

REPORT ARCHIVE COPY

**JSC FREEDOM BANK
KAZAKHSTAN**

Consolidated Financial Statements and
Independent Auditor's Report
For the Year Ended 31 December 2024

JSC Freedom Bank Kazakhstan

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JSC Freedom Bank Kazakhstan

Statement of Management's Responsibilities for the Preparation and Approval of the Consolidated Financial Statements for the Year Ended 31 December 2024

Management is responsible for the preparation of the consolidated financial statements that present fairly the financial position of the Joint Stock Company Freedom Bank Kazakhstan ("the Bank") and its subsidiaries (collectively – "the Group") as of 31 December 2024, and the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and of material accounting policies and notes to the consolidated financial statements (further "the consolidated financial statements") in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

In preparing the consolidated financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRS Accounting Standards issued by IASB are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS Accounting Standards, which is issued by IASB;
- Maintaining statutory accounting records in compliance with legislation of the Republic of Kazakhstan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

The consolidated financial statements of the Group for the year ended 31 December 2024 were authorized for issue by the Management Board of the Group on 15 April 2025 and are subject for subsequent approval by the Board of Directors and the Sole Shareholder in accordance with the requirements of the legislation of the Republic of Kazakhstan.

On behalf of the Management Board:

Akhmetova G.A.
Chairman of the Management Board

15 April 2025
Almaty, Kazakhstan



Kubeyeva D.K.
Chief Accountant

15 April 2025
Almaty, Kazakhstan

INDEPENDENT AUDITOR'S REPORT

To the Shareholder and the Board of Directors of JSC Freedom Bank Kazakhstan

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year 2024 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Why the matter was determined to be a key audit matter

How the matter was addressed in the audit

Expected credit losses on loans to customers assessed on collective basis

As disclosed in Note 7 as at 31 December 2024, the gross loans to customers amounted to KZT 787,872,684 thousand, including KZT 709,194,868 thousand, of which, the allowance for impairment losses was assessed on a collective basis.

Management's collective assessment of expected credit losses considers loans with similar credit risk characteristics that are indicative of debtors' capacity to pay. As disclosed by management in these financial statements, the recognition and measurement of ECL involves the use of significant judgement and estimation. The estimation of expected credit losses requires expert judgment and the use of historical, current and future information. Due to the high degree of judgement in evaluating the assumptions underlying the ECL, and volume of audit procedures in assessing the audit evidence for the resulting calculations we identified the collective assessment of ECL as a key audit matter.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our opinion on the consolidated financial statements. These procedures included, among others:

- With the involvement of our credit risk advisory specialists, evaluated models with respect to the estimation criteria and calculation, the models utilized for the estimation of the Probability of Default (PD), the Loss Given Default (LGD) and the Exposure at Default (EAD), the appropriateness of the methodology used for the generation of the macroeconomic scenarios and its compliance with IFRS 9 *Financial instruments* requirements;
 - Testing the completeness and accuracy of data provided by management; and
 - Evaluating the appropriateness of disclosures in respect of significant judgements and sources of estimation uncertainty including macroeconomic scenarios in accordance with IFRS Accounting Standards as issued by the IASB.
-

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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



Zhangir Zhilyspayev
Engagement Partner
Qualification certificate
No. MF-0000116,
dated 22 November 2012
General director
Deloitte LLP



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

15 April 2025
Almaty, Kazakhstan

JSC Freedom Bank Kazakhstan

Consolidated Statement of Financial Position as of 31 December 2024 (in thousands of tenge, unless otherwise stated)

	Notes	31 December 2024	31 December 2023
Assets			
Cash and cash equivalents	5, 31	259,075,000	202,939,584
Amounts due from financial institutions	6	47,518,955	45,803,762
Derivative financial assets		397,649	–
Investment securities	8	1,420,349,522	1,311,897,043
Loans to customers	7, 31	766,612,520	608,431,886
Property and equipment	9	27,183,118	13,766,121
Right-of-use assets	3, 10	4,261,838	3,123,496
Intangible assets	11	8,844,404	4,765,123
Current corporate income tax assets		230,844	218,437
Other assets	12, 31	8,013,734	5,254,296
Total assets		2,542,487,584	2,196,199,748
Liabilities			
Derivative financial liabilities		–	346,351
Amounts due to financial institutions	14	26,535,021	21,822,653
Amounts due to customers	15, 31	1,083,562,195	751,517,625
Liabilities under repurchase agreements	16	957,349,633	1,056,250,886
Subordinated loan	17, 31	1,000,000	1,040,000
Deferred corporate income tax liabilities	13	1,319,461	1,143,348
Lease liabilities	18	4,844,101	3,281,866
Liabilities from continuing participation	19	248,307,105	224,785,962
Other liabilities	20, 31	11,236,620	5,196,925
Total liabilities		2,334,154,136	2,065,385,616
Equity			
Share capital	21	87,356,148	62,356,145
Additional paid-in capital	21	2,400,340	2,400,340
Revaluation reserve for property and equipment	21	872,129	886,737
Other reserves		288,028	–
Retained earnings		117,416,803	65,170,910
Total equity		208,333,448	130,814,132
Total liabilities and equity		2,542,487,584	2,196,199,748

On behalf of the Management Board

Akhmetova G.A.
Chairman of the Management Board

15 April 2025
Almaty, Kazakhstan



Kubeyeva D.K.
Chief Accountant

15 April 2025
Almaty, Kazakhstan

The notes on pages 10-69 form an integral part of these consolidated financial statements.

JSC Freedom Bank Kazakhstan

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 December 2024 (in thousands of tenge, unless otherwise stated)

	Notes	Year ended 31 December 2024	Year ended 31 December 2023
Interest income on financial assets at fair value through profit or loss	22,31	140,131,384	124,451,085
Interest income calculated using effective interest rate	22, 31	121,792,950	72,850,622
Interest expense	22, 31	(188,771,656)	(143,125,769)
Net interest income before credit loss expense	22, 31	73,152,678	54,175,938
Expected credit loss expense	5, 6, 7, 8, 12, 31	(15,477,175)	(13,060,585)
Net interest income		57,675,503	41,115,353
Net fee and commission income	23, 31	3,277,504	8,709,636
Net gain/(loss) on transactions with financial instruments at fair value through profit or loss	24	39,585,972	(24,789,610)
Net gain/(loss) from foreign currencies:			
- dealing		30,065,766	32,905,120
- translation differences		(22,299,147)	5,672,088
Other income		611,066	717,271
Non-interest income		51,241,161	23,214,505
Personnel expenses	25	(31,620,904)	(17,072,687)
Administrative and other operating expenses	25, 31	(24,733,365)	(13,937,091)
Other expenses		(154,997)	(194,381)
Non-interest expense		(56,509,266)	(31,204,159)
Profit before corporate income tax expense		52,407,398	33,125,699
Corporate income tax expense	13	(176,113)	(839,605)
Profit for the year		52,231,285	32,286,094
Other comprehensive income			
Items that will may be reclassified subsequently to profit or loss:			
Foreign exchange differences on translation of foreign operations (net of tax effect)		288,028	-
Other comprehensive income for the year, net of corporate income tax		288,028	-
Total comprehensive income for the year		52,519,313	32,286,094
Basic and diluted earnings per share (in tenge)	26	1,860.91	1,395.86

On behalf of the Management Board:

Akhmetova G.A.
Chairman of the Management Board

15 April 2025
Almaty, Kazakhstan



Kubeyeva D.K.
Chief Accountant

15 April 2025
Almaty, Kazakhstan

The notes on pages 10-69 form an integral part of these consolidated financial statements.

JSC Freedom Bank Kazakhstan

Consolidated Statement of Changes in Equity For the year ended 31 December 2024 (in thousands of tenge, unless otherwise stated)

	Notes	Share capital	Additional paid-in capital	Revaluation reserve for property and equipment	Other reserves	Retained earnings	Total equity
At 31 December 2022		32,356,139	2,400,340	901,344	-	32,870,209	68,528,032
Profit for the year		-	-	-	-	32,286,094	32,286,094
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	32,286,094	32,286,094
Issue of share capital	21	30,000,006	-	-	-	-	30,000,006
Amortization of property and equipment revaluation reserve		-	-	(14,607)	-	14,607	-
At 31 December 2023		62,356,145	2,400,340	886,737	-	65,170,910	130,814,132
Profit for the year		-	-	-	-	52,231,285	52,231,285
Other comprehensive income for the year		-	-	-	288,028	-	288,028
Total comprehensive income for the year		-	-	-	288,028	52,231,285	52,519,313
Issue of share capital	21	25,000,003	-	-	-	-	25,000,003
Amortization of property and equipment revaluation reserve		-	-	(14,608)	-	14,608	-
At 31 December 2024		87,356,148	2,400,340	872,129	288,028	117,416,803	208,333,448

On behalf of the Management Board:



Akhmetova G.A.
Chairman of the Management Board

Kubeyeva D.K.
Chief Accountant

15 April 2025
Almaty, Kazakhstan

15 April 2025
Almaty, Kazakhstan

The notes on pages 10-69 form an integral part of these consolidated financial statements.

JSC Freedom Bank Kazakhstan

Consolidated Statement of Cash Flows For the year ended 31 December 2024 (in thousands of tenge, unless otherwise stated)

	Notes	Year ended 31 December 2024	Year ended 31 December 2023
Cash flows from operating activities			
Interest received		252,988,330	170,809,311
Interest paid		(186,118,244)	(140,380,722)
Fees and commissions received		11,991,434	22,314,684
Fees and commissions paid		(8,815,073)	(13,569,851)
Net realized profit/(loss) on transactions with financial instruments at fair value through profit or loss		105,406	(48,283,382)
Net gain from foreign currency, dealing		30,065,766	32,905,120
Other income received		591,512	589,654
Personnel expenses paid		(27,234,278)	(16,573,474)
Administrative and other operating expenses paid		(20,252,822)	(11,874,493)
Cash flows from/(used in) operating activities before changes in operating assets and liabilities		53,322,031	(4,063,153)
<i>Net changes in operating assets and liabilities</i>			
<i>(Increase)/decrease in operating assets</i>			
Amounts due from financial institutions		721,618	(48,048)
Derivative financial assets		1,165,229	-
Investment securities measured at fair value through profit or loss		89,345,579	(515,055,855)
Loans to customers		(172,222,691)	(317,229,021)
Other assets		726,422	(6,068,889)
<i>Increase/(decrease) in operating liabilities</i>			
Derivative financial liabilities		-	(698,431)
Amounts due to financial institutions		4,395,951	691,720
Amounts due to customers		278,620,965	139,355,797
Liabilities under repurchase agreements		(99,701,154)	663,603,178
Liabilities from continuing participation		23,521,143	76,879,408
Other liabilities		(278,949)	4,505,562
Net cash flows from operating activities before corporate income tax		179,616,144	41,872,268
Corporate income tax paid		(12,407)	-
Net cash from operating activities		179,603,737	41,872,268
Cash flows from investing activities			
Purchase of investment securities measured at amortized cost		(138,962,815)	(96,123,170)
Purchase of property and equipment		(15,799,220)	(5,690,208)
Purchase of intangible assets		(4,528,691)	(2,290,300)
Net cash used in investing activities		(159,290,726)	(104,103,678)
Cash flows from financing activities			
Proceeds from issuance of share capital	21	25,000,003	30,000,006
Repayment of lease liabilities	18	(1,377,940)	(836,213)
Net cash flows from financing activities		23,622,063	29,163,793
Net increase/(decrease) in cash and cash equivalents		43,935,074	(33,067,617)
Effect of exchange rate changes on cash and cash equivalents		12,233,956	(9,271,466)
Effect of expected credit losses on cash and cash equivalents		(33,614)	125,215
Cash and cash equivalents, beginning of the year	5	202,939,584	245,153,452
Cash and cash equivalents, ending of the year	5	259,075,000	202,939,584
Non-cash transactions:			
Prepayment for property and equipment and intangible assets	12	579,518	1,126,393

On behalf of the Management Board

Akhmetova G.A.
Chairman of the Management Board

15 April 2025
Almaty, Kazakhstan

Kubeyeva D.K.
Chief Accountant

15 April 2025
Almaty, Kazakhstan

The notes on pages 10-69 form an integral part of these consolidated financial statements.

JSC Freedom Bank Kazakhstan

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(in thousand tenge, unless otherwise stated)

1. Principal activities

These consolidated financial statements comprise the financial statements of JSC Freedom Bank Kazakhstan (formerly, JSC Bank Freedom Finance Kazakhstan) ("the Bank"), OUSA Nova Limited Liability Partnership and CJSC Freedom Bank Tajikistan, subsidiaries of the Bank (jointly – "the Group").

The Bank was registered on 31 July 2009 under the laws of the Republic of Kazakhstan. The Bank operates under a general banking license No. 1.1.260 issued by the Agency for Regulation and Supervision of Financial Markets and Financial Organizations of the Republic of Kazakhstan ("the Agency") on 10 June 2011. On June 25, 2024, the Bank's license for banking and other operations No 1.1.108 was reissued due to the change of name and the re-registration procedure and replaces the previous licenses. On 22 October 2022, the Bank received a license to conduct banking and other operations provided for by the banking legislation of the Republic of Kazakhstan and to carry out activities in the securities market, issued by the Agency. The Bank's activities are regulated by the Agency.

The Bank accepts deposits from the public and extends credit, transfers payments in the Republic of Kazakhstan and abroad, exchanges currencies and provides other banking services to its commercial and retail customers who are clients of the Bank.

As of 31 December 2024, the Bank's branch network comprises 16 branches located in the Republic of Kazakhstan (31 December 2023: 15 branches). Registered address of the Bank's head office: Republic of Kazakhstan, Almaty, Kurmangazy street, 61A.

The Bank is a member of the JSC Kazakhstan Deposit Insurance Fund ("KDIF"). The primary goal of the KDIF is to protect the interests of depositors in the event of forcible liquidation of a member-bank. As of 31 December 2024 and 2023, depositors can receive limited insurance coverage for deposits up to a maximum of KZT 20 million per deposit, depending on the amount of the deposit and currency.

