centercredit

JOINT STOCK COMPANY
BANK CENTERCREDIT

Separate Financial Statements
for the year ended 31 December 2024

Contents

«КПМГ Аудит» жауапкершілігі
шектеулі серіктестік
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180 Dostyk Avenue, Almaty,
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Independent Auditors' Report

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

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) *(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.

Expected credit losses (ECL) for loans to customers	
Please refer to the Notes 3(k), 5 and 16 in the separate financial statements.	
The key audit matter	***How the matter was addressed in our audit***
Loans to customers represent 54.9% of total assets and are stated net of allowance for expected credit losses ('ECL') that is estimated on a regular basis and is sensitive to assumptions used. The Bank applies the ECL valuation models (collective and individual assessment), which require management to apply professional judgement and to make assumptions related to the following key areas: - timely identification of significant increase in credit risk and default events related to loans to customers (allocation between Stages 1, 2 and 3 in accordance with the IFRS 9); - assessment of probability of default (PD) and loss given default (LGD); - assessment of expected cash flows to be received on credit-impaired loans. Due to the significant volume of loans to customers and the related estimation uncertainty, this area is a key audit matter.	We analysed the key aspects of the Bank's methodology and policies related to ECL estimate for compliance with the requirements of IFRS 9, including involvement of our financial risks management specialists. We also tested the operating principles of the relevant models used by the Bank. To evaluate management's professional judgement and assumptions made in relation to ECL allowance estimate, we performed the following procedures: - For loans to corporate and retail customers we tested the design and implementation of the controls over allocation of loans into the appropriate Stages. - For a sample of loans to corporate customers, for which a potential change in ECL estimate may have a significant impact on the separate financial statements, we verified the accuracy of Stage classification by analysing financial and non-financial information, as well as assumptions and professional judgements, applied by the Bank. - For a sample of corporate loans classified as Stage 3, where ECL allowances are assessed on an individual basis, we critically assessed the assumptions used by the Bank to forecast future cash flows, including estimated value of realisable collateral and their expected disposal terms based on our understanding and publicly available market information. - For loans to customers, classified as Stage 1 and Stage 2, where ECL allowances are assessed on a collective basis, we tested the operating principles of the relevant EAD, PD and LGD models, verified accuracy of input data to underlying documents on a sample basis and performed substantive procedures over the completeness of input data. - We assessed the overall predictive capability of the models used by the Bank to assess ECL by comparing the estimates made as at 1 January 2024 with actual results for 2024. We also assessed whether the separate financial statements disclosures appropriately reflect the Bank's exposure to credit risk.

Other Information

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

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

In connection with our audit of the 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 Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS Accounting Standards, 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.

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

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

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

— Identify and assess the risks of material misstatement of the 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.

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

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

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

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

Madina Magomedova
Certified Auditor
of the Republic of Kazakhstan
Auditor's Qualification Certificate
No. МФ-0000594 of 24 May 2018

KPMG Audit LLC
State License to conduct audit #0000021 dated 6 December 2006 issued by the Ministry of Finance of the Republic of Kazakhstan

Sergey Dementyev
General Director of KPMG Audit LLC
acting on the basis of the Charter

28 February 2025

JOINT STOCK COMPANY BANK CENTERCREDIT

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

(in millions of Kazakhstani tenge)

		Year ended 31 December 2024	Year ended 31 December 2023
Interest income calculated using the effective interest method		727,750	524,956
Interest expense		(380,888)	(274,382)
Net interest income before expected credit loss allowance on interest-bearing assets	5	**346,862**	**250,574**
Expected credit loss allowance on loans to customers and banks	6	(68,279)	(40,821)
Net interest income		**278,583**	**209,753**
Fee and commission income	7	81,578	84,536
Fee and commission expense	7	(37,154)	(44,913)
Net fee and commission income		**44,424**	**39,623**
Net gain on financial instruments at fair value through profit or loss	8	1,173	7,892
Net gain on sale and repayment of financial assets measured at fair value through other comprehensive income		2,179	883
Net foreign exchange gain	9	92,016	45,603
Expected credit loss allowance on other financial assets and due from banks		(12,351)	(1,284)
Impairment loss on other non-financial assets	17	(538)	(742)
Charge of provision for credit related commitments	28	(1,626)	(27,399)
Gain arising on initial recognition of financial liabilities	21	27,886	-
Other expenses	18	(10,458)	(937)
Net non-interest income		**142,705**	**63,639**
Operating income		421,288	273,392
Operating expenses	10	(176,091)	(118,475)
Operating income before income tax		**245,197**	**154,917**
Income tax expense	11	(50,736)	(24,401)
Profit for the year		**194,461**	**130,516**
Earnings per share			
Basic (KZT)	24	1,085.13	730.46
Diluted (KZT)	24	1,085.26	730.46

These separate financial statements as set out on pages 8 to 86 were approved by Management Board on 28 February 2025 and were signed on its behalf by:

R. V. Vladimirov
President

28 February 2025
Almaty, Kazakhstan

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

28 February 2025
Almaty, Kazakhstan

A. T. Nurgaliyeva
Chief Accountant

28 February 2025
Almaty, Kazakhstan

Explanatory notes as set out on pages 15 to 86 form an integral part of these separate financial statements.

JOINT STOCK COMPANY BANK CENTERCREDIT

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

(in millions of Kazakhstani tenge)

	Year ended 31 December 2024	Year ended 31 December 2023
PROFIT FOR THE YEAR	**194,461**	**130,516**
OTHER COMPREHENSIVE INCOME		
Items that are or may be reclassified subsequently to profit or loss:		
Net gain resulting on revaluation of investment securities during the period (net of tax)	18,384	9,654
Reclassification adjustment relating to investment securities disposed of during the period (net of tax – KZT nil)	(2,179)	(883)
Total items that are or may be reclassified subsequently to profit or loss	*16,205*	*8,771*
Items that will not be reclassified to profit or loss in subsequent periods:		
Net change in fair value of equity instruments measured at fair value through other comprehensive income	(228)	-
Total items of other comprehensive income that will not be reclassified to profit or loss in subsequent periods	*(228)*	-
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	**15,977**	**8,771**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**210,438**	**139,287**

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centercredit

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President

28 February 2025
Almaty, Kazakhstan

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

28 February 2025
Almaty, Kazakhstan

A. T. Nurgaliyeva
Chief Accountant

28 February 2025
Almaty, Kazakhstan

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SEPARATE STATEMENT OF FINANCAL POSITION AS AT 31 DECEMBER 2024

(in millions of Kazakhstani tenge)

	Note	31 December 2024	31 December 2023
ASSETS:			
Cash and cash equivalents	12	1,662,364	1,350,988
Financial instruments measured at fair value through profit or loss		-	62
Investment securities	13		
Held by the Bank		*1,002,357*	*607,760*
Pledged under loans from banks		*89,609*	*74,519*
Due from banks	14	103,397	39,483
Investments in subsidiaries	15	94,421	63,710
Loans to customers and banks	16		
Loans to corporate customers		*1,185,319*	*1,001,465*
Loans to retail customers		*2,697,670*	*1,977,041*
Current income tax assets		6,922	15,511
Property, plant and equipment and intangible assets	17	70,355	62,718
Other assets	18	90,273	57,744
TOTAL ASSETS		**7,002,687**	**5,251,001**
LIABILITIES AND EQUITY			
LIABILITIES:			
Due to banks and financial institutions	19	273,060	169,053
Financial liabilities at fair value through profit or loss		1,413	-
Customer accounts	20		
Due to corporate customers		*2,568,644*	*1,793,146*
Due to retail customers		*2,838,383*	*2,234,525*
Debt securities issued	21	161,264	70,532
Deferred income tax liabilities	11	10,625	10,921
Subordinated bonds	22	43,046	58,718
Other liabilities	23	482,315	500,607
TOTAL LIABILITIES		**6,378,750**	**4,837,502**
EQUITY:			
Share capital	24	65,842	65,842
Fair value reserve for securities		1,419	(14,549)
Property revaluation reserve		72	732
Retained earnings		556,604	361,474
Total equity		**623,937**	**413,499**
OTAL LIABILITIES AND EQUITY		**7,002,687**	**5,251,001**

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A. T. Nurgaliyeva
Chief Accountant

28 February 2025
Almaty, Kazakhstan

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

(in millions of Kazakhstani tenge)

	Share capital	Fair value reserve	Property revaluation reserve	Retained earnings	Total equity
Balance at 1 January 2023	**65,842**	**(23,320)**	**829**	**230,861**	**274,212**
Total comprehensive income					
Profit for the year	-	-	-	130,516	130,516
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Net change in fair value	-	8,771	-	-	8,771
Total items that are or may be reclassified subsequently to profit or loss	-	*8,771*	-	-	*8,771*
Total comprehensive income for the year	-	**8,771**	-	**130,516**	**139,287**
Other movements in equity					
Transfer of the amount from revaluation resulting from depreciation and disposals	-	-	(97)	97	-
Total other movements in equity	-	-	**(97)**	**97**	-
Balance at 31 December 2023	**65,842**	**(14,549)**	**732**	**361,474**	**413,499**

Explanatory notes as set out on pages 15 to 86 form an integral part of these separate financial statements.

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

(in millions of Kazakhstani tenge)

	Share capital	Fair value reserve	Property revaluation reserve	Retained earnings	Total equity
Balance at 1 January 2024	**65,842**	**(14,549)**	**732**	**361,474**	**413,499**
Total comprehensive income					
Profit for the year	-	-	-	194,461	194,461
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Net change in fair value	-	16,205	-	-	16,205
Total items that are or may be reclassified subsequently to profit or loss	-	*16,205*	-	-	*16,205*
Items that will not be reclassified to profit or loss in subsequent periods:					
Net change in fair value of equity investments measured at fair value through other comprehensive income (net of tax)	-	(228)	-	-	(228)
Total items that will not be reclassified to profit or loss in subsequent periods	-	*(228)*	-	-	*(228)*
Total comprehensive income for the year	**-**	**15,977**	**-**	**194,461**	**210,438**
Other movements in equity					
Transfer of the amount from revaluation of equity investments measured at fair value through other comprehensive income	-	(9)	-	9	-
Transfer of the amount from revaluation resulting from depreciation and disposals	-	-	(660)	660	-
Total other movements in equity	**-**	**(9)**	**(660)**	**669**	**-**
Balance at 31 December 2024	**65,842**	**1,419**	**72**	**556,604**	**623,937**

These separate financial statements as set out on pages 8 to 86 were approved by Management Board on 28 February 2025 and were signed on its behalf by:

R. V. Vladimirov
President

28 February 2025
Almaty, Kazakhstan

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

28 February 2025
Almaty, Kazakhstan

A. T. Nurgaliyeva
Chief Accountant

28 February 2025
Almaty, Kazakhstan

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

(in millions of Kazakhstani tenge)

	Year ended 31 December 2024	Year ended 31 December 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	676,944	491,651
Interest paid	(357,859)	(264,771)
Services fee and commission received	81,245	84,141
Services fee and commission paid	(36,694)	(43,955)
Net proceeds from derivative instrument transactions	2,709	7,826
Net foreign exchange gain	86,453	39,718
Other expense payments	(8,288)	(850)
Operating expenses paid	(146,697)	(106,740)
Cash flow from operating activities before changes in operating assets and liabilities	**297,813**	**207,020**
Change in operating assets:		
Financial instruments at fair value through profit or loss	(384)	1,058
Due from banks	(54,146)	(8,470)
Loans to customers and banks	(923,121)	(916,691)
Other assets	(18,017)	5,332
Change in operating liabilities:		
Due to banks and financial institutions	96,295	16,408
Customer accounts	1,235,032	769,029
Other liabilities	(30,947)	8,933
Cash flows from operating activities before tax	**602,525**	**82,619**
Income tax paid	(41,851)	(39,645)
Net cash flows from operating activities	**560,674**	**42,974**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiary	-	(3,982)
Proceeds from repayment and sale of investment securities	660,371	3,980,770
Acquisition of investment securities	(967,787)	(3,737,952)
Acquisition of property, plant and equipment and intangible assets	(25,272)	(18,530)
Proceeds from sale of property, plant and equipment	1,825	391
Contributions to charter capital of the subsidiaries	(25,090)	-
Net cash (used in)/from investing activities	**(355,953)**	**220,697**

Explanatory notes as set out on pages 15 to 86 form an integral part of these separate financial statements.

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

(in millions of Kazakhstani tenge)

	Year ended 31 December 2024	Year ended 31 December 2023
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from debt securities issued	119,027	-
Repurchase and repayment of debt securities issued	(3,291)	(28,107)
Repayment of subordinated bonds	(27,337)	(3,500)
Repayment of lease liabilities	(1,022)	(469)
Net cash flows from/(used in) financing activities	**87,377**	**(32,076)**
Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents	27,031	(15,561)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**319,129**	**216,034**
Effect of changes in loss allowance on cash and cash equivalents	(7,753)	-
CASH AND CASH EQUIVALENTS, beginning of the year	1,350,988	1,134,954
CASH AND CASH EQUIVALENTS, end of the year *(Note 12)*	**1,662,364**	**1,350,988**

These separate financial statements as set out on pages 8 to 86 were approved by Management Board on 28 February 2025 and were signed on its behalf by:

R. V. Vladimirov
President

28 February 2025
Almaty, Kazakhstan

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

28 February 2025
Almaty, Kazakhstan

A. T. Nurgaliyeva
Chief Accountant

28 February 2025
Almaty, Kazakhstan

(in millions of Kazakhstani tenge unless otherwise stated)

1. INTRODUCTION

(a) Principal activity

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

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

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

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

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

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

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

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

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

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

(b) Kazakhstan business environment

The Bank’s operations are primarily located in Kazakhstan. Consequently, the Bank is exposed to the economic and financial markets of Kazakhstan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Kazakhstan. Depreciation of the Kazakhstan Tenge, the volatility in the global price of oil and the ongoing military conflict between the Russian Federation and Ukraine have also increased the level of uncertainty in the business environment.

The separate financial statements reflect management’s assessment of the impact of the Kazakhstan business environment on the operations and the financial position of the Bank. The future business environment may differ from management’s assessment.

2. BASIS OF PREPARATION

(a) Statement of compliance

The accompanying separate financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The Bank also prepares consolidated financial statements for the year ended 31 December 2024 in accordance with IFRS that can be obtained from the Bank’s registered office.

(b) Basis of measurement

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

2. BASIS OF PREPARATION, CONTINUED

(c) Functional and presentation currency

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

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

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

(d) Use of estimates and judgements

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

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

Judgements

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

- classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding – *Note 3(f)(i)*;
- establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL – *Note 4.*

Assumptions and estimations uncertainty

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

- impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information – *Note 4*;
- estimates of impairment of loans to customers – *Note 16*;
- fair value measurement of debt securities issued at initial recognition – *Note 21;*
- estimates of fair value of financial assets and liabilities for disclosure purposes – *Note 31*.

