"Islamic Bank "Zaman-Bank" Joint-stock company

Financial statements

For 2024, with an independent auditor's report

CONTENT

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Islamic Bank Zaman Bank JSC

Opinion

We have audited the financial statements of Islamic Bank Zaman Bank JSC (the Bank), which comprise the statement of financial position as at December 31, 2024, and the statement of comprehensive income and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, plant, and equipment.

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

Basis for Opinion

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

Key audit matters

We draw attention to the fact that during 2024, the Bank raised a significant contribution from one customer through a transactional account, representing 59% of total liabilities at the reporting date. Although this transaction was closed on 5 January 2025, its volume resulted in a high concentration on one counterparty, as disclosed in note 17 to the financial statements.

Additionally, in 2024 we recorded 1,5 times increase in foreign currency transaction income compared to 2023, which had an impact on the Bank's income structure.

As part of our audit, we performed appropriate procedures to analyze, confirm and verify the reliability of these transactions and their disclosure in the financial statements.

As disclosed in Note 5, as at the date of issuance of these financial statements, the Islamic Finance Principles Board has not yet provided its report on the Bank's compliance of the Bank's activities for 2024 and 2023 with the requirements of the Law of the Republic of Kazakhstan dated August 31, 1995 'On Banks and Banking Activities in the Republic of Kazakhstan' in respect of Shariah compliance (the 'Law').

We also draw attention to Note 5 to the financial statements, which states the need for the Bank to rely on its own assessment of the probabilities and scenarios of future events without significant supporting evidence of past events when calculating the allowance for expected credit losses.

We do not express a modified opinion on the above matters.

Management's and those charged with governance's responsibility for the financial statements

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

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

Those charged with governance are responsible for overseeing the preparation of the Bank's financial statements.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can result from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. In addition, we perform the following:

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

We communicate with those charged with governance to inform them of, among other things, the planned scope and timing of the audit and significant matters that have come to the auditor's attention, including significant deficiencies in internal control that we identify in the course of our audit.

Bakhyt Zhumadylov

Audit Review Manager

Auditor Qualification Certificate
№MF-0001686 dd. 30.06.2021

Sholpanay Kudaibergenova

General Director
IAC Russell Bedford A+ Partners LLP

State license for auditing activities in the Republic of Kazakhstan No. 18013076, issued by the Internal State Audit Committee of the Ministry of Finance of the Republic of Kazakhstan on July 3, 2018.

Republic of Kazakhstan, Almaty,
53A Rauana str.

May 12, 2025

STATEMENT OF FINANCIAL POSITION

As of December 31, 2024

(In thousands of tenge)

	Note:	***December 31 2024***	December 31 2023
Assets			
Cash and cash equivalents	6	**35.918.408**	6.634.445
Islamic Finance Receivables	7	**12.947.034**	15.070.937
Loans to customers	8	**-**	-
Wakala and Mudarabah pools	9	**558.659**	484.984
Property, plant and equipment	10	**108.726**	67.487
Right-of-use assets	11	**273.510**	238.420
Intangible assets	12	**274.064**	209.084
Inventories	13	**190.952**	191.252
Current corporate income tax assets		**28.136**	57.725
Deferred corporate income tax assets	14	**19.565**	12.229
Other assets	15	**923.995**	466.819
Total assets		**51.243.049**	23.433.382
Liabilities			
Funds of credit institutions	16	**966.165**	691.764
Amounts due to customers	17	**34.533.387**	8.727.296
Liabilities to depositors of Wakala and Mudarabah pools	19	**255.328**	181.292
Reserves for contingent liabilities	19	**2.424.672**	970.925
Lease liabilities	11	**295.510**	253.642
Other liabilities	15	**206.837**	182.298
Total liabilities		**38.681.899**	11.007.217
Equity			
Authorized capital	18	**10.050.000**	10.050.000
Additional paid-in capital		**122.037**	122.037
Retained earnings		**2.389.113**	2.254.128
Total equity		**12.561.150**	12.426.165
Total liabilities and equity		**51.243.049**	23.433.382

Signed and approved for release on behalf of the Bank's Management Board:

Asaeva Gulfairuz Erlanovna — Chairman of the Board

Shatanova Gaukhar Konyrbaevna — Chief accountant

May 12, 2025

The accompanying notes No. 1-29 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2024

(In thousands of tenge)

	Note:	2024	2023
Income from Islamic finance activities			
Income from Commodity Murabaha Agreements	20	**1.054.446**	1.603.089
Income from Tawarruq transactions		**853.504**	158.951
		1.907.950	1.762.040
Other financial expenses			
Share of depositors' profits on Islamic investment deposits		**(70.409)**	-
Lease liabilities	11	**(46.242)**	(41.289)
		(116.651)	(41.289)
Net financial income		**1.791.299**	1.720.751
Credit loss expense	21	**(3.932.375)**	(213.637)
Net financial (loss)/income after credit loss expense		**(2.141.076)**	1.507.114
Net commission income	22	**309.336**	497.851
Net income from foreign exchange transactions:			
- trading operations		**3.105.017**	285.226
- revaluation of currency items		**807.532**	(41.347)
Other income		**16.262**	41.109
Non-financial income		**4.238.147**	782.839
Personnel expenses	23	**(850.448)**	(450.384)
Other operating expenses	23	**(657.571)**	(549.143)
Loss on initial recognition of Islamic finance receivables	7	**(415.992)**	(1.141.275)
Non-financial expenses		**(1.924.011)**	(2.140.802)
Profit before corporate income tax expense		**173.060**	149.151
Corporate Income Tax Expense	14	**(38.075)**	(143.829)
Profit for the year		**134.985**	5.322
Other comprehensive income		**-**	-
Total comprehensive income for the year		**134.985**	5.322

The accompanying notes No. 1-29 are an integral part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2024

(In thousands of tenge)

	Authorized capital	*Additional paid - in capital*	*Retained earnings*	*Total equity*
As of December 31, 2022	10.050.000	122.037	2.248.806	12.420.843
Total comprehensive income for the year	-	-	5.322	5.322
As of December 31, 2023	10.050.000	122.037	2.254.128	12.426.165
Total comprehensive income for the year	-	-	134.985	134.985
As of December 31, 2024	**10.050.000**	**122.037**	**2.389.113**	**12.561.150**

The accompanying notes No. 1-29 are an integral part of these financial statements.

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STATEMENT OF CASH FLOW

For the year ended December 31, 2024

(In thousands of tenge)

	Note:	2024	2023
Cash flows from operating activities			
Income received from Islamic finance activities		**1.196.288**	2.433.433
Commissions received		**591.157**	553.790
Commissions paid		**(322.027)**	(65.983)
Share of depositors' profits on Islamic investment deposits		**(68.889)**	-
Realized income, less foreign exchange expenses		**3.105.017**	285.226
Other income received		**212.503**	5.250
Personnel expenses paid		**(850.448)**	(450.384)
Other operating expenses paid		**(511.012)**	(427.919)
Cash flows from operating activities before changes in operating assets and liabilities		**3.352.589**	2.333.413
Net (increase)/decrease in operating assets			
Islamic Finance Receivables		**(90.131)**	(2.441.262)
Loans to customers		**10.000**	-
Investments in Wakala and Mudarabah pools		**(38.614)**	(246.090)
Inventories		**300**	(23)
Right-of-use assets		**(35.090)**	47.353
Other assets		**(483.314)**	(149.065)
Net (decrease)/increase in operating liabilities			
Funds of credit institutions		**274.401**	(33.229)
Amounts due to customers		**25.806.091**	(9.737.460)
Liabilities to depositors of Wakala and Mudarabah pools		**72.516**	(146.762)
Lease liabilities		**149.763**	73.223
Other liabilities		**32.329**	(14.958)
Reserves for liabilities and contingencies		**-**	323.824
Net cash flows from operating activities before corporate income taxes		**29.050.840**	(9.991.036)
Corporate income tax paid		**(15.822)**	(49.600)
Net cash inflow/outflow from operating activities		**29.035.018**	(10.040.636)
Cash flows from investing activities			
Purchase of property, plant and equipment	10	**(77.497)**	(36.312)
Purchase of intangible assets	12	**(176.032)**	(32.584)
Net cash outlay in investing activities		**(253.529)**	(68.896)
Cash flows from financial activities			
Repayment of lease liabilities	11	**(154.137)**	(157.109)
Net cash expenditure in financing activities		**(154.137)**	(157.109)
Impact of expected credit losses on cash and cash equivalents	6	**45.144**	(13.463)
Impact of changes in exchange rates on cash and cash equivalents		**611.467**	(1.413)
Net increase/(decrease) in cash and cash equivalents		**29.283.963**	(10.281.517)
Cash and cash equivalents, as of January 1, 2024		**6.634.445**	16.915.962
Cash and cash equivalents, as of December 31, 2024	6	**35.918.408**	6.634.445

The accompanying notes No. 1-29 are an integral part of these financial statements.

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(In thousands of tenge, unless otherwise stated)

1. Description of activities

"Islamic Bank "Zaman-Bank" Joint Stock Company (hereinafter referred to as the "Bank") has been operating in the Republic of Kazakhstan since 1991 in accordance with the legislation of the Republic of Kazakhstan. In 2017, the Bank was transformed into an Islamic bank, renamed and officially registered as "Islamic Bank "Zaman-Bank" Joint Stock Company.

The Bank operates under General Banking License No. 1.3.51 issued by the National Bank of the Republic of Kazakhstan (hereinafter referred to as the "NBRK") on August 17, 2017, which replaces previous licenses. The Bank's activities are regulated by the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market (hereinafter referred to as the "DFM").

The Bank is engaged in Islamic banking and carries out its operations through its head office in Astana and branches in Almaty and Ekibastuz. The Bank accepts deposits from the from individuals and legal entities, provides financial transactions based on the principles of Sharia norms and rules, carries out money transfers within Kazakhstan and abroad, conducts currency exchange transactions, and also provides other banking services to legal entities and individuals.

Registered address of the Bank's head office: Republic of Kazakhstan, Astana, Almaty district, st. Rakhimzhan Koshkarbaeva, building 1a, settlement 3, office 301.

As of December 31, 2024 and 2023, the Bank's shareholders were the following legal entities and individuals:

Shareholder	***2024 (%)***	*2023, (%)*
Abguzhinov AT	**57,3**	70,0
Gusev Yu.	**10,0**	-
Raskovalov N.	**10,0**	-
Svarov Sh.D.	**9,6**	9,6
Islamic Corporation for the Development of the Private Sector	**5,0**	5,0
Abguzhinov T.S.	**4,0**	4,0
Beisembaeva S.E.	**-**	7,3
Other shareholders individually holding less than 3%	**4,1**	4,1
Total	**100,0**	100,0

As of December 31, 2024 and as of 2023, 491.000 common shares of the Bank, or 4,91%, were under the control of members of the Board of Directors and members of the Management Board.

2. Basis of preparation of the financial statements

General information

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

The financial statements have been prepared on the historical cost basis, except as noted in the Summary of Accounting Policies. These financial statements are presented in thousands of tenge, except for per share amounts, and unless otherwise stated.

Geopolitical situation

As a result of the conflict between the Russian Federation and Ukraine, many countries have introduced and will continue to introduce new sanctions against individual Russian legal entities and Russian citizens. Sanctions have also been introduced against the Republic of Belarus.

Volatility in the stock and currency markets, import and export restrictions, availability of local resources, materials and services will directly affect companies that are active or have significant ties to the Russian Federation, the Republic of Belarus or Ukraine. However, the consequences of the current situation may directly or indirectly affect not only companies that are directly related to the countries involved in the conflict.

In order to manage country risk, the Bank controls transactions with counterparties within the limits established by the Bank's collegial body, which are reviewed regularly.

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(In thousands of tenge, unless otherwise stated)

2. Basis of preparation of the financial statements (continued)

Geopolitical situation (continued)

As at December 31, 2024, the concentration of claims against Russian counterparties represented by cash and cash equivalents amounted to 3.273 thousand tenge (as at December 31, 2023: 48.895 thousand tenge). In 2024, certain Russian counterparties were included in the US sanctions lists, claims for which, represented by cash and cash equivalents, amounted to 1.585 thousand tenge as at December 31, 2024 (as at December 31, 2023: 21.479 thousand tenge).

3. Definition of significant terms

Sharia

Sharia is a collection of Muslim law and essentially derives from the Holy Quran and the Sunnah of the Prophet (peace be upon him). The Bank, being an Islamic financial institution, incorporates the principles and norms of Sharia in its activities, as interpreted by the Council on the Principles of Islamic Finance.

Commodity Murabaha and Tawarruq

Murabaha is a method of financing whereby a Bank/counterparty bank purchases a commodity from a broker or supplier and takes actual or constructive possession of the commodity and then sells it to the client/bank on a deferred payment basis with a premium. Under Commodity Murabaha/Tawarruq contracts, the client/bank then sells the same asset to a third party on an immediate delivery and payment basis and the client/bank ultimately receives cash from the proceeds of the second sale. Generally, the underlying asset is a highly liquid commodity such as platinum or palladium. According to Shariah principles, gold and silver are considered as cash and cannot be used for such purposes.

