402,011	–	–	542,249
cash on hand	14	Stage 2	4,882	–	6,609	–	11,491
Amounts due from banks and other financial institutions	16	Stage 1	18,351	39,602	–	–	57,953
Loans to customers measured at amortised cost:							
		Stage 1	–		23,206	–	23,206
		Stage 2	–	–	345	–	345
		Stage 3	–	–	–	2,192	2,192
- Loans to large corporates	18	POCI	–	–	–	7,350	7,350
Debt investment securities:							
- measured at FVOCI		Stage 1	163,796	618,593	–	–	782,389
- measured at amortised cost	17	Stage 1	30,450	355,556	–	–	386,006
Promissory notes of the Ministry of Finance of the Republic of Kazakhstan		Stage 1	–	122,212	–	–	122,212
		Stage 1	1,931	204	8	–	2,143
		Stage 2	–	–	2	2	4
Credit card commitments	34	Stage 3	–	–	–	52	52
Letters of credit	34	Stage 1	–	1,812	–	–	1,812
Financial guarantees	34	Stage 1	–	920	–	–	920
Total			359,648	1,564,116	6,964	9,596	1,940,324

31 December 2023	*Note*		*High*	*Standard*	*Substandard*	*Impaired*	*Total*
Cash and cash equivalents, except for	14	Stage 1	92,768	359,740	–	–	452,508
cash on hand		Stage 2	5,338	–	4,743	–	10,081
Amounts due from banks and other financial institutions	16	Stage 1	6,011	50,362	–	–	56,373
Loans to customers measured at amortised cost							
		Stage 1	–	146,099	–	–	146,099
		Stage 2	–	2	53	–	55
		Stage 3	–	–	–	3,116	3,116
- Loans to large corporates	18	POCI	–	–	–	6,651	6,651
Debt investment securities:							
- measured at FVOCI		Stage 1	22,233	560,161	–	–	582,394
- measured at amortised cost	17	Stage 1	32,942	200,569	–	–	233,511
Promissory notes of the Ministry of Finance of the Republic of Kazakhstan		Stage 1	–	105,458	–	–	105,458
		Stage 1	2,383	630	188	–	3,201
		Stage 2	–	–	3	2	5
Credit card commitments	34	Stage 3	–	–	–	98	98
Letters of credit	34	Stage 1	307				307
Financial guarantees	34	Stage 1	506	920	–	–	1,426
Total			162,488	1,423,941	4,987	9,867	1,601,283

As at 31 December 2024 and 2023, the highly rated cash equivalents classified as Stage 2 are represented by funds in the accounts of UniCredit Bank JSC registered in the Russian Federation.

(In KZT million, unless otherwise is stated)

32. Risk management (continued)

Geographic information

As at 31 December 2024 and 2023, the Bank's assets and liabilities were primarily located in the Republic of Kazakhstan.

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 Bank classifies exposures to market risk into either trading or non-trading portfolios. Except for the concentrations within foreign currency, the Bank has no significant concentration of market risk.

The Bank 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 Bank;
- Ensuring an optimal ratio between profitability and the level of risk assumed;
- Ensuring that the authorised bodies 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 Bank's ability to withstand changes;
- Performing back–testing to check the effectiveness of the risk measurement procedures using historical data on the Bank's operations;
- Minimising risks related to the failure of the Bank's staff to comply with the established limits and market risk powers;
- Developing mechanisms to address unexpected or extraordinary situations of the Bank related to a significant change in market indicators resulting in increase in market risk.

The Bank manages its market risk by setting open position limits in relation to separate 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 Bank 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.

Currency risk

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

(In KZT million, unless otherwise is stated)

32. Risk management (continued)

Market risk (continued)

Currency risk (continued)

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	382,502	85,607	86,362	39,123	27,379	620,973
Amounts due from banks and other financial institutions	1,356	56,150	447	–	–	57,953
Investment securities	978,009	251,870	–	–	–	1,229,879
Loans to customers	921,802	36,878	5	–	–	958,685
Promissory notes of the Ministry of Finance of the Republic of Kazakhstan *	–	122,212	–	–	–	122,212
Other financial assets	43,739	165	41	10	930	44,885
	2,327,408	552,882	86,855	39,133	28,309	3,034,587
Liabilities						
Amounts due to banks and other financial institutions	14,439	45,926	15,361	9,086	22,247	107,059
Amounts payable under repurchase agreements	20,164	19,345	–	–	–	39,509
Amounts due to customers	1,170,020	422,688	69,448	19,854	4,119	1,686,129
Debt securities issued	304,709	–	–	–	–	304,709
Subordinated debt	118,203	–	–	–	–	118,203
Lease liabilities	1,987	–	–	–	–	1,987
Other financial liabilities	8,608	1,130	419	–	4	10,159
	1,638,128	489,089	85,228	28,940	26,370	2,267,755
The effect of derivatives held for risk management	58,278	(50,439)	2,286	(9,609)	368	884
Net foreign currency position	747,558	13,354	3,913	584	2,307	767,716