3. MATERIAL ACCOUNTING POLICIES

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

(a) Accounting for investments in subsidiaries in separate financial statements

Subsidiaries are investees controlled by the Bank. The Bank controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Investments in subsidiaries are stated at cost less impairment in the separate financial statements of the Bank.

(b) Interest income and expense

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

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

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

3. MATERIAL ACCOUNTING POLICIES

(b) Interest income and expense, continued

***Effective interest rate*, continued**

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

Amortised cost and gross carrying amount

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

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

Calculation of interest income and expense

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

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

Calculation of interest income and expense, continued

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For information on when financial assets are credit-impaired, see clause (k).

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

Presentation

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

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

Interest expense presented in the separate statement of profit or loss includes:

- interest expense on financial liabilities measured at amortised cost.

(c) Fee and commission income and expense

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES, CONTINUED

(d) Foreign currency

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

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value is determined.

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

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

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

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

(e) Cash and cash equivalents

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

Cash and cash equivalents are carried at amortised cost in the separate statement of financial position.

(f) Financial instruments

(i) Classification

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

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

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES, CONTINUED

(f) Financial instruments, continued

(i) Classification, continued

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

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

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

All other financial assets are classified as measured at FVTPL.

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

Business model assessment

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

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

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES, CONTINUED

(f) Financial instruments, continued

(i) Classification, continued

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

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

Reclassification

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

Financial assets – subsequent measurement, gains and losses

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

Financial liabilities

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

Reclassification

Financial liabilities are not reclassified subsequent to their initial recognition.

(ii) Modification of financial assets and financial liabilities

Financial assets

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

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

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

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

The Bank performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different.

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

3. MATERIAL ACCOUNTING POLICIES, CONTINUED

(f) Financial instruments, continued

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

Financial assets, continued

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

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

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases. The Bank further performs qualitative evaluation of whether the modification is substantial.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

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

Financial liabilities

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

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

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

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

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

3. MATERIAL ACCOUNTING POLICIES, CONTINUED

(f) Financial instruments, continued

(iii) Derecognition

Financial assets

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

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

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

In transactions in which the Bank neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. Examples of such transaction are the contracts of rights of claims to loans signed with Kazakhstan Sustainability Fund JSC (*Note 16*).

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

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

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

Financial liabilities

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

(iv) Fair value measurement principles

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

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

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

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

(v) Repurchase and reverse repurchase agreements

Securities sold under sale and repurchase (repo) agreements are accounted for as secured financing transactions, with the securities retained in the separate statement of financial position and the counterparty liability included in amounts payable under repo transactions within balances and loans from banks and financial institutions.

3. MATERIAL ACCOUNTING POLICIES, CONTINUED

(f) Financial instruments, continued

(v) Repurchase and reverse repurchase agreements, continued

The difference between the sale and repurchase prices represents interest expense and is recognised in profit or loss over the term of the repo agreement using the effective interest method.

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

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

(g) Due from banks, loans to customers

'Due from banks' and 'Loans to customers' captions in the separate statement of financial position include:

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

(h) Investment securities

The 'investment securities' caption in the separate statement of financial position includes:

- debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt and equity investment securities mandatorily measured at FVTPL or designated as at FVTPL; these are measured at fair value with changes recognised immediately in profit or loss;
- debt securities measured at FVOCI; and
- equity investment securities designated as at FVOCI.

(i) Property, plant and equipment and intangible assets

(i) Owned assets

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

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

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

(ii) Depreciation and amortisation

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

Depreciation is charged at the following annual rates:

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

(j) Foreclosed assets

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

(k) Impairment of assets

See also *Note 4*.

3. MATERIAL ACCOUNTING POLICIES, CONTINUED

(k) Impairment of assets, continued

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

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

No impairment loss is recognised on equity investments.

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

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

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

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

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

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

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

Restructured financial assets

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

- If the expected restructuring does not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset (see *Note 4*).
- If the expected restructuring results in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;

3. MATERIAL ACCOUNTING POLICIES, CONTINUED

(k) Impairment of assets, continued

Credit-impaired financial assets, continued

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

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered impaired.

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

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

Presentation of allowance for ECL in the separate financial statements

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

- *financial assets measured at amortised cost:* as decrease in carrying amount of these assets;
- *loan commitments and financial guarantee contracts*: generally, as a provision;
- *where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component (loan issued):* the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- *debt instruments measured at FVOCI:* no loss allowance is recognised in the separate statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-offs

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

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

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

Non-financial assets

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

3. MATERIAL ACCOUNTING POLICIES, CONTINUED

(k) Impairment of assets, continued

Non-financial assets, continued

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

All impairment losses in respect of non-financial assets are recognised in profit or loss and reversed only if there has been a change in the estimates used to determine the recoverable amount.

Any impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

Accounts receivable under the joint cooperation agreement were measured at fair value as at the signing date (*Note 18*).

(l) Provisions

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

(m) Financial guarantees and loan commitments

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

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

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. *Subsequently they are measure*d at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

The Bank has issued no loan commitments that are measured at FVTPL. For other loan commitments: the Bank recognises a loss allowance.

(n) Share capital

(i) Ordinary shares

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

(ii) Preference shares

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

(iii) Repurchase of share capital

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

(iv) Dividends

The ability of the Bank to declare and pay dividends is subject to the rules and regulations of the Kazakhstan legislation.

Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings in the period when they are declared.

(o) Taxation

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

Current tax

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

3. MATERIAL ACCOUNTING POLICIES, CONTINUED

(o) Taxation, continued

Deferred tax

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

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

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

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

(p) Segment reporting

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

(q) New standards and interpretations not yet adopted

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

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

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

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

4. FINANCIAL RISK REVIEW

This note presents information about the Bank's exposure to financial risks. For information on the Bank's financial risk management framework, see *Note 26* in the separate financial statements of the Bank for the year ended 31 December 2024.

4. FINANCIAL RISK REVIEW, CONTINUED

Credit risk - Amounts arising from ECL

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

Significant increase in credit risk

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

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

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

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

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

Credit risk grades

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

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

Credit risk grades

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

Corporate exposure	All exposures (corporate and retail exposures)
• Information obtained during periodic review of borrower files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes.	• Payment record – this includes overdue status.
• Data from credit reference agencies, press articles, changes in external credit ratings;	• Utilisation of the granted limit. • Requests for and granting of forbearance.
• - quoted bond and credit default swap (CDS) prices for the issuer where available;	• Existing and forecast changes in business, financial and economic conditions.
• Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities.	

Generating the term structure of PD

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

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

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

4. FINANCIAL RISK REVIEW, CONTINUED

Credit risk - Amounts arising from ECL, continued

Significant increase in credit risk, continued

Generating the term structure of PD, continued

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

Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary depending on different types of lending, in particular between corporate and retail, as well as by portfolio and include both quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

The Bank will deem the credit risk of a particular exposure to have increased significantly since initial recognition if, based on the Bank's modelling, it is established that objective factors involving the deterioration of financial and economic condition of a counterparty are observed. When determining whether credit risk has increased significantly, remaining lifetime ECLs are adjusted for changes in maturity.

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

As a backstop, the Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due or, for inter-bank amounts owe and securities, more than 7 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency of forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases the Bank determines a probation period during which the financial asset is required to demonstrated good behaviour to provide evidence that its credit risk has declined sufficiently.

When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes history of up-to-date payment performance against the modified contractual terms.

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

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

Modified financial assets

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

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

4. FINANCIAL RISK REVIEW, CONTINUED

Credit risk - Amounts arising from ECL, continued

Significant increase in credit risk, continued

Modified financial assets, continued

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Bank renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Bank's forbearance policy, loan forbearance is granted on a selective basis if the customer is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy.

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

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

Definition of default

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

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Bank.
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

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

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

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

Incorporating of forward-looking information

The Bank incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Bank uses expert judgment in assessment of forward-looking information. This estimate is also based on information obtained from external sources.

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

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

ECL measurement

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

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

(in millions of Kazakhstani tenge unless otherwise stated)

4. FINANCIAL RISK REVIEW, CONTINUED

Credit risk - Amounts arising from ECL, continued

Significant increase in credit risk, continued

ECL measurement, continued

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

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

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

The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure as at the date of default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including unwinding of discounts and bonuses. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the guarantee exposure when the financial guarantee becomes payable.

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

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

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

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

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

	Carrying amount 31 December 2024	Carrying amount 31 December 2023	External benchmarks used PD	External benchmarks used LGD
Cash and cash equivalents	1,662,364	1,350,988	Moody's default study	70%; 0% - if the Government of the Republic of Kazakhstan acts as a counterparty
Due from banks	103,397	39,483		
Investment securities	1,089,735	681,112	Moody's default study	LGD for investment securities, whose issuers are financial institutions is equal to 70%, for other companies LGD is based on the history of recovery rates depending on rating; 0% - if the Government of the Republic of Kazakhstan acts as a counterparty

(in millions of Kazakhstani tenge unless otherwise stated)

4. FINANCIAL RISK REVIEW, CONTINUED

Credit quality analysis

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

	31 December 2024			
	Stage 1 12-Month ECL	**Stage 2 Lifetime ECL for assets not credit-impaired**	**Stage 3 Lifetime ECL for credit-impaired assets**	**Total**
Cash and cash equivalents				
- rated AAA	12,047	-	-	12,047
- rated from AA- to AA+	212,745	-	-	212,745
- rated from A- to A+	149,011	-	-	149,011
- rated from BBB- to BBB+	1,081,350	-	-	1,081,350
- rated from BB- to BB+	1,891	-	-	1,891
- not rated	15,345	35,575	-	50,920
	1,472,389	**35,575**	**-**	**1,507,964**
Loss allowance	(95)	(7,729)	-	(7,824)
Total cash and cash equivalents (net of cash on hand)	**1,472,294**	**27,846**	**-**	**1,500,140**
Investment securities measured at amortised cost				
- rated from AA- to AA+	35,454	-	-	35,454
- rated from BBB- to BBB+	158,517	-	-	158,517
- rated from BB- to BB+	6,697	-	-	6,697
- rated from B- to B+	7,884	-	-	7,884
- not rated	8,660	-	-	8,660
	217,212	**-**	**-**	**217,212**
Loss allowance	(243)	-	-	(243)
Total investment securities measured at amortised cost	**216,969**	**-**	**-**	**216,969**
Investment securities measured at FVOCI - debt				
- rated AAA	2,002	-	-	2,002
- rated from AA- to AA+	58,034	-	-	58,034
- rated from BBB- to BBB+	734,076	-	-	734,076
- rated from BB- to BB+	53,721	-	-	53,721
- rated from B- to B+	8,769	-	-	8,769
- not rated	-	16,164	-	16,164
Total investment securities measured at FVOCI - debt	**856,602**	**16,164**	-	**872,766**
Loss allowance	213	29	-	242
Gross carrying amount of investment securities measured at FVOCI - debt	**856,602**	**16,164**	-	**872,766**
Due from banks				
- rated AAA	667	-	-	667
- rated from AA- to AA+	27,602	-	-	27,602
- rated from A- to A+	3,525	-	-	3,525
- rated from BBB- to BBB+	54,282	-	-	54,282
- not rated	17,324	-	-	17,324
	103,400	**-**	**-**	**103,400**
Loss allowance	(3)	-	-	(3)
Total due from banks	**103,397**	**-**	**-**	**103,397**

(in millions of Kazakhstani tenge unless otherwise stated)

4. FINANCIAL RISK REVIEW, CONTINUED

Credit quality analysis, continued

	31 December 2024				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL for assets not credit-impaired**	**Stage 3 Lifetime ECL for assets credit-impaired**	**Originated credit-impaired financial assets (POCI- assets)**	**Total**
Loans to corporate customers measured at amortised cost					
Not overdue loans	1,030,071	125,692	41,002	11,278	1,208,043
Overdue loans					
- overdue less than 30 days	4,270	4,220	147	281	8,918
- overdue 31-60 days	-	3,047	535	3	3,585
- overdue 61-90 days	-	1,762	45	-	1,807
overdue 91-180 days	-	-	3,742	-	3,742
- overdue more than 180 days	-	-	13,360	110	13,470
	1,034,341	**134,721**	**58,831**	**11,672**	**1,239,565**
Loss allowance	(16,699)	(23,992)	(51,503)	-	(92,194)
Total loans to corporate customers measured at amortised cost	**1,017,642**	**110,729**	**7,328**	**11,672**	**1,147,371**
Loans to individuals measured at amortised cost					
Not overdue loans	2,643,720	6,124	6,293	346	2,656,483
Overdue loans					
- overdue less than 30 days	33,952	1,350	1,227	31	36,560
- overdue 31-60 days	-	10,060	1,001	2	11,063
- overdue 61-90 days	-	7,173	1,256	7	8,436
overdue 91-180 days	-	-	19,006	15	19,021
- overdue more than 180 days	-	-	30,812	13	30,825
	2,677,672	**24,707**	**59,595**	**414**	**2,762,388**
Loss allowance	(31,070)	(6,425)	(27,223)	-	(64,718)
Total loans to individuals measured at amortised cost	**2,646,602**	**18,282**	**32,372**	**414**	**2,697,670**
Loans to banks					
Loans to banks	29,268	-	-	-	29,268
Loss allowance	(785)	-	-	-	(785)
Total loans to banks	**28,483**	**-**	**-**	**-**	**28,483**
Loans under reverse REPO agreements					
Reverse REPO agreements, not overdue	9,465	-	-	-	9,465
Loss allowance	-	-	-	-	-
Total loans under reverse REPO agreements	**9,465**	**-**	**-**	**-**	**9,465**

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

(in millions of Kazakhstani tenge unless otherwise stated)