Ijarah

Lease of a specified asset with transfer of ownership at the end of the lease term (also known as Ijarah Muntahiyah Bitamleek) is an agreement whereby the Bank acquires an asset in accordance with the intention of the customer as expressed in the statement of intent and then leases it, acting as lessor, to the customer, acting as lessee, for a specified rent for a specified period.

The length of the lease term and the basis for the lease are set out and agreed in the lease agreement. The bank retains ownership of the asset for the entire lease term. The agreement may be terminated by transferring ownership of the asset to the lessee upon the lessee's performance of its obligation during or at the end of the lease term.

Mudarabah

Mudarabah is a contractual arrangement whereby two or more parties undertake to carry out a business activity. Mudarabah is a profit-sharing arrangement between the party providing the equity and the party providing the entrepreneurial ability. It may be concluded between the holders of an investment account, as the source of funds, and the Bank as Mudarib. The Bank announces its willingness to accept investment funds, with the condition that the profits are shared as agreed between the two parties, and the losses are borne by the financing party, unless the losses are due to misconduct, negligence or breach of the agreed terms by the Bank, in which case such losses are borne by the Bank.

Pool of investors

Pools (funds) are a form of deposit integration for the purpose of joint investment by currency, whereby the profit of the participants is received in the pool and distributed according to preliminary agreements. The internal policy of the Bank provides for a pool of depositors by currency for Mudarabah and Wakala depositors (dollar and tenge pools), a pool of Sukuks and a pool of shareholders depending on the sources of financing, as well as joint financing of several pools.

Given the possible mismatch between the assets and investment deposits of the depositors due to early termination or redemption of the respective deposits, such deficit arising in the pool may be financed from other pools. Financing between pools takes the Shariah form of pool financing and is governed by the pool allocation and financing rules.

(In thousands of tenge, unless otherwise stated)

3. Definition of significant terms (continued)

Wakala

An agreement whereby an investor provides a certain amount of money to an agent who invests it according to specific terms in exchange for a certain fee (a lump sum or a return on the invested amount). The agent may be given a return on the previously agreed upon expected rate of return as compensation for his services. The agent is obliged to return the invested amount in case of negligence or breach of the terms of the Wakala.

Kard Hassan

Current receivables "Qard Hassan" are non-profit financial receivables in which a customer borrows funds for a specified period of time with the understanding that the same amount must be repaid at the end of the agreed period.

Zakat

This is a right that becomes due upon reaching a certain level of material values and is payable to certain categories of recipients. It is an absolute obligation when these conditions are met.

4. Summary of Significant Accounting Policies

Changes in accounting policy

The Bank has applied for the first-time certain amendments to standards that are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Bank has not early adopted any standards, interpretations or amendments that were issued but are not yet effective:

- Amendments to IAS 1 Presentation of Financial Statements: clarify the criteria for classifying liabilities as current or non-current, providing clearer guidance on the presentation of liabilities.
- Amendments to IAS 12 Income Taxes: addresses the accounting for deferred taxes on transactions that give rise to both assets and liabilities, ensuring consistency in application.
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: aim to increase the transparency of supplier financing arrangements, enabling users of financial statements to better understand the impact of such arrangements on an entity's liabilities and cash flows.
- Amendments to IFRS 16 Leases: introduces clarifications on the accounting for lease liabilities in sale and leaseback transactions, ensuring that such transactions are more accurately reflected in the financial statements of lessees and lessors.

The adoption of the amendments to standards and interpretations effective in 2024 did not have a material impact on the Bank's financial statements.

Fair value assessment

The Bank measures financial instruments at fair value through profit or loss (FVPL) and fair value through other comprehensive income (FVOCI) 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. Fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs:

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

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(In thousands of tenge, unless otherwise stated)

4. Summary of Significant Accounting Policies (continued)

Fair Value Measurement (continued)

The Bank must have access to the principal or most advantageous market. 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 best economic interests. Measuring the fair value of a non-financial asset takes into account the ability of a market participant to generate economic benefits either through the highest and best use of the asset or through its sale to another market participant that would put the highest and best use of the asset.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to permit fair value measurement, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities whose fair value is measured or disclosed in the financial statements are classified within the fair value hierarchy described below, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - valuation techniques in which the lowest level inputs that are significant to the fair value measurement are directly or indirectly observable in the marketplace.
- Level 3 - valuation techniques for which the lowest level inputs that are significant to the fair value measurement are not observable in the marketplace.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Bank determines whether to transfer them between levels of the hierarchy by reassessing classification (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial assets and liabilities

Initial recognition

Date of recognition

Regular way purchases and sales of financial assets and liabilities are recognised on the trade date, which is the date the Bank commits to purchase the asset or liability. Regular way purchases and sales are purchases or sales of financial assets and liabilities under a contract that requires delivery of the assets and liabilities within a time frame established by rules or conventions accepted in the market.

Initial assessment

The classification of financial instruments at initial recognition depends on the contractual terms and the business model used to manage the instruments. Financial instruments are initially measured at fair value, including transaction costs, except for financial assets and financial liabilities measured at FVPL.

Categories of measurement of financial assets and liabilities

The Bank classifies all of its financial assets based on the business model used to manage the assets and the contractual terms of the assets as measured at:

- Amortized cost;
- SSPSD;
- SSPU.

The Bank classifies and measures derivatives and instruments held for trading at FVPL. The Bank may, at its sole discretion, classify financial instruments as measured at FVPL if such classification eliminates or significantly reduces inconsistencies in the application of measurement or recognition principles.

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(In thousands of tenge, unless otherwise stated)

4. Summary of Significant Accounting Policies (continued)

Initial Assessment (continued)

Financial liabilities, other than commitments to provide financing and financial guarantees, are measured at amortised cost or at FVPL if they are held for trading and Islamic derivatives, or are designated as measured at fair value.

Amounts due from credit institutions, receivables from Islamic finance and loans to customers measured at amortized cost

The Bank measures amounts due from credit institutions, Islamic finance receivables and loans to customers at amortised cost only if both of the following conditions are met:

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

These conditions are discussed in more detail below.

Business model evaluation

The Bank defines the business model at the level that best reflects how it manages its grouped financial assets to achieve a defined business objective.

The Bank's business model is assessed not at the level of individual instruments, but at a higher level of portfolio aggregation and is based on observable factors such as:

- How the performance of the business model and the return on financial assets held within that business model are assessed and how this information is communicated to the entity's key management personnel;
- Risks that affect the performance of the business model (and the profitability of the financial assets held within that business model) and, in particular, the way in which those risks are managed;
- How are the managers running the business remunerated (e.g. is remuneration based on the fair value of the assets managed or on the contractual cash flows received);
- The expected frequency, volume and timing of sales are also important aspects when assessing the Bank's business model.

The assessment of the business model is based on scenarios that are reasonably expected to occur, without taking into account the so-called "worst-case" or "stress" scenario. If cash flows after initial recognition are realized in a manner different from the Bank's expectations, the Bank does not change the classification of the remaining financial assets held within the business model, but subsequently takes such information into account when assessing newly created or newly acquired financial assets.

The "solely payments on principal and interest on the outstanding principal amount" test (SPPI test)

As part of the second step in the classification process, the Bank assesses the contractual terms of the financial asset to determine whether the asset's contractual cash flows are solely payments of principal and returns on the principal amount outstanding (the SPPI test).

For the purposes of this test, the 'principal amount' is the fair value of the financial asset at initial recognition and may change over the life of the financial asset (e.g., if there are repayments of principal or amortisation of a premium/discount).

The most significant elements of return under a loan agreement are usually consideration for the time value of money and consideration for credit risk. To perform the SPPI test, the Bank applies judgement and considers relevant factors, such as the currency in which the financial asset is denominated and the period for which the rate of return is set.

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(In thousands of tenge, unless otherwise stated)

4. Summary of Significant Accounting Policies (continued)

Initial Assessment (continued)

However, contractual terms that have more than a negligible effect on the exposure to risks or volatility of contractual cash flows unrelated to the underlying credit agreement do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. In such cases, the financial asset should be measured at FVPL.

Financial guarantees and liabilities for the provision of Islamic finance

The Bank issues financial guarantees and commitments on Islamic finance.

Financial guarantees are initially recognised in the financial statements at fair value, equal to the premium received. Following initial recognition, the Bank measures its liability under each guarantee at the higher of the amount initially recognised less any cumulative amortisation recognised in the statement of profit or loss and any allowance for expected credit losses (ECL).

Islamic finance commitments are contractual commitments under which, during the term of the commitment, the Bank is obliged to provide financing to the client on pre-agreed terms. As with financial guarantee contracts, such commitments are subject to the ECL measurement requirements.

Guarantees of performance

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 in a contract with a performance guarantee is the possibility that the other party will fail to perform a contractual obligation. Accordingly, performance guarantees are not financial instruments and are therefore outside the scope of IFRS 9.

Islamic Finance Receivables and Loans to Customers

Loans to customers and receivables from Islamic finance activities, which include receivables under Murabaha agreements, are non-derivative financial assets with fixed payments that are not quoted in an active market. They are not held for immediate sale or sale in the near term but are intended to collect the contractual cash flows. The assets are carried at amortised cost using the effective return method. Gains and losses on such assets are recognised in profit or loss when the assets are disposed of or impaired, and through the amortisation process. Receivables from Islamic finance activities consist of proceeds from Murabaha agreements. Receivables under Murabaha agreements are carried at amortised cost less any allowance for impairment losses.

Islamic finance activities are financed from two sources: 1) the Bank's own funds, which are recorded on the balance sheet; 2) funds received under Wakala and Mudarabah agreements. According to the terms of Wakala and Mudarabah agreements, the Bank does not bear risk and such funds are recorded as off-balance sheet items. In the event of early termination or expiration of Wakala and Mudarabah agreements, which may lead to a possible mismatch in the maturity of assets, the resulting deficit can be financed by the Bank from its own funds and recorded in the statement of financial position as an asset.

Reclassification of financial assets and liabilities

The Bank does not reclassify financial assets after their initial recognition, except in exceptional cases when the Bank changes its business model for managing financial assets. Financial liabilities are never reclassified. In 2024, the Bank did not reclassify financial assets and liabilities.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, required reserves, amounts due from the National Bank of the Republic of Kazakhstan and amounts due from other banks with maturity within ninety (90) days from the date of origin, not encumbered by any contractual liabilities.

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(In thousands of tenge, unless otherwise stated)

4. Summary of Significant Accounting Policies (continued)

Borrowed funds

Financial instruments issued or components thereof are classified as liabilities if, as a result of a contractual arrangement, the Bank has an obligation either to deliver cash or another financial asset or to settle an obligation other than by exchanging a fixed amount of cash or other financial asset for a fixed number of its own equity instruments. Such instruments include amounts due to credit institutions and amounts due to customers. After initial recognition, borrowings are carried at amortised cost using the effective profit method. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

Lease

i. Bank as a tenant

The Bank applies a single approach to the recognition and measurement of all leases, except for current leases and leases of low-value assets. The Bank recognizes lease liabilities for lease payments and right-of-use assets that represent the right to use the underlying assets.

Right-of-use assets

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

The initial cost of right-of-use assets comprises the amount of the recognised lease liability, initial direct costs incurred and lease payments made on or before the commencement date less any lease incentives received. If the Bank is not reasonably certain that it will obtain title to the leased asset at the end of the lease term, the recognised right-of-use asset is amortised on a straight-line basis over the shorter of the expected useful life of the asset or the lease term. Right-of-use assets are reviewed for impairment.

Lease liabilities

At the commencement date of a lease, the Bank recognises lease liabilities measured at the present value of the lease payments expected to be made over the lease term. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option if the Bank is reasonably certain to exercise the option, and penalty payments for terminating the lease if the lease term reflects the Bank's potential exercise of an option to terminate the lease. Variable lease payments that do not depend on an index or rate are recognised as an expense in the period in which the event or condition that triggers the payments occurs.

To calculate the present value of lease payments, the Bank uses the incremental borrowing rate at the commencement date if the rate of return implicit in the lease cannot be readily determined. After the commencement date, the lease liability is increased to reflect the accrual of the rate of return and decreased to reflect lease payments made. In addition, the carrying amount of the lease liability is reassessed if there is a modification, a change in the lease term, a change in the substance of the fixed lease payments, or a change in the assessment of an option to purchase the underlying asset.

Current leases and leases of low-value assets

The Bank applies the current lease recognition exemption to current leases (i.e., leases for which the lease term at the commencement date is 12 months or less and which do not contain a purchase option). The Bank also applies the low-value asset lease recognition exemption to leases of office equipment that is considered to be of low value (i.e., up to 2,400 thousand tenge). Lease payments for current leases and leases of low-value assets are recognised as a lease expense on a straight-line basis over the lease term.