Starting from November 2015, the Bank is a member of Kazakhstan Stock Exchange foreign exchange market ("KASE").

On 31 May 2018, the Bank established a subsidiary OUSA Nova Limited Liability Partnership ("OUSA Nova LLP") in accordance with the National Bank of the Republic of Kazakhstan (hereinafter - "NBRK") permission to establish a subsidiary by the Bank No. 17 dated 2 May 2018. The principal activities of OUSA Nova LLP are the acquisition of doubtful and bad assets of the Bank, and the sublease of real estate taken onto the books of the Bank.

On 7 October 2024, the authorized capital of the subsidiary Bank CJSC "Freedom Bank Tajikistan" in Tajikistan was replenished. The Subsidiary Bank operates based on a banking license No. 0000328 issued by the National Bank of Tajikistan on 10 October 2024. The main activities of the Bank are accepting deposits of the population, issuing loans, making transfers and other banking services.

In 2024, bonds of JSC Freedom Bank Kazakhstan were included in the official list of KASE. As of 31 December 2024, trading in these bonds was not opened.

As of 31 December 2024 and 2023, the sole shareholder of the Bank, which owns 100% of outstanding shares is "Freedom Finance" JSC (the "Parent").

JSC Freedom Bank Kazakhstan

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

(in thousand tenge, unless otherwise stated)

The Bank is under the effective control of Mr. T.R. Turlov, who is the ultimate controlling party and has the power to direct the Bank's activities at its sole discretion and on its own account.

2. Basis of preparation

General provisions

These consolidated financial statements have been prepared in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared under the historical cost convention except as disclosed in the "Material accounting policies" below. For example, land, buildings within property and equipment, and securities at fair value through profit or loss were measured at fair value.

As of 31 December 2024, the Group has negative liquidity positions for up to 1 year. This is due to the fact that the main share of the Group's highly liquid assets is trading government securities, which are subsequently used to fund short-term liabilities from repurchase agreements (Note 29). The approach to managing financing and liquidity requirements allows the Group to monitor and manage liquidity position to ensure that it will be able to continue as a going concern for the foreseeable future. The Group manages liquidity risks by maintaining a portfolio of highly marketable securities that can readily be liquidated as protection against any interruption to cash flow, maintaining a diverse range of funding sources, as well as by monitoring forecasted and actual cash flows and reconciling the maturity profiles of financial assets and liabilities. The liquidity management of the Group ensures the availability of cash and cash equivalents for operational activities and further investments through appropriate budget planning, as well as presence of financial support from the Parent, in case of need.

At the date of approval of these consolidated financial statements, management of the Group reasonably believes that the Group has the necessary resources to continue its operating activities for the foreseeable future. Accordingly, the consolidated financial statements are prepared on a going concern basis.

These consolidated financial statements are presented in thousands of Kazakhstan tenge ("tenge" or "KZT"), unless otherwise is stated.

3. Material accounting policies

The accounting policies adopted in the preparation of the annual consolidated financial statements for the year ended 31 December 2024 are consistent with the accounting policies applied in the previous reporting year, except for the new editions of the standards adopted below, which entered into force on 1 January 2024. The Group has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

New and amended IFRS Accounting Standards issued by the IASB that are effective for the current year

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

JSC Freedom Bank Kazakhstan

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

(in thousand tenge, unless otherwise stated)

<i>Amendments to IAS 7 and IFRS 7</i>	<i>Supplier Finance Arrangements</i>
<i>Amendments to IAS 1</i>	<i>Classification of Liabilities as Current and Non-current</i>
<i>Amendments to IAS 1</i>	<i>Long-Term Liabilities with Covenants</i>
<i>Amendments to IFRS 16</i>	<i>Lease Liability in a Sale and Leaseback</i>

The above standards and interpretations were reviewed by the Group's management but did not have a significant effect on the consolidated financial statements of the Group.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorization of these consolidated financial statements, the Group has not applied the following new and revised IFRS Accounting Standards issued by the IASB that have been issued but are not yet effective:

New or revised standard or interpretation	
<i>Amendments to IAS 21</i>	<i>Lack of Exchangeability</i>
<i>IFRS 18</i>	<i>Presentation and Disclosure in Financial Statements</i>
<i>IFRS 19</i>	<i>Subsidiaries Without Public Accountability: Disclosures</i>

Amendments to IAS 21	*Lack of Exchangeability*
IFRS 18	*Presentation and Disclosure in Financial Statements*
IFRS 19	*Subsidiaries Without Public Accountability: Disclosures*

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

Basis of consolidation

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

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

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

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- Voting rights or potential voting rights belonging to the Bank.

Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the group gains control until the date when the group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the group's accounting policies.

JSC Freedom Bank Kazakhstan

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

(in thousand tenge, unless otherwise stated)

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

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

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

Fair value measurement

The Group measures financial instruments carried at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI) and non-financial assets such as investment property, at fair value at each reporting date.

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

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

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

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

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

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

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Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

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Financial assets and liabilities

Initial recognition

Date of recognition

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

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

Measurement categories of financial assets and liabilities

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

- Amortized cost;
- Fair value through other comprehensive income ("FVTOCI");
- Fair value through profit or loss ("FVTPL").

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

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

Amounts due from banks and other financial institutions, loans to customers, investments securities at amortized cost.

The Group only measures amounts due from credit institutions, loans to customers and other financial investments at amortized cost if both of the following conditions are met:

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

The details of these conditions are outlined below.

Business model assessment

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

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

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

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

The SPPI test

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

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

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

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

Performance guarantees

Performance guarantees are contracts that provide compensation if another party fails to perform a contractual obligation. Performance guarantees do not transfer credit risk. The risk under performance guarantee contracts is the possibility that the failure to perform the contractual obligation by another party occurs. Therefore, performance guarantees are not considered financial instruments and thus do not fall in scope of IFRS 9.

Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group changes the business model for managing financial assets. Financial liabilities are never reclassified.

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Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, amounts due from the NBRK and amounts due from credit institutions that mature within ninety days of the date of origination and are free from contractual obligations.

Obligatory reserves

Obligatory reserves represent funds in correspondent accounts with the National Banks of Republic of Kazakhstan and Tajikistan and cash which are not available to finance the Group's day to day operations and, hence, are not considered as part of cash and cash equivalents for the purpose of the cash flow statement.

Repurchase and reverse repurchase agreements and securities lending

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

Derivative financial instruments

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

Financial assets are classified based on the business model and SPPI assessments.

Borrowings

Borrowings are classified as liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity instruments. Such instruments include amounts due to the NBRK, amounts due to banks and other financial institutions, amounts due to customers, other borrowed funds and subordinated loans. After initial recognition, borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the borrowings are derecognized as well as through the amortization process.

Amounts due to financial institutions

Under amounts due to financial institutions the Group classifies balances on current accounts, deposits received, borrowed funds, as well as other liabilities received from second-tier banks and credit institutions implementing government programs.

Lease

i. Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below USD 5 thousand). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

ii. Operating – Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

iii. Finance – Group as a lessor

The Group recognizes lease receivables at value equal to the net investment in the lease, starting from the date of commencement of the lease term. Finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding. Initial direct costs are recorded within the initial amount of lease receivables.

Offsetting of financial instruments

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

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

These conditions are not generally met in master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Restructured loans

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

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

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

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original effective interest rate ("EIR"), the Group records a modification gain or loss that is presented in a separate line item in the consolidated statement of comprehensive income, to the extent that an impairment loss has not already been recorded.

For modifications not resulting in derecognition, the Group also reassesses whether there has been a significant increase in credit risk or whether the assets should be classified as credit-impaired. Once an asset has been classified as credit-impaired as the result of modification, it will remain in Stage 3 for a minimum 6-month probation period. In order for the restructured loan to be reclassified out of Stage 3, regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period in accordance with the modified payment schedule.

Derecognition of financial assets and liabilities

Financial assets

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

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

A financial asset is derecognized when it has been transferred and the transfer qualifies for derecognition. A transfer requires that the Group either: (a) transfers the contractual rights to receive the asset's cash flows; or (b) retains the right to the asset's cash flows but assumes a contractual obligation to pay those cash flows to a third party. After a transfer, the Group reassesses the extent to which it has retained the risks and rewards of ownership of the transferred asset. If substantially all the risks and rewards have been retained, the asset remains on the consolidated statement of financial position. If substantially all of the risks and rewards have been transferred, the asset is derecognized. If substantially all the risks and rewards have been neither retained nor transferred, the Group assesses whether or not it has retained control of the asset. If it has not retained control, the asset is derecognized. Where the Group has retained control of the asset, it continues to recognize the asset to the extent of its continuing involvement.

Write-off

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

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Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

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

Taxation

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

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

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

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

The Republic of Kazakhstan also has various operating taxes assessed on the Group's activities. These taxes are included as a component of other operating expenses.

Property and equipment

Property and equipment are carried at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment. Such cost includes the cost of replacing part of equipment when that cost is incurred if the recognition criteria are met.

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

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

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

An annual transfer from the revaluation reserve for property and equipment to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

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

	<u>Years</u>
Buildings and constructions	25-65
Furniture and office equipment	5-25
Computer hardware	5-10
Vehicles	10
Leasehold improvements	2-3

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

Costs related to repairs and renewals are charged when incurred and included in other operating expenses, unless they qualify for capitalization.

Intangible assets

Intangible assets include computer software and licenses.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic lives of 1 to 25 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortization periods and methods for intangible assets with indefinite useful lives are reviewed at least at each financial year-end.

Provisions

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

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Retirement and other employee benefit obligations

The Group does not have any pension arrangements separate from the State pension system of the Republic of Kazakhstan, which requires current contributions by the employer calculated as a percentage of current gross salary payments; such expense is charged in the period the related salaries are earned. In addition, the Group has no significant post-employment benefits.

Share capital

Share capital

Ordinary shares are classified as share capital. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognized as additional paid-in capital.

Additional paid-in capital

Transactions with common shares (the difference between the placement price of shares and their nominal value), or in the form of a difference between the price of the repurchase of outstanding shares and the price of subsequent sale, in the form of amounts of excess of contributions (property contributions) over the value of the contribution (property contribution), determined in constituent documents, as well as arising from transactions with the parent organization and other transactions provided for by the legislation of the Republic of Kazakhstan, are reflected in additionally paid-in capital.

Dividends

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

Contingencies

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

Recognition of income and expenses

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

Interest and similar revenue and expense

The Group calculates interest revenue on debt financial assets measured at amortized cost or at FVTOCI by applying the effective interest rate ("EIR") to the gross carrying amount of financial assets other than credit-impaired assets. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts.

The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest revenue or expense.

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

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

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

Fee and commission income

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

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

Fees earned for the provision of services over a period of time are accrued over that period as respective performance obligations are satisfied. These fees include commission income and asset management, custody and other management and advisory fees. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognized as an adjustment to the effective interest rate on the loan.

Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party – such as where the Group's performance obligation is the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognized on completion of the underlying transaction. Fees or components of fees that are linked to certain performance obligations are recognized after fulfilling the corresponding criteria. When the contract provides for a variable consideration, fee and commission income is only recognized to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur until the uncertainty associated with the variable consideration is subsequently resolved.

Foreign currency translation

The consolidated financial statements are presented in thousands of tenge, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency, converted at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Gains and losses resulting from the translation of foreign currency transactions are recognized in the consolidated statement of comprehensive income as net gains/(losses) from foreign currencies. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

At the reporting date, the assets and liabilities of foreign subsidiaries are translated into the functional currency of the Group at the exchange rates prevailing at the date of the consolidated statement of financial position, and the income statements of subsidiaries are translated at the average exchange rates for the year. The difference arising from the translation is recorded directly in the separate component of equity. In case of withdrawal of a foreign of a subsidiary, the deferred accumulated amount recognized in equity and directly attributable to that subsidiary is recognized in the consolidated statement of profit or loss.

Differences between the contractual exchange rate of a transaction in a foreign currency and the NBRK exchange rate on the date of the transaction are included in net gain from foreign currencies. The official NBRK exchange rates as of 31 December 2024 and 2023, were 525.11 tenge and 454.56 tenge to 1 US dollar, respectively.

4. Significant accounting judgments and estimates

Estimation uncertainty

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

Fair value of financial instruments

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

From 1 August 2024, the Kazakhstan Stock Exchange ("KASE") switched to a new internal methodology for calculating the market prices of securities. As a result of the application of market prices according to this methodology, as of 31 December 2024, the market value of the Bank's securities increased by 0.4% (or KZT 5,467,292 thousand) of the total value of investment securities.

Additional details are provided in Note 30.

Fair value valuation models using Interest Rate Parity (IRP)

The Group applies interest rate parity (IRP) valuation models for determination of fair value of derivatives considering various factors, including the prevailing interest rate differentials, and currency exchange rates. The IRP model serves as a fundamental equation governing the relationship between interest rates and currency exchange rates. It operates on the principle that instruments return from investments denominated in different currencies should be equivalent, irrespective of the variance in their interest rates. The changes in fair value on derivatives are included in net gain/(loss) on financial assets/liabilities at fair value through profit or loss.

Expected credit losses

The measurement of impairment losses across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining the ECL and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. For the purposes of ECL calculation, the Group classifies financial assets into collective basis, grouped depending on the general characteristics of credit risk, and individual basis. Elements of the ECL models that are considered accounting judgments and estimates include:

- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Life-time ECL ("LTECL") basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulae and the choice of inputs;
- Determination of associations between macroeconomic inputs, such as inflation, USD/KZT exchange rate, GDP, the price of Brent crude oil and the base rate of the National Bank, as well as the effect on Probability of Default (PD) and Loss Given Default (LGD), taking into account the timing of the implementation of collateral and the terms of debt collection;
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

For individually assessed financial assets the following judgements and estimates apply:

- Qualitative criteria for the deterioration of the borrower's financial condition
- Cash flow forecasts and waiting times for borrowers with signs of a significant increase in credit risks and impairment.

See also Note 29 for more details.