4. FINANCIAL RISK REVIEW, CONTINUED

Credit quality analysis, continued

	31 December 2023			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL for assets not credit-impaired**	**Stage 3 Lifetime ECL for credit-impaired assets**	**Total**
Cash and cash equivalents				
- rated from AA- to AA+	73,453	-	-	73,453
- rated from A- to A+	67,952	-	-	67,952
- rated from BBB- to BBB+	932,949	-	-	932,949
- rated from BB- to BB+	5,154	-	-	5,154
- rated from B- to B+	23	-	-	23
- not rated	60,366	-	-	60,366
	1,139,897	**-**	**-**	**1,139,897**
Loss allowance	(68)	-	-	(68)
Total cash and cash equivalents (less cash on hand)	**1,139,829**	**-**	**-**	**1,139,829**
Investment securities measured at amortised cost				
- rated from AA- to AA+	56,066	-	-	56,066
- rated from BBB- to BBB+	39,784	-	-	39,784
- rated from BB- to BB+	5,735	-	-	5,735
- rated from B- to B+	5,094	-	-	5,094
	106,679	**-**	**-**	**106,679**
Loss allowance	(20)	-	-	(20)
Total investment securities measured at amortised cost	**106,659**	**-**	**-**	**106,659**
Investment securities measured at FVOCI - debt				
- rated from AA- to AA+	53,424	-	-	53,424
- rated from BBB- to BBB+	477,148	-	-	477,148
- rated from BB- to BB+	34,734	-	-	34,734
- rated from B- to B+	3,032	-	-	3,032
- not rated	-	6,232	-	6,232
Total investment securities measured at FVOCI - debt	**568,338**	**6,232**	**-**	**574,570**
Loss allowance	(99)	(18)	-	(117)
Gross carrying amount of investment securities measured at FVOCI - debt	**568,239**	**6,214**	**-**	**574,453**
Due from banks				
- rated from AA- to AA+	23,938	-	-	23,938
- rated from A- to A+	886	-	-	886
- rated from BBB- to BBB+	10,042	-	-	10,042
- not rated	4,662	-	-	4,662
	39,528	**-**	**-**	**39,528**
Loss allowance	(45)	-	-	(45)
Total due from banks	**39,483**	**-**	**-**	**39,483**

(in millions of Kazakhstani tenge unless otherwise stated)

4. FINANCIAL RISK REVIEW, CONTINUED

Credit quality analysis, continued

	31 December 2023				
	Stage 1 12-month expected credit losses	**Stage 2 Lifetime ECL for assets not credit-impaired**	**Stage 3 Lifetime ECL for assets credit-impaired**	**Originated credit-impaired financial assets (POCI- assets)**	**Total**
Loans to corporate customers measured at amortised cost					
Not overdue loans	734,089	132,484	28,469	11,927	906,969
Overdue loans					
- overdue less than 30 days	4,187	44	2,612	78	6,921
- overdue 31-60 days	-	852	144	40	1,036
- overdue 61-90 days	-	904	1,298	-	2,202
overdue 91-180 days	-	-	2,706	-	2,706
- overdue more than 180 days	-	-	21,701	150	21,851
	738,276	**134,284**	**56,930**	**12,195**	**941,685**
Loss allowance	(9,847)	(19,032)	(39,394)	-	(68,273)
Total loans to corporate customers measured at amortised cost	**728,429**	**115,252**	**17,536**	**12,195**	**873,412**
Loans to individuals measured at amortised cost					
Not overdue loans	1,940,875	3,457	3,000	564	1,947,896
Overdue loans					
- overdue less than 30 days	20,502	625	619	30	21,776
- overdue 31-60 days	-	6,252	468	12	6,732
- overdue 61-90 days	-	4,238	718	6	4,962
overdue 91-180 days	-	-	10,220	28	10,248
- overdue more than 180 days	-	-	29,780	116	29,896
	1,961,377	**14,572**	**44,805**	**756**	**2,021,510**
Loss allowance	(17,333)	(3,262)	(23,745)	(130)	(44,470)
Total loans to individuals measured at amortised cost	**1,944,044**	**11,310**	**21,060**	**626**	**1,977,040**
Loans to banks					
Loans to banks	23,068	-	-	-	23,068
Loss allowance	(648)	-	-	-	(648)
Total loans to banks	**22,420**	**-**	**-**	**-**	**22,420**
Loans under reverse repurchase agreements					
Reverse repurchase agreements, not overdue	105,634	-	-	-	105,634
Loss allowance	-	-	-	-	-
Total loans under reverse repurchase agreements	**105,634**	**-**	**-**	**-**	**105,634**

(in millions of Kazakhstani tenge unless otherwise stated)

5. NET INTEREST INCOME

	Year ended 31 December 2024	Year ended 31 December 2023
Interest income:		
Interest income on financial assets recorded at amortised cost:		
- interest income on assets not credit-impaired	651,018	450,420
- interest income on credit-impaired assets	7,126	4,949
Interest income on financial assets measured at fair value through other comprehensive income	69,606	69,587
Total interest income	**727,750**	**524,956**
Interest income on financial assets recorded at amortised cost comprises:		
Interest on loans to customers and banks	573,798	386,244
Interest on due from banks	76,776	42,765
Interest on investment securities measured at amortised cost	7,570	26,360
Total interest income on financial assets recorded at amortised cost	**658,144**	**455,369**
Total interest income	**727,750**	**524,956**
Interest expense:		
Interest expense on financial liabilities at amortised cost	(380,888)	(274,382)
Total interest income	**(380,888)**	**(274,382)**
Interest expense on financial liabilities at amortised cost:		
Interest on customer accounts	(315,545)	(232,921)
Interest on due to banks and financial institutions	(22,280)	(11,577)
Interest on subordinated bonds	(17,214)	(7,522)
Interest on debt securities issued	(13,372)	(9,383)
Interest expense on payments to mortgage organisation	(12,102)	(12,566)
Lease liabilities	(375)	(413)
Total interest expense on financial liabilities at amortised cost	**(380,888)**	**(274,382)**
	346,862	**250,574**

(in millions of Kazakhstani tenge unless otherwise stated)

6. CHARGE OF EXPECTED CREDIT LOSS ALLOWANCE FOR INTEREST BEARING ASSETS

Years ended 31 December 2023 and 31 December 2024	Corporate loans	Small- and medium-sized enterprises	Mortgage loans	Consumer loans	Business development	Car loans	Loans to banks	Total loans to customers and banks
1 January 2023	**62,642**	**7,415**	**6,769**	**25,375**	**6,707**	**245**	**104**	**109,257**
Charge/(recovery) of allowance*	7,988	4,146	2,697	5,727	1,288	3,139	(48)	24,937
New financial assets originated or purchased*	3,533	4,814	934	3,819	1,339	856	589	15,884
Effect of unwinding of discount**	3,233	592	96	2,143	395	37	-	6,496
Write-off of assets	(26,267)	(1,471)	(1,092)	(16,543)	(2,238)	(255)	-	(47,866)
Recovery of assets previously written off	1	1,303	465	2,075	228	65	-	4,137
Foreign exchange difference	266	78	46	97	37	19	3	546
31 December 2023	**51,396**	**16,877**	**9,915**	**22,693**	**7,756**	**4,106**	**648**	**113,391**
1 January 2024	**51,396**	**16,877**	**9,915**	**22,693**	**7,756**	**4,106**	**648**	**113,391**
Charge/(recovery) of allowance*	12,748	6,770	4,136	10,656	2,720	6,652	(653)	43,029
New financial assets originated or purchased*	1,137	2,931	1,640	6,614	3,963	2,464	775	19,524
Effect of unwinding of discount**	1,491	1,395	247	1,945	986	485	-	6,549
Write-off of assets	-	(4,886)	(1,661)	(17,423)	(5,582)	(2,802)	-	(32,354)
Recovery of assets previously written off	200	914	558	2,539	506	404	-	5,121
Foreign exchange difference	783	438	278	519	193	211	15	2,437
31 December 2024	**67,755**	**24,439**	**15,113**	**27,543**	**10,542**	**11,520**	**785**	**157,697**

*Provisions recognised during the twelve months ended 31 December 2024 and 2023 are presented in the separate statement of profit or loss in "Charge of credit loss allowance for loans to customers and banks" line item.

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

(in millions of Kazakhstani tenge unless otherwise stated)

7. FEE AND COMMISSION INCOME/(EXPENSE)

	Year ended 31 December 2024	Year ended 31 December 2023
Payment cards	36,821	41,723
Settlements	21,280	16,894
Sale of insurance policies	10,438	14,135
Guarantees issued	7,168	5,290
Cash operations	3,887	4,740
Documentary operations	447	419
Custody activities	324	360
Currency conversion	56	61
Trust operations	38	50
Other	1,119	864
Total fee and commission income	**81,578**	**84,536**
Payment cards	(31,762)	(33,202)
Settlements	(3,370)	(3,091)
Custody activities	(549)	(422)
Documentary operations	(234)	(209)
Currency conversion	(44)	(101)
Agent services	-	(6,943)
Other	(1,195)	(945)
Total fee and commission income	**(37,154)**	**(44,913)**
	44,424	**39,623**

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

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

Contract balances

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

	Year ended 31 December 2024	Year ended 31 December 2023
Receivables which are included in 'other assets' *(Note 18)*	5,334	5,001

8. NET GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December 2024	Year ended 31 December 2023
Realised gain on operations with derivative financial instruments	2,709	7,826
Unrealised (loss)/gain on operations with derivative financial instruments	(1,536)	66
	1,173	**7,892**

9. NET FOREIGN EXCHANGE GAIN

	Year ended 31 December 2024	Year ended 31 December 2023
Dealing operations, net	86,453	39,718
Foreign currency exchange differences, net	5,563	5,885
	92,016	**45,603**

(in millions of Kazakhstani tenge unless otherwise stated)

10. OPERATING EXPENSES

	Year ended 31 December 2024	Year ended 31 December 2023
Wages and salaries	86,660	64,957
Administrative expenses	25,703	6,933
Taxes other than income tax	17,829	10,801
Depreciation and amortisation	11,757	9,779
Lease expenses	7,603	7,024
Contributions to Deposit Insurance Fund	6,542	3,707
Telecommunications	3,682	2,673
Advertising costs	2,714	2,604
Equipment repair and maintenance	2,300	1,922
Security and alarming expenses	1,995	1,668
Professional services	1,870	1,247
Collection expenses	1,536	1,152
Business travel expenses	720	699
Representation expenses	173	140
Other expenses	5,007	3,169
	176,091	**118,475**

Professional services expenses for the year ended 31 December 2024 include costs of audit services and other advisory services provided by one company in the amount of KZT 166 million and KZT 47 million, respectively (2023: KZT 109 million and KZT 60 million, respectively).

11. INCOME TAX EXPENSE

	Year ended 31 December 2024	Year ended 31 December 2023
Current income tax expense	47,238	18,193
Additional assessment of current income tax for previous periods	4,239	-
Adjustment of current income tax expense for the previous periods based on results of tax audit*	-	6,835
Movement in deferred tax liabilities due to origination and reversal of temporary differences and movement in loss allowance	(741)	(627)
Total income tax expense	**50,736**	**24,401**

*From January 2022 to September 2023, a tax audit was carried out at the Bank for the tax periods from 2017 to 2020. Based on the results of this tax audit, additional income tax were charged, including fines and penalties, for a total amount of KZT 6,835 million due to differences in estimates of certain items of expenses deductible for tax purposes for the audited periods, including assessment of expenses for charging loss allowance for loans to customers on an individual and collective basis in accordance with IFRS 9 *Financial Instruments*, assessment of collateral for the purposes of calculating loss allowance, assessment of the classification of financial assets. The Bank's management believes that the amount of additional taxes charged on the basis of the results of the tax audit in 2023 is a change in value judgments, since the interpretation of the provisions of the Tax Code of the Republic of Kazakhstan by the relevant authorities was different in practice. See Note 30(c).

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

Reconciliation of effective tax rate for the year ended:

	2024	%	2023	%
Profit before income tax	**245,197**		**154,917**	
Income tax at the applicable income tax rate	49,039	20.00	30,984	20.00
Additional assessment of current income tax for previous periods	4,239	1.73	-	-
Adjustment of current income tax expense for the previous periods based on results of tax audit	-	-	6,835	4.41
Non-taxable interest and other income on transactions with state and other qualified securities	(15,538)	(6.34)	(18,953)	(12.23)
Non-deductible operating and other expenses	12,996	5.30	5,535	3.57
	50,736	**20.69**	**24,401**	**15.75**

(in millions of Kazakhstani tenge unless otherwise stated)

11. INCOME TAX EXPENSE, CONTINUED, CONTINUED

(a) Deferred tax assets and liabilities

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

Movements in temporary differences in 2024 and 2023 are presented below.

2024	Balance at 1 January 2024	Recognised in profit or loss	Recognised in equity	Balance at 31 December 2024
Accrued interest payable	289	(27)	-	262
Investment securities measured at fair value through other comprehensive income	846	-	(445)	401
Other	810	2,172	-	2,982
Effect of modification of financial assets terms	11	(92)	-	(81)
Discount on loans to customers	104	481	-	585
Discount on low-interest customer accounts	(2,921)	(50)	-	(2,971)
Discount on debt securities	-	(5,543)	-	(5,543)
Discount on subordinated bonds	(6,287)	2,350	-	(3,937)
Payroll fund	922	1,558	-	2,480
Right-of-use asset	537	(1,013)	-	(476)
Right-of-use liability	(672)	1,219	-	547
Property, plant and equipment and intangible assets	(4,560)	(314)	-	(4,874)
	(10,921)	**741**	**(445)**	**(10,625)**

2023	Balance at 1 January 2023	Recognised in profit or loss	Recognised in equity	Balance at 31 December 2023
Accrued interest payable	35	254	-	289
Investment securities measured at fair value through other comprehensive income	1,263	-	(417)	846
Other	294	516	-	810
Effect of modification of financial assets terms	71	(60)	-	11
Discount on loans to customers	(28)	132	-	104
Discount on low-interest customer accounts	(2,737)	(184)	-	(2,921)
Discount on subordinated bonds	(6,618)	331	-	(6,287)
Payroll fund	763	159	-	922
Right-of-use asset	33	504	-	537
Right-of-use liability	(10)	(662)	-	(672)
Property, plant and equipment and intangible assets	(4,217)	(363)	20	(4,560)
	(11,151)	**627**	**(397)**	**(10,921)**

12. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Cash on hand	**162,224**	**211,159**
Nostro accounts with NBRK	**301,601**	**248,784**
Nostro accounts with other banks		
- rated from AA- to AA+	212,745	73,453
- rated from A- to A+	99,226	52,156
- rated from BBB- to BBB+	18,266	4,074
- rated from BB- to BB+	1,891	5,154
- rated B- to B+	-	23
- not rated	31,496	13,841
Total gross nostro accounts with other banks	**363,624**	**148,701**
Loss allowance	(5,923)	(57)
Total nostro accounts with other banks	**357,701**	**148,644**
Term deposits with NBRK	**761,483**	**680,091**
Term deposits with other banks with maturity of up to 90 days		
- rated AAA	12,047	
- rated from A- to A+	49,785	15,796
- not rated	10,432	
Gross loans and deposits with other banks with maturity of up to 90 days	**72,264**	**15,796**
Loss allowance	(1,901)	(11)
Total term deposits with other banks with maturity of up to 90 days	**70,363**	**15,785**
Margin protection at Kazakhstan Stock Exchange and Moscow Stock Exchange	**8,992**	**46,525**
Total cash and cash equivalents	**1,662,364**	**1,350,988**

(in millions of Kazakhstani tenge unless otherwise stated)

12. CASH AND CASH EQUIVALENTS, CONTINUED

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

As at 31 December 2024, cash and cash equivalents in the amount of KZT 1,472,389 thousand are allocated into Stage 1 of the credit risk grade; cash and cash equivalents in the amount of KZT 35,575 thousand are allocated into Stage 2 of the credit risk grade (31 December 2023: all cash and cash equivalents are allocated into Stage 1 of the credit risk grade).