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(In thousands of tenge, unless otherwise stated)

4. Summary of Significant Accounting Policies (continued)

Rent (continued)

ii. Operating lease - Bank as lessor

Leases under which the Bank does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Rental income arising is recognised on a straight-line basis over the lease term and is included as revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging operating leases are included in the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent lease payments are recognised as revenue in the period in which they are earned.

iii. Financial Lease - Bank as Lessor

The Bank recognizes lease receivables in an amount equal to the net investment in the lease from the commencement date of the lease term. Finance income is calculated using a formula that reflects a constant periodic rate of return on the carrying amount of the net investment. Initial direct costs are recognized as part of the initial amount of lease receivables.

Offsetting of financial assets

A financial asset and a financial liability are offset, presenting a net amount in the statement of financial position, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise 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:

- in the ordinary course of business;
- in case of default; and
- in case of insolvency or bankruptcy of the organization or any of the counterparties.

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

Restructuring of financial instruments

The Bank seeks, where possible, to revise the terms of financial instruments rather than foreclose on collateral, for example, by extending contractual payment terms and agreeing on new financing terms.

The Bank derecognises a financial asset, such as a financial instrument provided to a customer, if the terms of the contract are renegotiated so that, in substance, it becomes a new financing, and the difference is recognised as a gain or loss on derecognition before an impairment loss is recognised. When initially recognised, a financial instrument is classified in Stage 1 for the purposes of measuring ECL, unless the originated financial instrument is considered to be a purchased or originated credit-impaired (POCI) asset. When assessing whether to derecognise a customer financing, the Bank considers, among other things, the following factors:

- change of funding currency;
- change of counterparty;
- whether the modification results in the instrument no longer meeting the SPPI test criteria.

If the modification does not result in a significant change in the cash flows, the modification does not result in derecognition. Based on the change in cash flows discounted at the original effective rate of return, the Bank recognises a gain or loss on the modification, which is presented in gains less losses from modifications in the statement of profit or loss, before any impairment loss is recognised.

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(In thousands of tenge, unless otherwise stated)

4. Summary of Significant Accounting Policies (continued)

Lease (continued)

***iii. Financial Leases - Bank as Lessor** (continued)*

In the case of a modification that does not result in derecognition, the Bank also reassesses whether there has been a significant increase in credit risk or whether the assets should be classified as credit-impaired. Once classified as credit-impaired as a result of a modification, an asset will remain in Stage 3 for at least a 12-month probationary period. Progression of a restructured financing out of Stage 3 requires regular payments of more than an insignificant amount of principal or profit throughout the probationary 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 part of a group of similar financial assets) is derecognised in the statement of financial position if:

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

Where the Bank has transferred its rights to receive cash flows from an asset, without transferring or retaining substantially all the risks and rewards associated with the asset, or transferring control over the asset, the asset is recorded to the extent of the Bank's continuing involvement in the asset. Continuing involvement in an asset in the form of a guarantee over the transferred asset is measured at the lower of the asset's original carrying amount and the maximum amount of consideration that could be claimed from the Bank.

Write-off

Financial assets are written off, either partially or in whole, only when the Bank no longer expects their value to be recovered. If the amount to be written off is higher than the accumulated allowance for impairment losses, the difference is first recorded as an increase in the allowance, which is then applied to the gross carrying amount. Any subsequent recoveries are charged to credit loss expense. A write-off is treated as derecognition.

Financial liabilities

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

When 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, the original liability is derecognised and a new liability is recognised, with any difference in the carrying amounts of the liabilities recognised in profit or loss.

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(In thousands of tenge, unless otherwise stated)

4. Summary of Significant Accounting Policies (continued)

Derecognition of financial assets and liabilities (continued)

Financial liabilities (continued)

Taxation

Current expenses for deferred corporate income tax are calculated in accordance with the legislation of the Republic of Kazakhstan.

Deferred corporate income tax assets and liabilities are calculated in respect of all temporary differences using the balance sheet liability method. Deferred corporate income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except to the extent that the deferred corporate income tax arises from the initial recognition of an asset or liability in a transaction that, at the time of its occurrence, affects neither accounting profit nor taxable profit or loss.

Deferred corporate income tax assets are recorded only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Deferred corporate income 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 legislation that has been enacted or substantively enacted at the reporting date.

In addition, the Republic of Kazakhstan has various operating taxes applicable to the Bank's activities. These taxes are reflected in the statement of comprehensive income as part of other operating expenses.

Property, plant and equipment

Property, plant and equipment are stated at their cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. This cost includes costs associated with the replacement of equipment, recognized when incurred if they meet the recognition criteria.

The carrying amount of property, plant and equipment is assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

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

	Depreciation rates
Computers and office equipment	20-50%
Vehicles	15-20%
Others	15-30%

The residual values, useful lives and depreciation methods of assets are reviewed at each financial year end and adjusted as necessary.

Expenses on repairs and reconstruction are expensed as incurred and included in the statement of comprehensive income as part of other operating expenses, except when they are subject to capitalization.

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(In thousands of tenge, unless otherwise stated)

4. Summary of Significant Accounting Policies (continued)

Intangible assets

Intangible assets include software and licenses.

Intangible assets acquired separately are initially measured at cost. The cost of intangible assets acquired in a business combination is their fair value at the purchase date. Following initial recognition, intangible assets are stated at cost less accumulated amortization and accumulated impairment losses. Intangible assets have finite or indefinite useful lives. Intangible assets with finite lives are amortized over useful lives of between 1 and 7 years and are reviewed for impairment whenever there is an indication that the intangible asset may be impaired. The timing and amortization of intangible assets with indefinite lives are reviewed at least annually at each year-end.

Estimated liabilities

Provisions are recognised when the Bank, as a result of a past event, has a legal or constructive obligation that will, with a high probability, require an outflow of resources embodying future economic benefits to settle and that can be reliably estimated.

Pension and other employee benefit liabilities

The Bank does not have any additional pension schemes other than participation in the state pension system of the Republic of Kazakhstan, which provides for the calculation of current employer contributions as a percentage of current total payments to employees. These expenses are reflected in the reporting period to which the relevant wages relate. In addition, the Bank does not pay significant remuneration to employees upon termination of employment.

Authorized capital

Authorized capital

Common shares are recognised as equity. Costs incurred in connection with the issue of new shares, other than in the event of a business combination, that are paid to third parties are recognised as a reduction in the proceeds from the issue. Any excess of the fair value of the proceeds over the par value of the shares issued is recognised as additional paid-in capital.

Dividends

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

Contingent assets and liabilities

Contingent liabilities are not recognised in the statement of financial position but are disclosed in the financial statements unless the outflow of resources to settle them is remote. Contingent assets are not recognised in the statement of financial position but are disclosed in the financial statements unless the flow of economic benefits associated with them is probable.

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(In thousands of tenge, unless otherwise stated)

4. Summary of Significant Accounting Policies (continued)

Recognition of income and expenses

Revenue is recognised when it is probable that economic benefits will flow to the Bank and when revenue can be measured reliably. The following criteria must be met for revenue to be recognised in the financial statements:

Financial and similar income and expenses

The Bank calculates revenue on debt financial assets measured at amortised cost or at FVOCI by applying the effective profit rate to the gross carrying amount of financial assets, other than credit-impaired financial assets. The effective profit rate is the rate that, when discounted through the expected life of the financial instrument or a shorter period, where appropriate, will exactly discount to the net carrying amount of the financial asset or financial liability. The calculation takes into account any contractual terms of the financial instrument (such as call options) and any fees or incremental costs that are directly attributable to the instrument that are an integral part of the effective profit rate, but does not take into account future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Bank revises the estimates of payments or receipts. The adjusted carrying amount is calculated using the original effective profit rate, with the change in the carrying amount recognized as revenue or expense.

In the case of a financial asset that becomes credit-impaired, the Bank calculates revenue by applying the effective profit rate to the net amortised cost of that financial asset. If the financial asset defaults and is no longer credit-impaired, the Bank reverts to calculating revenue based on gross amount.

For POCI financial assets, the Bank calculates revenue by applying the credit-adjusted effective profit rate to the amortised cost of the financial asset. The credit-adjusted effective profit rate is the rate that, at initial recognition, discounts estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

Income on all financial assets measured at fair value through profit or loss is recognised using the contractual rate of return within other income in the statement of profit or loss.

Commission income

The bank receives commission income from various types of services it provides to clients. Commission income can be divided into the following two categories:

Commission income received for providing services over a specified period of time

Fees received for providing services over a period of time are accrued over that period. Such items include commission income and fees for issuing a guarantee. Fees for commitments to provide Islamic finance, if the financial instrument is likely to be used, and other fees associated with issuing a financial instrument are deferred (along with costs directly attributable to issuing the financial instrument) and recognised as an adjustment to the effective rate of return on the loan.

Commission income from the provision of services for the execution of transactions

Fees received for conducting or negotiating a transaction on behalf of a third party, such as when the Bank has a performance obligation to enter into an agreement to purchase shares or other securities or to buy or sell businesses, are recognised when the transaction is completed. Fees (or a portion of fees) associated with specific performance liabilities are recognised when the relevant criteria are met. When the contract provides for variable consideration, fee income is recognised only to the extent that it is highly probable that the eventual resolution of the uncertainty inherent in the variable consideration will not result in a significant decrease in the amount of cumulative revenue recognised.

(In thousands of tenge, unless otherwise stated)

4. Summary of Significant Accounting Policies (continued)

Recognition of Income and Expense (continued)

Conversion of foreign currencies

The financial statements are presented in tenge, which is the Bank's functional and presentation currency. Transactions in foreign currencies are initially translated to the functional currency at the exchange rate established by the Kazakhstan Stock Exchange ("KASE") and published by the NBRK, effective at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate effective at the reporting date. Gains and losses arising from the translation of foreign currencies are recognized in the statement of comprehensive income as "Net gains/(losses) on foreign currencies – translation of foreign currency items". Non-monetary items measured at historical cost in a foreign currency are translated at the exchange rate effective at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated at the exchange rate ruling at the date the fair value was determined.

The difference between the contractual exchange rate for transactions in foreign currencies and the official exchange rate of the KASE on the date of such transaction is included in net income from transactions in foreign currencies. As of December 31, 2024 and as of 2023, the official exchange rate set on the KSE was 525,11 tenge and 454,56 tenge per 1 US dollar, respectively.

Standards that have been issued but have not yet entered into force

The following are new standards, amendments and interpretations that have been issued but are not yet effective as of the date of issuance of the Bank's financial statements. The Bank plans to adopt these new standards, amendments and interpretations, if applicable, when they become effective:

- IFRS 18 Presentation and Disclosure in Financial Statements: replaces IAS 1 and is effective for annual periods beginning on or after 1 January 2027. The standard aims to improve the comparability and transparency of financial performance reports, including the presentation of additional subtotals and disclosure of measures determined by management.
- IFRS 19 Non-Public Subsidiaries: Disclosures: provides subsidiaries that are not publicly traded with the option to apply simplified disclosure requirements when preparing their financial statements. Effective from 1 January 2027, with earlier application permitted.
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: clarifies the accounting for transactions in economies with limited convertibility, ensuring that foreign exchange risks are more accurately reflected in financial statements. Effective from 1 January 2025.

The Bank intends to adopt these new standards and amendments on their effective date. The amendments are not expected to have a material impact on the Bank's financial statements.

5. Significant accounting judgments and estimates

Judgments

In the process of applying accounting policies, the Bank's management, in addition to accounting estimates, made the following judgments that have the most significant effect on the amounts recognized in the financial statements:

Determining the lease term in contracts with an option to extend

The Bank defines the lease term as the non-cancellable period of the lease together with any periods for which an option to extend the lease is provided if it is reasonably certain that it will be exercised, or any periods for which an option to terminate the lease is provided if it is reasonably certain that it will not be exercised.

Under certain leases, the Bank has an option to extend the lease of the assets for an additional term of three to five years. The Bank applies judgement to determine whether it is reasonably certain to exercise the extension option. In doing so, the Bank considers all relevant factors that create an economic incentive to exercise the option to extend the lease. After the commencement date, the Bank reassesses the lease term if a significant event or change in circumstances occurs within the Bank's control that affects its ability to exercise (or not exercise) the option to extend the lease (for example, a change in business strategy).

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(In thousands of tenge, unless otherwise stated)

5. Significant accounting judgments and estimates (continued)

Shariah Compliance

In accordance with the requirements of the Law of the Republic of Kazakhstan dated August 31, 1995 "On banks and banking activities in the Republic of Kazakhstan" (the "Law"), the Bank has approved the Council on Islamic Finance Principles ("CIFP"), which is responsible for determining the compliance of the Bank's activities and operations with the requirements of the above Law and Sharia. The CIFP report on the Bank's compliance with Sharia for 2024 has not yet been provided as of the date of issuance of these financial statements. In preparing these financial statements, the Bank's management assumes that all of the Bank's activities and operations for 2024 comply with the requirements of the Law and Sharia.