* *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)

32. 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	245,866	216,233	36,253	22,560	6,543	527,455
Amounts due from banks and other financial institutions	904	55,059	410	–	–	56,373
Investment securities	769,662	113,853	–	–	–	883,515
Loans to customers	855,057	92,808	11	55	1	947,932
Promissory notes of the Ministry of Finance of the Republic of Kazakhstan*	–	105,458	–	–	–	105,458
Other financial assets	18,501	763	100	85	2	19,451
	1,889,990	584,174	36,774	22,700	6,546	2,540,184
Liabilities						
Amounts due to banks and other financial institutions	13,037	38,794	21,625	138	339	73,933
Amounts payable under repurchase agreements	–	29,038	–	–	–	29,038
Amounts due to customers	999,932	372,150	55,621	20,312	4,756	1,452,771
Debt securities issued	213,241	–	–	–	–	213,241
Subordinated debt	201,874	–	–	–	–	201,874
Lease liabilities	1,944	–	–	–	–	1,944
Other financial liabilities	5,045	1,181	314	39	–	6,579
	1,435,073	441,163	77,560	20,489	5,095	1,979,380
The effect of derivatives held for risk management	78,228	(120,663)	42,354	(4)	227	142
Net foreign currency position	533,145	22,348	1,568	2,207	1,678	560,946

* *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)

32. Risk management (continued)

Market risk (continued)

Foreign currency risk (continued)

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:

	2024			2023		
Currency	*Change in exchange rate in %*	*Effect on profit*	*Effect on other comprehen-sive income*	*Increase in currency rate, %*	*Effect on profit*	*Effect on other comprehen-sive income*
USD	**9.09**	**1,214**	**1,214**	14.15	2,031	2,031
	(7.34)	**(980)**	**(980)**	(14.15)	(1,640)	(1,640)
EUR	**9.00**	**352**	**352**	12.95	203	203
	(5.95)	**(233)**	**(233)**	(12.95)	(203)	(203)
RUB	**19.82**	**116**	**116**	28.54	630	630
	(38.53)	**(225)**	**(225)**	(28.54)	(630)	(630)

Liquidity risk

Liquidity risk is defined as the risk that the Bank will encounter difficulties in meeting its financial obligations, under normal and unforeseen conditions, in a timely manner. The Bank 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 Bank 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 Bank maintains a portfolio of highly liquid assets that can be easily sold.

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

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

In the process of managing liquidity risk the Bank 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 Bank, 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 Bank;
- 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.

(In KZT million, unless otherwise is stated)

32. Risk management (continued)

Liquidity risk (continued)

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

- The Bank's strategy and those types of activity, which expose the Bank to the liquidity risk;
- The Bank's risk appetite strategy;
- Size, nature and complexity of the Bank's business;
- Size of the Bank's exposure to liquidity risk and assessment of its impact on the Bank'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 Bank;
- 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.

To manage the liquidity risk, the Bank 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)

32. Risk management (continued)

Liquidity risk (continued)

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

	On demand and less than 1 month	*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	**96,907**	**6**	**71**	**130**	**29,355**	**–**	**126,469**	**107,059**
Amounts payable under repurchase agreements	**39,558**	**–**	**–**	**–**	**–**	**–**	**39,558**	**39,509**
Amounts due to customers	**591,912**	**419,925**	**680,340**	**25,647**	**27,330**	**–**	**1,745,154**	**1,686,129**
Debt securities issued	**440**	**23,979**	**11,685**	**101,148**	**755,935**	**–**	**893,187**	**304,709**
Subordinated debt	**–**	**64,864**	**814**	**7,580**	**367,420**	**–**	**440,678**	**118,203**
Lease liabilities	**–**	**396**	**1,008**	**2,982**		**–**	**4,386**	**1,987**
Other financial liabilities	**9,090**	**327**	**692**	**50**	**–**	**–**	**10,159**	**10,159**
Total	**737,907**	**509,497**	**694,610**	**137,537**	**1,180,040**	**–**	**3,256,642**	**2,267,755**
Credit related contingencies	**5,066**	**–**	**–**	**–**	**–**	**–**	**–**	**5,066**