As at 31 December 2024, current account balances with other non-rated banks and term deposits with other non-rated banks are mainly represented by Russian banks not included in the sanctions list, for the total amount of KZT 27,846 million (31 December 2023: KZT 28,274 million). Ratings of these banks have been withdrawn by the respective agencies. Prior to the withdrawal, the banks were rated from BB+ to BBB according to the scale of international rating agencies. According to the Bank, there are no restrictions for withdrawal of these cash balances from such accounts.

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

Minimum reserve requirements

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

13. INVESTMENT SECURITIES

	31 December 2024	31 December 2023
Investment securities measured at fair value through other comprehensive income	874,997	575,620
Investment financial assets at amortised cost	216,969	106,659
Total investment securities	**1,091,966**	**682,279**

Investment securities measured at fair value through other comprehensive income

	Nominal interest rate, %	31 December 2024	Nominal interest rate, %	31 December 2023
Debt securities				
Government bonds of the Republic of Kazakhstan	0.00-16.70	670,149	0.00-18.70	405,847
Corporate bonds	2.00-22.00	125,585	2.00-22.00	95,903
US Treasury bills	1.25-2.88	12,380	0.12-2.87	29,834
Equity securities				
Shares of Kazakhstan corporations		2,231		1,167
Pledged under bank loans				
Government bonds of the Republic of Kazakhstan	7.20-10.55	18,997	7.13-10.47	19,396
US Treasury bills	1.25-2.88	45,655	1.25-2.23	23,590
		874,997		**575,737**
Allowance for expected credit losses		242		(117)
		874,997		**575,620**

All investment securities are categorised into Stage 1 of credit risk grading.

(in millions of Kazakhstani tenge unless otherwise stated)

13. INVESTMENT SECURITIES, CONTINUED

Investment securities measured at amortised cost

	Nominal interest rate, %	31 December 2024	Nominal interest rate, %	31 December 2023
Debt securities				
Government bonds of the Republic of Kazakhstan	0.60-16.70	150,199	0.60-8.45	36,025
Corporate bonds	2.00-14.05	30,441	2.00-20.00	13,484
US Treasury bills	1.25-2.25	11,615	0.12-2.23	25,637
Pledged under bank loans				
US Treasury bills	1.25-2.25	23,839	1.25-2.23	30,429
Government bonds of the Republic of Kazakhstan	8.44-8.45	1,118	8.44-8.45	1,104
		217,212		**106,679**
Allowance for expected credit losses		(243)		(20)
		216,969		**106,659**

14. DUE FROM BANKS

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

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

As at 31 December 2024, a contingent deposit with the NBRK comprises funds of KZT 6,252 million (31 December 2023: KZT 144 million) received from Development Bank of Kazakhstan (the "DBK JSC") and KZT 4,393 million (31 December 2023: KZT 5,200 million) received from DAMU Entrepreneurship Development Fund (the "EDF DAMU JSC") in accordance with the terms and conditions of loan agreements with DBK JSC and EDF DAMU JSC.

Due from banks and other financial institutions (not rated)

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

Concentration of accounts and deposits with banks

As at 31 December 2024 the Bank has no banks whose balances exceeded 10% of equity (2023: none).

15. INVESTMENTS IN SUBSIDIARIES

The Bank is the parent company of the banking group which consists of the following subsidiaries that are not consolidated in its separate financial statements:

Item	Country of operation	Activity
BCC Project LLP (former, Center Project LLP)	Republic of Kazakhstan	Management of distressed assets
JSC BCC Invest	Republic of Kazakhstan	Brokerage and dealer activity
BCC Leasing LLP (former Center Leasing LLP)	Republic of Kazakhstan	Finance lease and other activities
JSC Insurance Company Sinoasia B&R	Republic of Kazakhstan	Insurance activity
BCC-HUB LLP	Republic of Kazakhstan	IT services
JSC Life Insurance Company "BCC Life"	Republic of Kazakhstan	Insurance activity

(in millions of Kazakhstani tenge unless otherwise stated)

15. INVESTMENTS IN SUBSIDIARIES, CONTINUED

	31 December 2024		31 December 2023	
	Ownership interest, %	**Investment**	**Ownership interest, %**	**Investment**
BCC Project LLP (former, Center Project LLP)	100.00	13,313	100.00	13,313
JSC BCC Invest	100.00	35,262	100.00	25,177
BCC Leasing LLP (former Center Leasing LLP)	100.00	24,385	100.00	18,992
JSC Insurance Company Sinoasia B&R	92.45	8,059	92.45	6,228
BCC-HUB LLP	100.00	3,402	-	-
JSC Life Insurance Company “BCC Life”	100.00	10.000	-	-
		94,421		**63,710**
Net of impairment allowance		-		-
Total investments in subsidiaries		**94,421**		**63,710**

In December 2011, Kazakhstan adopted the Law of the Republic of Kazakhstan *On the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan regarding the Regulation of Banking Activities and Financial Institutions with Respect to Risk Mitigation*, which stipulated that commercial banks create special subsidiaries to purchase banks’ non-working (distressed) assets and manage them. On 21 August 2013, the Bank’s special subsidiary for the management of distressed assets – LLP BCC-SAOO was registered by the Ministry of Justice of the Republic of Kazakhstan. On 25 March 2022, BCC-SAOO LLP was renamed into Center Project LLP. On 28 August 2024, Center Project LLP was renamed into BCC Project LLP.

In May 1998, JSC BCC Invest was established as a limited liability partnership (previously named “LLP KIB ASSET MANAGEMENT”) in accordance with legislation of the Republic of Kazakhstan. On 26 September 2006, LLP KIB ASSET MANAGEMENT was re-registered as a joint stock company. The main activity of JSC BCC Invest consists of management of assets of mutual funds and management of investment portfolios.

In October 2023 the Bank increased investments in the charter capital of BCC Invest JSC for the total amount of KZT 4,000 million by acquiring 1,544,772,700 ordinary shares at a price of KZT 2.5894 per ordinary share. In May and October 2024, the Bank increased investments in the charter capital of BCC Invest JSC for the total amount of KZT 10,085 million by acquiring 1,422,340,270 ordinary shares of BCC Invest LLP at a price of KZT 2,872 per ordinary share.

In September 2002, LLP Center Leasing was established as a limited liability partnership in accordance with the legislation of the Republic of Kazakhstan. The main activity of LLP Center Leasing is leasing operations, which are carried out in accordance with Article 10 on financial leasing of the Republic of Kazakhstan. In accordance with the decision of the Board of Directors of the Bank as of March 2020, the Bank’s interest in the charter capital of Center Leasing LLP was increased to become 100%, through the repurchase of the interests held by individuals, who had been the participants of the company before it was acquired.

On 23 February 2024, Center Leasing LLP was renamed into BCC Leasing LLP. In May and July 2024, the Bank increased investments in the charter capital of BCC leasing LLP by a total amount of KZT 5,393 million by transfer of property, plant and equipment and investment property.

As at 31 December 2022, the Bank owned 9.5% of the shares of JSC Insurance Company Sinoasia B&R, which were accounted for within “Investment securities at fair value through other comprehensive income” in the separate statement of financial position.

In May 2023, the Bank acquired an additional block of ordinary voting shares of JSC Insurance Company Sinoasia B&R for KZT 3,982 million, thereby increasing the Bank's interest in the capital of the insurance company to 90.1% at the date of acquisition. In August 2023, the Bank exchanged 55,000 preferred shares owned by the Bank for common shares of JSC Insurance Company Sinoasia B&R. As a result of the exchange, the Bank's interest in the charter capital of the subsidiary increased to 92.45%. In August 2024, the Bank increased investments in the charter capital of JSC Insurance Company Sinoasia B&R by a total amount of KZT 1,831 million by acquiring 50,847 preferred shares at a price of KZT 36,000 per share. On 23 January 2024, the Board of ARDFM adopted the Resolution “On Granting Permission to Joint Stock Company Bank CenterCredit to Establish a Subsidiary – Limited Liability Partnership BCC-HUB”. On 9 February 2024, the state registration of a legal entity was granted. Principal activity of BCC-HUB LLP is provision of IT services. The charter capital of BCC-HUB LLP was KZT 3,402 million as at 31 December 2024.

On 23 July 2024, the Management Board of the ARDFM adopted the Resolution “On Granting Permission to Joint Stock Company Bank CenterCredit to Establish a Subsidiary - Insurance (Reinsurance) Organisation Life Insurance Company “BCC Life” JSC. On 26 July 2024, the legal entity obtained the state registration. Principal activity of BCC Life JSC is insurance activity. The charter capital of BCC Life JSC in the amount of KZT 10,000 million was paid by acquiring 5,000,000 ordinary shares at a price of KZT 2,000 per share.

(in millions of Kazakhstani tenge unless otherwise stated)

16. LOANS TO CUSTOMERS AND BANKS

	31 December 2024	31 December 2023
Loans to customers	3,946,201	2,921,524
Accrued interest	55,752	41,671
	4,001,953	**2,963,195**
Less loss allowance	(156,912)	(112,743)
Total loans to customers	**3,845,041**	**2,850,452**
Loans to banks	28,852	22,972
Accrued interest	416	96
Less loss allowance	(785)	(648)
Total loans to banks	**28,483**	**22,420**
Loans under reverse repurchase agreements	**9,465**	**105,634**
Total loans to customers and banks	**3,882,989**	**2,978,506**

Movements in the credit loss allowance for loans to customers and banks for the years ended 31 December 2024 and 2023 are disclosed in *Note 6.*

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

	Gross amount	Loss allowance	Carrying amount
Loans to corporate customers			
Corporate loans	802,967	(67,755)	735,212
Small- and medium-sized enterprises	436,598	(24,439)	412,159
Loans to individuals			
Mortgage loans (including mortgage loans under the ‘7-20-25’ programme and the Baspana Hit programme)	1,186,196	(15,113)	1,171,083
Consumer loans	610,709	(27,543)	583,166
Auto loans	555,050	(11,520)	543,530
Business development	410,433	(10,542)	399,891
	4,001,953	**(156,912)**	**3,845,041**

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

	Gross amount	Loss allowance	Carrying amount
Loans to corporate customers			
Corporate loans	600,633	(51,396)	549,237
Small- and medium-sized enterprises	341,052	(16,877)	324,175
Loans to individuals			
Mortgage loans (including mortgage loans under the ‘7-20-25’ programme and the Baspana Hit programme)	917,983	(9,915)	908,068
Consumer loans	456,040	(22,693)	433,347
Business development	252,445	(7,756)	244,689
Auto loans	395,042	(4,106)	390,936
	2,963,195	**(112,743)**	**2,850,452**

(in millions of Kazakhstani tenge unless otherwise stated)

16. LOANS TO CUSTOMERS AND BANKS, CONTINUED

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

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

	Corporate loans	Small and medium-sized enterprises	Mortgage loans	Consumer loans	Auto loans	Business development	Total
Loans to customers							
Not overdue loans	799,743	408,300	1,165,964	574,008	532,250	384,261	3,864,526
Overdue loans:							
- overdue less than 30 days	2,308	6,610	8,885	12,432	8,152	7,091	45,478
- overdue 31-60 days	777	2,808	2,177	3,972	2,393	2,521	14,648
- overdue 61-90 days	-	1,807	1,537	3,006	1,748	2,145	10,243
- overdue 91-180 days	40	3,702	2,673	6,939	4,162	5,247	22,763
- overdue more than 180 days	99	13,371	4,960	10,352	6,345	9,168	44,295
Total loans to customers before loss allowance for expected credit losses	**802,967**	**436,598**	**1,186,196**	**610,709**	**555,050**	**410,433**	**4,001,953**
Allowance for expected credit losses	(67,755)	(24,439)	(15,113)	(27,543)	(11,520)	(10,542)	(156,912)
Total loans to customers, net of allowance for expected credit losses	**735,212**	**412,159**	**1,171,083**	**583,166**	**543,530**	**399,891**	**3,845,041**

(in millions of Kazakhstani tenge unless otherwise stated)

16. LOANS TO CUSTOMERS AND BANKS, CONTINUED

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

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

	Corporate loans	Small and medium-sized enterprises	Mortgage loans	Consumer loans	Business development	Auto loans	Total
Loans to customers							
Not overdue loans	591,242	315,727	904,258	421,542	234,349	387,747	2,854,865
Overdue loans:							
- overdue less than 30 days	2,494	4,427	5,767	7,854	4,274	3,881	28,697
- overdue 31-60 days	31	1,005	1,393	2,292	2,226	821	7,768
- overdue 61-90 days	-	2,202	949	1,956	1,493	564	7,164
- overdue 91-180 days	768	1,938	1,503	5,421	2,314	1,010	12,954
- overdue more than 180 days	6,098	15,753	4,113	16,975	7,789	1,019	51,747
Total loans to customers before loss allowance for expected credit losses	**600,633**	**341,052**	**917,983**	**456,040**	**252,445**	**395,042**	**2,963,195**
Allowance for expected credit losses	(51,396)	(16,877)	(9,915)	(22,693)	(7,756)	(4,106)	(112,743)
Total loans to customers, net of allowance for expected credit losses	**549,237**	**324,175**	**908,068**	**433,347**	**244,689**	**390,936**	**2,850,452**

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

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

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

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

(in millions of Kazakhstani tenge unless otherwise stated)

16. LOANS TO CUSTOMERS AND BANKS, CONTINUED

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

	The year ended 31 December 2024				
	Stage 1 12-month expected credit losses (ECL)	Stage 2 Lifetime ECL on assets not credit-impaired	Stage 3 Lifetime ECL on credit-impaired assets	POCI	Total
Loans to corporate customers and small and medium-sized enterprises					
Allowance for expected credit losses at the beginning of the year	**9,847**	**19,032**	**39,394**	**-**	**68,273**
Transition to lifetime expected credit losses for assets not credit-impaired	65	(59)	(6)	-	-
Transition to lifetime expected credit losses for credit-impaired assets	(145)	(202)	347	-	-
Charge of allowance	2,643	4,904	11,971	-	19,518
New financial assets originated or purchased	4,068	-	-	-	4,068
Effect of unwinding of discount	-	-	2,886	-	2,886
Write-off of assets	-	-	(4,886)	-	(4,886)
Recovery of assets previously written-off	-	-	1,114	-	1,114
Foreign exchange difference	221	317	683	-	1,221
Allowance for expected credit losses at the end of the year	**16,699**	**23,992**	**51,503**	**-**	**92,194**
Loans to individuals					
Allowance for expected credit losses at the beginning of the period	**17,333**	**3,262**	**23,745**	**130**	**44,470**
Transition to 12-month expected credit losses	248	(167)	(81)	-	-
Transition to lifetime expected credit losses for assets not credit-impaired	(1,910)	2,314	(404)	-	-
Transition to lifetime expected credit losses for credit-impaired assets	(6,393)	(6,146)	12,539	-	-
Charge of allowance	7,475	7,044	9,775	(130)	24,164
New financial assets originated or purchased	13,747	-	934	-	14,681
Effect of unwinding of discount	-	-	3,663	-	3,663
Write-off of assets	-	-	(27,468)	-	(27,468)
Recovery of assets previously written-off	-	-	4,007	-	4,007
Foreign exchange difference	570	118	513	-	1,201
Allowance for expected credit losses at the end of the period	**31,070**	**6,425**	**27,223**	**-**	**64,718**