Uncertainty of estimates

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

Expected Credit Losses

Estimating impairment losses for all categories of financial assets requires judgment, in particular, determining ECL and assessing significant increases in credit risk requires estimating the amount and timing of future cash flows and the value of collateral. Such estimates depend on a number of factors, changes in which could result in different amounts of impairment allowances. The Bank's ECL calculations are the result of complex models that incorporate a number of key assumptions regarding the choice of variable inputs and their interdependencies. Given the need to comply with Shariah, which requires a number of reliefs for borrowers in the event of unexpected financial difficulties, the Bank relies heavily on its own assessment of probabilities and scenarios of future events without significant corroborating evidence of past events. Elements of the ECL calculation models that are considered judgments and estimates include the following:

- An internal credit rating system used by the Bank to determine the probability of default (PD);
- The criteria used by the Bank to assess whether there has been a significant increase in credit risk such that the impairment allowance for financial assets should be measured at an amount equal to lifetime ECL and a qualitative assessment;
- Grouping of financial assets when the ECLs for them are assessed on a group basis;
- Development of models for calculating the ECL, including various formulas and selection of initial data;
- Identifying relationships between macroeconomic indicators and economic data, such as GDP growth rate and client financial health, and the impact on PD, EAD and LGD ratios.

Taxation

Currently, the Republic of Kazakhstan has a single Tax Code that regulates the main tax issues. The taxes in force include value added tax, corporate income tax, social taxes and other taxes. Often, executive orders for the application of legal acts are unclear or completely absent, and few precedents have been established. There are often different opinions on the legal interpretation of provisions, both between agencies and within a single agency, which creates some uncertainty and conflict situations. Tax returns, as well as other areas of legal regulation (for example, customs and currency control issues), are under the control of several agencies, which, by law, have the right to impose significant fines, penalties and forfeits. Such a situation creates a greater likelihood of tax risks in the Republic of Kazakhstan than, for example, in other countries with more developed tax legislation systems.

Management believes that the Bank complies with the provisions of the tax legislation of the Republic of Kazakhstan that govern its activities. However, there remains a risk that the relevant authorities may take different positions with respect to contentious tax issues.

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(In thousands of tenge, unless otherwise stated)

5. Significant accounting judgments and estimates (continued)

Uncertainty of Estimates (continued)

Rent - assessment of the rate of attraction of additional borrowed funds

The Bank cannot readily determine the rate of return implicit in the lease, so it uses the incremental borrowing rate to measure the lease liability. The incremental borrowing rate is the rate at which the Bank could borrow, over a similar term and with similar collateral, the funds necessary to obtain an asset of a similar value to the right-of-use asset in similar economic circumstances. The incremental borrowing rate therefore reflects the interest rate that the Bank "would have to pay" and its determination requires the use of estimates if observable rates are not available or if observable rates need to be adjusted to reflect the terms of the lease.

The Bank determines the rate at which it will borrow funds using observable inputs (such as market rates of return), if available, and uses certain entity-specific estimates.

6. Cash and cash equivalents

As of December 31, cash and cash equivalents consist of the following items:

	2024	*2023*
Cash	**496.861**	1.204.539
Funds in current accounts with the National Bank of the Republic of Kazakhstan	**421.293**	358.482
Murabaha Tawarruq in NBRK with a contract term of up to 90 days	**3.601.425**	2.402.951
Funds in current accounts in other banks	**31.402.102**	2.716.890
	35.921.681	6.682.862
Less the valuation reserve for the ECL	**(3.273)**	(48.417)
Cash and cash equivalents	**35.918.408**	6.634.445

In accordance with Kazakhstan legislation, the Bank is required to maintain a certain number of mandatory reserves, which are calculated as a percentage of certain liabilities of the Bank. Such reserves must be maintained in current accounts with the NBRK or in cash in the amount of average monthly balances of the total amount of cash in current accounts with the NBRK or cash in national or foreign currencies for the period of formation of reserves. Despite this, the Bank is not limited in using these funds in its daily activities.

As at December 31, 2024, mandatory reserves amounted to 3.273 thousand tenge (as at December 31, 2023: 48.417 thousand tenge).

The analysis of changes in the valuation allowance for cash equivalents for the year ended December 31, 2024 is presented below:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Reserve for ECL as of January 1, 2024	**-**	**-**	**(48.417)**	**(48.417)**
Newly created assets or acquired assets	**-**	**(1.688)**	**-**	**(1.688)**
Assets that have been repaid	**-**	**-**	**46.884**	**46.884**
Net change in ECL	**-**		**(52)**	**(52)**
Reserve for ECL as of December 31, 2024	**-**	**(1.688)**	**(1.585)**	**(3.273)**

The analysis of changes in the valuation allowance for cash equivalents for the year ended December 31, 2023 is presented below:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Reserve for ECL as of January 1, 2023	(1.688)	(20.301)	(12.965)	(34.954)
Newly created assets or acquired assets	-	-	-	-
Assets that have been repaid	-	-	-	-
Transfers in Stage 3	1.688	20.301	(21.989)	-
Net change in ECL	-	-	(13.463)	(13.463)
Reserve for ECL as of December 31, 2023	-	-	(48.417)	(48.417)

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(In thousands of tenge, unless otherwise stated)

7. Islamic Finance Receivables

As at December 31, Islamic finance receivables comprise the following items:

	2024	*2023*
Commodity Murabaha - Corporate Part	**18.946.237**	18.745.735
Kard Hassan	**8.354**	11.701
Commodity Murabaha - Retail Part	**97.068**	35.944
Total receivables from Islamic finance	**19.051.659**	18.793.380
Less the valuation reserve for the ECL	**(6.104.625)**	(3.722.443)
Accounts receivable Islamic finance	**12.947.034**	15.070.937

In 2024, the Bank recognized a loss on initial recognition of receivables from Islamic finance issued at rates below market in the amount of 123.022 thousand tenge (in 2023: 322.871 thousand tenge) and a loss on initial recognition of POCI assets in the amount of 449.700 thousand tenge (in 2023: 818.404 thousand tenge) in the statement of comprehensive income.

As at December 31, 2024, the profit margin on receivables from Islamic Finance was 8%-23% per annum (December 31, 2023: 8%-21% per annum) and the receivables mature in 2025-2034 (December 31, 2023: 2024-2030).

Estimated reserve for ECL

Movements in the gross carrying amount and the related ECL provision for Commodity Murabaha - Corporate Part for the year ended December 31, 2024 are as follows:

Commodity Murabaha - Corporate Part	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Gross carrying amount as of January 1, 2024	**252.328**	**1.742.500**	**16.008.175**	**742.732**	**18.745.735**
Newly created assets or acquired assets	**2.232.300**	**-**	**-**	**-**	**2.232.300**
Assets that have been repaid	**(695.113)**	**(246.725)**	**(1.596.691)**	**(131.606)**	**(2.670.135)**
Transfers in Stage 1	**-**	**-**	**-**	**-**	**-**
Transfers in Stage 2	**(800.281)**	**800.281**	**-**	**-**	**-**
Transfers in Stage 3	**(938.249)**	**(719.868)**	**1.658.117**	**-**	**-**
Changes in contractual cash flows due to a modification that does not result in derecognition	**-**	**-**	**777.833**	**17.234**	**795.067**
Amortization of discount	**-**	**-**	**(126.119)**	**(30.611)**	**(156.730)**
As of December 31, 2024	**50.985**	**1.576.188**	**16.721.315**	**597.749**	**18.946.237**

Commodity Murabaha - Corporate Part	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Reserve for ECL as of January 1, 2024	**(571)**	**(206.350)**	**(3.612.566)**	**101.251**	**(3.718.236)**
Newly created assets or acquired assets	**(236.473)**	**-**	**-**	**-**	**(236.473)**
Assets that have been repaid	**77.642**	**21.251**	**562.295**	**6.932**	**668.120**
Transfers in Stage 1	**-**	**-**	**-**	**-**	**-**
Transfers in Stage 2	**84.776**	**(84.776)**	**-**	**-**	**-**
Transfers in Stage 3	**99.391**	**188.723**	**(288.114)**	**-**	**-**
Impact on ECL due to transfers from one Stage to another and changes in models and input data used to estimate ECL	**(30.460)**	**(54.609)**	**(2.493.400)**	**(194.482)**	**(2.772.951)**
Changes in contractual cash flows due to a modification that does not result in derecognition	**-**	**-**	**(179.406)**	**24.203**	**(155.203)**
Amortization of discount	**-**	**-**	**96.911**	**30.611**	**127.522**
As of December 31, 2024	**(5.695)**	**(135.761)**	**(5.914.280)**	**(31.485)**	**(6.087.221)**

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(In thousands of tenge, unless otherwise stated)

7. Islamic Finance Receivables (continued)

Estimated reserve for ECL (continued)

Movements in the gross carrying amount and the related ECL provision for Commodity Murabaha - Corporate Part for the year ended December 31, 2023 are as follows:

Commodity Murabaha - Corporate Part	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Gross carrying amount as of January 1, 2023	32.647	11.278.139	6.053.038	846.945	18.210.769
Newly created assets or acquired assets	3.140.000	-	-	-	3.140.000
Assets that have been repaid	(393.892)	(1.087.354)	(979.783)	(60.333)	(2.521.362)
Transfers in Stage 1	-	-	-	-	-
Transfers in Stage 2	(1.742.500)	1.742.500	-	-	-
Transfers in Stage 3	(722.265)	(10.113.216)	10.835.481	-	-
Changes in contractual cash flows due to a modification that does not result in derecognition	(82.857)	(11.322)	189.075	(83.528)	11.368
Amortization of discount	21.195	(66.247)	(89.636)	39.648	(95.040)
As of December 31, 2023	252.328	1.742.500	16.008.175	742.732	18.745.735

Commodity Murabaha - Corporate Part	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Reserve for ECL as of January 1, 2023	(1.140)	(833.714)	(2.368.660)	(399.275)	(3.602.789)
Newly created assets or acquired assets	(159.437)	-	-	-	(159.437)
Assets that have been repaid	18.612	103.509	627.863	99.620	849.604
Transfers in Stage 1	-	-	-	-	-
Transfers in Stage 2	206.350	(206.350)	-	-	-
Transfers in Stage 3	195.943	1.842.046	(2.037.989)	-	-
Impact on ECL as a result of transfers from one Stage to another and changes in models and input data used to estimate ECL (Correct)	(258.672)	(1.194.258)	192.597	412.356	(847.977)
Changes in contractual cash flows due to a modification that does not result in derecognition	18.968	16.170	(110.794)	28.198	(47.458)
Amortization of discount	(21.195)	66.247	84.417	(39.648)	89.821
As of December 31, 2023	(571)	(206.350)	(3.612.566)	101.251	(3.718.236)

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(In thousands of tenge, unless otherwise stated)

7. Islamic Finance Receivables (continued)

Estimated reserve for ECL (continued)

Movements in the gross carrying amount and the related ECL provision for Card Hassan for the year ended December 31, 2024 are as follows:

Kard Hassan	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Gross carrying amount as of January 1, 2024	**11.701**	-	-	**11.701**
New assets created	-	-	-	-
Assets that have been repaid	**(3.347)**	-	-	**(3.347)**
Transfers in Stage 3	**(6.317)**	-	**6.317**	-
As of December 31, 2024	**2.037**	-	**6.317**	**8.354**

Kard Hassan	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Reserve for ECL as of January 1, 2024	**(49)**	-	-	**(49)**
New assets created	-	-	-	-
Assets that have been repaid	**14**	-	-	**14**
Transfers in Stage 3	**26**	-	**(26)**	-
Impact on the ECL due to transfers from one stage to another and changes in the input data used to estimate the ECL	**2**	-	**(3.428)**	**(3.426)**
As of December 31 , 2024	**(7)**	-	**(3.454)**	**(3.461)**

Movements in the gross carrying amount and the related ECL provision for Card Hassan for the year ended December 31, 2023 are as follows:

Kard Hassan	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Gross carrying amount as of January 1, 2023	20.389	-	-	20.389
New assets created	-	-	-	-
Assets that have been repaid	(8.688)	-	-	(8.688)
As of December 31, 2023	11.701	-	-	11.701

Kard Hassan	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Reserve for ECL as of January 1, 2023	(46)	-	-	(46)
New assets created	-	-	-	-
Assets that have been repaid	18	-	-	18
Impact on the ECL due to transfers from one stage to another and changes in the input data used to estimate the ECL	(21)	-	-	(21)
As of December 31, 2023	(49)	-	-	(49)

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(In thousands of tenge, unless otherwise stated)

7. Islamic Finance Receivables (continued)

Estimated reserve for ECL (continued)

Movements in the gross carrying amount and the related ECL provision for Card Hassan for the year ended December 31, 2024 are as follows:

Commodity Murabaha – Retail Part	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Gross carrying amount as of January 1, 2024	**28.918**	**4.218**	**2.808**	**35.944**
New assets created	**102.099**	**-**	**-**	**102.099**
Assets that have been repaid	**(33.785)**	**(882)**	**(6.308)**	**(40.975)**
Transfers in Stage 2	**(11.888)**	**11.888**	**-**	**-**
Transfers in Stage 3	**(14.077)**	**-**	**14.077**	**-**
As of December 31, 2024	**71.267**	**15.224**	**10.577**	**97.068**