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

(In KZT million, unless otherwise is stated)

32. Risk management (continued)

Liquidity risk (continued)

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

	On demand and less than 1 month	*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	62,359	20	750	243	31,111	–	94,483	73,933
Amounts payable under repurchase agreements	29,038	–	–	–	–	–	29,038	29,038
Amounts due to customers	549,609	173,459	701,246	42,394	54,816	–	1,521,524	1,452,771
Debt securities issued	440	4,232	4,663	96,643	616,544	–	722,522	213,241
Subordinated debt	–	3,089	12,902	181,894	367,783	–	565,668	201,874
Lease liabilities	12	318	1,129	2,781	45	–	4,285	1,944
Other financial liabilities	6,506	26	20	27	–	–	6,579	6,579
Total	647,964	181,144	720,710	323,982	1,070,299	–	2,944,099	1,979,380
Credit related contingencies	5,037	–	–	–	–	–	–	5,037

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

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.

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 Bank indicates that these customer accounts provide a long–term and stable source of funding.

(In KZT million, unless otherwise is stated)

32. Risk management (continued)

Liquidity risk (continued)

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 Bank cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Bank is able to manage the risks. Controls include effective segregation of duties, access rights, authorization 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 Bank 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 Bank 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 Bank, 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.

33. Capital management

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the ratios established by the NBRK in supervising the Bank. As at 31 December 2024 and 2023 the Bank had complied in full with all its externally imposed capital requirements.

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value. The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. The NBRK sets and monitors capital requirements for the Bank.

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%).

(In KZT million, unless otherwise is stated)

33. Capital management (continued)

	31 December 2024	31 December 2023
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 liabilities, possible claims 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%

34. 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 Bank's future financial position, results of operations and business prospects. The management of the Bank believes that it is taking appropriate measures to support the sustainability of the Bank's business in the current circumstances.

Legal

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

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.

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.

Credit related commitments

The Bank has commitments to provide credit resources. The Bank provides financial guarantees and issues letters of credit to ensure that their customers' obligations to third parties are met.

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

(In KZT million, unless otherwise is stated)

34. Commitments and contingencies (continued)

Credit related commitments (continued)

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 Bank to unilaterally withdraw from the agreement should any conditions unfavourable to the Bank arise, including change of the refinance rate, inflation, exchange rates and other conditions.

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

	31 December 2024	*31 December 2023*
Credit related commitments		
Undrawn loan commitments	**224,389**	265,573
Credit card commitments	**2,199**	3,304
Letters of credit	**1,947**	307
Financial guarantees	**920**	1,426
Commitments and contingencies (before deducting collateral)	**229,455**	270,610
ECL allowance for credit related commitments *(Note 29)*	**(2,949)**	(3,726)
Deposits held as security of guarantees and letters of credit (*Note 25*)	**(999)**	(405)
Commitments and contingencies	**225,507**	266,479

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	**304**	**2**	**3,420**	**3,726**
New liabilities	**6**	**–**	**127**	**133**
Liabilities repaid	**(193)**	**–**	**(2,562)**	**(2,755)**
Expired liabilities	**(10)**	**–**	**(540)**	**(550)**
Net change in allowance for the year	**40**	**(2)**	**2,361**	**2,399**
Foreign exchange adjustments	**4**	**–**	**(8)**	**(4)**
At 31 December 2024	**151**	**–**	**2,798**	**2,949**

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	26	–	3,406	3,432
New liabilities	40	–	504	544
Liabilities repaid	(938)	–	–	(938)
Expired liabilities	(234)	–	(301)	(535)
Net change in allowance for the year	1,409	2	(189)	1,222
Foreign exchange adjustments	1	–	–	1
At 31 December 2023	304	2	3,420	3,726

35. Fair value measurements

The Bank'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 Bank 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 Bank's management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

(In KZT million, unless otherwise is stated)

35. Fair value measurements (continued)

At each reporting date, management of the Bank analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Bank's accounting policies. For this analysis, management of the Bank verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Bank's management, in conjunction with the Bank'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 Bank's management and the external valuers present the valuation results to the Audit Committee and the Bank's independent auditors. This includes a discussion of the major assumptions used in the valuations.