(in millions of Kazakhstani tenge unless otherwise stated)

16. LOANS TO CUSTOMERS AND BANKS, CONTINUED

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

	The year ended 31 December 2023				
	Stage 1 12-month expected credit losses (ECL)	**Stage 2 Lifetime ECL on assets not credit-impaired**	**Stage 3 Lifetime ECL for credit-impaired assets**	**POCI**	**Total**
Loans to corporate customers and small and medium-sized enterprises					
Allowance for expected credit losses at the beginning of the year	**3,270**	**13,934**	**52,804**	**49**	**70,057**
Transition to lifetime expected credit losses for assets not credit-impaired	(475)	479	(4)	-	-
Transition to lifetime expected credit losses for credit-impaired assets	(3,778)	(103)	3,881	-	-
Charge of allowance	3,240	4,558	4,336	-	12,134
New financial assets originated or purchased	7,540	76	731	-	8,347
Effect of unwinding of discount	-	-	3,825	-	3,825
Write-off of assets	-	-	(27,689)	(49)	(27,738)
Recovery of assets previously written-off	-	-	1,304	-	1,304
Foreign exchange difference	50	88	206	-	344
Allowance for expected credit losses at the end of the year	**9,847**	**19,032**	**39,394**	**-**	**68,273**
Loans to individuals					
Allowance for expected credit losses at the beginning of the period	**10,548**	**2,914**	**25,254**	**380**	**39,096**
Transition to 12-month expected credit losses	162	(130)	(32)	-	-
Transition to lifetime expected credit losses for assets not credit-impaired	(2,610)	2,716	(106)	-	-
Transition to lifetime expected credit losses for credit-impaired assets	(4,259)	(2,754)	7,013	-	-
Charge of allowance	6,956	334	5,811	(250)	12,851
New financial assets originated or purchased	6,463	167	318	-	6,948
Effect of unwinding of discount	-	-	2,671	-	2,671
Write-off of assets	-	-	(20,128)	-	(20,128)
Recovery of assets previously written-off	-	-	2,833	-	2,833
Foreign exchange difference	73	15	111	-	199
Allowance for expected credit losses at the end of the period	**17,333**	**3,262**	**23,745**	**130**	**44,470**

(c) Analysis of movements in the gross carrying amount

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

Loans to corporate customers and small and medium-sized enterprises

- The volume of loans issued to customers during the 12 months of 2024 resulted in an increase in the gross carrying amount of the portfolio of loans to corporate customers and small and medium-sized enterprises by KZT 707,947 million, and the respective increase in the 12-month loss allowance amounted to KZT 8,365 million.
- The volume of loans repaid during the twelve 12 months of 2024 resulted in a decrease in the gross carrying amount of the portfolio of loans to corporate customers and small and medium-sized enterprises by KZT 405,181 million, and the respective decrease in the 12-month loss allowance amounted to KZT 4,460 million.
- The write-off of loans with a gross carrying amount of KZT 4,886 million resulted in a decrease in the loss allowance for the Stage 3 loans by the same amount.

(in millions of Kazakhstani tenge unless otherwise stated)

16. LOANS TO CUSTOMERS AND BANKS, CONTINUED

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

Loans to individuals

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

(d) Analysis of collateral and other credit enhancements

(i) Loans to corporate customers

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

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

31 December 2024	Carrying amount of loans to customers	Fair value of collateral: for collateral assessed as of the reporting date	Fair value of collateral: for collateral assessed as of loan inception date	Fair value of collateral not determined
Loans to corporate customers				
Cash and deposits	27,012	27,012	-	-
Real estate	318,592	318,592	-	-
Vehicles	12,016	12,016	-	-
Equipment	86,468	86,468	-	-
Guarantees and sureties	90,204	-	-	90,204
Securities	11,039	11,039	-	-
Goods in turnover	10,097	-	10,097	-
Mineral rights	68,875	68,875	-	-
Income from future contracts	39,630	-	-	39,630
Other collateral	38,480	-	38,480	-
No collateral or other credit enhancement	32,799	-	-	32,799
Total loans to corporate customers	**735,212**	**524,002**	**48,577**	**162,633**
Loans to small and medium-sized enterprises				
Cash and deposits	23,477	23,477	-	-
Real estate	253,212	253,212	-	-
Vehicles	5,446	5,446	-	-
Equipment	6,864	6,864	-	-
Guarantees and sureties	35,656	-	-	35,656
Goods in turnover	13,232	-	13,232	-
Income from future contracts	3,733	-	-	3,733
No collateral or other credit enhancement	70,539	-	-	70,539
Total loans to small and medium-sized enterprises	**412,159**	**288,999**	**13,232**	**109,928**
Total loans to corporate customers and small and medium-sized enterprises	**1,147,371**	**813,001**	**61,809**	**272,561**

(in millions of Kazakhstani tenge unless otherwise stated)

16. LOANS TO CUSTOMERS AND BANKS, CONTINUED

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

(i) Loans to corporate customers, continued

31 December 2023	Carrying amount of loans to customers	Fair value of collateral: for collateral assessed as of the reporting date	Fair value of collateral: for collateral assessed as of loan inception date	Fair value of collateral not determined
Loans to corporate customers				
Cash and deposits	26,972	26,972	-	-
Real estate	245,950	245,950	-	-
Vehicles	7,694	7,694	-	-
Equipment	56,892	56,892	-	-
Corporate guarantees	69,342	-	-	69,342
Traded securities	9,708	9,708	-	-
Goods in turnover	15,748	-	15,748	-
Mineral rights	7,196	7,196	-	-
Other collateral	57,479	-	57,479	-
Income from future contracts	44,019	-	-	44,019
No collateral or other credit enhancement	8,237	-	-	8,237
Total loans to corporate customers	**549,237**	**354,412**	**73,227**	**121,598**
Loans to small and medium-sized enterprises			-	-
Cash and deposits	25,911	25,911	-	-
Real estate	181,539	181,539	-	-
Vehicles	2,613	2,613	-	-
Equipment	3,613	3,613	-	-
Corporate guarantees	31,282	-	-	31,282
Goods in turnover	9,278	-	9,278	-
Other collateral	29	-	29	-
Contractual cash flows	3,387	-	-	3,387
No collateral or other credit enhancement	66,523	-	-	66,523
Total loans to small and medium-sized enterprises	**324,175**	**213,676**	**9,307**	**101,192**
Total loans to corporate customers and small and medium-sized enterprises	**873,412**	**568,088**	**82,534**	**222,790**

The tables above exclude overcollateralisation. In accordance with the recommendations of the NBRK, collateral in the form of income from future contracts is not sufficient and cannot be used in estimate of allowance. As at 31 December 2024 the loans to corporate customers with the net carrying amount of KZT 43,363 million are secured by income from future contracts (31 December 2023: KZT 40,019 million).

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

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

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

Credit-impaired loans to corporate customers

At 31 December 2024, the net carrying amount of credit-impaired loans to corporate customers amounted to KZT 8,805 million (2023: KZT 29,731 million) and the value of identifiable collateral (mainly commercial properties) held against those loans amounted to KZT 8,805 million (2023: KZT 29,731 million), excluding overcollateralisation. For each loan, the value of collateral is capped to the carrying amount of the loan that is held against.

During 2024, there were no changes in the Bank’s collateral policy.

(in millions of Kazakhstani tenge unless otherwise stated)

16. LOANS TO CUSTOMERS AND BANKS, CONTINUED

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

(ii) Loans to retail customers

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

Mortgage loans

Included in mortgage loans are loans with a net carrying amount of KZT 15,482 million (31 December 2023: KZT 7,758 million), which are secured by collateral with a fair value lower than the net carrying amount of the individual loans. The fair value of collateral for these loans amounts to KZT 6,339 million (31 December 2023: KZT 600 million).

Management believes that the fair value of collateral for mortgage loans with a net carrying amount of KZT 1,155,601 million (31 December 2023: KZT 900,310 million) is at least equal to the carrying amount of individual loans at the reporting date.

Auto loans

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

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

Consumer loans

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

Management believes that the fair value of collateral for consumer loans with a net carrying amount of KZT 351,625 million (31 December 2023: KZT 250,521 million) is at least equal to the carrying amount of individual loans at the reporting date.

Business development, continued

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

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

Credit-impaired loans to retail customers

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

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

(in millions of Kazakhstani tenge unless otherwise stated)

16. LOANS TO CUSTOMERS AND BANKS, CONTINUED

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

(ii) Loans to retail customers, continued

Repossessed collateral

During 2024, the Bank obtained certain assets by taking possession of collateral for loans to customers with a net carrying amount of KZT 13,254 million (31 December 2023: KZT 2,247 million). As at 31 December 2024, the repossessed collateral was worth KZT 29,286 million (31 December 2023: KZT 10,003 million of repossessed assets) *(Note 18)*.

(iii) Loans to banks

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

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

(e) Loan portfolio analysis

As at 31 December 2024, the Bank has 2 borrowers or groups of related borrowers (31 December 2023: 2 borrowers), whose loan balances exceed 10% of equity. The gross value of these balances as at 31 December 2024 is KZT 137,399 million (31 December 2023: KZT 126,540 million).

Industry and geographical analysis of the loan portfolio

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

	31 December 2024	31 December 2023
Individuals	2,762,388	2,021,510
Trade	241,051	168,259
Financial services	220,552	137,703
Energy	102,566	81,132
Rent of real estate	95,648	77,052
Metallurgy	70,766	39,613
Oil and gas industry	67,736	48,169
Manufacturing	55,800	48,532
Transport and telecommunications	49,203	51,645
Education	47,683	37,793
Industrial construction	44,600	40,113
Transportation and equipment maintenance services	42,763	37,535
Food industry	37,340	29,062
Precious metal mining and refining	36,012	39,474
Housing construction	33,986	27,366
Agriculture	22,331	21,681
Machinery manufacturing	7,098	5,738
Other	64,430	50,818
Total	**4,001,953**	**2,963,195**
Allowance for expected credit losses	(156,912)	(112,743)
	3,845,041	**2,850,452**

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

	31 December 2024		31 December 2023	
	Carrying amount of loans	Fair value of collateral	Carrying amount of loans	Fair value of collateral
Government bonds of the Republic of Kazakhstan	9,465	9,301	71,630	67,875
Corporate bonds	-	-	34,004	32,400
	9,465	**9,301**	**105,634**	**100,275**

16. LOANS TO CUSTOMERS AND BANKS, CONTINUED

(f) Loan maturities

The maturity of the Bank's loan portfolio as at the reporting date is presented in *Note 26*, which shows the remaining period from the reporting date to the contractual maturity of the loans. Due to the short-term nature of the loans issued by the Bank, it is likely that part of the loans will be extended at maturity. Accordingly, the effective maturity of the loan portfolio may be significantly longer than the contractually agreed term.

(g) Continuing involvement in the asset

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

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

The Bank issues loans according to the criteria established for the Programme: the Bank includes into bank loan contracts the clauses on the borrower's commitment and responsibility to repay a loan; it establishes a repayment schedule and ensures that a loan file containing information and documents in accordance with the requirements of the laws of the RK is maintained.

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

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

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

The lending terms under the Programme are as follows:

- An annual nominal interest rate is 7%.
- A loan term is up to 25 years; initial contribution is no less and no more than 20% of the value of a home pledged as collateral.
- The maximum value of a home to be purchased is: KZT 25 million - for cities of Astana, Almaty, Atyrau, Aktau, and Shymkent and KZT 15 million – for other regions of the RK.
- Collateral: real estate purchased on a primary market.
- Commission for issue and servicing a loan: nil.

To be eligible for a loan under the Programme, an individual must meet the following requirements:

- be a citizen of the Republic of Kazakhstan
- have documentary supported income;
- no outstanding debt on mortgage loans;
- no owned housing real estate in the Republic of Kazakhstan, other than: dorm rooms with useful area of no more than 15 square meters per each family member; dilapidated housing which may ruin (break down) as certified by the appropriate document issued by a local executive body where such housing facility is located.

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

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

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

- An interest rate is calculated with the formula: a base rate of the National Bank of the RK + 175 basis points.
- A loan term is up to 15 years; initial instalment is at least 20% of cost of acquired housing real estate.

(in millions of Kazakhstani tenge unless otherwise stated)

16. LOANS TO CUSTOMERS AND BANKS, CONTINUED

(g) Continuing involvement in the asset, continued

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

- Maximum cost of housing real estate acquired: KZT 25 million - for cities of Astana, Almaty, Atyrau, and Aktau, and KZT 15 million – for other regions of the RK.
- To be eligible for a loan under the Programme, an individual must meet the following requirements:
  - be a citizen of the Republic of Kazakhstan
  - have documentary supported income;
  - no outstanding debt on mortgage loans.

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

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

(h) Transfer of financial assets

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

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

The Bank's continuing involvement in said transferred portfolio is recorded in the separate statement of financial position within 'loans to customers', in the amount of KZT 409,889 million, which is equal to the amount of respective liability from continuing involvement, which is included in 'other liabilities' *(Note 23)*.

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

17. PROPERTY AND EQUIPMENT, AND INTANGIBLE ASSETS

	Buildings and constructions	Furniture and equipment	Construction in progress	Right-of-use assets	Intangible assets	Total
Cost/revalued amount						
Balance 1 January 2023	**19,182**	**33,084**	**10**	**3,757**	**24,777**	**80,810**
Acquisitions	2,787	8,345	-	-	4,348	15,480
Disposals	(109)	(1,856)	-	-	(230)	(2,195)
Balance at 31 December 2023	**21,860**	**39,573**	**10**	**3,757**	**28,895**	**94,095**
Acquisitions	-	12,344	2,592	506	8,479	23,921
Disposals	(4,039)	(2,165)	-	(25)	(852)	(7,081)
Transfers	-	6	(6)	-	-	-
Balance at 31 December 2024	**17,821**	**49,758**	**2,596**	**4,238**	**36,522**	**110,935**
Accumulated depreciation and amortisation						
Balance at 1 January 2023	**(153)**	**(13,505)**	**-**	**(411)**	**(9,333)**	**(23,402)**
Depreciation and amortisation for the year	(170)	(5,220)	-	(659)	(3,730)	(9,779)
Disposals	3	1,638	-	-	163	1,804
Balance at 31 December 2023	**(320)**	**(17,087)**	**-**	**(1,070)**	**(12,900)**	**(31,377)**
Depreciation and amortisation for the year	(279)	(6,171)	-	(802)	(4,505)	(11,757)
Disposals	48	1,850	-	19	637	2,554
Balance at 31 December 2024	**(551)**	**(21,408)**	**-**	**(1,853)**	**(16,768)**	**(40,580)**
Net carrying amount						
At 31 December 2024	**17,270**	**28,350**	**2,596**	**2,385**	**19,754**	**70,355**
At 31 December 2023	**21,540**	**22,486**	**10**	**2,687**	**15,995**	**62,718**

(in millions of Kazakhstani tenge unless otherwise stated)

17. PROPERTY AND EQUIPMENT, AND INTANGIBLE ASSETS, CONTINUED

Intangible assets comprise computer software, patents and licences.