Commodity Murabaha – Retail Part	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Reserve for ECL as of January 1, 2024	**(300)**	**(1.736)**	**(2.122)**	**(4.158)**
New assets created	**(716)**	**-**	**-**	**(716)**
Assets that have been repaid	**170**	**591**	**188**	**949**
Transfers in Stage 2	**83**	**(83)**	**-**	**-**
Transfers in Stage 3	**99**	**-**	**(99)**	**-**
Impact on the ECL due to transfers from one stage to another and changes in the input data used to estimate the ECL	**(197)**	**(3.642)**	**(6.179)**	**(10.018)**
As of December 31, 2024	**(861)**	**(4.870)**	**(8.212)**	**(13.943)**

Movements in the gross carrying amount and the related ECL provision for Card Hassan for the year ended December 31, 2023 are as follows:

Commodity Murabaha – Retail Part	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Gross carrying amount as of January 1, 2023	9.344	5.257	2.658	17.259
New assets created	41.000	-	150	41.150
Assets that have been repaid	(21.426)	(1.039)	-	(22.465)
Transfers in Stage 2	-	-	-	-
Transfers in Stage 3	-	-	-	-
As of December 31, 2023	28.918	4.218	2.808	35.944

Commodity Murabaha – Retail Part	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Reserve for ECL as of January 1, 2023	(62)	(1.167)	(1.836)	(3.065)
New assets created	(313)	-	-	(313)
Assets that have been repaid	75	266	-	341
Transfers in Stage 2	-	-	-	-
Transfers in Stage 3	-	-	-	-
Impact on the ECL due to transfers from one stage to another and changes in the input data used to estimate the ECL	-	(835)	(286)	(1.121)
As of December 31, 2023	(300)	(1.736)	(2.122)	(4.158)

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(In thousands of tenge, unless otherwise stated)

7. Islamic Finance Receivables (continued)

Modified and restructured receivables under Islamic finance

A bank derecognises a financial asset, such as an Islamic finance receivable, if the terms of the contract are renegotiated so that, in effect, it becomes a new financial instrument, and the difference is recognised as a gain or loss on derecognition before any impairment loss is recognised. On initial recognition, Islamic finance receivables are classified in Stage 1 for the purpose of measuring ECL, unless the originated Islamic finance receivable is considered a POCI asset.

If the modification does not result in a significant change in cash flows, the modification does not result in derecognition. Based on the change in cash flows discounted at the original effective rate of return, the Bank recognizes a gain or loss on the modification before an impairment loss is recognized.

During 2024 and 2023, the Bank modified the terms of certain corporate and retail Commodity Murabaha agreements. The Bank assessed these modifications as immaterial. As a result, in 2024, the Bank recognized income from modification of the terms of corporate and retail Commodity Murabaha agreements, which does not lead to derecognition, in the amount of 794.486 thousand tenge (in 2022: loss of 11.369 thousand tenge).

The table below shows the assets whose terms were renegotiated during the period and which are subsequently accounted for as restructured, together with the corresponding modification losses incurred by the Bank.

	2024	*2023*
Islamic finance receivables modified during the period		
Amortized cost before modification	**11.855.956**	13.720.707
Net loss on modification of Islamic finance receivables not resulting in derecognition	**794.486**	10.597

Collateral and other mechanisms to enhance credit quality

The amount and type of collateral required by the Bank depends on the assessment of the counterparty's credit risk. Principles are established regarding the admissibility of types of collateral and assessment parameters.

As at December 31, 2024 and 2023, receivables under Islamic finance agreements are secured by real estate, movable property, inventory and corporate guarantees. Management monitors the market value of collateral, requests additional collateral in accordance with the main agreement, and monitors the market value of the collateral received during the review of the adequacy of the allowance for impairment losses on receivables under Islamic finance agreements.

In the absence of collateral or other credit enhancement mechanisms, the ECLs for Stage 3 Islamic Finance receivables as at December 31, would have been higher by:

	2024	*2023*
Commodity Murabaha - Corporate Part	**1.655.013**	460.435
	1.655.013	460.435

Concentration of receivables in Islamic finance

As at December 31, 2024, the Bank has one counterparty under Islamic finance receivables agreements (as at December 31, 2023: one counterparty), claims against which exceed 10% of the Bank's equity. As at December 31, 2024, the total amount of claims against this counterparty is 1.443.067 thousand tenge (as at December 31, 2023: 1.475.906 thousand tenge). An allowance for ECL in the amount of 263.712 thousand tenge was recognised for these receivables (as at December 31, 2023: 208.665 thousand tenge).

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(In thousands of tenge, unless otherwise stated)

7. Islamic Finance Receivables (continued)

Concentration of Receivables in Islamic Finance (continued)

Accounts receivable from Islamic finance are concentrated in the Republic of Kazakhstan in the following sectors:

	2024	*2023*
Trading enterprises	**5.182.920**	5.831.941
Construction and maintenance	**2.833.205**	3.305.326
Services	**2.366.802**	2.843.716
Mechanical engineering	**1.368.194**	1.792.857
Industrial production	**828.685**	817.035
Individuals and entrepreneurs	**184.413**	142.351
Agriculture and food industry	**182.815**	337.711
Accounts receivable Islamic finance	**12.947.034**	15.070.937

8. Loans to customers

As of December 31, loans to customers include the following items:

	2024	*2023*
Commercial lending	**12.803**	22.803
Total Loans to customers	**12.803**	22.803
Less the valuation reserve for the ECL	**(12.803)**	(22.803)
Loans to customers	**-**	-

Estimated reserve for ECL

Movements in the gross carrying amount and the related ECL provision for commercial lending for the year ended December 31, 2024 were as follows:

Commercial lending	*Stage 3*	*Total*
Gross carrying amount as of January 1, 2024	**22.803**	**22.803**
Assets that have been repaid	**(10.000)**	**(10.000)**
As of December 31, 2024	**12.803**	**12.803**

Commercial lending	*Stage 3*	*Total*
Reserve for ECL as of January 1, 2024	**(22.803)**	**(22.803)**
Assets that have been repaid	**10.000**	**10.000**
As of December 31, 2024	**(12.803)**	**(12.803)**

Movements in the gross carrying amount and the related ECL provision for commercial lending for the year ended December 31, 2023 were as follows:

Commercial lending	*Stage 3*	*Total*
Gross carrying amount as of January 1, 2023	31.803	31.803
Assets that have been repaid	(9.000)	(9.000)
As of December 31, 2023	22.803	22.803

Commercial lending	*Stage 3*	*Total*
Reserve for ECL as of January 1, 2023	(31.803)	(31.803)
Assets that have been repaid	9.000	9.000
Impact on the ECL due to changes in the input data used to estimate the ECL	-	-
As of December 31, 2023	(22.803)	(22.803)

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(In thousands of tenge, unless otherwise stated)

8. Loans to customers (continued)

Collateral and other mechanisms to enhance credit quality

The amount and type of collateral required by the Bank depends on the assessment of the counterparty's credit risk. Principles are established regarding the admissibility of types of collateral and assessment parameters.

The main types of security received are listed below:

- In commercial lending – collateral of real estate, production equipment, inventories and other collateral.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral received during the review of the adequacy of the ECL reserve.

9. Investments in Wakala and Mudarabah pools

Investments in Wakala and Mudarabah pools represent the Bank's investments in assets financed by Wakala and Mudarabah pools and are subject to the pool's allocation and funding rules. Given the possible mismatch between the value of assets and depositors' investment deposits due to early termination or redemption of the relevant deposits, such deficit arising in the pool may be financed from the Bank's own funds.

As of December 31, loans to customers include the following items:

	2024	*2023*
Commercial lending	**1.775.713**	1.737.099
Total Loans to customers	**1.775.713**	1.737.099
Less the valuation reserve for the ECL	**(1.217.054)**	(1.252.115)
Loans to customers	**558.659**	484.984

Estimated reserve for ECL

Movements in the gross carrying amount and the related ECL provision for the investments in the Wakala and Mudarabah pools for the year ended December 31, 2024 are as follows:

Investments in Wakala and Mudarabah pools	*Stage 3*	*Total*
Gross carrying amount as of January 1, 2024	**1.737.099**	**1.737.099**
Net increase in investment	**38.614**	**38.614**
As of December 31, 2024	**1.775.713**	**1.775.713**

Investments in Wakala and Mudarabah pools	*Stage 3*	*Total*
Reserve for ECL as of January 1, 2024	**(1.252.115)**	**(1.252.115)**
Impact on ECL due to changes in models and input data used to estimate ECL	**35.061**	**35.061**
As of December 31, 2024	**(1.217.054)**	**(1.217.054)**

(In thousands of tenge, unless otherwise stated)

9. Investments in Wakala and Mudarabah pools (continued)

Movements in the gross carrying amount and the related ECL provision for the investments in the Wakala and Mudarabah pools for the year ended December 31, 2023 are as follows:

Investments in Wakala and Mudarabah pools	*Stage 3*	*Total*
Gross carrying amount as of January 1, 2023	1.737.099	1.737.099
Assets that have been repaid	-	-
As of December 31, 2023	1.737.099	1.737.099

Investments in Wakala and Mudarabah pools	*Stage 3*	*Total*
Reserve for ECL as of January 1, 2023	(1.498.205)	(1.498.205)
Assets that have been repaid	-	-
Impact on ECL due to changes in models and input data used to estimate ECL	246.090	246.090
As of December 31, 2023	(1.252.115)	(1.252.115)

The analysis of changes in gross carrying amount and the corresponding allowance for ECL in the tables above is presented on a proportionate basis based on the Bank's share of investments in the Wakala and Mudarabah pools.

10. Property, plant and equipment

The movement of property, plant and equipment is presented as follows:

	Computers and office equipment	*Vehicles*	*Others*	*Total*
Initial cost				
As of January 1, 2023	31.254	15.940	94.565	141.759
Receipts	14.690	-	21.622	36.312
Disposals	(2.753)	-	(27.422)	(30.175)
As of December 31, 2023	43.191	15.940	88.765	147.896
Receipts	**13.179**	**55.090**	**9.228**	**77.497**
Disposals	**(12.813)**	**-**	**(20.079)**	**(32.892)**
As of December 31, 2024	**43.557**	**71.030**	**77.914**	**192.501**
Accumulated depreciation				
As of January 1, 2023	(16.894)	(2.125)	(48.511)	(67.530)
Accrual for the year	(7.052)	(3.189)	(28.737)	(38.978)
Disposals	2.680	-	23.419	26.099
As of December 31, 2023	(21.266)	(5.314)	(53.829)	(80.409)
Accrual for the year	**(9.423)**	**(7.779)**	**(18.880)**	**(36.082)**
Disposals	**12.772**	**-**	**19.944**	**32.716**
As of December 31, 2024	**(17.917)**	**(13.093)**	**(52.765)**	**(83.775)**
Residual value				
As of January 1, 2023	14.360	13.815	46.054	74.229
As of December 31, 2023	21.925	10.626	34.936	67.487
As of December 31, 2024	**25.640**	**57.937**	**25.149**	**108.726**

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(In thousands of tenge, unless otherwise stated)

11. Right-of-use assets and lease liabilities

The movement in right-of-use assets and lease liabilities is presented as follows:

	Right-of-use assets	*Lease liabilities*
As of January 1, 2023	285.773	296.239
New arrivals	160.531	160.531
Disposals	(83.390)	(87.277)
Calculation of depreciation	(124.494)	-
Financial expense	-	41.258
Payments	-	(157.109)
As of December 31, 2023	238.420	253.642
New arrivals	**177.763**	**177.763**
Disposals	**(23.084)**	**(28.000)**
Calculation of depreciation	**(119.589)**	**-**
Financial expense	**-**	**46.242**
Payments	**-**	**(154.137)**
As of December 31, 2024	**273.510**	**295.510**

Right-of-use assets are represented by the Bank's right to use premises under lease agreements.

12. Intangible assets

The movement of intangible assets is presented as follows:

	Software and licenses
Initial cost	
As of January 1, 2023	409.809
Receipts	32.584
Disposals	(3.301)
As of December 31, 2023	439.092
Receipts	**176.032**
Disposals	**(20.865)**
As of December 31, 2024	**594.259**
Accumulated depreciation	
As of January 1, 2023	(150.843)
Accrual for the year	(82.466)
Disposals	3.301
As of December 31, 2023	(230.008)
Accrual for the year	**(111.052)**
Disposals	**20.865**
As of December 31, 2024	**(320.195)**
Residual value	
As of January 1, 2023	258.966
As of December 31, 2023	209.084
As of December 31, 2024	**274.064**

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(In thousands of tenge, unless otherwise stated)

13. Inventories

As of December 31, 2024 and 2023, inventories include real estate recovered by the Bank from customers who have defaulted on their loan repayment liabilities to the Bank.

14. Taxation

Corporate income tax expenses include the following items:

	2024	*2023*
Current corporate income tax expense	**45.411**	57.250
(Savings)/expenses on deferred corporate income taxes - origination and reversal of temporary differences	**(7.336)**	86.579
Corporate Income Tax Expense	**38.075**	143.829

The Bank's income is taxed only in the Republic of Kazakhstan. In accordance with tax legislation, the applicable corporate income tax rate in 2024 and 2023 is 20%.