Restructured and modified loans

The Group derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

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If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Taxation

The Republic of Kazakhstan currently has a single Tax Code that regulates main taxation matters. The existing taxes include value added tax, corporate income tax, social and other taxes. Implementing regulations are often unclear or nonexistent and insignificant amount of precedents has been established. Often, differing opinions regarding legal interpretation exist both among and within government ministries and organizations; thus creating uncertainties and areas of conflict. Tax declarations, together with other legal compliance areas (as examples, customs and currency control matters) are subject to review and investigation by a number of authorities, which are enabled by law to impose severe fines, penalties and interest charges. These facts create tax risks in the Republic of Kazakhstan substantially more significant than typically found in countries with more developed tax systems.

Management believes that the Group is in compliance with the tax laws of the Republic of Kazakhstan regulating its operations. However, the risk remains that relevant authorities could take differing positions with regard to interpretive tax issues.

Assessment of recoverability of deferred corporate income tax assets requires to use subjective judgments by the Group's management around the likely timing and the level of future taxable profit together with the tax planning strategy.

The management believes that deferred corporate income tax assets as of 31 December 2024 are recorded to the extent that it is probable that future taxable profits will be available to cover temporary differences, unused tax losses and unused tax benefits, and deferred corporate income tax assets are reduced to the extent that it is not probable that taxable profit will be available against which the deductible temporary differences can be utilized.

5. Cash and cash equivalents

Cash and cash equivalents comprised the following:

	31 December 2024	31 December 2023
Cash on hand	22,449,431	22,577,749
Cash in transit	686,477	—
Current accounts with the NBRK	75,607,685	72,468,106
Current accounts with other banks	132,739,733	40,283,139
Current accounts with stock exchanges	9,112	13,629,992
Current accounts with brokers	277,576	237,023
Time deposits with the NBRK with contractual maturity of 90 days or less	15,005,937	35,028,681
Loans under reverse repurchase agreements	12,399,265	18,846,042
Cash and cash equivalents before ECL allowance	259,175,216	203,070,732
ECL allowance	(100,216)	(131,148)
Total cash and cash equivalents	259,075,000	202,939,584

All balances of cash and cash equivalents are allocated to Stage 1 for ECL measurement purposes.

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As of 31 December 2024 and 2023, the Group entered into reverse repurchase agreements at the Kazakhstan Stock Exchange. As of 31 December 2024, the subject of these agreements is mainly shares of Kazakhstani corporations, the total fair value of which was KZT 12,635,321 thousand. As of 31 December 2023, the subject of these agreements is mainly bonds of Kazakhstani corporations, the total fair value of which was KZT 18,851,414 thousand.

Minimum reserve requirements

In accordance with regulations issued by the NBRK, minimum reserve requirements are calculated as a percent of specified banks liabilities. Banks are required to comply with these requirements by maintaining average reserve assets (national currency cash and amounts on current accounts with the NBRK) equal or in excess of the average minimum requirements. As of 31 December 2024, minimum reserve requirements of the Bank comprised KZT 18,146,267 thousand (31 December 2023: KZT 13,362,881 thousand).

6. Amounts due from financial institutions

Amounts due from financial institutions comprise the following:

	31 December 2024	31 December 2023
Security deposits and restricted cash	47,595,535	45,911,572
Term deposits	1,170,868	1,036,241
Amounts due from financial institutions before ECL allowance	48,766,403	46,947,813
ECL allowance	(1,247,448)	(1,144,051)
Total amounts due from financial institutions	47,518,955	45,803,762

As of 31 December 2024, funds provided as collateral included a security deposit as a participant of MasterCard system in the amount of KZT 14,150,502 thousand (as of 31 December 2023: KZT 7,560,089 thousand), a security deposit as a participant of Visa International system in the amount of KZT 5,427,252 thousand (as of 31 December 2023: KZT 3,579,991 thousand), a deposit placed in a second-tier bank as collateral for settlements with MasterCard and Visa International systems in the amount of KZT 787,665 thousand (as of 31 December 2023: KZT 681,840 thousand), a deposit placed as collateral of the Group's liabilities to KASE in the amount of KZT 26,666,600 thousand (as of 31 December 2023: KZT 33,370,326 thousand), and restricted cash in NBRK to guarantee the transfer of money based on the results of clearing and acceptance of payments in the instant payment system in the amount of KZT 300,000 thousand (as of 31 December 2023: KZT 300,000 thousand), and also other insurance deposits in the amount of KZT 263,516 thousand (as of 31 December 2023: KZT 368,727 thousand).

As of 31 December 2024 and 2023, term deposits included euro-denominated deposits with a foreign bank with a contract term of 90 days at an interest rate of 1.0%. As of 31 December 2024, the amount of term deposits is fully provisioned.

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The following is an analysis of the changes in the ECL provisions for amounts due from financial institutions for the year ended 31 December 2024:

	Stage 1	Stage 3	Total
ECL allowance as of 1 January 2024	(107,811)	(1,036,241)	(1,144,052)
Net change in reserve*	32,796	(42,556)	(9,760)
Foreign exchange differences	(1,565)	(92,071)	(93,636)
ECL allowance as of 31 December 2024	(76,580)	(1,170,868)	(1,247,448)

* The net change in provision was included in the "Credit loss expense" item in the consolidated statement of profit or loss and other comprehensive income.

An analysis of changes in provisions for ECLs on funds held by financial institutions for the year ended 31 December 2023 is as follows:

	Stage 1	Stage 3	Total
ECL allowance as of 1 January 2023	(54,972)	—	(54,972)
Net change in reserve*	(51,071)	(1,019,247)	(1,070,318)
Foreign exchange differences	(1,767)	(16,994)	(18,761)
ECL allowance as of 31 December 2023	(107,810)	(1,036,241)	(1,144,051)

7. Loans to customers

As of 31 December 2024 and 2023, loans to customers comprised the following:

	31 December 2024	31 December 2023
Loans to customers	787,194,221	621,948,074
Credit cards	678,463	556,553
Loans to customers before ECL allowance	787,872,684	622,504,627
Stage 1	763,032,491	610,869,880
Stage 2	6,703,946	3,229,986
Stage 3	18,136,247	8,404,761
	787,872,684	622,504,627
ECL allowance	(21,260,164)	(14,072,741)
Total loans to customers	766,612,520	608,431,886

The table below provides an analysis of the carrying value of loans to customers by collateral received, rather than the fair value of the collateral itself:

	31 December 2024	31 December 2023
Loans secured by real estate	452,265,980	316,948,468
Unsecured loans	175,326,024	175,410,077
Loans secured by movable property	86,102,946	122,386,826
Loans secured by guarantees and sureties	52,371,529	5,435,135
Loans secured by cash and deposits	21,806,205	2,324,121
	787,872,684	622,504,627
ECL allowance	(21,260,164)	(14,072,741)
Total loans to customers	766,612,520	608,431,886

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Concentration of loans to customers

As of 31 December 2024, the Group had ten major borrowers, apart from loans acquired under a right of claims assignment agreement, which accounted for 7% (as of 31 December 2023: 0.4%) of the total loan portfolio before ECL. As of 31 December 2024, the aggregate amount of these loans was KZT 57,294,792 thousand (as of 31 December 2023: KZT 2,698,262 thousand). As of 31 December 2024, allowance of KZT 551,102 thousand was recognized against these loans (31 December 2023: KZT 5,821 thousand).

Below is the structure of the loan portfolio by product type:

	31 December 2024		31 December 2023	
	Amount	%	Amount	%
Mortgage	425,093,109	54.0%	315,040,682	50.6%
Loans to individual entrepreneurs	118,427,194	15.0%	116,612,962	18.7%
Car loans	84,810,600	10.8%	122,386,826	19.7%
Loans from MFO	70,989,131	9.0%	64,988,420	10.4%
Loans under credit lines to legal entities	67,573,661	8.6%	398,133	0.1%
Loans collateralized by cash	17,782,801	2.3%	1,995,705	0.3%
Refinancing	1,105,551	0.1%	188,910	0.0%
Credit cards	626,194	0.1%	556,553	0.1%
Others	1,464,443	0.2%	336,436	0.1%
Total loans to customers	787,872,684	100.0%	622,504,627	100.0%

An analysis of changes in gross carrying value and corresponding ECL allowance

Analysis of movements in gross carrying amount and ECL allowance of loans for the year ended 31 December 2024 are as follows:

				2024
	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as of 1 January 2024	610,869,880	3,229,986	8,404,761	622,504,627
Transfers to Stage 1	6,094,802	(6,094,802)	–	–
Transfers to Stage 2	(20,772,206)	23,093,626	(2,321,420)	–
Transfers to Stage 3	(10,963,987)	(12,454,385)	23,418,372	–
New assets originated or purchased	377,223,635	–	–	377,223,635
Assets derecognized or repaid (excluding write-offs)	(199,509,302)	(1,070,479)	(3,577,227)	(204,157,008)
Write – off	–	–	(7,788,239)	(7,788,239)
Effect from changes in exchange rates	89,669	–	–	89,669
Gross carrying value as of 31 December 2024	763,032,491	6,703,946	18,136,247	787,872,684

				2024
	Stage 1	Stage 2	Stage 3	Total
ECL as of 1 January 2024	(7,709,690)	(1,049,889)	(5,313,162)	(14,072,741)
Transfers to Stage 1	(894,523)	894,523	–	–
Transfers to Stage 2	814,476	(1,402,215)	587,739	–
Transfers to Stage 3	684,416	4,864,293	(5,548,709)	–
New assets originated or purchased	(7,182,240)	–	–	(7,182,240)
Assets derecognized or repaid (excluding write-offs)	3,487,004	454,522	741,888	4,683,414
Changes in risk parameters	1,417,444	(6,182,894)	(7,710,821)	(12,476,271)
Write - off	–	–	7,788,239	7,788,239
Effect from changes in exchange rates	(565)	–	–	(565)
ECL as of 31 December 2024	(9,383,678)	(2,421,660)	(9,454,826)	(21,260,164)

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Analysis of movements in gross carrying amount and ECL allowance of loans for the year ended 31 December 2023 are as follows:

				2023
	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as of 1 January 2023	298,448,384	207,969	714,478	299,370,831
Transfers to Stage 1	2,521,212	(2,521,212)	–	–
Transfers to Stage 2	(8,563,920)	9,326,001	(762,081)	–
Transfers to Stage 3	(5,364,461)	(3,563,828)	8,928,289	–
New assets originated or purchased	478,848,423	–	–	478,848,423
Assets derecognized or repaid (excluding write-offs)	(155,000,135)	(218,944)	(475,925)	(155,695,004)
Effect from changes in exchange rates	(19,623)	–	–	(19,623)
Gross carrying value as of 31 December 2023	610,869,880	3,229,986	8,404,761	622,504,627

				2023
	Stage 1	Stage 2	Stage 3	Total
ECL as of 1 January 2023	(3,825,011)	(17,334)	(184,671)	(4,027,016)
Transfers to Stage 1	(248,288)	248,288	–	–
Transfers to Stage 2	319,393	(493,750)	174,357	–
Transfers to Stage 3	309,467	1,239,889	(1,549,356)	–
New assets originated or purchased	(12,569,360)	–	–	(12,569,360)
Assets derecognized or repaid (excluding write-offs)	4,056,944	78,948	56,766	4,192,658
Changes in risk parameters	4,241,848	(2,105,930)	(3,810,258)	(1,674,340)
Effect from changes in exchange rates	5,317	–	–	5,317
ECL as of 31 December 2023	(7,709,690)	(1,049,889)	(5,313,162)	(14,072,741)

Microfinance organization loans

In May 2021, the Bank entered into an agreement with the “Microfinance Organization Freedom Finance Credit” LLP (hereinafter referred to as the “MFO”), which is a related party of the Bank, an agreement on the assignment of claims on unsecured loans issued on the basis of microloan agreements concluded with borrowers, under which the MFO transfers to the Bank the rights of claim on microloans. On initial recognition, the Bank records claims on microloans at market value determined by an independent appraisal company. As of 31 December 2024 and 2023, the limit on the total value of claims under microloans was not more than KZT 130,000,000 thousand.

The Bank has the right for reverse sale of microloans to MFO on any basis within the established limit. During 2024, the Bank purchased rights of claim in the amount of KZT 95,558,881 thousand (during 2023: KZT 118,547,435 thousand) and resold in the amount of KZT 23,067,165 thousand (during 2023: KZT 26,608,517 thousand). As of 31 December 2024, gross carrying value of microloans purchased from the MFO with the right for reverse sale amounted to KZT 70,989,131 thousand (as of 31 December 2023: KZT 64,988,420 thousand).

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For the year ended 31 December 2024

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8. Investment securities

Investment securities comprised the following:

	31 December 2024	31 December 2023
Debt securities measured at fair value through profit or loss		
Government bonds of the Republic of Kazakhstan	792,207,098	798,575,093
Quasi-government bonds of the Republic of Kazakhstan	250,162,354	356,412,680
Bonds of Kazakhstani corporations	60,368,686	16,024,433
Government bonds of the foreign countries	34,889,343	16,016,328
Bonds of foreign organizations	17,984,628	16,546,765
Total debt securities measured at fair value through profit or loss	1,155,612,109	1,203,575,299
Equity securities measured at fair value through profit or loss		
Shares of Kazakhstani corporations	10,727,623	6,800,132
Total equity securities measured at fair value through profit or loss	10,727,623	6,800,132
Total securities measured at fair value through profit or loss	1,166,339,732	1,210,375,431
Debt securities measured at amortized cost		
Government bonds of the Republic of Kazakhstan	254,215,096	101,602,739
Less allowance for ECL on investment securities measured at amortized cost	(205,306)	(81,127)
Total debt securities measured at amortized cost	254,009,790	101,521,612
Total investment securities	1,420,349,522	1,311,897,043

Quasi-government bonds of the Republic of Kazakhstan are represented by bonds of national management holdings, their subsidiaries, and a subsidiary of the NBRK, which purchases mortgage loans issued to individuals not related to entrepreneurial activity.