Fair value hierarchy

For the purpose of disclosing the fair values, the Bank determined classes of assets and liabilities based on the assets and liabilities nature, characteristics and risks as well as the hierarchy of fair value sources.

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**
Investment securities measured at FVOCI					
- equity securities	31 December 2024	**61,484**	**–**	**–**	**61,484**
- debt securities	31 December 2024	**542,941**	**239,448**	**–**	**782,389**
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**
Property and equipment (land and buildings)	31 December 2022	**–**	**–**	**55,254**	**55,254**
		604,425	**361,720**	**56,514**	**1,022,659**
Liabilities					
Derivative financial liabilities	31 December 2024	**–**	**944**	**–**	**944**
		–	**944**	**–**	**944**

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
Investment securities measured at FVOCI					
- equity securities	31 December 2023	67,610	–	–	67,610
- debt securities	31 December 2023	448,590	133,804	–	582,394
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
Property and equipment (land and buildings)	31 December 2022	–	–	43,961	43,961
		516,200	239,456	52,970	808,626
Liabilities					
Derivative financial liabilities	31 December 2023	–	316	–	316
		–	316	–	316

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 239,448 million (31 December 2023: KZT 133,804 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 Bank uses valuation techniques that rely on unobservable inputs.

(In KZT million, unless otherwise is stated)

35. Fair value measurements (continued)

Movements in Level 3 assets and liabilities at fair value

The following tables show a reconciliation of the opening and closing amount of Level 3 assets and liabilities which are recorded at fair value:

	31 December 2023	*Total gains recognised in profit or loss*	*Interest paid*	*Repay-ments*	*Other changes*	*31 December 2024*
Financial assets						
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	**9,009**	**4,757**	**(3,047)**	**(9,551)**	**92**	**1,260**

The following tables show a reconciliation of the opening and closing amount of Level 3 assets and liabilities which are recorded at fair value:

	31 December 2022	*Total gains recognised in profit or loss*	*Interest paid*	*Repay-ments*	*Other changes*	*31 December 2023*
Financial assets						
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	13,524	338	(1,109)	(3,915)	171	9,009

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.

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*	*Weighted average*
Loans to customers measured at FVTPL	**1.260**	Discounting of expected cash flows	Discount rate	**20.21%**

At 31 December 2023	*Book value*	*Valuation techniques*	*Unobservable inputs*	*Weighted average*
Loans to customers measured at FVTPL	9.009	Discounting of expected cash flows	Discount rate	21.01%

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*		
		Impact of possible alternative assumptions			*Impact of possible alternative assumptions*	
	Book value	*Favourable changes*	*Unfavou-rable changes*	*Book value*	*Favourable changes*	*Unfavou-rable changes*
Loans to customers measured at FVTPL	**1,260**	**(75)**	**75**	9,009	(249)	249

In order to determine reasonably possible alternative assumptions the Bank adjusted the above key unobservable model inputs by 1% increase/decrease.

(In KZT million, unless otherwise is stated)

35. Fair value measurements (continued)

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

The table below provides an analysis of the fair and carrying value of financial assets and liabilities whose fair value is disclosed as at 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	**–**	**620,973**	**–**	**620,973**	**620,973**
Amounts due from banks and other financial institutions	**–**	**57,953**	**–**	**57,953**	**57,953**
Investment securities measured at amortised cost	**183,468**	**229,090**	**–**	**412,558**	**386,006**
Loans to customers	**–**	**–**	**1,288,865**	**1,288,865**	**957,425**
Other financial assets	**–**	**–**	**44,885**	**44,885**	**44,885**
Liabilities					
Amounts due to banks and other financial institutions	**–**	**106,194**	**–**	**106,194**	**107,059**
Amounts payable under repurchase agreements	**–**	**39,509**	**–**	**39,509**	**39,509**
Amounts due to customers	**–**	**1,686,129**	**–**	**1,686,129**	**1,686,129**
Debt securities issued	**–**	**275,806**	**–**	**275,806**	**304,709**
Subordinated debt	**–**	**135,150**	**–**	**135,150**	**118,203**
Lease liabilities	**–**	**–**	**1,987**	**1,987**	**1,987**
Other financial liabilities	**–**	**–**	**10,159**	**10,159**	**10,159**