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

	2024	*2023*
Profit before corporate income tax expense	**173.060**	149.151
Standard tax rate	**20%**	20%
Theoretical corporate income tax expense calculated at the statutory rate	**34.612**	29.830
Income not subject to taxation	**(137.005)**	(3.877)
Non-deductible credit loss expense	**50.025**	17.986
Administrative expenses not deductible	**2.635**	7.560
Other expenses not deductible	**87.808**	92.330
Corporate Income Tax Expense	**38.075**	143.829

Deferred corporate income tax assets and liabilities as of December 31, and their movements for the relevant years, include the following items:

	2022	*Origin and reversal of temporary differences in profit or loss*	*2023*	*Origin and reversal of temporary differences in profit or loss*	*2024*
Tax effect of deductible temporary differences					
Tax losses carried forward	84.507	(84.507)	-	**-**	**-**
Islamic Finance Receivables	89.377	(89.377)	-	**-**	**-**
Lease liabilities	59.248	(59.248)	-	**-**	**-**
Accounts receivable	13.620	(2.832)	10.788	**(2.609)**	**8.179**
Accrual of expenses for unused vacations	5.209	450	5.659	**3.023**	**8.682**
Accrual of expenses for professional services	4.794	(1.394)	3.400	**(1.443)**	**1.957**
Other taxes	3.088	177	3.265	**10.700**	**13.965**
	259.843	(236.731)	23.112	**9.671**	**32.783**
Unrecognized deferred income tax assets	(84.507)	84.507	-	**-**	**-**
Deferred corporate income tax assets	175.336	(152.224)	23.112	**9.671**	**32.783**
Tax effect of taxable temporary differences					
Property, plant and equipment and intangible assets	(19.373)	8.490	(10.883)	**(2.335)**	**(13.218)**
Right-of-use assets	(57.155)	57.155	-	**-**	**-**
Deferred corporate income tax liabilities	(76.528)	65.645	(10.883)	**(2.335)**	**(13.218)**
Net deferred corporate income tax asset	98.808	(86.579)	12.229	**7.336**	**19.565**

(In thousands of tenge, unless otherwise stated)

15. Other assets and liabilities

As of December 31, other assets include the following items:

	2024	*2023*
Other financial assets		
Debtors under guarantees	**366.045**	389.954
Accounts receivable for inventory sold	**100.182**	119.021
Equity Investment Debtors	**223.348**	-
Security deposit	**25.000**	25.000
Commissions to be received	**49.975**	17.222
Other financial assets	**20**	6.830
	764.570	558.027
Less the valuation reserve for the ECL	**(272.663)**	(213.534)
Total other financial assets	**491.907**	344.493
Other non-financial assets		
Prepayment for software and information and consulting services	**-**	-
Prepayment for other goods and services	**425.411**	110.304
Other	**6.677**	12.022
	432.088	122.326
Less provision for impairment (Note 21)	**-**	-
Total other non-financial assets	**432.088**	122.326
Other assets	**923.995**	466.819

The analysis of changes in the estimated allowances for ECL for other financial assets for the year ended December 31, 2024 is presented below:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Reserve for ECL as of January 1, 2024	**(599)**	-	**(212.935)**	**(213.534)**
Net change in provision for the year *(Note 21)*	**599**	-	**(59.728)**	**(59.129)**
Asset write-off	**-**	-	**-**	**-**
As of December 31, 2024	**-**	-	**(272.663)**	**(272.663)**

The analysis of changes in the estimated allowances for ECL for other financial assets for the year ended December 31, 2023 is presented below:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Reserve for ECL as of January 1, 2023	(1.113)	(8.034)	(308.514)	(317.661)
Net change in provision for the year *(Note 21)*	514	8.034	66.376	74.924
Asset write-off	-	-	29.203	29.203
As of December 31, 2023	(599)	-	(212.935)	(213.534)

As of December 31, other liabilities include the following items:

	2024	*2023*
Other financial liabilities		
Accounts payable for professional services	**9.785**	17.000
Settlements of taxes and other mandatory payments to the budget	**39.279**	16.325
Total other financial liabilities	**49.064**	33.325
Other non-financial liabilities		
Income of future periods	**87.492**	96.539
Accrued expenses for unused vacations	**43.410**	28.296
Charity Payments Account	**17.942**	57
Other	**8.929**	24.081
Total other non-financial liabilities	**157.773**	148.973
Other liabilities	**206.837**	182.298

(In thousands of tenge, unless otherwise stated)

16. Amounts due to credit institutions

As at December 31, 2024, funds from credit institutions include funds in current accounts with foreign banks totaling 966.165 thousand tenge (as at December 31, 2023: 691.764 thousand tenge).

17. Amounts due to customers

As of December 31, customer funds include the following items:

	2024	*2023*
Current accounts	**32.211.284**	6.071.159
Fixed-term deposits	**2.322.103**	2.656.137
Amounts due to customers	**34.533.387**	8.727.296
Held as collateral for guarantees *(Note 19)*	**2.322.103**	2.656.137

As at December 31, 2024, customer funds in the amount of 31.190.219 thousand tenge (90,32%) represented funds of the ten largest customers (as at December 31, 2023: 5.147.067 thousand tenge (58,98%). As at December 31, 2024, the total amount of funds in the accounts of the three largest customers amounted to 27.067.372 thousand tenge (78,38%).

As of December 31, customer funds include the following items.

	2024	*2023*
Current accounts		
Private enterprises	**31.864.634**	5.934.168
Individuals	**346.650**	129.070
	32.211.284	6.063.238
Fixed-term deposits		
Private enterprises	**2.322.103**	2.664.058
	2.322.103	2.664.058
Amounts due to customers	**34.533.387**	8.727.296

Below is the distribution of Amounts due to customers by economic sector:

	2024	*2023*
Professional Services	**19.049.540**	-
Trade	**8.454.625**	1.244.031
Construction	**3.417.306**	5.123.904
Industrial production	**1.457.500**	1.314.958
Financial lease	**876.526**	17.708
Individuals	**468.318**	182.382
Transport and communications	**249.085**	39.845
Agriculture	**4.536**	123
Energy	**156**	149.961
Fuel industry	**-**	1.615
Other	**555.795**	652.769
Amounts due to customers	**34.533.387**	8.727.296

18. Equity

As of December 31, 2024, 2023 and as of 2022, the total number of declared, issued and fully paid ordinary shares of the Bank is 10.000.000 shares. The placement price of shares was 1.005 tenge per ordinary share.

The Bank's authorized capital was contributed by shareholders in tenge, and they are entitled to dividends and any distributions of equity in tenge. Each common share entitles one vote. No dividends were accrued or paid in 2024, 2023 and 2022.

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(In thousands of tenge, unless otherwise stated)

19. Contractual and contingent liabilities

Political and economic conditions

Kazakhstan continues to implement economic reforms and develop a legal, tax and administrative infrastructure that would meet the requirements of a market economy. The stability of the Kazakh economy will largely depend on the progress of these reforms, as well as on the effectiveness of the measures taken by the Government in the economic, financial and monetary policies. The Bank's management believes that it is taking appropriate measures to maintain the economic sustainability of the Bank in the current circumstances.

Lawsuits and demands

The Bank is a potential target of various types of litigation related to its business operations. The Bank does not believe that any unsettled or threatened claims of these types, individually or in the aggregate, will have a material adverse effect on the Bank's financial condition or results of operations.

The Bank assesses the likelihood of significant liabilities arising from individual events and makes provisions in its financial statements only when it is probable that the events giving rise to the liability will occur and the amount of the liability can be estimated reliably. The Bank has not made provisions in these financial statements for any of the contingent liabilities described above.

Unforeseen tax payments

The tax environment in the Republic of Kazakhstan is subject to change and inconsistent application and interpretation. Discrepancies in the interpretation of Kazakhstan laws and regulations by the Bank and Kazakhstan authorities may result in the assessment of additional taxes, fines and penalties.

Kazakhstan tax legislation and practice are in a state of continuous development and therefore are subject to varying interpretations and frequent changes, which may have retroactive effect. In some cases, tax legislation refers to the provisions of IFRS for the purpose of determining the taxable base, and the interpretation of the relevant provisions of IFRS by the Kazakhstan tax authorities may differ from the accounting policies, judgments and estimates applied by management in preparing these financial statements, which may result in additional tax liabilities for the Bank. The tax authorities may conduct a retrospective audit for three years after the end of the tax year.

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

Contractual and contingent liabilities

As at December 31, the Bank's contractual and contingent financial commitments include the following items:

	2024	*2023*
Credit related commitments		
Guarantees issued	**11.120.341**	11.008.961
Commitments to Provide Islamic Finance	**2.563.271**	1.205.424
	13.683.612	12.214.385
Customer funds held as collateral for issued guarantees *(Note 17)*	**(2.322.103)**	(2.656.137)
Estimated allowance for ECL for credit related liabilities	**(2.424.672)**	(970.925)

The Agreement on the obligation to provide financing provides for the Bank's right to unilaterally withdraw from the agreement in the event of any unfavourable conditions for the Bank, including breach of agreements by clients, deterioration of financial indicators and other conditions.

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(In thousands of tenge, unless otherwise stated)

19. Contractual and contingent liabilities (continued)

Contractual and contingent liabilities (continued)

The analysis of changes in the valuation allowance for ECL for the year ended December 31, 2024 is presented below:

Guarantees issued	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Reserve for ECL as of January 1, 2024	(258.858)	(79.126)	(464.691)	(98.000)	(900.675)
Newly created assets or acquired assets	(522.175)	-	-	-	(522.175)
Assets that have been repaid	124.512	70.349	41.252	-	236.113
Transfers in Stage 2	24.943	(24.943)	-	-	-
Transfers in Stage 3	163.208	-	(163.208)	-	-
Net change in ECL per year	(182.370)	(19.114)	(799.329)	30.658	(970.155)
As of December 31, 2024	(650.740)	(52.834)	(1.385.976)	(67.342)	(2.156.892)

Commitments to Provide Islamic Finance	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Reserve for ECL as of January 1, 2024	(35.078)	(28.560)	(6.612)	(70.250)
Newly created assets or acquired assets	(57.363)	-	-	(57.363)
Assets that have been repaid	5.562	-	565	6.127
Transfers in Stage 2	8.449	(8.449)	-	-
Transfers in Stage 3	2.192	-	(2.192)	-
Net change in ECL per year	(123.425)	(13.319)	(9.550)	(146.294)
As of December 31, 2024	(199.663)	(50.328)	(17.789)	(267.780)

The analysis of changes in the valuation allowance for ECL for the year ended December 31, 2023 is presented below:

Guarantees issued	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Reserve for ECL as of January 1, 2023	(219.640)	(14.423)	(385.484)	-	(619.547)
Newly created assets or acquired assets	(246.423)	-	-	(98.000)	(344.423)
Assets that have been repaid	179.995	6.504	30.522	-	217.021
Transfers in Stage 2	26.012	(26.012)	-	-	-
Transfers in Stage 3	13.195	7.920	(21.115)	-	-
Net change in ECL per year	(11.997)	(53.115)	(88.614)	-	(153.726)
As of December 31, 2023	(258.858)	(79.126)	(464.691)	(98.000)	(900.675)

Commitments to Provide Islamic Finance	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Reserve for ECL as of January 1, 2023	(27.057)	-	(497)	(27.554)
Newly created assets or acquired assets	(10.741)	-	-	(10.741)
Transfers in Stage 2	4.890	(4.890)	-	-
Transfers in Stage 3	1.193	-	(1.193)	-
Assets that have been repaid	54	-	-	54
Net change in ECL per year	(3.417)	(23.670)	(4.922)	(32.009)
As of December 31, 2023	(35.078)	(28.560)	(6.612)	(70.250)

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(In thousands of tenge, unless otherwise stated)

19. Contractual and contingent liabilities (continued)

Trust management operations

The Bank acts as an agent in investing funds received under Wakala agreements and acts as a Mudarib under Mudarabah agreements:

	2024	*2023*
Mudarabah		
Unutilized portion of Mudarabah deposits as of January 1	**181.292**	328.054
Deposits received	**158.861**	110.842
Deposits withdrawn	**(84.825)**	(257.604)
Unutilized portion of Mudarabah deposits as at December 31,	**255.328**	181.292
Profit accrued under Islamic finance agreements	**70.409**	-
Profit attributable to clients on Wakala and Mudarabah deposits	**1.520**	-

The Bank shall bear no risk for the utilised portion of Wakala and Mudarabah deposits, except in cases where the deposits have been lost as a result of wrongful acts, negligence or breach of the terms agreed upon by the Bank, in which case such losses shall be borne by the Bank.

20. Income from Murabaha Commodity Agreements

In 2024, income from Commodity Murabaha agreements amounted to 1.054.446 thousand tenge (in 2023: 1.603.089 thousand tenge), including net loss from modification as a result of changes in contractual cash flows under Commodity Murabaha agreements that do not result in derecognition in the amount of 445.893 thousand tenge (in 2023: 322.871 thousand tenge).