As of 31 December 2024, the fair value of investment securities which are received as a pledge under reverse repurchase agreements is KZT 12,635,321 thousand (31 December 2023: KZT 18,851,414 thousand) and provided as pledge under liabilities under repurchase agreements is KZT 964,589,302 thousand (31 December 2023: KZT 1,059,708,422 thousand). As of 31 December 2024 and 2023, the carrying amount of repo transactions on the above assets is KZT 957,349,633 thousand and KZT 1,056,250,886 thousand, respectively (Note 16).

As of 31 December 2024, the amount of accrued interest on investment securities is KZT 85,922,835 thousand (31 December 2023: KZT 78,504,192 thousand).

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For the year ended 31 December 2024
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9. Property and equipment

Movement in property and equipment is presented as follows:

	Land	Buildings and constructions	Furniture and office equipment	Computer equipment	Vehicles	Leasehold improvements	Total
Revalued amount/ cost:							
At 31 December 2022	460,004	4,043,786	2,168,875	2,693,351	38,154	606,836	10,011,006
Additions	–	68,217	2,267,507	2,188,947	27,745	1,747,563	6,299,979
Disposals	–	–	(44,095)	(605)	–	(2,932)	(47,632)
At 31 December 2023	460,004	4,112,003	4,392,287	4,881,693	65,899	2,351,467	16,263,353
Additions	–	6,280,032	2,994,096	3,601,608	119,537	2,361,604	15,356,877
Disposals	–	–	(41,693)	(11,195)	–	(3,003)	(55,891)
At 31 December 2024	460,004	10,392,035	7,344,690	8,472,106	185,436	4,710,068	31,564,339
Accumulated depreciation:							
At 31 December 2022	–	–	(729,452)	(675,541)	(12,615)	(23,223)	(1,440,831)
Charge	–	(74,312)	(338,326)	(438,542)	(6,358)	(236,717)	(1,094,255)
Disposals	–	–	34,323	599	–	2,932	37,854
At 31 December 2023	–	(74,312)	(1,033,455)	(1,113,484)	(18,973)	(257,008)	(2,497,232)
Charge	–	(75,743)	(598,804)	(666,425)	(9,578)	(574,761)	(1,925,311)
Disposals	–	–	33,470	4,942	–	2,910	41,322
At 31 December 2024	–	(150,055)	(1,598,789)	(1,774,967)	(28,551)	(828,859)	(4,381,221)
Net book value:							
At 31 December 2023	460,004	4,037,691	3,358,832	3,768,209	46,926	2,094,459	13,766,121
At 31 December 2024	460,004	10,241,980	5,745,901	6,697,139	156,885	3,881,209	27,183,118

As of 31 December 2024, the increase in buildings and constructions in the amount of KZT 6,277,740 thousand is associated with the acquisition of premises in order to open a branch in the city of Astana.

In 2024, the Group did not engage an independent appraiser to determine the fair value of the land and buildings and structures owned by the Group. Based on the market analysis, the Group's management concluded that there was no material change in the fair value of similar assets.

If the land, buildings and constructions were accounted for at historical cost, their net book value as of 31 December would be:

	2024	2023
Cost	9,413,217	4,148,345
Accumulated depreciation	(876,985)	(726,930)
Net book value	8,536,232	3,421,415

The cost of fully depreciated assets in use by the Group as of 31 December 2024 is KZT 886,009 thousand (31 December 2023: KZT 821,368 thousand).

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10. Right-of-use assets

The movement of right-of-use assets was presented as follows:

	Buildings
Cost:	
At 31 December 2022	1,239,491
Additions	4,031,082
Disposals	(1,542,627)
Modification	34,447
At 31 December 2023	3,762,393
Additions	1,382,437
Disposals	(275,111)
Modification	1,169,484
At 31 December 2024	6,039,203
Accumulated depreciation:	
At 31 December 2022	(156,143)
Charge	(690,913)
Disposals	208,159
At 31 December 2023	(638,897)
Charge	(1,292,075)
Disposals	153,607
At 31 December 2024	(1,777,365)
Net book value:	
At 31 December 2023	3,123,496
At 31 December 2024	4,261,838

As of 31 December 2024 and 2023, the Group leases the buildings with a maximum lease term of 5 years.

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11. Intangible assets

The movements in intangible assets were as follows:

	Computer software	Computer software in development	Licenses	Total
Cost:				
At 31 December 2022	2,848,370	201,734	208	3,050,312
Additions	2,248,817	558,334	–	2,807,151
Disposals	(528)	–	–	(528)
Transfer	662,553	(662,553)	–	–
At 31 December 2023	5,759,212	97,515	208	5,856,935
Additions	1,839,038	2,563,256	–	4,402,294
Transfer	361,120	(361,120)	–	–
At 31 December 2024	7,959,370	2,299,651	208	10,259,229
Accumulated amortization:				
At 31 December 2022	(886,356)	–	(208)	(886,564)
Charge	(205,776)	–	–	(205,776)
Disposals	528	–	–	528
At 31 December 2023	(1,091,604)	–	(208)	(1,091,812)
Charge	(323,013)	–	–	(323,013)
At 31 December 2024	(1,414,617)	–	(208)	(1,414,825)
Net book value:				
At 31 December 2023	4,667,608	97,515	–	4,765,123
At 31 December 2024	6,544,753	2,299,651	–	8,844,404

12. Other assets

Other assets comprised the following:

	31 December 2024	31 December 2023
Receivables from banking activities	2,663,207	2,221,138
Receivables on securities	2,353,884	1,416,943
Receivables from real estate developers	106,131	1,133,522
Receivables on sale of collateral in installments	101,027	85,260
Other receivables	922,508	850,347
Total other financial assets before ECL allowance	6,146,757	5,707,210
ECL allowance	(3,235,681)	(2,909,451)
Total other financial assets	2,911,076	2,797,759
Prepaid expenses	2,897,342	1,213,220
Prepayment for property and equipment and intangible assets	1,383,280	803,762
Inventories	713,001	431,471
Taxes prepaid other than corporate income tax	108,496	7,776
Other	539	308
Total other non-financial assets	5,102,658	2,456,537
Total other assets	8,013,734	5,254,296

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As of 31 December 2024, the Group had an accrued coupon as “receivables on securities” in the amount of KZT 2,353,884 thousand (31 December 2023: KZT 1,416,943 thousand).

An analysis of changes in the ECLs for other financial assets for the year ended 31 December 2024 and 2023 is as follows:

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as of 1 January 2024	(155,023)	(222,378)	(2,532,050)	(2,909,451)
Net change in allowance *	60,562	196,368	(510,996)	(254,066)
Write-offs	29,978	6,334	83,923	120,235
Foreign exchange adjustments	(4,077)	(1,244)	(187,078)	(192,399)
ECL allowance as of 31 December 2024	(68,560)	(20,920)	(3,146,201)	(3,235,681)

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as of 1 January 2023	(20,113)	(39,747)	(626,220)	(686,080)
Net change in allowance *	(126,949)	(165,764)	(1,690,596)	(1,983,309)
Write-offs	8,545	6,810	54,359	69,714
Foreign exchange adjustments	(16,506)	(23,677)	(269,593)	(309,776)
ECL allowance as of 31 December 2023	(155,023)	(222,378)	(2,532,050)	(2,909,451)

* Net change in allowance is included in “Credit loss expense” in the consolidated statement of profit or loss and other comprehensive income.

13. Taxation

The corporate income tax expenses comprise:

	2024	2023
Deferred corporate income tax expense — origination and reversal of temporary differences	176,113	839,605
Corporate income tax expense	176,113	839,605

The Bank and its subsidiaries are subject to taxation in accordance with the tax laws of the country in which the Group operates. The tax rate for Kazakhstani companies was 20% in the reporting years ended 31 December 2024 and 2023. During the year ended 31 December 2024, tax rates in Tajikistan were 20%.

The reconciliation between the corporate income tax expense in the accompanying consolidated financial statements and profit before corporate income tax multiplied by the statutory tax rate for the years ended 31 December is as follows:

	2024	2023
Profit before corporate income tax expense	52,407,398	33,125,699
Statutory tax rate	20%	20%
Theoretical corporate income tax expense at the statutory rate	10,481,480	6,625,140
Income on government securities and securities included in the official list of the KASE, non-taxable	(11,178,727)	(7,295,580)
Administrative and other operating expenses, non-deductible	653,390	784,987
Credit loss expense, non-deductible	49,174	286,935
Interest expenses on amounts due to customers, non-deductible	-	217,461
Interest expense on subordinated debt, non-deductible	16,000	16,000
Other	154,796	204,662
Corporate income tax expense	176,113	839,605

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In accordance with the tax code of the Republic of Kazakhstan, losses arising from the sale of securities are reimbursed from capital gains received from the sale of other securities, with the exception of capital gains from the sale of securities on exchanges operating in the territory of the Republic of Kazakhstan. Interest income on securities as well as income received from the sale of securities by the method of open trading on stock exchanges operating in the territory of the Republic of Kazakhstan is not taxed. These non-assessable benefits are not carried forward and are deducted up to the maximum taxable income for the year when benefits occurred.

Where the losses cannot be offset in the period in which they are incurred, they may be carried forward to the next ten years, inclusive, and offset by capital gains from proceeds from the sale of other securities. During the years ended 31 December 2024 and 2023, the Bank did not incur any losses that can be carried forward to subsequent years.

As of 31 December 2024 and 2023, current corporate income tax assets are KZT 230,844 thousand and KZT 218,437 thousand, respectively.

Deferred corporate income tax assets and liabilities, and their movement for respective years comprised the following as of 31 December:

	2022	Origination and reversal of temporary differences within profit or loss	2023	Origination and reversal of temporary differences within profit or loss	2024
Tax effect of deductible temporary differences					
Loans to customers	709,114	(454,483)	254,631	229,351	483,982
Other assets	6,164	(2,273)	3,891	(128)	3,763
Lease liabilities	237,212	275,346	512,558	165,852	678,410
Other liabilities	83,511	99,842	183,353	877,433	1,060,786
Deferred tax asset	1,036,001	(81,568)	954,433	1,272,508	2,226,941
Tax effect of taxable temporary differences					
Property and equipment and intangible assets	(1,123,075)	(349,982)	(1,473,057)	(1,220,977)	(2,694,034)
Right-of-use assets	(216,669)	(408,055)	(624,724)	(227,644)	(852,368)
Deferred tax liability	(1,339,744)	(758,037)	(2,097,781)	(1,448,621)	(3,546,402)
Deferred corporate income tax liabilities	(303,743)	(839,605)	(1,143,348)	(176,113)	(1,319,461)

14. Amounts due to financial institutions

Amounts due to financial institutions comprise:

	31 December 2024	31 December 2023
Loans received from financial institutions	6,967,372	-
Correspondent accounts	14,094,507	17,113,786
Deposits from quasi-government organizations	4,843,010	4,708,867
Collateral of other banks	630,132	-
Total amounts due to financial institutions	26,535,021	21,822,653

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As of 31 December 2024, loans received from financial institutions are represented by a loan received from "Agrarian Credit Corporation" JSC in the amount of KZT 6,950,000 thousand for subsequent lending to agro-industrial entities and agricultural production cooperatives with a maturity date of 1 March 2025, and 10 March 2026, and with an annual interest rate of 1.5% (2023: KZT nil).

As of 31 December 2024, correspondent accounts in the amount of KZT 14,094,507 thousand were held by twelve foreign financial institutions (31 December 2023: KZT 17,113,786 thousand by eight foreign banks).

As of 31 December 2024, deposits from quasi-government organizations are represented by deposits in the amount of KZT 4,843,010 thousand received from "Kazakhstan Sustainability Fund" JSC under the state program for refinancing mortgage loans to customers (31 December 2023: KZT 4,708,867 thousand), with a maturity during 2036 - 2050 and annual interest rates ranging from 0.1% to 2.99%.

15. Amounts due to customers

Amounts due to customers include the following:

	31 December 2024	31 December 2023
Current accounts and demand deposits		
- Corporate customers	202,414,642	157,366,977
- Retail customers	47,139,536	52,808,005
Term deposits		
- Corporate customers	269,233,961	124,623,688
- Retail customers	540,621,232	411,923,942
Guarantee deposits		
- Corporate customers	21,265,507	2,629,625
- Retail customers	2,887,317	2,165,388
Total amounts due to customers	1,083,562,195	751,517,625
Held as collateral for loans to customers	22,080,318	2,052,690
Held as collateral for guarantees (Note 27)	2,702,637	2,742,323

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Below is the breakdown of due to customers by industry sectors:

	31 December 2024		31 December 2023	
	Amount	%	Amount	%
Individuals	590,232,945	54.5%	466,897,335	62.1%
Financial services	110,510,347	10.2%	45,587,633	6.1%
Construction	61,304,126	5.7%	16,494,371	2.2%
Trade	54,343,127	5.0%	55,678,870	7.4%
Activity of holding companies	45,317,019	4.2%	7,436,913	1.0%
Professional services	43,088,139	4.0%	71,382,980	9.5%
Mining industry	28,155,785	2.6%	4,268,436	0.6%
Communication and information	25,803,583	2.4%	11,215,729	1.5%
Production	25,169,016	2.3%	34,363,396	4.6%
Education	20,034,249	1.8%	6,597,910	0.9%
Lease	14,396,719	1.3%	2,740,627	0.4%
Real estate	12,606,365	1.2%	470,640	0.1%
Transportation	7,763,182	0.7%	3,122,686	0.4%
Medical services	6,819,023	0.6%	6,760,409	0.9%
Agriculture	6,493,474	0.6%	3,112,959	0.4%
Electrical power	5,271,865	0.5%	600,891	0.1%
Insurance	1,884,940	0.2%	922,612	0.1%
Asset management	224,286	0.0%	5,054,796	0.7%
Other	24,144,005	2.2%	8,808,432	1.2%
Total amounts due to customers	1,083,562,195	100.0%	751,517,625	100.0%

As of 31 December 2024, the Group had ten major clients, which accounted for 12% of the total balance of current accounts and deposits of clients (as of 31 December 2023: 16%). The total aggregate amount due to such customers as of 31 December 2024 was KZT 131,321,485 thousand (31 December 2023: KZT 123,659,161 thousand).