At 31 December 2023	*Level 1*	*Level 2*	*Level 3*	*Total fair value*	*Total carrying amount*
Assets					
Cash and cash equivalents	–	527,698	–	527,698	527,455
Amounts due from banks and other financial institutions	–	56,373	–	56,373	56,373
Investment securities measured at amortised cost	159,674	72,803	–	232,477	233,511
Loans to customers measured at amortised cost	–	–	925,279	925,279	938,923
Other financial assets	–	–	19,451	19,451	19,451
Liabilities					
Amounts due to banks and other financial institutions	–	69,857	–	69,857	73,933
Amounts payable under repurchase agreements	–	29,038	–	29,038	29,038
Amounts due to customers	–	1,452,771	–	1,452,771	1,452,771
Debt securities issued	–	172,505	–	172,505	213,241
Subordinated debt	–	199,767	–	199,767	201,874
Lease liabilities	–	–	1,944	1,944	1,944
Other financial liabilities	–	–	6,579	6,579	6,579

Valuation models and assumptions

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

Assets for which fair value 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 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.

35. Fair value measurements (continued)

Valuation techniques and assumptions (continued)

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 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.

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. and 7.29% – 7.51% p.a. are used for discounting future cash flows from loans to corporate customers denominated in KZT and USD, respectively (31 December 2023: 20.35% – 23.68% p.a. and 7.20% – 8.00% p.a., respectively);
- Discount rates of 3.90% – 34.60% p.a. are used for discounting future cash flows from loans to retail customers denominated in USD and KZT (31 December 2023: 9.68% – 40.11% p.a.);
- 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 bonds denominated in KZT (31 December 2023: 14.70% – 16.40% p.a.).

Property and equipment (land and buildings)

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 Bank 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)

36. 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 separate 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 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 of customers	**239**	**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)

36. Related party transactions (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		Subsidiaries		Entities under common control		
	Amount	*Average interest rate*	*Amount*	*Average interest rate*	*Amount*	*Average interest rate*	*Amount*	*Average interest rate*	*Total*
Separate statement of financial position									
Assets									
Cash and cash equivalents									
- in other currencies	–	–	–	–	**315**	–	–	–	**315**
Loans to customers									
principal, in KZT	–	–	–	–	–	–	**499**	**14,00**	**499**
Investment in subsidiaries	–	–	–	–	**166,548**	–	–	–	**166,548**
Other assets	–	–	–	–	**542**	–	**18**	–	**560**
Liabilities									
Amounts due to banks and other financial institutions									
in KZT	–	–	–	–	**206**	–	–	–	**206**
in USD	–	–	–	–	**2,278**	–	–	–	**2,278**
Other currencies	–	–	–	–	**30**	–	–	–	**30**
Amounts due to customers									
in KZT	**72**	–	**543**	**14,00**	**25,135**	**12,67**	**3,907**	**13,25**	**29,657**
in USD	**3**	–	**4,304**	**1,00**	**19,615**	–	**2,016**	**0,81**	**25,938**
in other currencies	–	–	–	–	**23**	–	–	–	**23**
Debt securities issued	–	–	–	–	**223**	**11,50**	–	–	**223**
Subordinated debt	–	–	–	–	**54**	**10,00**	–	–	**54**
Lease liabilities	–	–	–	–	–	–	**480**	–	**480**
Other liabilities	–	–	–	–	**4**	–	**77**	–	**81**
Separate statement of profit or loss and other comprehensive income									
Interest revenue	–	–	–	–	**329**	–	**80**	–	**409**
Interest expense	–	–	**(127)**	–	**(289)**	–	**(572)**	–	**(988)**
Fee and commission income	–	–	–	–	**70**	–	–	–	**70**
Fee and commission expense	–	–	–	–	**(71)**	–	–	–	**(71)**
Dividend income	–	–	–	–	**3,468**	–	–	–	**3,468**
Reversal of impairment on investments in subsidiaries	–	–	–	–	**3,807**	–	–	–	**3,807**
Other income	–	–	–	–	**176**	–	**63**	–	**239**
Other general and administrative expenses	–	–	–	–	**(621)**	–	**(30)**	–	**(651)**

(In KZT million, unless otherwise is stated)