21. Credit loss expense and other impairment charges

The table below presents the ECL expenses on financial instruments recognised in profit or loss for the year ended December 31, 2024:

	Note:	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Cash and cash equivalents	6	-	**(1.688)**	**46.832**	-	**45.144**
Islamic Finance Receivables	7	**(190.018)**	**(36.409)**	**(2.119.930)**	**(163.347)**	**(2.509.704)**
Loans to customers	8	-	-	**10.000**	-	**10.000**
Investments in Wakala and Mudarabah pools	9	-	-	**35.061**	-	**35.061**
Other financial assets	15	**599**	-	**(59.728)**	-	**(59.129)**
Credit related commitments	19	**(755.259)**	**37.916**	**(767.062)**	**30.658**	**(1.453.747)**
		(944.678)	**(181)**	**(2.854.827)**	**(132.689)**	**(3.932.375)**

The table below presents the ECL expenses for financial instruments recognised in profit or loss for the year ended December 31, 2023:

	Note:	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Cash and cash equivalents	6	-	-	(13.463)	-	(13.463)
Islamic Finance Receivables (Adjusted)	7	(380.770)	(1.075.148)	709.380	540.174	(206.364)
Loans to customers	8	-	-	9.000	-	9.000
Investments in Wakala and Mudarabah pools	9	-	-	246.090	-	246.090
Other financial assets	15	514	8.034	66.376	-	74.924
Credit related commitments	19	(92.529)	(70.281)	(63.014)	(98.000)	(323.824)
		(472.785)	(1.137.395)	954.369	442.174	(213.637)

The movement in the allowances for impairment of other non-financial assets is presented below:

	2024	*2023*
As of January 1, 2024	-	(298.653)
(Accrual)/Recovery	-	298.653
As of December 31, 2024	-	

(In thousands of tenge, unless otherwise stated)

22. Net commission income

Net commission income includes the following items:

	2024	*2023*
Guarantees issued	**520.526**	516.650
Translation operations	**80.018**	25.886
Maintaining customer accounts	**9.400**	6.103
Cash transactions	**8.414**	10.967
Agency commission and remuneration under Wakala agreements and Mudarib's share of profits under Mudarabah agreements *(Note 19)*	**1.710**	250
Other	**4.080**	3.978
Commission income	**624.148**	563.834
Translation operations	**(141.231)**	(10.574)
Other	**(173.581)**	(55.409)
Commission expenses	**(314.812)**	(65.983)
Net commission income	**309.336**	497.851

23. Personnel costs and other operating expenses

Personnel and other operating expenses include the following:

	2024	2023
Salary and bonuses	**763.540**	402.078
Social Security Contributions	**86.908**	48.306
Personnel costs	**850.448**	450.384

	2024	2023
Depreciation and amortization *(Notes 10, 11 and 12)*	**289.808**	245.938
Software technical support	**100.612**	69.165
Taxes other than corporate income tax	**55.118**	42.430
Professional Services	**34.915**	32.384
Communication services	**29.632**	29.733
Security services	**28.201**	22.862
Collection	**22.706**	9.094
Travel expenses	**13.519**	4.822
Membership fees	**10.633**	9.936
Public utilities	**7.566**	6.525
Transportation costs	**3.872**	2.130
Office Supplies	**2.778**	1.426
Lease	**2.457**	2.460
Repair and maintenance	**2.357**	25.655
Advertising and Marketing	**1.165**	1.187
Entertainment expenses	**206**	175
Other	**52.026**	43.221
Other operating expenses	**657.571**	549.143

(In thousands of tenge, unless otherwise stated)

24. Risk management

Introduction

The Bank's activities involve risks. The Bank manages risks through an ongoing process of identification, assessment and monitoring, as well as through the establishment of risk limits and other internal controls. The risk management process is critical to maintaining the Bank's stable profitability, and each individual employee of the Bank is responsible for the risks associated with his or her responsibilities. The Bank is exposed to credit risk, liquidity risk, Shariah risk and market risk. The Bank is also exposed to operational risks.

The independent risk control process does not include business risks such as environmental, technological or industry changes. Such risks are controlled by the Bank through the strategic planning process.

The risk management process includes identification, measurement, control and limitation of risks, which are carried out by the Bank on an ongoing basis.

Risk management framework

The Board of Directors has overall responsibility for identifying and monitoring risks, but there are also separate independent bodies responsible for risk management and control.

Board of Directors

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

Board of Directors

The responsibility of the Management Board is to oversee the risk management process in the Bank.

Risk management

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

The main objective of the division is to create and operate an effective risk management system for the Bank, which includes the use of risk identification and control methods that ensure the effective definition, assessment and limitation of the Bank's risks, taking into account the type and volume of operations it carries out. This division also ensures the collection of complete information in the risk assessment and risk reporting system.

Bank Treasury

The Bank's Treasury is responsible for managing the Bank's assets and liabilities, as well as the overall financial structure. The Treasury also has primary responsibility for the Bank's liquidity risk and funding risk.

Internal audit

The Bank's risk management processes are audited annually by the Internal Audit Department, which verifies both the adequacy of the procedures and the Bank's implementation of these procedures. The Internal Audit Department discusses the results of the audits with management and presents its findings and recommendations to the Bank's Board of Directors.

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(In thousands of tenge, unless otherwise stated)

24. Risk management (continuation)

Introduction (continued)

Risk assessment and risk communication systems

The Bank's risks are assessed using a method that reflects both the expected loss likely to occur in the normal course of business and unexpected losses, which are estimates of the greatest actual losses based on statistical models. The models use probabilities derived from past experience and adjusted for economic conditions. The Bank also models "worst-case scenarios" that would occur if events considered unlikely occurred.

Risk monitoring and control is primarily based on the limits set by the Bank. Such limits reflect the business strategy and market conditions in which the Bank operates, as well as the level of risk that the Bank is prepared to accept, with particular attention paid to individual industries. In addition, the Bank monitors and evaluates its overall risk-bearing capacity in relation to the aggregate position in all types of risks and transactions.

Information received from all activities is reviewed and processed for the purpose of risk analysis, control and early detection. This information is presented with explanations to the Management Board and heads of each division. The report contains information on the total amount of credit risk, forecast credit indicators, exceptions to the established risk limits, liquidity indicators and changes in the risk level. Risk information is provided monthly by industry, client and geographic region. The Credit Committee determines the need to create a reserve for credit losses on a monthly basis. The Board of Directors receives a detailed risk report quarterly, which contains all the information necessary to assess the Bank's risks and make appropriate decisions.

For all levels, the Bank prepares various risk reports, which are distributed in order to provide all divisions of the Bank with access to extensive, necessary and up-to-date information.

A meeting of the Bank's Management Board is held weekly with the invitation of managers or employees of other divisions of the bank, at which work on maintaining an acceptable level of risk is discussed. In the event of detection of an increase in the risk level and/or a violation of the risk limit, the meeting is held more often.

Reducing risk

As part of risk management, the Bank monitors risks arising from changes in profit rates, exchange rates, credit risk, as well as risks related to forecast transactions.

The Bank actively uses collateral to reduce its credit risk (further information is disclosed below).

Excessive risk concentrations

Concentrations of risk arise when a number of counterparties engage in similar activities or operate in the same geographical area, or have similar economic characteristics, and as a result changes in economic, political and other conditions have a similar effect on the ability of those counterparties to meet contractual liabilities. Concentrations of risk reflect the relative sensitivity of the Bank's results of operations to changes in conditions that affect a particular industry or geographical area.

In order to avoid excessive concentrations of risk, the Bank's policies and procedures include specific principles aimed at maintaining a diversified portfolio. Control and management of established concentrations of credit risk are carried out.

Credit risk

Credit risk is the risk that the Bank will incur losses due to the failure of its customers or counterparties to fulfil their contractual liabilities. The Bank manages credit risk by setting the maximum amount of risk that the Bank is willing to accept for individual counterparties, geographical or industry risk concentrations, and by monitoring compliance with the established risk limits.

Counterparty limits are determined using a credit risk classification system that assigns each counterparty a credit rating. The ratings are reviewed regularly. The credit quality review process enables the Bank to assess the amount of potential losses from the risks to which it is exposed and to take appropriate measures.

(In thousands of tenge, unless otherwise stated)

24. Risk management (continuation)

Credit risk (continued)

Risks associated with credit-related commitments

The Bank provides its clients with the opportunity to obtain guarantees, which may require the Bank to make payments on behalf of the clients. Clients reimburse the Bank for such payments in accordance with the terms of the guarantees and letters of credit. Under these agreements, the Bank bears risks that are similar to the risks associated with financing and which are mitigated by the same procedures and risk control policies.

The carrying amount of items in the statement of financial position, excluding the effects of risk reduction through the use of master netting agreements and collateral arrangements, most accurately reflects the maximum credit risk associated with those items.

More detailed information on the maximum credit risk exposure for each class of financial instruments is presented in separate notes. The effect of collateral and other risk mitigation techniques is presented in *Note 7* "Islamic Finance Receivables", *Note 8* "Loans to Customers", *Note 9* "Investments in Wakala and Mudarabah Pools" and *Note 19* "Contractual Commitments and Contingencies".

Impairment assessment

The Bank calculates ECL based on several probability-weighted scenarios to estimate expected cash shortfalls, which are discounted using the effective rate of return. The cash shortfall is the difference between the cash flows due to the entity under the contract and the cash flows that the entity expects to receive. The mechanism for calculating ECL is described below, and the main elements are as follows:

Probability of default (PD)	*The probability of default* is an estimate of the probability of a default occurring over a given time period. A default can only occur at a certain point in time during the period under consideration if the asset has not been derecognized and is still part of the portfolio.
Exposure to default (EAD)	*The amount at risk of default* is an estimate of the amount at risk of default at some future date, taking into account expected changes in that amount after the reporting date, including repayments of principal and profits, contractually or otherwise, expected repayments of financings issued, and penalties and interest accrued as a result of late payments.
Loss Given Default (LGD)	*The loss given default rate* is an estimate of the loss that would result from a default occurring at a given point in time. This figure is calculated based on the difference between the contractual cash flows and the cash flows that the lender expects to receive, including from the sale of collateral. Typically, is expressed V percent by relation to EAD.

The ECL allowance is calculated based on the credit losses expected to occur over the life of the asset (lifetime expected credit losses or lifetime ECL) if there has been a significant increase in credit risk since initial recognition, otherwise the allowance is calculated at an amount equal to 12-month expected credit losses (12-month ECL). 12-month ECL is the portion of lifetime ECL that represents ECLs that arise from defaults on the financial instrument that are possible within 12 months after the reporting date. Lifetime ECL and 12-month ECL are calculated either individually or collectively, depending on the nature of the underlying portfolio of financial instruments.

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(In thousands of tenge, unless otherwise stated)

24. Risk management (continuation)

Credit risk (continued)

Impairment Assessment (continued)

The Bank has developed a policy to assess at the end of each reporting period whether the credit risk on a financial instrument has increased significantly since initial recognition, taking into account changes in the risk of default occurring over the remaining life of the financial instrument. Based on the process described above, the Bank groups its Islamic finance receivables into the following groups:

Step 1: On initial recognition of a financial instrument, the Bank recognises an allowance in an amount equal to 12-month ECL. Stage 1 also includes financial instruments whose credit risk has decreased to such an extent that they have been transferred out of Stage 2.

Step 2: If the credit risk of a financial instrument has increased significantly since initial recognition, the Bank recognises an allowance in an amount equal to the lifetime ECL. Stage 2 also includes financial instruments whose credit risk has decreased to such an extent that they have been transferred out of Stage 3.

Step 3: Financial instruments that are credit-impaired. The Bank recognizes an allowance in an amount equal to the ECL for the entire period.

POCI: Purchased or originated credit-impaired (POCI) assets are financial assets that were credit-impaired at initial recognition. On initial recognition of POCI, assets are measured at fair value and finance revenue is subsequently recognised using the effective profit rate adjusted for credit risk. An allowance for ECL is recognised or derecognised only to the extent that there has been a subsequent change in lifetime ECL.

Definition of default and recovery

The Bank considers a financial instrument to be in default and therefore classifies it into Stage 3 (credit-impaired assets) for the purposes of calculating ECL in any case where the customer is more than 60 days past due on contractual payments. The Bank considers amounts due from banks to be in default and takes immediate action to remedy the default if, at the close of business, the required intraday payments specified in individual agreements have not been made.

As part of the qualitative assessment of whether a customer is in default, the Bank also considers a number of events that may indicate that payment is unlikely. If such events occur, the Bank carefully considers whether the event results in a default and whether the assets should be classified in Stage 3 for the purposes of calculating ECL or whether Stage 2 is more appropriate. Such events include the following:

- Internal client rating indicating default or closeness to default;
- Write-off of part and/or the entire amount of the client's debt, which was caused by a significant increase in credit risk since the provision of financing;
- A significant decrease in the value of collateral when recovery of the financial instrument is expected to result from the sale of the collateral;
- Restructuring due to deterioration of the client's financial condition;
- Availability of reasonable and reliable information about the debtor's significant financial difficulties; and
- Filing of a bankruptcy petition by a client.