In accordance with the Kazakh Civil Code of the Republic of Kazakhstan, the Bank is obliged to repay such deposits upon demand of a depositor. According to the current conditions for accepting deposits, in cases where the term deposit is returned to the depositor upon request before the expiration of the term, the deposit interest is paid for the actual period of placing the deposit.

16. Liabilities under repurchase agreements

As of 31 December 2024 and 2023, the Group entered into repurchase agreements on KASE. The fair value of assets pledged as collateral and the carrying amount of liabilities under repurchase agreements is presented below:

	31 December 2024	
	Carrying value	Fair value
Government bonds of the Republic of Kazakhstan	718,456,616	721,379,591
Quasi-government bonds of the Republic of Kazakhstan	237,329,233	241,619,354
Bonds of foreign organizations	1,563,784	1,590,357
Total liabilities under repurchase agreements	957,349,633	964,589,302

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For the year ended 31 December 2024

(in thousand tenge, unless otherwise stated)

	31 December 2023	
	Carrying value	Fair value
Government bonds of the Republic of Kazakhstan	720,535,805	724,826,621
Quasi-government bonds of the Republic of Kazakhstan	315,964,988	315,095,575
Bonds of foreign organizations	13,851,603	13,884,130
Government bonds of foreign countries	5,898,490	5,902,096
Total liabilities under repurchase agreements	1,056,250,886	1,059,708,422

As of 31 December 2024 and 2023, liabilities under repurchase agreements included accrued interest in the amount of KZT 2,519,446 thousand and KZT 2,540,994 thousand, respectively.

17. Subordinated loan

In December 2010, the Bank placed 1,000,000 preferred shares at the placement value of KZT 1,000 per share. These preferred shares do not have any voting rights unless payment of preferred dividends has been delayed for three or more months and carry a cumulative dividend of a minimum of 8% per annum, but not less than dividends on ordinary shares.

In accordance with IAS 32, if the non-redeemable preferred share establishes a contractual right to a dividend, it contains a financial liability in respect of the dividends, whereby the net present value of the obligation to distribute dividends is shown as a liability and the balance of the issue proceeds as equity. In 2024 and 2023, the dividend expense on preferred shares amounted to KZT 80,000 thousand and was classified as interest expense in accordance with IAS 32, out of which KZT 120,000 thousand and KZT 80,000 thousand were repaid, respectively. The fair value of modified loans at initial recognition was determined by the Bank using market interest rates of 10.77% per annum for the loan in US dollars and 14.28% for loans denominated in KZT.

18. Lease liabilities

Lease liabilities are presented as following:

	31 December 2024	31 December 2023
Maturity analysis:		
Year 1	1,959,684	1,079,775
Year 2	1,920,913	1,048,334
Year 3	1,488,873	1,010,996
Year 4	338,626	743,417
Year 5	74,273	224,390
Less unearned interest	(938,268)	(825,046)
Total lease liabilities	4,844,101	3,281,866
Analysed as:		
Current	1,476,300	719,932
Non-current	3,367,801	2,561,934
Total lease liabilities	4,844,101	3,281,866

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Lease liabilities	2024	2023
Carrying amount as of 1 January	3,281,866	1,186,058
Additions	1,382,437	4,031,082
Payments	(1,377,940)	(836,213)
Other changes *	1,557,738	(1,099,061)
Carrying amount as of 31 December	4,844,101	3,281,866

* Other changes include non-cash changes such as disposals, interest expense and the effect of modifications to lease liabilities.

19. Liabilities from continuing participation

Liability arising from continuing involvement represents obligations to JSC Kazakhstan Sustainability Fund ("Operator") related to the state mortgage program "7-20-25" ("Program"). In accordance with the conditions of this program, the Bank provides mortgage loans to borrowers and transfers rights of claim on loans to the Program Operator. In accordance with the program and trust management agreement, the Bank carries out trust management of transferred mortgage loans. The Bank is obliged to repurchase the rights of claims on transferred mortgage loans, when the loan principal amount and interest has an overdue of 90 days. Reverse repurchase is performed at the loan nominal value. The Bank's remuneration for trust management of the rights of claim on loans is calculated from the balance of the principal debt on loans and amounts to 2.5% per annum on loans issued since 1 January 2024.

The Bank has determined that it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset transferred, particularly credit risk, however, the Bank has determined that it retains control over the assets transferred and continues recognizing the loans to the extent of continuing involvement in the assets transferred. The extent of the Bank's continuing involvement is limited to maximum amount of the consideration received, that the Bank has to return as the Bank's continuing involvement takes the form of a guarantee on the asset transferred. As the Bank continues to recognize the asset to the extent of its continuing involvement in loans to customers, the Bank also recognizes the associated liability. As of 31 December 2024 and 2023, principal amount of these loans amounted to KZT 248,307,105 thousand and KZT 224,785,962 thousand, respectively.

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20. Other liabilities

Other liabilities comprised the following:

	31 December 2024	31 December 2023
Payables to suppliers	1,781,400	1,042,177
Prepayment of interest on loans to customers	921,380	1,094,639
Accrued obligatory contributions to KDIF	527,303	688,773
Accrued commission expenses	10,275	172,365
Other financial liabilities	1,778,224	681,925
Other financial liabilities	5,018,582	3,679,879
Accrued expenses on bonuses to employees	4,210,235	212,844
Accrued expenses for unused vacations	1,093,695	703,923
Accounts payable for other taxes other than corporate income tax	461,683	382,674
Provisions (Note 27)	368,015	213,487
Deferred fee and commission income on issued guarantees	84,332	-
Other non-financial liabilities	78	4,118
Other non-financial liabilities	6,218,038	1,517,046
Total other liabilities	11,236,620	5,196,925

21. Equity

As of 31 December 2024 and 2023, the Bank has 53,500,000 authorized ordinary shares.

On 26 July 2023, Freedom Finance JSC acquired 2,500,000 ordinary shares of the Bank at a book value of KZT 4,000 per share. On 4 August 2023, Freedom Finance JSC acquired 2,380,953 ordinary shares of the Bank at a book value of KZT 4,200 per share. On 15 September 2023, "Freedom Finance" JSC acquired 2,352,942 ordinary shares of the Bank at a book value of KZT 4,250 per share. On 23 September 2024, "Freedom Finance" JSC acquired 952,381 ordinary shares of the Bank at a book value of KZT 5,250 per share. On 23 December 2024, Freedom Finance JSC acquired 3,389,831 ordinary shares of the Bank at a book value of KZT 5,900 per share.

As of 31 December 2024, 31,942,299 common shares issued were fully paid by the shareholder at the placement price of KZT 1,000 per ordinary share (31 December 2023: 27,600,087 common shares).

As of 31 December 2024, share capital comprised KZT 87,356,148 thousand (31 December 2023: KZT 62,356,145 thousand).

There were no dividends declared or paid on common shares during 2024 and 2023.

The carrying amount of one ordinary share calculated in accordance with the methodology indicated in the Listing Rules of KASE as of 31 December 2024 and 2023 is presented below:

Type of shares	31 December 2024			31 December 2023		
	Number of outstanding shares	Net assets (thousands of tenge)	Book value per share (tenge)	Number of outstanding shares	Net assets (thousands of tenge)	Book value per share (tenge)
Common	31,942,299	199,489,044	6,245.29	27,600,087	126,049,009	4,566.98

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Additional paid-in capital

In 2021, the Bank and Freedom Holding Corp. signed the agreements to terminate subordinated debt agreements, according to which Freedom Holding Corp. made a full forgiveness of the subordinated debt, which was reflected in the additional paid-in capital of the Bank in the amount of KZT 2,400,340 thousand as of 31 December 2024 and 2023.

Revaluation reserve for property and equipment

The revaluation reserve for property and equipment is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognized in equity.

As of 31 December 2024, the Group's property and equipment revaluation reserve is KZT 872,129 thousand (as of 31 December 2023: KZT 886,737 thousand).

22. Net interest income

Net interest income comprised the following:

	2024	2023
Interest income		
Cash and cash equivalents	3,621,581	1,122,581
Amounts due from financial institutions	656,910	348,616
Investment securities:		
- measured at FVTPL	140,131,384	124,451,085
- measured at amortized cost	19,142,343	5,661,747
Loans to customers	98,316,826	65,712,343
Other assets	55,290	5,335
Total interest income	261,924,334	197,301,707
Interest expense		
Amounts due to financial institutions	(562,048)	(485,287)
Amounts due to customers	(37,047,702)	(17,018,998)
Liabilities under repurchase agreements	(142,837,840)	(119,041,915)
Subordinated loan	(80,000)	(80,000)
Liabilities from continuing participation	(7,701,846)	(6,171,011)
Lease liabilities	(542,220)	(328,558)
Total interest expense	(188,771,656)	(143,125,769)
Net interest income	73,152,678	54,175,938

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25. Personnel and administrative and other operating expenses

Personnel and administrative and other operating expenses comprised the following:

	2024	2023
Salaries and bonuses	28,828,595	15,565,283
Social security contributions	2,792,309	1,507,404
Total personnel expenses	31,620,904	17,072,687
Depreciation and amortization	3,540,398	1,990,944
Technical support and software	2,861,783	1,228,038
Contributions to KDIF	2,588,852	1,828,322
Communication and information services	2,446,539	1,794,066
Advertising and marketing services	2,394,492	2,437,962
Taxes other than corporate income tax	1,807,312	1,087,149
Postal and courier services	1,753,482	414,040
Charity and sponsorship	1,209,247	49,959
Plastic cards issuance	806,589	447,860
Repair and maintenance	586,384	299,465
Rent	575,845	185,437
Business trips	422,263	172,597
Security	395,363	215,320
Professional services	393,417	261,122
Clearing fee	357,174	207,006
Utilities	181,558	118,565
Membership fees	89,193	53,563
Transportation	87,488	40,102
Training	81,145	27,841
Cash handling expenses	70,427	18,912
Office supplies	59,609	48,545
Representation services	56,838	39,453
Other	1,967,967	970,823
Total administrative and other operating expenses	24,733,365	13,937,091

For the year ended 31 December 2024, and 2023, the amount of audit fee amounted to KZT 58,016 thousand and KZT 50,400 thousand, respectively.

For the year ended 31 December 2024, the Group recognized charity expenses as part of an educational project for applicants to higher education institutions of the Republic of Kazakhstan and projects aimed at improving the level of knowledge among teachers and students.

In addition, during 2024, the Group sponsored forums and conferences related to providing a platform for discussing the digital agenda, new digital transformation strategies and trends in the latest digital technologies.

26. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of participating shares outstanding during the period.

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The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2024	2023
Net profit for the year attributable to the shareholder of the Group	52,231,285	32,286,094
Weighted average number of ordinary shares for basic and diluted earnings per share computation	28,116,941	23,129,920
Basic earnings per share (in tenge)	1,857.64	1,395.86

As of 31 December 2024 and 2023, the Group did not have any financial instruments diluting earnings per share.

27. Commitments and contingencies

Operating environment

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

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

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

In 2024, the average price for Brent crude oil was 81.4 USD per barrel (2023: 83 USD per barrel). According to preliminary estimates, Kazakhstan's gross domestic product ("GDP") grew to 4.4% per annum in 2024 (2023: grew to 4.9%). Inflation in the country slowed down in 2024 to 8.6% per annum (2023: 9.8%).

In 2024, NBRK reduced the base rate from 15.75% to 15.25% per annum with a corridor of +/- 1.0 percentage points. In January 2025, the base rate further decreased to 15.25% per annum with a corridor of +/- 1.0 percentage points. However, uncertainty still exists related to future development of the geopolitical risks and their impact on the economy of Kazakhstan.

There has been economic uncertainty in the United States and globally due to several factors, including changes in interest rates, a high inflationary environment, geopolitical events and evolving U.S. and international tariffs. We expect economic conditions will continue to be highly volatile and uncertain, put pressure on prices and supply.

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Our business and financial performance may be subject to the effects of the worldwide macroeconomic conditions, including, but not limited to, oil prices and the rise in interest rates, existing and new laws and regulations, recession or economic downturn globally or in the jurisdictions in which we do business, and volatility in foreign currency exchange rates.

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

Legal

The Group is subject to various potential legal proceedings related to business operations. The Group believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the Group's financial condition or results of operations.

The Group assesses the likelihood of material liabilities arising from individual circumstances and makes provision in its consolidated financial statements only where it is probable that events giving rise to the liability will occur and the amount of the liability can be reasonably estimated. No provision has been made in these consolidated financial statements for any of the above-described contingent liabilities.

Taxation

The tax environment in the Republic of Kazakhstan is subject to change and inconsistent application and interpretations. Discrepancies in the interpretation of Kazakhstan laws and regulations of the Group and Kazakhstan authorized bodies may result in additional charge of taxes, fines and penalties.

Kazakhstan legislation and tax practices are continually evolving and are therefore subject to varying interpretations and frequent changes that may be retroactive. In certain cases, in order to determine the tax base, tax legislation refers to the provisions of IFRS Accounting Standards as issued by the IASB, whereas the interpretation of the respective provisions of IFRS Accounting Standards as issued by the IASB by the Kazakh tax authorities may differ from accounting policies, judgments and estimates applied by the management in preparation of these consolidated financial statements, which may result in additional tax liabilities for the Group. The tax authorities may perform a retrospective tax audit during five years after the ending of the tax year.

The Group's management believes that its interpretations of the relevant legislation are acceptable and the Group's tax position is justified.

As of 31 December 2021, the State Revenue Department for Almaty completed the documentary tax audit of the Bank for 2016. As a result of the tax audit, the State Revenue Department of Almaty ordered the Bank to pay KZT 296,637 thousand. The Bank received clarifications on controversial issues from the authorized bodies and on 14 March 2022 sent a complaint to the Appeals Department of the Ministry of Finance of the Republic of Kazakhstan. Appeal procedures are currently underway to challenge the results of the tax audit for 2016.