The Bank revalued its buildings and constructions during 2023. Evaluation was performed by independent appraisers. Independent appraisers used two approaches to determine the fair value of property and equipment – the market approach based on the market information used to determine the fair value of buildings and constructions where there is an active market, and the cost approach when information on comparable sales of similar buildings and constructions is not available on the market for items to be revalued. As at 31 December 2024 and 2023, the fair value of buildings and constructions totalled KZT 18,135 million and KZT 22,405 million, respectively. If buildings and constructions of the Bank had been valued at cost, their carrying amount would have been KZT 14,230 million and KZT 18,500 million as at 31 December 2024 and 2023, respectively.

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

18. OTHER ASSETS

	31 December 2024	31 December 2023
Other financial assets		
Other receivables	14,818	8,915
Mutual settlements with international payment system (VISA International, Mastercard)	12,092	7,289
Accrued commission	5,334	5,001
Western Union and other wireless transfers	4,056	858
Receivables from sale of own assets	-	8,102
	36,300	**30,165**
Allowance for expected credit losses	(2,656)	(2,084)
	33,644	**28,081**
Current other non-financial assets		
Repossessed collateral	29,286	10,003
Advances paid	22,176	11,720
Receivables under joint arrangements	6,944	10,006
Inventories	334	275
Taxes receivable other than income tax	319	620
Other assets	85	5
	59,144	**32,629**
Non-current other financial assets		
Other assets	-	230
	59,144	**32,859**
Loss allowance	(2,515)	(3,196)
	56,629	**29,663**
	90,273	**57,744**

In May 2020, the Bank entered into a joint arrangement with the construction company RAMS Kazakhstan LLP, to sell land plots intended for construction of a multi-purpose housing estate worth KZT 10,006 million. Under the contract, payments for land plots will be cashless and made through transfer into the ownership of the Bank of a part of residential and non-residential premises of the housing estate. Non-cash consideration was measured at fair value as of the sale date. On 13 December 2024, an acceptance act for new-build facilities commissioned by RAMS Kazakhstan LLP was signed. During 2024, the Bank recorded these properties on the Bank's balance sheet in the amount of KZT 5,494 million of the total receivables under the joint arrangement.

Other expenses for the year ended 31 December 2024 include charity of KZT 6,600 million, of which amount the sum of KZT 5,490 million were provided as sponsorship to people who suffered the flooding in Uralsk city.

As at 31 December 2024, other financial assets of KZT 32,354 million were classified into Stage 1 of the credit risk grading (31 December 2023: KZT 24,305 million), and of KZT 1,499 million were classified into Stage 2 of the credit risk grading (31 December 2023: KZT 777 million), and of KZT 2,447 million were classified into Stage 3 of the credit risk grading (31 December 2023: KZT 5,083 million).

(in millions of Kazakhstani tenge unless otherwise stated)

18. OTHER ASSETS, CONTINUED

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

2024	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	**-**	**(242)**	**(1,842)**	**(2,084)**
Net remeasurement of loss allowance	(3)	(342)	(3,645)	(3,990)
Write-offs	-	372	3,046	3,418
Balance at 31 December	**(3)**	**(212)**	**(2,441)**	**(2,656)**

2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	**-**	**-**	**(793)**	**(793)**
Net remeasurement of loss allowance	-	(242)	(2,191)	(2,433)
Write-offs	-	-	1,142	1,142
Balance at 31 December	**-**	**(242)**	**(1,842)**	**(2,084)**

Repossessed collateral

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

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

19. DUE TO BANKS AND FINANCIAL INSTITUTIONS

	Nominal interest rate, %	**31 December 2024**	**Nominal interest rate, %**	**31 December 2023**
Correspondent accounts of banks		120,710		47,678
Long-term loans payable to banks and financial institutions	1.00-12.50	96,043	1.00-8.78	79,688
Loans payable to international credit organisations	12.15-14.70	54,574	13.45-17.66	39,782
Other loans		10		10
Accrued interest expense		1,723		1,895
		273,060		**169,053**

Long-term loans payable to banks and financial institutions

Long-term loans payable to banks and financial institutions comprise long-term loans from EDF DAMU JSC, DBK JSC, Industrial Development Fund JSC (“IDF JSC”) and Agrarian Credit Corporation JSC (“ACC JSC”), in the amount of KZT 49,904 million at 1.0%-12.50% p.a., maturing in 2025-2035; of KZT 19,997 million at 1.0%-2.0% p.a., maturing in 2034-2037; of KZT 17,958 million at 1.0% p.a., maturing in 2030; and of KZT 8,184 million at 1.5% p.a., maturing in 2025-2026, respectively (31 December 2023: KZT 38,856 million, KZT 10,901 million, KZT 27,500 million and KZT 2,431 million, respectively).

During 2024 and 2023, the Bank repaid principal and interest according to the repayment schedules.

During 2024, the Bank received long-term loans of KZT 12,217 million from EDF DAMU JSC; loans bear interest rates of 1.5%- 12.5% p.a. and mature in 2025-2035 (2023: of KZT 12,800 million; loans bear interest rates of 2.5%- 8.78% p.a. and mature in 2029-2030). Loans received were intended to further extend loans to end borrowers.

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

Long-term loans received from EDF DAMU JSC are secured by debt securities of KZT 5,994 million *(Note 13)*.

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

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

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

19. DUE TO BANKS AND FINANCIAL INSTITUTIONS, CONTINUED

Long-term loans payable to banks and financial institutions, continued

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

As at 31 December 2024, loans received from IDF JSC are secured by debt securities of KZT 14,121 million (31 December 2023: KZT 20,500 million *(Note 13)*.

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

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

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

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

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

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

Loans payable to international credit organisations

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

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

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

Loans received from international credit organisations are secured by debt securities for a total of KZT 69,494 million (31 December 2023: KZT 54,019 million *(Note 13)*.

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

Correspondent accounts of banks

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

(in millions of Kazakhstani tenge unless otherwise stated)

20. CUSTOMER ACCOUNTS

	31 December 2024	31 December 2023
Term deposits	3,705,648	2,776,027
Call deposits	1,674,958	1,230,647
	5,380,606	**4,006,674**
Accrued interest	26,421	20,997
	5,407,027	**4,027,671**

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

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

21. DEBT SECURITIES ISSUED

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

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

Coupons on debt securities issued are repayable semi-annually; principal is repayable at maturity.

22. SUBORDINATED BONDS

	Currency	Issue date	Maturity date	Interest rate, %	31 December 2024	Interest rate, %	31 December
Fixed rate	KZT	29/09/2015-03/11/2017	29/09/2025-03/11/2032	4.00-10.00	42,233	4.00-11.00	57,704
Accrued interest					813		1,014
					43,046		**58,718**

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

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

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

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

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

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

(in millions of Kazakhstani tenge unless otherwise stated)

22. SUBORDINATED BONDS, CONTINUED

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

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

In accordance with the decision of the Bank's Board, and a permission for early redemption of Bonds under the Bonds' issue terms, the Bank repaid early the principal debt on Bonds in the amount of KZT 20,000 million in December 2024. As a result of early redemption, the Bank recognised a loss from early redemption of subordinated bonds in 'Interest expense' in the separate statement of profit or loss for a total of KZT 9,842 million *(Note 5).*

As at 31 December 2024, the carrying amount of Bonds is KZT 20,564 million (31 December 2023: KZT 28,944 million).

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

	Liabilities		
	Debt securities issued	**Subordinated bonds**	**Total**
Balance at 1 January 2023	**98,309**	**60,539**	**158,848**
Changes from financing cash flows			
Repayment of debt securities issued	(23,962)	(3,500)	(27,462)
Repurchase of debt securities issued	(4,145)	-	(4,145)
Total changes from financing cash flows	**(28,107)**	**(3,500)**	**(31,607)**
Interest expense	9,383	7,522	16,905
Interest paid	(9,053)	(5,843)	(14,896)
Balance at 31 December 2023	**70,532**	**58,718**	**129,250**

	Liabilities		
	Debt securities issued	**Subordinated bonds**	**Total**
Balance at 1 January 2024	**70,532**	**58,718**	**129,250**
Changes from financing cash flows			
Repayment of debt securities issued and subordinated bonds	(3,291)	(7,337)	(10,628)
Repurchase of subordinated bonds	-	(20,000)	(20,000)
Proceeds from issue of debt securities	119,027	-	119,027
Total changes from financing cash flows	**115,736**	**(27,337)**	**88,399**
Other changes	2,405	-	2,405
Gain on initial recognition of financial liabilities *(Note 21)*	(27,886)	-	(27,886)
Interest expense	13,372	17,214	30,586
Interest paid	(12,895)	(5,549)	(18,444)
Balance at 31 December 2024	**161,264**	**43,046**	**204,310**

23. OTHER LIABILITIES

	31 December 2024	**31 December 2023**
Other financial liabilities		
Liability from continuing involvement *(Note 16 (g))*	409,889	424,544
Settlements on other liabilities	31,160	24,632
Settlements related to administrative and operational business activities	14,724	1,809
Liabilities under guarantees issued	5,763	35,679
Provisions for guarantees and letters of credit	3,826	3,854
Lease liability	2,733	2,892
Accrued fee and commission expense	2,502	2,042
	470,597	**495,452**
Current other non-financial liabilities		
Taxes payable other than income tax	7,650	4,681
Other non-financial liabilities	4,068	474
Total other liabilities	**482,315**	**500,607**

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

(in millions of Kazakhstani tenge unless otherwise stated)

24. SHARE CAPITAL

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

	Authorised share capital	Unissued share capital	Share capital repurchased from shareholders	Total share capital
Ordinary shares (number of shares)	1,211,140,611	(1,023,111,576)	-	188,029,035
Preference shares (number of shares)	39,249,255	-	(38,953,841)	295,414

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

	Authorised and issued share capital	Total
Ordinary shares	65,753	65,753
Preference shares	89	89
	65,842	**65,842**

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

	Authorised share capital	Unissued share capital	Share capital repurchased from shareholders	Total share capital
Ordinary shares (number of shares)	1,211,140,611	(1,023,111,576)	-	188,029,035
Preference shares (number of shares)	39,249,255	-	(38,953,841)	295,414

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

	Authorised and issued share capital	Total
Ordinary shares	65,753	65,753
Preference shares	89	89
	65,842	**65,842**

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

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

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

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

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

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

24. SHARE CAPITAL, CONTINUED

	The year ended 31 December 2024 Quantity (in thousands)	The year ended 31 December 2023 Quantity (in thousands)
Preference shares at the beginning of the year	**295**	**123**
Repurchase of preference shares	-	172
Preference shares at the end of the year	**295**	**295**
Ordinary shares at the beginning of the year	**188,029**	**188,029**
Placement of authorised ordinary shares	-	-
Ordinary shares at the end of the year	**188,029**	**188,029**

Reserve for general banking risks

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

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

Earnings per share

Basic and diluted earnings per share are presented on consolidated basis in accordance with IAS 33 *Earnings per Share.*

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

25. SEGMENT REPORTING

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

- Corporate banking – maintenance of settlement accounts, deposit taking, provision of overdrafts, loans and other credit facilities.
- Retail banking – provision of private banking services; maintaining private customer current accounts; taking of savings and deposits; provision of investment savings products and the custody services, and credit and debit cards services; provision of consumer loans and mortgages.

(in millions of Kazakhstani tenge unless otherwise stated)

25. SEGMENT REPORTING, CONTINUED

- Investment banking – financial instruments trading, money market operations, repo agreements, foreign currency and derivative products, structured financing, corporate lease and asset management services, merger and acquisitions advice, provision of Bank's funding through issue of debt securities and raising loans. This segment is responsible for redistribution of funds raised by other segments.

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

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

Therefore, the Bank presents its business on the basis of three main segments. Information about operating segments is presented below.

	Retail banking	Corporate banking	Investment banking	The year ended 31 December 2024
Interest income calculated using the effective interest method	430,917	142,881	153,952	727,750
Interest expense	(196,651)	(131,371)	(52,866)	(380,888)
Charge of credit loss allowance for interest-bearing assets	(29,434)	(38,845)	-	(68,279)
Net non-interest income	22,262	120,443	-	142,705
Operating expenses	(94,922)	(38,918)	(42,251)	(176,091)
Profit before income tax	**132,172**	**54,190**	**58,835**	**245,197**
Segment assets*	2,712,016	2,993,965	1,289,784	6,995,765
Segment liabilities*	2,839,877	3,049,465	478,783	6,368,125
Other segment items				
Depreciation/ amortisation expense on property and equipment and intangible assets	(6,338)	(2,598)	(2,821)	(11,757)
Loans to customers and banks	2,697,670	1,185,319	-	3,882,989
Customer accounts	2,838,383	2,568,644	-	5,407,027
Financial guarantees and credit related commitments	98,487	224,519	-	323,006

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

	Retail banking	Corporate banking	Investment banking	The year ended 31 December 2023
Interest income calculated using the effective interest method	270,961	115,283	138,712	524,956
Interest expense	(145,049)	(100,851)	(28,482)	(274,382)
Charge of credit loss allowance for interest-bearing assets	(19,800)	(21,021)	-	(40,821)
Net non-interest income	14,788	45,448	3,403	63,639
Operating expenses	(53,051)	(22,578)	(42,846)	(118,475)
Profit before income tax	**67,849**	**16,281**	**70,787**	**154,917**
Segment assets*	1,977,384	2,536,344	721,762	5,235,490
Segment liabilities*	2,250,889	2,277,389	298,303	4,826,581
Other segment items				
Depreciation/ amortisation expense on property and equipment and intangible assets	(4,379)	(1,864)	(3,536)	(9,779)
Loans to customers and banks	1,977,041	1,001,465	-	2,978,506
Customer accounts	2,234,525	1,793,146	-	4,027,671
Financial guarantees and credit related commitments	92,921	210,576	-	303,497

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

25. SEGMENT REPORTING, CONTINUED

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

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

26. RISK MANAGEMENT POLICY

(a) Corporate governance structure

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

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

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

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

(b) Risk management policies and procedures

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

The risk management policies aim to identify, analyse and manage the risks faced by the Bank, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits.

Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, banking products and services offered and emerging best practice.

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

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

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

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

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

(c) Market risk

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

(in millions of Kazakhstani tenge unless otherwise stated)

26. RISK MANAGEMENT POLICY, CONTINUED

(c) Market risk, continued

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

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

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

(i) Interest rate risk

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

Interest rate sensitivity analysis

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

	2024		2023	
	Profit or loss KZT million	**Equity KZT million**	**Profit or loss KZT million**	**Equity KZT million**
100 bp parallel fall	(2,887)	(2,887)	(2,139)	(2,139)
100 bp parallel rise	2,887	2,887	2,139	2,139

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

	2024		2023	
	Profit or loss KZT million	**Equity KZT million**	**Profit or loss KZT million**	**Equity KZT million**
150 bp parallel fall	-	(30,959)	-	(16,727)
150 bp parallel rise	-	12,706	-	15,640

(ii) Currency risk

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

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates.

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

(in millions of Kazakhstani tenge unless otherwise stated)

26. RISK MANAGEMENT POLICY, CONTINUED

(c) Market risk, continued

(ii) Currency risk, continued

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

	KZT	USD USD 1.00 = KZT 525.11	EUR EUR 1.00 = KZT 546.74	Other currency	31 December 2024 Total
Financial assets:					
Cash and cash equivalents	646,523	615,950	239,902	159,989	1,662,364
Investment securities measured at fair value through other comprehensive income	578,960	240,572	55,465	-	874,997
Investment financial assets at amortised cost	16,776	189,761	10,432	-	216,969
Due from banks	5,385	98,012	-	-	103,397
Loans to customers and banks	3,455,428	410,887	16,420	254	3,882,989
Other financial assets	29,141	3,754	535	214	33,644
Total financial assets	**4,732,213**	**1,558,936**	**322,754**	**160,457**	**6,774,360**
Financial liabilities:					
Due to banks and financial institutions	159,004	100,844	4,074	9,138	273,060
Customer accounts	3,530,480	1,423,709	303,230	149,608	5,407,027
Debt securities issued	144,599	16,665	-	-	161,264
Subordinated bonds	43,046	-	-	-	43,046
Other financial liabilities	452,906	10,129	763	6,799	470,597
Total financial liabilities	**4,330,035**	**1,551,347**	**308,067**	**165,545**	**6,354,994**
Open position	402,178	7,589	14,687	(5,088)	
The effect of derivative financial instruments held for risk management purposes	31,541	(31,507)	(1,886)	216	
Net position	**433,719**	**(23,918)**	**12,801**	**(4,872)**	

(in millions of Kazakhstani tenge unless otherwise stated)

26. RISK MANAGEMENT POLICY, CONTINUED

(c) Market risk, continued

(ii) Currency risk, continued

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

	KZT	USD USD 1.00 = KZT 454.56	EUR EUR 1.00 = KZT 502.24	Other currency	31 December 2023 Total
Financial assets:					
Cash and cash equivalents	456,524	633,240	173,751	87,473	1,350,988
Investment securities measured at fair value through other comprehensive income	418,346	127,913	29,361	-	575,620
Investment financial assets at amortised cost	6,188	91,077	9,394	-	106,659
Due from banks	10,099	29,372	-	12	39,483
Loans to customers and banks	2,731,586	230,347	15,991	582	2,978,506
Other financial assets	19,027	6,239	1,243	1,572	28,081
Total financial assets	**3,641,770**	**1,118,188**	**229,740**	**89,639**	**5,079,337**
Financial liabilities:					
Due to banks and financial institutions	124,094	37,538	4,244	3,177	169,053
Customer accounts	2,654,953	1,064,232	223,784	84,702	4,027,671
Debt securities issued	70,532	-	-	-	70,532
Subordinated bonds	58,718	-	-	-	58,718
Other financial liabilities	464,142	28,536	1,150	1,624	495,452
Total financial liabilities	**3,372,439**	**1,130,306**	**229,178**	**89,503**	**4,821,426**
Open position	269,331	(12,118)	562	136	257,911
The effect of derivatives held for risk management	(4,541)	4,546	-	-	
Net position	**264,790**	**(7,572)**	**562**	**136**	

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

	2024	2023
20% appreciation of USD against KZT	(3,827)	(1,212)
20% appreciation of EUR against KZT	2,048	90
20% appreciation of other currencies against KZT	(780)	22

(iii) Other price risks

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

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

26. RISK MANAGEMENT POLICY, CONTINUED

(c) Market risk, continued

(iii) Other price risks, continued

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

- the use of historical data as a basis for determining future events may not encompass all possible scenarios, particularly those that are of an extreme nature.
- a 60-day holding period assumes that all positions can be liquidated or hedged within that period. This is considered to be a realistic assumption in almost all cases but may not be the case in situations in which there is severe market illiquidity for a prolonged period.
- the use of a 95% confidence level does not take into account losses that may occur beyond this level. There is a five percent probability that the loss could exceed the VAR estimate;
- VAR is only calculated on the end-of-day balances and does not necessarily reflect exposures that may arise on positions during the trading day.
- the VAR measure is dependent on the position and the volatility of market prices. The VAR of an unchanged position reduces if market volatility declines and vice versa.

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

(d) Credit risk

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

The credit policy establishes:

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

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

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

(in millions of Kazakhstani tenge unless otherwise stated)

26. RISK MANAGEMENT POLICY, CONTINUED

(d) Credit risk, continued

Scoring models

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

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

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

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

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

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

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

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

	31 December 2024	31 December 2023
ASSETS		
Cash and cash equivalents	1,500,140	1,139,829
Investment financial assets at FVOCI - debt financial instruments	872,766	574,453
Investment financial assets at amortised cost	216,969	106,659
Due from banks	103,397	39,483
Loans to customers and banks	3,882,989	2,978,506
Other financial assets	33,644	28,081
Total maximum exposure	**6,609,905**	**4,867,011**

For the analysis of collateral held against loans to customers and concentration of credit risk in respect of loans to customers, see *Note 16*.

The maximum exposure to credit risk from unrecognised contractual commitments at the reporting date is presented in *Note 28*.

The Bank calculates and monitors, on the ongoing basis, the mandatory norm of the maximum risk per one borrower or group of related borrowers, which regulates the Bank's credit risk with regard to a single borrower or group of related borrowers and determines the maximum ratio of the total liabilities of a borrower (borrowers included in the group of related borrowers) to the Bank to the Bank's equity. As at 31 December 2024 and 31 December 2023 the maximum allowable value of k-3 norm established by NBRK was 25%. The value of k3 norm calculated by the Bank as at 31 December 2024 and 2023 was in compliance with the statutory norm.

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

(in millions of Kazakhstani tenge unless otherwise stated)

26. RISK MANAGEMENT POLICY, CONTINUED

(d) Credit risk, continued

Offsetting financial assets and financial liabilities

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

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

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

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

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

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

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

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

				Related amounts not offset in the separate statement of financial position		
Types of financial assets/liabilities	**Gross amounts of recognised financial assets/ liabilities**	**Gross amount of recognised financial assets/ liabilities offset in the separate statement of financial position**	**Net amount of financial assets/ liabilities presented in the separate statement of financial position**	**Financial instruments**	**Cash collateral received**	**Net amount**
Loans to customers and banks	50,212	-	50,212	-	(50,212)	-
Loans under reverse repurchase agreements	9,465	-	9,465	(9,301)	-	164
Total financial assets	**59,677**	**-**	**59,677**	**(9,301)**	**(50,212)**	**164**
Current accounts and deposits from customers	50,212	-	50,212	(50,212)	-	-
Total financial liabilities	**50,212**	**-**	**50,212**	**(50,212)**	**-**	**-**

(in millions of Kazakhstani tenge unless otherwise stated)

26. RISK MANAGEMENT POLICY, CONTINUED

(d) Credit risk, continued

Offsetting financial assets and financial liabilities, continued

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

Types of financial assets/liabilities	Gross amounts of recognised financial assets/ liabilities	Gross amount of recognised financial assets/ liabilities offset in the separate statement of financial position	Net amount of financial assets/ liabilities presented in the separate statement of financial position	Related amounts not offset in the separate statement of financial position		Net amount
				Financial instruments	Cash collateral received	
Loans to customers and banks	58,352	-	58,352	-	(58,352)	-
Loans under reverse repurchase agreements	**105,634**	**-**	**105,634**	**(100,275)**	**-**	**5,359**
Total financial assets	**163,986**	**-**	**163,986**	**(100,275)**	**(58,352)**	**5,359**
Current accounts and deposits from customers	58,352	-	58,352	(58,352)	-	-
Total financial liabilities	**58,352**	**-**	**58,352**	**(58,352)**	**-**	**-**

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

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

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

Geographical concentration

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

(in millions of Kazakhstani tenge unless otherwise stated)

26. RISK MANAGEMENT POLICY, CONTINUED

(d) Credit risk, continued

Geographical concentration, continued

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

	Kazakhstan	Non-OECD countries	OECD countries	31 December 2024 Total
Financial assets:				
Cash and cash equivalents	1,238,292	48,393	375,679	1,662,364
Investment financial assets at FVOCI	806,746	8,222	60,029	874,997
Investment financial assets at amortised cost	181,515	-	35,454	216,969
Due from banks	71,617	26	31,754	103,397
Loans to customers and banks	3,864,649	18,339	1	3,882,989
Other financial assets	33,644	-	-	33,644
Total financial assets	**6,196,463**	**74,980**	**502,917**	**6,774,360**
Financial liabilities:				
Due to banks and financial institutions	113,394	159,588	78	273,060
Financial liabilities at FVTPL	111	-	1,302	1,413
Customer accounts	4,678,378	695,838	32,811	5,407,027
Debt securities issued	161,264	-	-	161,264
Subordinated bonds	43,046	-	-	43,046
Other financial liabilities	470,597	-	-	470,597
Total financial liabilities	**5,466,790**	**855,426**	**34,191**	**6,356,407**
Open position	**729,673**	**(780,446)**	**468,726**	

	Kazakhstan	Non-OECD countries	OECD countries	31 December 2023 Total
Financial assets:				
Cash and cash equivalents	1,179,677	35,525	135,786	1,350,988
Financial instruments at FVTPL	62	-	-	62
Investment financial assets at FVOCI	515,957	6,214	53,449	575,620
Investment financial assets at amortised cost	50,593	-	56,066	106,659
Due from banks	14,645	11	24,827	39,483
Loans to customers and banks	2,974,793	3,713	-	2,978,506
Other financial assets	28,081	-	-	28,081
Total financial assets	**4,763,808**	**45,463**	**270,128**	**5,079,399**
Financial liabilities:				
Due to banks and financial institutions	93,685	34,086	41,282	169,053
Customer accounts	3,524,006	443,717	59,948	4,027,671
Debt securities issued	70,532	-	-	70,532
Subordinated bonds	58,718	-	-	58,718
Other financial liabilities	495,452	-	-	495,452
Total financial liabilities	**4,242,393**	**477,803**	**101,230**	**4,821,426**
Open position	**521,415**	**(432,340)**	**168,898**	

26. RISK MANAGEMENT POLICY, CONTINUED

(e) Liquidity risk

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

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

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

The liquidity management policy requires:

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

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

(in millions of Kazakhstani tenge unless otherwise stated)

26. RISK MANAGEMENT POLICY, CONTINUED

(e) Liquidity risk, continued

31 December 2024	Weighted average effective interest rate	On demand and up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	31 December 2024 Total
Financial assets							
Cash and cash equivalents	11.35%	801,763	30,083	-	-	-	831,846
Investment financial assets at FVOCI	8.11%	872,766	-	-	-	-	872,766
Investment financial assets at amortised cost	5.25%	10,369	4,131	142,142	59,280	1,047	216,969
Due from banks	5.08%	580	13,127	26,256	-	-	39,963
Loans to customers and banks	18.97%	222,025	232,028	670,517	1,672,713	1,085,706	3,882,989
Total interest-bearing assets		**1,907,503**	**279,369**	**838,915**	**1,731,993**	**1,086,753**	**5,844,533**
Cash and cash equivalents		830,518	-	-			830,518
Investment financial assets at FVOCI		2,231					2,231
Due from banks		38,240	3,704	-	-	21,490	63,434
Other financial assets		33,644					33,644
Total financial assets		**2,812,136**	**283,073**	**838,915**	**1,731,993**	**1,108,243**	**6,774,360**
Financial liabilities							
Due to banks and financial institutions	6.61%	151	5,474	10,200	65,722	70,793	152,340
Customer accounts	10.91%	527,256	1,003,338	1,627,147	473,730	12,261	3,643,732
Debt securities issued	11.63%	-	17,148	52,125	19,707	72,284	161,264
Subordinated bonds	13.18%	-	560	22,170	-	20,316	43,046
Other financial liabilities	3.80%	4,077	3,070	14,280	87,724	300,738	409,889
Total interest-bearing liabilities		**531,484**	**1,029,590**	**1,725,922**	**646,883**	**476,392**	**4,410,271**
Due to banks and financial institutions		120,710	-	-	10	-	120,720
Financial liabilities at FVTPL		1,413	-	-	-	-	1,413
Customer accounts		1,698,096	449	34,739	24,371	5,640	1,763,295
Other financial liabilities		60,708	-	-	-	-	60,708
Total financial liabilities		**2,412,411**	**1,030,039**	**1,760,661**	**671,264**	**482,032**	**6,356,407**
Liquidity gap		399,725	(746,966)	(921,746)	1,060,729	626,211	
Interest sensitivity gap		1,376,019	(750,221)	(887,007)	1,085,110	610,361	
Cumulative interest sensitivity gap		**1,376,019**	**625,798**	**(261,209)**	**823,901**	**1,434,262**	
Cumulative interest sensitivity gap as a percentage of total financial assets		**23.54%**	**10.71%**	**(4.47%)**	**14.10%**	**24.54%**	

(in millions of Kazakhstani tenge unless otherwise stated)

26. RISK MANAGEMENT POLICY, CONTINUED

(e) Liquidity risk, continued

31 December 2023	Weighted average effective interest rate	On demand and up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	31 December 2023 Total
Financial assets							
Cash and cash equivalents	10.45%	695,876	-	-	-	-	695,876
Investment financial assets at FVOCI	13.05%	574,453	-	-	-	-	574,453
Investment financial assets at amortised cost	4.61%	11,531	14,306	23,397	56,391	1,034	106,659
Loans to customers and banks	18.26%	517,483	145,428	383,915	1,086,273	845,407	2,978,506
Total interest-bearing assets		**1,799,343**	**159,734**	**407,312**	**1,142,664**	**846,441**	**4,355,494**
Cash and cash equivalents		655,112	-	-	-	-	655,112
Financial instruments at FVTPL		62	-	-	-	-	62
Investment financial assets at FVOCI		1,167	-	-	-	-	1,167
Due from banks		32,194	7,289	-	-	-	39,483
Other financial assets		23,868	-	4,213	-	-	28,081
Total financial assets		**2,511,746**	**167,023**	**411,525**	**1,142,664**	**846,441**	**5,079,399**
Financial liabilities							
Due to banks and financial institutions	6.57%	12,998	1,671	12,378	39,014	55,314	121,375
Customer accounts	10.99%	788,908	459,156	1,517,610	403,117	16,530	3,185,321
Debt securities issued	12.40%	-	484	221	69,827	-	70,532
Subordinated bonds	12.82%	-	560	7,955	21,639	28,564	58,718
Other financial liabilities	3.07%	3,101	2,996	13,966	86,833	317,648	424,544
Total interest-bearing liabilities		**805,007**	**464,867**	**1,552,130**	**620,430**	**418,056**	**3,860,490**
Due to banks and financial institutions		47,678	-	-	-	-	47,678
Customer accounts		789,111	2,402	14,733	33,407	2,697	842,350
Other financial liabilities		70,908	-	-	-	-	70,908
Total financial liabilities		**1,712,704**	**467,269**	**1,566,863**	**653,837**	**420,753**	**4,821,426**
Liquidity gap		799,042	(300,246)	(1,155,338)	488,827	425,688	
Interest sensitivity gap		994,336	(305,133)	(1,144,818)	522,234	428,385	
Cumulative interest sensitivity gap		**994,336**	**689,203**	**(455,615)**	**66,619**	**495,004**	
Cumulative interest sensitivity gap as a percentage of total financial assets		**22.83%**	**15.82%**	**(10.46%)**	**1.53%**	**11.37%**	

(in millions of Kazakhstani tenge unless otherwise stated)

26. RISK MANAGEMENT POLICY, CONTINUED

(e) Liquidity risk, continued

In accordance with Kazakhstan legislation, depositors can withdraw their term deposits at any time, losing in most of the cases the accrued interest. These deposits are classified in accordance with their stated maturity dates.