36. Related party transactions (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***		***Subsidiaries***		***Entities under common control***		
	Amount	***Average interest rate***	***Amount***	***Average interest rate***	***Amount***	***Average interest rate***	***Amount***	***Average interest rate***	***Total***
Separate statement of financial position									
Assets									
Cash and cash equivalents									
- in other currencies	–	–	–	–	70	–	–	–	70
Loans to customers									
- principal, in KZT	–	–	–	–	1,546	0,10	761	14,05	2,307
Investments in subsidiaries	–	–	–	–	152,627	–	–	–	152,627
Other assets	–	–	128	–	354	–	35	–	517
Liabilities									
Amounts due to banks and other financial institutions									
in KZT	–	–	–	–	158	–	–	–	158
in USD	–	–	–	–	2,445	–	–	–	2,445
in other currencies	–	–	–	–	1	–	–	–	1
Amounts due to customers									
in KZT	63	–	1	–	31,334	13,36	4,249	13,80	35,647
in USD	10	–	705	–	12,515	0,80	3,273	1,32	16,503
in other currencies	–	–	–	–	270	–	1,243	3,00	1,513
Debt securities issued	–	–	–	–	200	11,50	–	–	200
Subordinated debt	–	–	–	–	306	10,00	–	–	306
Lease liabilities	–	–	–	–	–	–	409	–	409
Other liabilities	–	–	–	–	294	–	71	–	365
Separate statement of profit or loss and other comprehensive income									
Interest revenue	–	–	–	–	220	–	98	–	318
Interest expense	–	–	(3)	–	(540)	–	(2,863)	–	(3,406)
Fee and commission income	–	–	–	–	137	–	–	–	137
Fee and commission expense	–	–	–	–	(22)	–	–	–	(22)
Reversal of impairment on investments in subsidiaries	–	–	–	–	7,253	–	–	–	7,253
Other income	–	–	–	–	14	–	51	–	65
Other general and administrative expenses	–	–	–	–	(772)	–	(11)	–	(783)

(In KZT million, unless otherwise is stated)

37. 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	**620,973**	**–**	**620,973**	527,455	–	527,455
Derivative financial instruments	**60**	**–**	**60**	194	–	194
Amounts due from banks and other financial institutions	**36,727**	**21,226**	**57,953**	42,291	14,082	56,373
Investment securities	**730,019**	**460,351**	**1,190,370**	632,538	221,939	854,477
Investment securities pledged under repurchase agreements	**39,509**	**–**	**39,509**	29,038	–	29,038
Loans to customers	**137,599**	**821,086**	**958,685**	280,390	667,542	947,932
Promissory notes of the Ministry of Finance of the Republic of Kazakhstan	**122,212**	**–**	**122,212**	719	104,739	105,458
Property and equipment and right-of-use assets	**–**	**67,850**	**67,850**	–	60,467	60,467
Intangible assets	**–**	**5,445**	**5,445**	–	5,980	5,980
Non-current assets held for sale	**1,621**	**–**	**1,621**	4,906	–	4,906
Current corporate income tax assets	**3,504**	**–**	**3,504**	78	–	78
Investments in subsidiaries	**–**	**166,548**	**166,548**	–	170,032	170,032
Other assets	**41,658**	**37,820**	**79,478**	29,109	36,584	65,693
Total assets	**1,733,882**	**1,580,326**	**3,314,208**	1,546,718	1,281,365	2,828,083
Liabilities						
Amounts due to banks and other financial institutions	**94,362**	**12,697**	**107,059**	62,800	11,133	73,933
Amounts payable under repurchase agreements	**39,509**	**–**	**39,509**	29,038	–	29,038
Derivative financial instruments	**944**	**–**	**944**	316	–	316
Amounts due to customers	**1,646,239**	**39,890**	**1,686,129**	1,375,659	77,112	1,452,771
Debt securities issued	**24,038**	**280,671**	**304,709**	3,297	209,944	213,241
Subordinated debt	**63,974**	**54,229**	**118,203**	2,686	199,188	201,874
Liabilities to the mortgage organisation	**8**	**7,802**	**7,810**	7	9,312	9,319
Lease liabilities	**609**	**1,378**	**1,987**	633	1,311	1,944
Deferred corporate income tax liabilities	**–**	**165,137**	**165,137**	–	164,447	164,447
Other liabilities	**33,336**	**1,581**	**34,917**	24,964	2,143	27,107
Total liabilities	**1,903,019**	**563,385**	**2,466,404**	1,499,400	674,590	2,173,990
Net position	**(169,137)**	**1,016,941**	**847,804**	47,318	606,775	654,093

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 Bank's management believes that customer funds are a long-term and sustainable source of funding due to the diversified client portfolio.

The Bank's management expects that the cash flows of certain financial assets and liabilities will differ from their contractual terms. The Bank 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 Bank has sufficient liquidity to cover the negative current liquidity gap, avoiding unacceptable losses and without risking damage to the Bank's reputation.

38. Subsequent events

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

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