In January 2024, based on the results of a documentary tax audit for 2018-2020, the State Revenue Department for Almaty ordered the Bank to pay KZT 257,627 thousand. On 7 March 2024, the Bank filed a complaint with the Appeals Department of the Ministry of Finance of the Republic of Kazakhstan. The Group is awaiting the results of the consideration of the complaint by the Appeals Department of the Ministry of Finance of the Republic of Kazakhstan.

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As of 31 December 2024, in this regard, the Bank recognized accrued provisions on tax liabilities in the amount of KZT 368,015 thousand (31 December 2023: KZT 213,487 thousand) (Note 20).

The statute of limitations has expired on the results of documentary tax audit of the Bank for 2018.

According to the Bank's sale and purchase agreement, in 2020, when a shareholder is changed, the risks of additional taxes associated with taxation for the period 2016-2020 are fully retained by the seller.

Commitments and contingencies

The Group's commitments and contingencies comprised the following:

	31 December 2024	31 December 2023
Credit related commitments		
Undrawn credit lines	84,780,442	53,508,308
Guarantees issued	7,670,616	3,337,447
Undrawn guarantee lines	5,521,041	4,140,129
	97,972,099	60,985,884
Capital expenditure commitments	-	27,978
Commitments and contingencies before deducting collateral	97,972,099	61,013,862
Less amounts due to customers held as guarantee collateral (Note 15)	(2,702,637)	(2,742,323)
Commitments and contingencies	95,269,462	58,271,539

The total amount of contractual commitments on undrawn credit lines and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded. The loan commitment agreements stipulate the right of the Group to unilaterally withdraw from the agreement should any conditions unfavorable to the Group arise, including deterioration of the borrower's financial condition.

28. Segment Analysis

The main format for providing information on the segments of the Group's activities is the provision of information on operating segments. Operating segments are the components of the Group that carry out financial and business activities that generate profit or incur expenses, operating results that are regularly reviewed by the operational decision maker, and for which financial information is available. Operational decision-makers may be a person or group of individuals involved in the allocation of resources and the evaluation of the Group's performance. The functions of the operational decision maker are performed by the Management Board of the Bank. For the purposes of making operational decisions and allocating resources, the Management Board uses financial information based on IFRS Accounting Standards as issued by the IASB.

The Group operates in a single operating segment: providing banking services.

The Bank's profit and loss for 2024 and 2023 is formed as a result of operations carried out in the Republic of Kazakhstan predominately.

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29. Risk management

Introduction

Risk management is inherent in the bank activities and is an essential element of the Group's operations. The major risks faced by the Group are those related to market risk, credit risk, liquidity risk and operational risks.

The Group's risk management policies aim to identify, analyze and manage the risks faced by the Group, to set appropriate risk limits and controls, and to monitor continuously risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, bank products and services offered and emerging best practice.

Risk management structure

Board of Directors

The Board of Directors is responsible for the proper functioning of the risk management control system, for managing key risks and approving risk management policies and procedures, as well as for approving major transactions.

Management Board

The Management Board is responsible for monitoring and implementing risk mitigation measures and ensuring that the Group operates within the established risk limits. The responsibilities of the Head of Risk Management include overall risk management, as well as overseeing the application of general principles and methods for detecting, assessing, managing and reporting on both financial and non-financial risks. He reports directly to the Chairman of the Management Board and indirectly to the Board of Directors.

Risk Committees

Credit, market and liquidity risks, both at the portfolio and transactional levels are managed and controlled through a system of Credit Committees and an Asset and Liability Management Committee ("ALCO"). For improving the efficiency of decision-making process, the Group has established a hierarchy of credit committees depending on the type and amount of risk exposure.

Credit risk division

The division is responsible for credit risk management, ensures decision-making on loan applications, participates in the process of coordinating lending products and internal regulatory documents on lending activities, provides authorized bodies with measures to minimize credit risk, control limits, monitor credit risks, the level of risk appetite for credit risk. The division also provides management reporting, assesses the quality of the loan portfolio and calculates ECL for the loan portfolio.

Financial Risk Division

The division is responsible for managing market risks, liquidity risk and credit risk of the Bank's counterparty, and develops internal regulatory documents for managing these risks. The division conducts development, testing, monitoring, back-testing and recalibration of models for assessing and forecasting market risks and liquidity risks, as well as setting the control limits and early warning indicators.

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Bank Treasury

Group Treasury is responsible for managing the Group's assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group.

Internal audit

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

Risk measurement and reporting systems

The Group's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Group also runs worst case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks is primarily performed based on limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept, with additional emphasis on selected industries. In addition, the Group monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the businesses is examined and processed in order to analyze, control and identify early risks. This information is presented and explained to the Management Board, the Risk Committees, and the head of each business division. The report includes aggregate credit exposure, credit metric forecasts, hold limit exceptions, liquidity ratios and risk profile changes. Senior management assesses the appropriateness of the allowance for credit losses on a quarterly basis. The Board of Directors receives a comprehensive risk report once a quarter which is designed to provide all the necessary information to assess and conclude on the risks of the Group.

For all levels throughout the Group, specifically tailored risk reports are prepared and distributed in order to ensure that all business divisions have access to extensive, necessary and up-to-date information.

Risk mitigation

As part of its overall risk management, the Group uses derivatives and other instruments to manage exposures resulting from changes in foreign currencies, credit risks, and exposures arising from forecast transactions.

The Group actively uses collateral to reduce its credit risk.

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Excessive risk concentration

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

In order to avoid excessive concentrations of risks, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio.

Credit risk

Credit risk is the risk that the Group will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. The credit quality review process allows the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Credit-related commitments risks

The Group makes available to its customers guarantees which may require that the Group make payments on their behalf. Such payments are collected from customers based on the terms of the letter of credit. They expose the Group to similar risks to loans and these are mitigated by the same control processes and policies.

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

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

For more detail on the maximum exposure to credit risk for each class of financial instrument, references shall be made to the specific notes. The effect of collateral and other risk mitigation techniques is shown in Note 7.

Impairment assessment

The Group calculates ECL based on several probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are as follows:

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

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12m ECL). The 12m ECL is the portion of LTECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECL and 12m ECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has a policy in place to assess at the end of each reporting period whether there has been a significant increase in the credit risk of a financial instrument since initial recognition by taking into account changes in the risk of a default occurring over the remaining life of the financial instrument. Based on the process described above, the Group aggregates its loans into the following groups:

Stage 1:	When loans are first recognized, the Bank recognizes an allowance based on 12m ECL.
Stage 2:	When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECL.
Stage 3:	Loans considered credit-impaired. The Bank records an allowance for the LTECL.
POCI:	Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest revenue is subsequently recognized based on a credit-adjusted EIR. ECL are only recognized or released to the extent that there is a subsequent change in the lifetime expected credit losses.

Definition of default and cure

The Group considers a financial instrument defaulted and therefore classified to Stage 3 (credit impaired assets) for ECL calculations in all cases when the borrower becomes past due on contractual payments more than 90 days for individuals (individual entrepreneurs) and for more than 60 days for legal entities.

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

- death of the borrower (co-borrower), the borrower is in prison;
- the debtor (or a legal entity within the debtor's group) filed for bankruptcy, was declared bankrupt by a court decision, or declared itself bankrupt;
- the debt was restructured due to the deterioration of the financial condition of the borrower one or more times over at least past 6 months for individuals (individual entrepreneurs) and 12 months for legal entities, taking into account the criteria for restoring credit quality;
- decision of the authorized body to assign a default status to a financial asset;
- absence of credit dossier and other.

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It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 to Stage 2 when none of the default criteria have been present at the reporting date subject to a reduction of the debt on this financial instrument as a result of the repayment of its portion, as well as in the case of restructuring, the borrower made at least three consequent contractual payments as appropriate. A financial instrument is in Stage 2 under "quarantine" and, if there is no indication of a significant increase in credit risk and no evidence of impairment for 3 consecutive months, is transferred to Stage 1 and is considered "cured".

Assessment of ECL for treasury and interbank transactions

The Group's treasury and interbank transactions include transactions with counterparties such as financial services organizations, banks, broker-dealers, exchanges, clearing organizations, and custody and broker-dealer activities. ECL for such transactions is assessed on an individual basis. In accordance with the requirements of IFRS 9, the Bank uses an expected credit loss model for the purpose of accrual of provisions on treasury assets, the key principle of which is the timely reflection of deterioration or improvement in the credit quality of loan agreements, taking into account accumulated historical data, as well as current and forecast information.

Retail lending

Retail lending includes unsecured and secured loans to individuals and individual entrepreneurs, credit cards, overdrafts and loans secured by cash, real estate and movable property, guaranteed by the entrepreneurship development fund "DAMU" ("DAMU"). The evaluation of unsecured products is carried out using an automated scoring system based on qualitative and quantitative indicators. The main indicators used in the models are the following: length of service at the last place of work, credit history, frequency of pension contributions, education, marital status, gender and age, as well as the ratio of the installment amount on the proposed loan to the average monthly income of the client. Evaluation of products issued on the security of real estate and movable property is carried out by determining the level of solvency and the ratio of the loan to the collateral value of the security.

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12m ECL. For Stage 2, Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The Group offers its small and medium-sized business ("SME") and retail clients various overdraft facilities, which the Group has the right to withdraw and/or reduce the limits on. The Group does not limit exposure to credit loss risk by the contractual notice period and instead calculates ECL over a period that reflects the Group's expectations of customer behavior, the likelihood of default and the Group's future credit risk mitigation measures, which may include the reduction or closure of credit lines. The interest rate used to discount credit card ECLs is based on the average effective interest rate that is expected to apply over the expected exposure period.

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(in thousand tenge, unless otherwise stated)

Loss given default

In case of lending to SME, LGD values are assessed on a periodic basis and reviewed by the Risk Management Group.

The credit risk assessment is based on a standardized LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realized from any collateral held.

The Group allocates its retail lending products into homogeneous groups based on key characteristics that are relevant to estimating future cash flows. This uses historical loss information and considers a wide range of transaction-specific characteristics (e.g. product type, types of collateral) as well as characteristics of the borrower.

Where appropriate, further recent data and forward-looking economic scenarios are used in order to determine the IFRS 9 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in collateral values including property prices for mortgages, payment status or other factors that are indicative of losses on the instrument group.

LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and POCI segment of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries.

Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12m ECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition.

If contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

Grouping financial assets measured on a collective basis

Dependent on the factors below, the Group calculates ECLs either on a collective or on an individual basis.

Asset classes where the Group calculates ECL on an individual basis include:

- the treasury and interbank relationships (such as amounts due from banks, cash equivalents and debt investment securities at amortized cost and FVTOCI);
- exposures that have been classified as POCI when the original loan was derecognized and a new loan was recognized as a result of a credit driven debt restructuring;
- financial assets whose gross carrying value at the reporting date exceeds 0.2% of the Bank's equity, but not less than KZT 50 million or an asset that represents a claim against a related party.

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Asset classes where the Group calculates ECL on a collective basis include:

- financial assets that are not subject to individual assessment.

The Group groups these exposures into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans, for example internal grade, overdue bucket, product type, type of collateral or industry in which the borrower operates.

Forward-looking information and multiple economic scenarios

In its ECL models, the Group relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth;
- NBRK base rate;
- Brent crude oil prices;
- Unemployment rate;
- Inflation rate.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the consolidated financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The Group obtains the forward-looking information from third party sources (external rating agencies, governmental bodies e.g. NBRK, Bureau of National Statistics, Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, international financial institutions). Experts of the Group's Risk Management Department determine the weights attributable to the multiple scenarios. The tables show the values of the key forward looking economic variables/assumptions for three scenarios (baseline, optimistic and pessimistic) used in each of the economic scenarios for the ECL calculations.

Key factors	2025	
	Basic	Pessimistic
Price of Brent crude oil (Brent ICE), USD	78	Not applicable
GDP index, %	105	Not applicable
Inflation rate, % (to base year 2005)	539.89	Not applicable
USD/KZT exchange rate	530	583
Index of real wages thousand KZT (at prices of the base 4Q 2005)	92.97	83.67
Residential property price index in the primary market, %	100.38	91.17

Maximum credit risk exposure

The Group's maximum exposure to credit risk may vary significantly depending on the individual risks inherent in individual assets and the overall market risk.

The following table sets out the maximum exposure to credit risk for financial assets and contingent liabilities. For balance sheet financial assets, the maximum exposure to credit risk is equal to the carrying amount of those assets, excluding offsets of assets and liabilities and collateral. For financial guarantees and other contingent liabilities, the maximum amount of credit risk is the maximum amount that the Group would have to pay if it became necessary to pay the guarantee or to demand loans under open credit lines (Note 27). Collateral is recognized at the carrying amount of the financial instrument for which the collateral was received as collateral.

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(in thousand tenge, unless otherwise stated)

	Maximum exposure to credit exposure and net exposure to credit exposure after offset	Collateral	Net credit exposure after offsetting and accounting for collateral
31 December 2024			
Cash and cash equivalents	259,075,000	12,399,265	246,675,735
Amounts due from financial institutions	47,518,955	–	47,518,955
Derivative financial assets	397,649	–	397,649
Investment securities	1,420,349,522	–	1,420,349,522
Loans to customers	766,612,520	606,991,540	159,620,980
Other financial assets	2,911,076	101,027	2,810,049
Contractual and contingent liabilities	97,972,099	24,502,079	73,470,020
	Maximum exposure to credit exposure and net exposure to credit exposure after offset	Collateral	Net credit exposure after offsetting and accounting for collateral
31 December 2023			
Cash and cash equivalents	202,939,584	18,846,042	184,093,542
Amounts due from financial institutions	45,803,762	–	45,803,762
Investment securities	1,311,897,043	–	1,311,897,043
Loans to customers	608,431,886	444,600,797	163,831,089
Other financial assets	2,797,759	85,260	2,712,499
Contractual and contingent liabilities	61,013,862	4,795,013	56,218,849

Financial assets are classified according to current credit ratings assigned by international rating agencies such as Fitch, Standard & Poor's and Moody's. The highest possible rating is AAA. The investment grade financial assets correspond to ratings from AAA to BBB.