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

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

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

	On demand and up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	31 December 2024 Total
Financial liabilities:						
Due to banks and financial institutions	321	7,217	17,343	76,801	75,456	177,138
Customer accounts	530,027	1,022,915	1,732,822	533,303	15,950	3,835,017
Debt securities issued	-	17,349	67,083	57,663	140,578	282,673
Subordinated bonds	-	1,102	24,879	6,493	44,870	77,344
Other financial liabilities	5,996	8,368	37,595	195,618	464,610	712,187
Total interest-bearing liabilities	**536,344**	**1,056,951**	**1,879,722**	**869,878**	**741,464**	**5,084,359**
Due to banks and financial institutions	120,710	-	-	10	-	120,720
Financial liabilities at FVTPL	1,413	-	-	-	-	1,413
Customer accounts	1,698,096	449	34,739	24,371	5,640	1,763,295
Other financial liabilities	60,708	-	-	-	-	60,708
Total financial liabilities	**2,417,271**	**1,057,400**	**1,914,461**	**894,259**	**747,104**	**7,030,495**
Financial guarantees and commitments	323,006	-	-	-	-	323,006

	On demand and up to 1 month	1 months to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	31 December 2023 Total
Financial liabilities:						
Due to banks and financial institutions	13,143	2,730	18,252	51,538	65,052	150,715
Customer accounts	811,529	463,123	1,528,839	429,086	32,224	3,264,801
Debt securities issued	-	600	7,356	85,383	-	93,339
Subordinated bonds	-	1,108	11,651	33,969	69,600	116,328
Other financial liabilities	5,907	8,586	38,596	201,829	495,278	750,196
Total interest-bearing liabilities	**830,579**	**476,147**	**1,604,694**	**801,805**	**662,154**	**4,375,379**
Due to banks and financial institutions	47,678	-	-	-	-	47,678
Customer accounts	789,111	2,402	14,733	33,407	2,697	842,350
Other financial liabilities	70,908	-	-	-	-	70,908
Total financial liabilities	**1,738,276**	**478,549**	**1,619,427**	**835,212**	**664,851**	**5,336,315**
Financial guarantees and commitments	303,497	-	-	-	-	303,497

26. RISK MANAGEMENT POLICY, CONTINUED

(e) Liquidity risk, continued

The timing of cash outflows has been prepared on the following basis:

Prepaid liabilities

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

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

(f) Operational risk

Definition of operational risk:

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

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

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

27. CAPITAL MANAGEMENT

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

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

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

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

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

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

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

(in millions of Kazakhstani tenge unless otherwise stated)

27. CAPITAL MANAGEMENT, CONTINUED

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

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

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

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

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

28. CREDIT RELATED COMMITMENTS

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

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

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

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

(in millions of Kazakhstani tenge unless otherwise stated)

28. CREDIT RELATED COMMITMENTS, CONTINUED

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

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

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

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

As at 31 December 2024, the guarantees issued in the amount of KZT 209,686 million and credit card commitments in the amount of KZT 97,987 million are classified as Stage 1 of credit risk gradings (31 December 2023: KZT 161,298 million and KZT 92,263 million), KZT 155 million and KZT 156 million are classified as Stage 2 of credit risk gradings (31 December 2023: KZT 33 million and KZT 114 million, respectively) and KZT 2,052 million and KZT 344 million are classified as Stage 3 of credit risk gradings, respectively (31 December 2023: KZT 32,267 million and KZT 544 million, respectively). Net positive change in provision for credit related commitments was KZT 1,626 million for the year ended 31 December 2024 due to charge of additional provision for one counterparty as a guarantee event has occurred (*Note 23*) (2023: positive change in provision for credit related commitments was KZT 27,534 million).

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

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

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

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

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

29. CUSTODIAN SERVICES

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

(in millions of Kazakhstani tenge unless otherwise stated)

29. CUSTODIAN SERVICES, CONTINUED

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

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

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

30. CONTINGENCIES

(a) Insurance

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

(b) Litigation

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

(c) Taxation contingencies in Kazakhstan

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

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

(in millions of Kazakhstani tenge unless otherwise stated)

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

(a) Accounting classifications and fair values

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

	Financial instruments at fair value through profit or loss	Financial instruments at fair value through other comprehensive income	Amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	-	1,662,364	1,662,364	1,662,364
Investment financial assets at FVOCI	-	874,997	-	874,997	874,997
Investment financial assets at amortised cost	-	-	216,969	216,969	216,493
Due from banks	-	-	103,397	103,397	103,397
Loans to customers and banks	-	-	3,882,989	3,882,989	3,891,429
Other financial assets	-	-	33,644	33,644	33,644
	-	**874,997**	**5,899,363**	**6,774,360**	**6,782,324**
Due to banks and financial institutions	-	-	273,060	273,060	273,060
Financial liabilities at FVTPL	1,413	-	-	1,413	1,413
Customer accounts	-	-	5,407,027	5,407,027	5,398,980
Debt securities issued	-	-	161,264	161,264	151,285
Subordinated bonds	-	-	43,046	43,046	41,890
Other financial liabilities	-	-	470,597	470,597	470,597
	1,413	**-**	**6,354,994**	**6,356,407**	**6,337,225**

(in millions of Kazakhstani tenge unless otherwise stated)

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

(a) Accounting classifications and fair values, continued

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

	Financial instruments at fair value through profit or loss	Financial instruments at fair value through other comprehensive income	Amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	-	1,350,988	1,350,988	1,350,988
Financial instruments at FVTPL	62	-	-	62	62
Investment financial assets at FVOCI	-	575,620	-	575,620	575,620
Investment financial assets at amortised cost	-	-	106,659	106,659	104,760
Due from banks	-	-	39,483	39,483	39,483
Loans to customers and banks	-	-	2,978,506	2,978,506	2,961,280
Other financial assets	-	-	28,081	28,081	28,081
	62	**575,620**	**4,503,717**	**5,079,399**	**5,060,274**
Due to banks and financial institutions	-	-	169,053	169,053	169,053
Customer accounts	-	-	4,027,671	4,027,671	4,026,603
Debt securities issued	-	-	70,532	70,532	65,859
Subordinated bonds	-	-	58,718	58,718	57,494
Other financial liabilities	-	-	495,452	495,452	495,452
	-	**-**	**4,821,426**	**4,821,426**	**4,814,461**

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

(a) Accounting classifications and fair values, continued

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

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

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

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

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

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

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

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

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

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

(b) Fair value hierarchy

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

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument;
- Level 2: valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for identical or similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data;

(in millions of Kazakhstani tenge unless otherwise stated)

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

(b) Fair value hierarchy, continued

- Level 3: valuation techniques using unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect difference between the instruments.

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

	Level 1	Level 2	Level 3	Total
Investment financial assets at FVOCI - debt financial instruments	282,592	581,952	8,222	872,766
Investment financial assets at FVOCI - equity financial instruments	1,910	321	-	2,231
	284,502	**582,273**	**8,222**	**874,997**

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

	Level 1	Level 2	Level 3	Total
Investment financial assets at FVOCI - debt financial instruments	56,444	511,795	6,214	574,453
Investment financial assets at FVOCI - equity financial instruments	1,167	-	-	1,167
	57,611	**511,795**	**6,214**	**575,620**

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

	2024	2023
Balance at 1 January	6,255	12,285
Net interest income	272	350
Interest received	(233)	(232)
Repayment	-	(6,706)
Foreign exchange difference	1,341	1,896
Net gain on change in fair value	587	(1,338)
Balance at 31 December	**8,222**	**6,255**

During the year ended 31 December 2022, securities of Russian issuers were transferred to Level 3 of the fair value hierarchy, where significant inputs used in making those estimates, previously observable, became unobservable: these securities were listed on the stock exchange and observable transactions with those securities on an arm's length basis were conducted.

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

	Fair value of financial assets KZT'000	Valuation technique	Significant unobservable inputs	Reasonable shift	Sensitivity analysis of fair value to unobservable inputs
31 December 2024	8,222	Cash price method of securities database	Bid-ask spreads	+/-10.0%	822

(in millions of Kazakhstani tenge unless otherwise stated)

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

(b) Fair value hierarchy, continued

Unobservable valuation differences on initial recognition

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

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

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

	Level 2	Level 3	Total fair values	Total carrying amount
Assets				
Cash and cash equivalents	1,662,364	-	1,662,364	1,662,364
Due from banks	216,493	-	216,493	216,969
Investment financial assets at amortised cost	103,397	-	103,397	103,397
Loans to customers and banks	3,688,752	53,083	3,891,429	3,882,989
Other financial assets	33,644	-	33,644	33,644
Liabilities				
Due to banks and financial institutions	273,060	-	273,060	273,060
Customer accounts	5,398,980	-	5,398,980	5,407,027
Debt securities issued	151,285	-	151,285	161,264
Subordinated bonds	41,890	-	41,890	43,046
Other financial liabilities	470,597	-	470,597	470,597

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

	Level 2	Level 3	Total fair values	Total carrying amount
Assets				
Cash and cash equivalents	1,350,988	-	1,350,988	1,350,988
Due from banks	39,483	-	39,483	39,483
Investment financial assets at amortised cost	104,760	-	104,760	106,659
Loans to customers and banks	2,930,021	31,259	2,961,280	2,978,506
Other financial assets	28,081	-	28,081	28,081
Liabilities				
Due to banks and financial institutions	169,053	-	169,053	169,053
Customer accounts	4,026,603	-	4,026,603	4,027,671
Debt securities issued	65,859	-	65,859	70,532
Subordinated bonds	57,494	-	57,494	58,718
Other financial liabilities	495,452	-	495,452	495,452

(in millions of Kazakhstani tenge unless otherwise stated)

32. RELATED PARTY TRANSACTIONS

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

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

	31 December 2024		31 December 2023	
	Related party transactions	**Average nominal interest rate**	**Related party transactions**	**Average nominal interest rate**
Investments in subsidiaries	**94,421**	**-**	**63,710**	**-**
- subsidiaries				
- in KZT	94,421	-	63,710	-
Loans to customers and banks, gross	**157,951**	**-**	**135,606**	**-**
- key management personnel of the Bank				
- in KZT	86	16.14%	97	10.36%
- close relatives of key management personnel				
- in KZT	24	3.60%	25	3.86%
- subsidiaries				
- in USD	33,662	5.00%	17,396	4.47%
- in KZT	95,416	5.72%	92,857	2.18%
- entities under common control				
- in USD	27,815	5.00%	24,055	5.00%
- in KZT	948	18.00%	1,176	19.00%
Impairment allowance for loans to customers and banks	**52,623**	**-**	**(31,463)**	**-**
- subsidiaries	(24,808)	-	(12,699)	-
- entities under common control	(27,815)	-	(18,764)	-

	31 December 2024		31 December 2023	
	Related party transactions	**Average interest rate**	**Related party transactions**	**Average interest rate**
Customer accounts	**70,113**		**14,277**	
- key management personnel of the Bank				
- in KZT	796	13.16%	298	14.06%
- in USD	827	0.75%	748	0.79%
- in other currencies	99	0.10%	80	0.10%
- close relatives of key management personnel				
- in KZT	1,097	13.89%	3,004	14.00%
- in USD	339	0.75%	368	1.50%
- in other currencies	23	0.06%	14	-
- subsidiaries				
- in KZT	14,892	13.51%	4,509	14.25%
- in USD	48,771	1.50%	2,973	-
- in other currencies	852	-	111	-
- other				
- in KZT	883	11.77%	298	14.37%
- in USD	1,524	1.75%	1,855	0.75%
- in other currencies	10	-	19	0.10%
Subordinated bonds	**-**	-	**131**	-
- subsidiaries				
- in KZT	-	-	131	10.7%
Charter capital	**1,991**	-	**1,387**	-
- subsidiaries				
- in KZT	1,991	-	1,387	-

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

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

(in millions of Kazakhstani tenge unless otherwise stated)

32. RELATED PARTY TRANSACTIONS, CONTINUED

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

	Year ended 31 December 2024	**Year ended 31 December 2023**
Interest income	**3,930**	**1,592**
- key management personnel of the Bank	14	7
- close relatives of key management personnel	1	1
- subsidiaries	3,684	1,396
- entities under common control	231	188
Interest expense	**(767)**	**(942)**
- key management personnel of the Bank	(37)	(75)
- close relatives of key management personnel	(110)	(431)
- subsidiaries	(587)	(360)
- other	(33)	(76)
Allowance for expected credit losses on loans to customers and banks	**(17,181)**	**(9,042)**
- subsidiaries	(11,800)	(5,239)
- entities under common control	(5,381)	(3,803)
Operating expenses	**(1,384)**	**(1,132)**
- key management personnel of the Bank	(1,384)	(1,132)

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