Below is the classification of the Group's financial assets by credit ratings:

	31 December 2024			
	>BBB*	<BBB	Credit rating not assigned	Total
Cash and cash equivalents	122,684,009	77,556,405	58,834,586	259,075,000
Amounts due from financial institutions	19,570,590	1,084,695	26,863,670	47,518,955
Investment securities	1,357,270,382	35,012,295	28,066,845	1,420,349,522
Loans to customers	–	–	766,612,520	766,612,520
Other financial assets	–	2,369,107	541,969	2,911,076
	31 December 2023			
	>BBB*	<BBB	Credit rating not assigned	Total
Cash and cash equivalents	12,875,864	142,284,814	47,778,906	202,939,584
Amounts due from financial institutions	11,135,821	978,727	33,689,214	45,803,762
Investment securities	1,232,797,429	74,405,641	4,693,973	1,311,897,043
Loans to customers	–	–	608,431,886	608,431,886
Other financial assets	1,416,943	–	1,380,816	2,797,759

* This category includes financial instruments with a credit rating of BBB or higher.

Institutions in the financial sector are generally exposed to credit risk arising from financial assets and contingent liabilities. The degree of credit risk is constantly monitored to ensure compliance with credit limits and creditworthiness in accordance with the Group's approved risk management policy.

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Geographic concentration

ALCO controls the risk associated with changes in legislation and evaluates its impact on the Group's operations. This approach allows the Group to minimize possible losses from changes in the investment climate in the Republic of Kazakhstan.

Information on the geographical concentration of financial assets and liabilities as of 31 December 2024 and 2023 is presented below:

31 December 2024	Republic of Kazakhstan	OECD countries	Non-OECD countries	Total
Financial assets				
Cash and cash equivalents	197,449,301	5,232,773	56,392,926	259,075,000
Amounts due from financial institutions	27,749,062	19,570,590	199,303	47,518,955
Investment securities	1,367,475,551	35,220,944	17,653,027	1,420,349,522
Derivative financial assets	397,649	—	—	397,649
Loans to customers	766,612,520	—	—	766,612,520
Other financial assets	2,891,977	—	19,099	2,911,076
Total financial assets	2,362,576,062	60,024,307	74,264,355	2,496,864,724
Financial liabilities				
Amounts due to financial institutions	11,810,381	73,933	14,650,707	26,535,021
Amounts due to customers	609,293,252	5,994,798	468,274,145	1,083,562,195
Liabilities under repurchase agreements	957,349,633	—	—	957,349,633
Subordinated loan	1,000,000	—	—	1,000,000
Lease liabilities	4,844,101	—	—	4,844,101
Liabilities from continuing participation	248,307,105	—	—	248,307,105
Other financial liabilities	5,017,152	112	1,318	5,018,582
Total financial liabilities	1,837,621,624	6,068,843	482,926,170	2,326,616,637
Net position on derivative financial instruments (off-balance)	30,666	—	(3,400)	27,266
Net position	524,985,104	53,955,464	(408,665,215)	170,275,353
31 December 2023	Republic of Kazakhstan	OECD countries	Non-OECD countries	Total
Financial assets				
Cash and cash equivalents	148,920,372	3,150,975	50,868,237	202,939,584
Amounts due from financial institutions	34,347,582	11,135,821	320,359	45,803,762
Investment securities	1,277,151,595	16,736,380	18,009,068	1,311,897,043
Loans to customers	608,431,886	—	—	608,431,886
Other financial assets	2,793,957	—	3,802	2,797,759
Total financial assets	2,071,645,392	31,023,176	69,201,466	2,171,870,034
Financial liabilities				
Derivative financial liabilities	—	—	346,351	346,351
Amounts due to financial institutions	4,708,867	491,043	16,622,743	21,822,653
Amounts due to customers	362,840,769	16,447,338	372,229,518	751,517,625
Liabilities under repurchase agreements	1,056,250,886	—	—	1,056,250,886
Subordinated loan	1,040,000	—	—	1,040,000
Lease liabilities	3,281,866	—	—	3,281,866
Liabilities from continuing participation	224,785,962	—	—	224,785,962
Other financial liabilities	2,755,417	650,479	273,983	3,679,879
Total financial liabilities	1,655,663,767	17,588,860	389,472,595	2,062,725,222
Net position on derivative financial instruments (off-balance)	(41,374,360)	—	39,479,414	(1,894,946)
Net position	374,607,265	13,434,316	(280,791,715)	107,249,866

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Market risk

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

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

To limit market risks, the Group sets risk appetite levels for market risks within the Risk Appetite Statement approved by the Board of Directors.

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

In addition, the Group uses a wide range of stress tests to model the financial impact of a variety of exceptional market scenarios on individual trading portfolios and the overall position. Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by the Group include risk factor stress testing, where stress movements are applied to each risk category, and ad hoc stress testing, which includes applying possible stress events to specific positions.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates.

To manage interest rate risk, the Group assesses the differences between the maturities of interest-bearing assets and interest-bearing liabilities (interest gap), instruments with a floating interest rate, modified duration and interest margin. The Group is exposed to fluctuations in prevailing market interest rates on its consolidated financial position and cash flows. Such fluctuations may increase the level of interest margin, but may also reduce it or, in the event of an unexpected change in interest rates, lead to losses.

Managing the risk of changes in interest rates through monitoring the interest gap is complemented by a procedure for monitoring the sensitivity of the net interest margin to various standard and non-standard scenarios for changes in interest rates.

Price risk

Price risk is the risk of loss (direct loss or lost profit) as a result of unfavorable changes in market prices. In order to limit price risk, the Bank sets limits on maximum losses from changes in the price of securities (stop-loss).

Price risk assessment is based on the VaR method, which is carried out taking into account the following parameters:

- method of historical modeling or delta-normal method;
- relevant interval – 250-255 days;
- confidence interval – 99.5%.

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Price risk limits are set by the Board of Directors of the Bank as part of the risk appetite statement.

Currency risk

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

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Despite the fact that the Group hedges its exposure to currency risk, such transactions do not qualify as hedging relationships in accordance with IFRS Accounting Standards as issued by the IASB.

The currency position of the Group as of 31 December 2024 and 2023 is presented below:

31 December 2024	Tenge	US dollar	Other currencies	Total
Financial assets				
Cash and cash equivalents	73,860,994	66,103,517	119,110,489	259,075,000
Amounts due from financial institutions	4,355,766	20,400,639	22,762,550	47,518,955
Derivative financial assets	75,674	219,897	102,078	397,649
Investment securities	1,303,909,000	115,079,243	1,361,279	1,420,349,522
Loans to customers	764,510,305	2,102,215	–	766,612,520
Other financial assets	2,709,068	170,074	31,934	2,911,076
Total financial assets	2,149,420,807	204,075,585	143,368,330	2,496,864,722
Financial liabilities				
Amounts due to financial institutions	13,784,516	11,814,805	935,700	26,535,021
Amounts due to customers	571,667,273	304,605,718	207,289,204	1,083,562,195
Liabilities under repurchase agreements	950,359,274	6,990,359	–	957,349,633
Subordinated loan	1,000,000	–	–	1,000,000
Lease liabilities	4,844,101	–	–	4,844,101
Liabilities from continuing participation	248,307,105	–	–	248,307,105
Other financial liabilities	4,693,973	207,912	116,697	5,018,582
Total financial liabilities	1,794,656,242	323,618,794	208,341,601	2,326,616,637
Net position on derivative financial instruments (off-balance)	(187,678,058)	121,085,817	66,619,507	27,266
Net position	167,118,043	1,651,448	1,505,860	170,275,351

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31 December 2023	Tenge	US dollar	Other currencies	Total
Financial assets				
Cash and cash equivalents	65,070,916	56,508,833	81,359,835	202,939,584
Amounts due from financial institutions	33,668,856	11,814,547	320,359	45,803,762
Investment securities	1,267,368,124	42,925,895	1,603,024	1,311,897,043
Loans to customers	608,431,886	—	—	608,431,886
Other financial assets	2,732,540	52,264	12,955	2,797,759
Total financial assets	1,977,272,322	111,301,539	83,296,173	2,171,870,034
Financial liabilities				
Derivative financial liabilities	—	96,075	250,276	346,351
Amounts due to financial institutions	5,728,418	13,471,373	2,622,862	21,822,653
Amounts due to customers	265,063,132	344,536,739	141,917,754	751,517,625
Liabilities under repurchase agreements	1,045,842,026	10,408,860	—	1,056,250,886
Subordinated loan	1,040,000	—	—	1,040,000
Lease liabilities	3,281,866	—	—	3,281,866
Liabilities from continuing participation	224,785,962	—	—	224,785,962
Other financial liabilities	3,209,977	195,919	273,983	3,679,879
Total financial liabilities	1,548,951,381	368,708,966	145,064,875	2,062,725,222
Net position on derivative financial instruments (off-balance)	(322,168,056)	254,486,496	65,786,614	(1,894,946)
Net position	106,152,885	(2,920,931)	4,017,912	107,249,866

The following table sets out the currencies in which the Group has significant positions as of 31 December in non-trading monetary assets and liabilities and projected cash flows. The Group utilized the Prophet model with multiplicative seasonality incorporating consensus opinions from external sources. This analysis is pre-tax and is based on changes in foreign exchange rates that, in the opinion of the Group, are reasonably possible as of the end of the reporting period. The analysis assumes that all other variables, especially interest rates, remain constant. Negative amounts in the table reflect a potential net decrease in profit or equity, while a positive amount reflects a potential net increase. These sensitivity levels changed as of 31 December 2024 compared to 31 December 2023 and represent the Group's management's assessment of possible changes in foreign exchange rates due to the uncertainty about the future changes in geopolitical risks and their impact on the economy of Kazakhstan.

Currency	2024		2023	
	Increase in exchange rate in %	Effect on profit before tax	Increase in exchange rate in %	Effect on profit before tax
US dollar	11%	6,910,295	14.00%	9,726,134

Currency	2024		2023	
	Decrease in exchange rate in %	Effect on profit before tax	Decrease in exchange rate in %	Effect on profit before tax
US dollar	1%	628,209	3.00%	2,084,172

Operational risk

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

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Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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 risk 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 Group maintains the necessary level of liquidity in order to ensure the constant availability of funds necessary to fulfill all obligations as they fall due.

To manage liquidity risk, the Group sets risk appetite levels for liquidity risk within the Risk Appetite Statement approved by the Board of Directors.

The Group seeks to actively support a diversified and stable funding of financing sources consisting of issued debt securities, long-term and short-term loans from other banks, deposits of main corporate customers and individuals, as well as a diversified portfolio of highly liquid assets for the Group to be able to respond quickly and smoothly sudden fluctuations to unforeseen liquidity requirements. Liquidity risk management consists of the following procedures:

- forecasting cash flows in the context of major currencies and calculating the required level of liquid assets related to these cash flows;
- maintaining a diverse range of funding sources;
- managing the concentration and profile of debts;
- maintaining debt financing plans;
- maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any interruption to cash flow;
- maintaining liquidity and funding contingency plans;
- monitoring liquidity ratios against regulatory requirements.

The Bank Treasury receives information from business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The Treasury Department then provides for an adequate portfolio of short-term liquid assets to be maintained, largely made up of short-term liquid trading securities, loans to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole.

The daily liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more unfavorable market conditions is performed by the Treasury. Under normal market conditions, liquidity reports covering the liquidity position are presented to senior management on a monthly basis. Decisions on liquidity management are made by the ALCO and implemented by the Treasury.

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The table below shows financial assets and liabilities as of 31 December 2024 and 2023 by their expected maturities.

	31 December 2024					
	On demand	Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
Financial assets						
Cash and cash equivalents	259,075,000	–	–	–	–	259,075,000
Amounts due from financial institutions	47,518,955	–	–	–	–	47,518,955
Derivative financial assets	–	397,649	–	–	–	397,649
Investment securities	10,727,621	7,726,541	54,821,594	410,804,325	936,269,441	1,420,349,522
Loans to customers	16,501,335	8,787,270	48,752,040	223,056,450	469,515,425	766,612,520
Other financial assets	–	2,682,170	133,592	95,314	–	2,911,076
Total financial assets	333,822,913	19,593,630	103,707,226	633,956,089	1,405,784,866	2,496,864,724
Financial liabilities						
Amounts due to financial institutions	19,691,761	–	–	2,000,250	4,843,010	26,535,021
Amounts due to customers	269,749,564	265,458,157	191,825,970	356,528,504	–	1,083,562,195
Liabilities under repurchase agreements	957,349,633	–	–	–	–	957,349,633
Subordinated loan	–	–	–	–	1,000,000	1,000,000
Lease liabilities	172,424	210,060	1,077,541	3,384,076	–	4,844,101
Liabilities from continuing participation	28,120	–	28,400	1,613,396	246,637,189	248,307,105
Other financial liabilities	1,455,878	1,781,768	1,780,936	–	–	5,018,582
Total financial liabilities	1,248,447,380	267,449,985	194,712,847	363,526,226	252,480,199	2,326,616,637
Net position	(914,624,467)	(247,856,355)	(91,005,621)	270,429,863	1,153,304,667	170,248,087

	31 December 2023					
	On demand	Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
Financial assets						
Cash and cash equivalents	202,939,584	–	–	–	–	202,939,584
Amounts due from financial institutions	45,803,762	–	–	–	–	45,803,762
Investment securities	819,974,610	1,284,494	28,829,039	198,448,533	263,360,367	1,311,897,043
Loans to customers	503,519	2,021,364	20,111,536	210,599,955	375,195,512	608,431,886
Other financial assets	–	2,567,957	227,172	2,630	–	2,797,759
Total financial assets	1,069,221,475	5,873,815	49,167,747	409,051,118	638,555,879	2,171,870,034
Financial liabilities						
Derivative financial liabilities	–	346,351	–	–	–	346,351
Amounts due to financial institutions	17,113,786	–	–	–	4,708,867	21,822,653
Amounts due to customers	211,027,891	90,939,979	175,353,554	274,196,201	–	751,517,625
Liabilities under repurchase agreements	1,056,250,886	–	–	–	–	1,056,250,886
Subordinated loan	–	–	40,000	–	1,000,000	1,040,000
Lease liabilities	48,846	112,319	558,767	2,561,934	–	3,281,866
Liabilities from continuing participation	9,653	–	–	1,169,709	223,606,600	224,785,962
Other financial liabilities	969,218	1,668,483	1,042,178	–	–	3,679,879
Total financial liabilities	1,285,420,280	93,067,132	176,994,499	277,927,844	229,315,467	2,062,725,222
Net position	(216,198,805)	(87,193,317)	(127,826,752)	131,123,274	409,240,412	109,144,812

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Liabilities that are redeemable on demand are treated in the table above as if redemption will be made. However, the Group expects that many customers will not request repayment at the earliest date on which the Group would be required to make the respective payment. Moreover, the Group believes that, if necessary, it will be able to sell investment securities at fair value through profit or loss within a short period of time, as these securities are actively traded in the market, and, accordingly, the table does not reflect expected cash flows calculated by the Group on the basis of information on the demand for customer funds for previous periods.

The increase in liquidity gaps is due to an increase in assets in the form of highly liquid securities with a maturity of over 5 years, funded by short-term liabilities from repurchase agreements. At the same time, the securities consist of high-quality securities of the Ministry of Finance of the Republic of Kazakhstan and quasi-state companies (over 90% of the portfolio) and repurchase agreements transactions are carried out through a central counterparty and are constantly prolonged. If necessary, the Group can sell highly liquid securities to cover liquidity needs, and also has alternative instruments for raising liquidity in case of unforeseen circumstances with liquidity, including financial support from the Parent Company.

Analysis of financial liabilities by remaining contractual maturities

The table below summarizes the maturity profile of the Group's financial liabilities as of 31 December 2024 and 2023, based on contractual undiscounted payments. Repayments, which are subject to notice are treated as if notice were to be given immediately. However, the Group expects that many customers will not request repayment on the earliest date the Group could be required to pay, and the table does not reflect the expected cash flows indicated by the Group's deposit retention history.

Financial liabilities	31 December 2024					Total
	On demand	Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	
Amounts due to financial institutions	19,691,761	126,010	385,030	4,045,808	6,619,983	30,868,592
Amounts due to customers	269,749,564	269,777,760	202,369,671	362,772,765	89,336	1,104,759,096
Liabilities under repurchase agreements	957,349,633	3,804,516	–	–	–	961,154,149
Subordinated loan	–	–	–	–	1,000,000	1,000,000
Lease liabilities	193,713	298,317	1,432,497	3,857,842	–	5,782,369
Liabilities from continuing participation	28,140	–	28,437	1,615,283	246,962,135	248,633,995
Other financial liabilities	1,455,878	1,781,768	1,780,936	–	–	5,018,582
Total undiscounted financial liabilities	1,248,468,689	275,788,371	205,996,571	372,291,698	254,671,454	2,357,216,783

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						31 December 2023
Financial liabilities	On demand	Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
Derivative financial liabilities	–	346,351	–	–	–	346,351
Amounts due to financial institutions	16,659,226	105,973	326,010	1,713,674	8,858,012	27,662,895
Amounts due to customers	211,027,892	92,520,805	183,310,564	280,646,093	888,431	768,393,785
Liabilities under repurchase agreements	1,056,250,886	5,096,575	–	–	–	1,061,347,461
Subordinated loan	–	–	80,000	320,000	1,040,000	1,440,000
Lease liabilities	63,769	173,919	812,394	3,056,830	–	4,106,912
Liabilities from continuing participation	9,673	–	–	1,171,078	223,879,657	225,060,408
Other financial liabilities	969,218	2,123,043	1,042,178	–	–	4,134,439
Total undiscounted financial liabilities	1,284,980,664	100,366,666	185,571,146	286,907,675	234,666,100	2,092,492,251

In accordance with the legislation of the Republic of Kazakhstan, depositors can withdraw their term deposits at any time, losing in most of the cases the accrued interest income. The Group expects that many customers will not request repayment on the earliest date the Group could be required to pay. Accordingly, in the above table, deposits of individuals are presented in accordance with contractual terms with consideration of this assumption.

Management expects that the repayment of liabilities and disposal of assets may 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 on these financial assets and liabilities may differ from contractual terms.

30. Fair value measurement

Fair value measurement procedures

For the purpose of significant assets evaluation, such as real estate, external appraisers are engaged. The decision to involve third-party appraisers is made by the Bank's Management Board. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Appraisers are normally rotated every three years.

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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Fair value hierarchy

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Fair value measurement using	
			Significant non- observable inputs (Level 3)	Total
31 December 2024				
Assets measured at fair value				
Investment securities measured at FVTPL	811,881,114	354,458,618	–	1,166,339,732
Derivative financial assets at FVTPL	–	397,649	–	397,649

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Fair value measurement using	
			Significant non- observable inputs (Level 3)	Total
31 December 2023				
Assets measured at fair value				
Investment securities measured at FVTPL	333,567,670	876,807,761	–	1,210,375,431
Liabilities measured at fair value:				
Derivative financial liabilities at FVTPL	–	346,351	–	346,351

As of 31 December 2024, there were transfers from Level 1 to Level 2 and from Level 2 to Level 1. As of the date of the change in the circumstances that led to the transfer of financial assets represented by investment securities measured at the FVTPL, from Level 1 to Level 2 amounted to KZT 53,938,247 thousand. As of the date of the event, under certain circumstances, financial assets represented by investment securities measured at the FVTPL were transferred from Level 2 to Level 1 in the amount of KZT 510,936,638 thousand. The reclassification between the levels occurred due to a decrease or increase in trading volume and prices in the market.

As of 31 December 2023, there were transfers from Level 1 to Level 2 and from Level 2 to Level 1. As of the date of the change in circumstances that caused the transfer of financial assets represented by investment securities measured at FVTPL, from Level 1 to Level 2 amounted to KZT 349,286,695 thousand and from Level 2 to Level 1 amounted to KZT 11,639,117 thousand. The reclassification between Levels occurred due to the decreased or increased in trading volume and prices on the market.

Fair value of financial assets and liabilities not carried at fair value

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the consolidated statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities.

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	31 December 2024		31 December 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	259,075,000	259,075,000	202,939,584	202,944,956
Amounts due from financial institutions	47,518,955	47,518,955	45,803,762	45,803,762
Investment securities measured at amortized cost	254,009,790	277,341,192	101,521,612	106,136,566
Loans to customers	766,612,520	627,682,237	608,431,886	491,951,647
Other financial assets	2,911,076	2,911,076	2,797,759	2,797,759
Financial liabilities				
Amounts due to financial institutions	26,535,021	25,419,232	21,822,653	21,177,592
Amounts due to customers	1,083,562,195	1,106,326,017	751,517,625	733,341,943
Liabilities under repurchase agreements	957,349,633	964,589,302	1,056,250,886	1,059,708,422
Subordinated loan	1,000,000	1,000,000	1,040,000	1,040,000
Lease liabilities	4,844,101	4,844,101	3,281,866	3,281,866
Liabilities from continuing participation	248,307,105	91,018,213	224,785,962	92,224,372
Other financial liabilities	5,018,582	5,018,582	3,679,879	3,679,879

Valuation techniques and assumptions

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

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Financial assets and financial liabilities carried at amortized cost

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

Property and equipment – land and buildings

The fair value of land and buildings owned by the Group is based on valuations performed by an accredited independent appraiser. The fair value of the Group's land and buildings was determined by using market comparable and income approaches.

Description of significant unobservable inputs for the assessment:

Significant unobservable inputs used to estimate the fair value of property and equipment classified in Level 3 of the fair value hierarchy, together with the quantitative sensitivity analysis as of 31 December 2024 and 2023, are as follows:

Significant non-observable inputs	Range (weighted average value)
Average rental rate (adjusted for banking strengthening)	3.500 – 8.431 (5.966) tenge/sq.m
Weighting approach	50/50 %

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31. Related party disclosures

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

The Group's related parties comprise counterparties that are the Group's shareholder, and members of the Board of Directors and Management Board. Other related parties comprise: companies with which the Group has significant shareholder in common; companies in which a substantial interest in the voting power is owned, directly or indirectly, by shareholder of the Group or by individuals which have significant influence over the Group, or anyone expected to influence, or be influenced by, that person in their dealings with the Group.

Related parties may enter into transactions which unrelated parties might not. Prices and terms of such transactions may differ from prices and terms of transactions between unrelated parties.

Balance of related party transactions as of 31 December 2024 and 2023 is presented below:

	31 December 2024		
	Parent	Key management personnel	Other related parties
Assets			
Cash and cash equivalents	180,120	–	–
Loans to customers	–	–	439,651
ECL on loans to customers	–	–	(1,806)
Other assets	–	–	20,086
Liabilities			
Amounts due to customers	8,177,553	332,710	74,233,805
Subordinated loan	1,000,000	–	–
Other liabilities	10,291	231	9,831
	31 December 2023		
	Parent	Key management personnel	Other related parties
Assets			
Cash and cash equivalents	197,829	–	–
Loans to customers	–	200	125,551
ECL on loans to customers	–	(9)	(540)
Other assets	–	–	38,414
Liabilities			
Amounts due to customers	691,030	209,380	77,794,410
Subordinated loan	1,040,000	–	–
Other liabilities	172,380	26	1,886

As of 31 December 2024, the Group purchased microloans from “Microfinance Organization Freedom Finance Credit” LLP, a related party of the Group, in the amount of KZT 70,989,131 thousand (31 December 2023: KZT 64,988,420 thousand) (Note 7).

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The income and expense items on transactions with related parties for the years ended 31 December 2024 and 2023 were as follows:

	31 December 2024			31 December 2023		
	Parent	Key management personnel	Other related parties	Parent	Key management personnel	Other related parties
Interest income on loans to customers	–	–	74,354	–	12	645
Credit loss expense	–	9	(257)	–	(9)	(317)
Interest expense on amounts due to customers	–	(8,602)	(716,731)	–	(5,866)	(1,032,016)
Interest expense on subordinated debt	(80,000)	–	–	(80,000)	–	–
Net fee and commission income/(expense)	(1,345,131)	1,888	242,760	(1,891,426)	4,467	225,588
Net gain from foreign currencies	215,572	1,437	1,927,087	556,500	230	1,383,389
Other operating expense	(18,393)	(19,506)	(2,009,995)	–	(13,768)	(237,815)

As of 31 December 2024 and 2023, interest rates and maturity dates on transactions with related parties are as follows:

	31 December 2024			31 December 2023		
	Parent	Key management personnel	Other related parties	Parent	Key management personnel	Other related parties
Loans to customers						
Maturity	–	–	2049	–	2024	2037
Annual interest rate in tenge	–	–	12.5-40.0%	–	15.0%	12.5%-30.0%
Amounts due to customers						
Maturity	No term	2024-2026	2024-2029	No term	2024-2026	2024-2028
Annual interest rate in tenge	–	0.1%-16.2%	0.1%-16.2%	–	0.1%-15.8%	0.1%-15.8%
Annual interest rate in USD /EUR	–	0.8%-1.0%	0.1-1.1%	–	0.01%-1.0%	0.1%-1.1%
Subordinated loan						
Maturity	No term	–	–	No term	–	–
Annual interest rate in tenge	8.00%	–	–	8.00%	–	–

Below is information on compensation to seven members of key management personnel as of 31 December 2024 of key management personnel (as of 31 December 2023: 5 (five)):

	2024	2023
Salaries and other short-term benefits	298,798	250,675
Social security contributions	31,365	23,280
Total	330,163	273,955

The amount of bonuses for 2024 for key management personnel, approved by Board of Directors amounted to KZT 250,000 thousand (2023: KZT nil).

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32. Changes in liabilities arising from financing activities

Subordinated loan	2024	2023
Carrying amount as of 1 January	1,040,000	1,040,000
Payments	(120,000)	(80,000)
Other*	80,000	80,000
Carrying amount as of 31 December	1,000,000	1,040,000

* "Other" represents the effect of accrued, but not yet paid interest. The Group classifies interest paid as cash flows from operating activities.

33. Capital adequacy

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

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities.

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

- a ratio of basic capital to the sum of credit risk weighted assets and contingent liabilities, market risk and a quantitative measure of operating risk weighted assets and contingent liabilities and (k1.1);
- a ratio of tier 1 capital less investments to the sum of credit risk-weighted assets and contingent liabilities, market risk and a quantitative measure of operational risk weighted assets, contingent assets and liabilities (k1.2);
- a ratio of statutory capital to the sum of credit risk weighted assets and contingent liabilities, market risk and a quantitative measure of operating risk weighted assets and contingent liabilities and (k2).

Investments for the purposes of calculation of the above ratios represent investments into share capital (interest in the share capital) of a legal entity and subordinated debt of a legal entity if their total exceeds 10% of the total of tier 1 and tier 2 capital of the Bank.

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As of 31 December 2024 and 2023, the Bank's capital adequacy ratio, calculated in accordance with the requirements of the NBRK was as follows:

	31 December 2024	31 December 2023
Tier 1 capital	201,859,061	128,593,619
Tier 2 capital	—	—
Total statutory capital	201,859,061	128,593,619
Total risk-weighted statutory assets, contingent liabilities, derivative financial instruments, operational and market risk	1,193,895,741	1,046,267,647
Capital adequacy ratio k1-1 (at least 7.5%)	16.9%	12.3%
Capital adequacy ratio k1-2 (at least 8.5%)	16.9%	12.3%
Capital adequacy ratio k2 (at least 10.0%)	16.9%	12.3%

34. Events after the reporting period

On 27 March 2025, Freedom Finance JSC acquired 4,152,543 ordinary shares of Freedom Bank Kazakhstan JSC at a book value of 5,900 tenge per share for a total amount of KZT 24,500,004 thousand.