In accordance with the Bank's policy, financial instruments are considered "cured" and, therefore, transferred out of Stage 3 when none of the default criteria have been observed for at least twelve consecutive months or the rating of the financial instrument has improved and there is no other evidence of impairment. The decision as to whether an asset should be classified in Stage 2 or Stage 1 in the event of "curation" depends on the revised credit rating level at the time of recovery and an assessment of whether there has been a significant increase in credit risk since initial recognition.

(In thousands of tenge, unless otherwise stated)

24. Risk management (continuation)

Credit risk (continued)

Internal Rating Assignment and Default Probability Assessment Process

The rating assessment of the quality of a financial instrument for clients is based on the creditworthiness class (assigned based on the results of the analysis of the client's financial and economic condition) for the provision of financing (collateral), according to the provided business plan (except for retail financing). In addition, such factors as the financing terms, the availability of the client's own funds in the financed project, the scope of activity, the duration of the enterprise, the presence of accounts payable to other enterprises, the client's credit history and payment discipline for current liabilities are taken into account.

Depending on the assigned internal credit ratings, the financial instrument is distributed by Stages for further calculation of the ECL taking into account such factors as the presence of current overdue payments, the number of restructurings, the presence of a grace period, information on targeted/non-targeted use, the presence of information on significant financial difficulties, arrests on the client's accounts, and etc.

Treasury and interbank relations

The Bank had no treasury relationships, which include relationships with counterparties such as broker-dealers, exchanges and clearing houses, in the reporting year. If such relationships arise, the analysis is carried out by the Bank's Treasury.

The Bank evaluates clients depending on the type of financial instrument (corporate/retail). For a corporate financial instrument, an evaluation model is used, including one based on the client's accounting data, forecast of future cash flows, and the presented business plan. For a retail financial instrument, a client credit scoring model is used for evaluation.

Commercial financing

In commercial financing, the assessment of clients is carried out sequentially by the Credit Department, Legal Department and Risk Management Service. The risk assessment is made on the basis of various data, such as the financial condition of the client, financing collateral, financing period, assessment of the presented business plan, availability of the client's own funds in the financed project, field of activity, duration of the enterprise, availability of accounts payable to other enterprises, the client's credit history and payment discipline for current liabilities. The assessment of the client's financial condition is made on the basis of the cash flow forecast, historical financial information, bankruptcy probability assessment, current financial ratios, such as liquidity ratios, financial leverage (solvency), profitability and debt servicing.

The Bank uses the following levels of internal credit rating:

Internal rating level	*Rating of an external international rating agency*	*Description of the internal rating level*	*PD for all term*
91-150	does not correspond	Reliable client	12%-30%
71-90	does not correspond	Low Risk Client	13%-64%
56-70	does not correspond	Medium risk client	9%-62%
41-55	does not correspond	High risk client	100%
40 and below	does not correspond	Client with unacceptable risk	100%

Retail finance

Retail finance includes secured receivables under Islamic finance to individuals. The assessment of this product is also carried out with the assignment of an internal credit rating level, which is based on the results of scoring based on various qualitative and quantitative characteristics of the client, as well as taking into account the analysis carried out on the financial and economic condition of the client, on the loan security (collateral), the availability of the client's own funds in the financed project, payment discipline on current liabilities. The number of days overdue for each loan is a key factor in calculating impairment.

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(In thousands of tenge, unless otherwise stated)

24. Risk management (continuation)

Credit risk (continued)

Value at risk of default

Exposure to default (EAD) is the gross carrying amount of financial instruments subject to impairment assessment and reflects both the ability of the customer to increase its debt as default approaches and the ability to repay early. To calculate EAD for Stage 1 financial instruments, the Bank assesses the probability of default occurring within 12 months to estimate the 12-month ECL. For Stage 2, Stage 3 and POCI financial assets, EAD is considered for events that may occur throughout the life of the instrument.

The Bank determines the EAD by modelling a range of possible default outcomes at different points in time, corresponding to multiple scenarios. Each economic scenario is then assigned PDs in accordance with IFRS 9, based on the results of the Bank's models.

Loss Given Default

In the case of commercial financing, the LGD indicator is assessed monthly by the Credit and Deposit Operations Analysis and Administration Department and verified by the Bank's Risk Management Service.

The credit risk assessment is based on a standard LGD assessment model, which results in certain LGD levels. These LGD levels take into account the expected EAD compared to the amounts expected to be recovered or realized through the sale of the collateral held.

The Bank combines its financial products into homogeneous groups based on the main characteristics relevant for assessing future cash flows. For this purpose, information on losses of previous periods is used and a wide range of characteristics inherent in transactions (for example, type of product, types of collateral), as well as client characteristics, are considered. In the absence of information on losses of previous periods, it is allowed to use data on similar groups of financial instruments of second-tier banks of Kazakhstan.

Where appropriate, new data and forecast economic scenarios are used to determine the level of LGD under IFRS 9 for each group of financial instruments. When evaluating forward-looking information, expected outcomes are based on multiple scenarios. Examples of key inputs include changes in the value of collateral, payment status, or other factors that indicate that a group of instruments will experience losses.

LGD levels are estimated for all Stage 1, 2 and 3 asset classes and POCI. Inputs for such LGD levels are estimated and, where possible, adjusted through backtesting to take into account recent recoveries. Where necessary, such inputs are determined for each economic scenario.

Significant increase in credit risk

The Bank continually reviews all assets for which ECL is calculated. To determine the amount of impairment allowance required for an instrument or portfolio of instruments (i.e., 12-month ECL or lifetime ECL), the Bank considers whether the credit risk on the instrument or portfolio of instruments has increased significantly since initial recognition. The Bank considers that the credit risk on a financial instrument has increased significantly since initial recognition if one or more indicators of significant customer difficulty have been identified:

For legal entities:

- The growth in losses in dynamics for the previous period is not less than twelve months;
- Unfavorable value of the coefficients calculated in accordance with the internal regulatory document, indicating a low level of solvency, high dependence on borrowed funds;
- Availability negative own equity;
- A stable (over 3 or more reporting periods (quarters)) decrease in cash flows from the main type of activity, which indicates a decrease in market share, the Bank's lack of confidence that the measures taken by the client (debtor, co-borrower) are effective in stabilizing the financial situation;

(In thousands of tenge, unless otherwise stated)

24. Risk management (continuation)

Credit risk (continued)

Significant increase in credit risk (continued)

- Provision of financing to a client (debtor, co-borrower) for the purpose of repaying previously provided financing due to the deterioration of the client's (debtor, co-borrower's) financial situation.

For legal entities with the targeted use of financial resources "investment purposes" (investment financing):

- Permanent and/or significant deterioration of the financial condition of the client (co-borrower);
- The measures taken by the client (co-borrower) are ineffective in stabilizing the financial situation;
- Availability of rehabilitation for a period of no more than 1 (one) year;
- The presence of force majeure circumstances, as well as other circumstances that caused material damage to the client (co-borrower) (in the amount of 6 or more average monthly receipts from the client's main activity), but did not lead to the termination of his activity.
- The Bank also applies an additional qualitative method to indicate that there has been a significant increase in credit risk on an asset, such as a customer/financial instrument being placed on a distressed list or a restructuring due to a credit event. In some cases, the Bank may also consider the events described in the Definition of Default section above as an indication of a significant increase in credit risk rather than a default. Regardless of changes in credit rating levels, if contractual payments are more than 30 days past due, there has been a significant increase in credit risk since initial recognition.

When assessing ECL on a collective basis for a group of similar assets, the Bank applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Grouping of financial assets that are assessed on a group basis

Depending on the factors specified below, the Bank calculates the ECL either on an individual basis or on a group basis.

An individual financial asset is an asset whose gross carrying amount on the reporting date exceeds 0.2% of equity according to the financial statements, but is not less than fifty million tenge, or a financial asset that represents a claim on a related party.

The asset classes for which the Bank calculates ECL on an individual basis include the following:

- All Stage 3 assets, regardless of the class of financial assets;
- Financial assets that were classified as POCI when the original financing was derecognised and new financing was recognised as a result of a debt restructuring.

The asset classes for which the Bank calculates ECL on a collective basis include the following:

- Retail and corporate portfolios in Stage 1 and 2.

The bank combines these financial assets into homogeneous groups depending on the internal and external characteristics of the financial instruments, for example, internal credit rating, payment arrears, type of product, collateral ratio or the industry in which the client operates.

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(In thousands of tenge, unless otherwise stated)

24. Risk management (continuation)

Credit risk (continued)

Forecast information and multiple economic scenarios

In its models for calculating the ECL, the Bank uses forecast information on the GDP growth rate for the next year as the initial economic data.

The inputs and models used in calculating ECL do not always reflect all market characteristics at the financial statement presentation date. To reflect this, qualitative adjustments or overlays are sometimes made as timing adjustments if such differences are material.

The Bank adjusts the value of the macro indicator to smooth out the effect of historical turbulence by normalizing the current value of GDP growth based on the average value of GDP for the current year and the standard deviation of the historical value of GDP. When calculating the ECL as of December 31, 2024, the Bank used the forecast for 2024 equal to 0,1181 after adjustment.

To obtain forecast information, the Bank uses data from external sources (external rating agencies, government agencies, such as central banks, statistical agencies, authoritative analytical agencies). The analysis of this indicator is carried out by specialists of the Bank's Risk Management Service.

Key factors	*Scenario ECL*	*Meaning*	*Period*
GDP growth, %	Base	4,2	2014
		1,2	2015
		1,1	2016
		4,1	2017
		4,1	2018
		4,5	2019
		(2,6)	2020
		4	2021
		3,2	2022
		5,1	2023
		4,0	2024

(In thousands of tenge, unless otherwise stated)

24. Risk management (continuation)

Credit risk (continued)

Credit quality by class of financial assets

The Bank manages the credit quality of financial assets using the internal rating system as described above. The table below presents an analysis of credit quality by class of financial assets and credit related commitments based on the Bank's credit rating system as of December 31, 2024:

	Note:		*Low Risk Client*	*Client with average risk*	*High risk client*	*Client with unacceptable risk*	*Total*
Cash and cash equivalents (excluding cash)	6	Stage 1	**4.022.718**	-	-	-	**4.022.718**
		Stage 2	-	**31.398.829**	-	-	**31.398.829**
Islamic Finance Receivables:	7						
Commodity Murabaha - Corporate Part		Stage 1	**45.290**	-	-	-	**45.290**
		Stage 2	-	**1.440.427**	-	-	**1.440.427**
		Stage 3	-	-	**7.777.008**	**3.030.027**	**10.807.035**
		PSKO	-	-	**307.392**	**258.872**	**566.264**
Kard Hassan		Stage 1	**2.030**	-	-	-	**2.030**
		Stage 3	-	-	**2.863**	-	**2.863**
Commodity Murabaha - Retail Part		Stage 1	**70.406**	-	-	-	**70.406**
		Stage 2	-	**10.354**	-	-	**10.354**
		Stage 3	-	-	**2.365**	-	**2.365**
Wakala and Mudarabah pools	9	Stage 1	**38.614**	-	-	-	**38.614**
		Stage 3	-	-	-	**520.045**	**520.045**
Other financial assets	15	Stage 1	**74.995**	-	-	-	**74.995**
		Stage 2	-	-	-	-	-
		Stage 3	-	-	**416.912**	-	**416.912**
Financial guarantees	19	Stage 1	**5.840.647**	-	-	-	**5.840.647**
		Stage 2	-	**606.579**	-	-	**606.579**
		Stage 3	-	-	**1.704.987**	**687.970**	**2.392.957**
		PSKO	-	-	-	**123.266**	**123.266**
Commitments to Provide Islamic Finance	19	Stage 1	**1.685.727**	-	-	-	**1.685.727**
		Stage 2	-	**577.202**	-	-	**577.202**
		Stage 3	-	-	**13.385**	**19.177**	**32.562**
Total			**11.780.427**	**34.033.391**	**10.224.912**	**4.639.357**	**60.678.087**

(In thousands of tenge, unless otherwise stated)

24. Risk management (continuation)

Credit risk (continued)

Credit quality by class of financial assets

The Bank manages the credit quality of financial assets using the internal rating system as described above. The table below presents an analysis of credit quality by class of financial assets and credit related commitments based on the Bank's credit rating system as of December 31, 2023:

	Note:		*Low Risk Client*	*Client with average risk*	*High risk client*	*Client with unacceptable risk*	*Total*
Cash and cash equivalents (excluding cash)	6						
		Stage 1	2.761.432	-	-	-	2.761.432
		Stage 2	-	2.668.475	-	-	2.668.475
		Stage 3	-	-	-	-	-
Islamic Finance Receivables:	7						
Commodity Murabaha - Corporate Part		Stage 1	251.768	-	-	-	251.768
		Stage 2	-	1.536.150	-	-	1.536.150
		Stage 3	-	-	9.784.754	2.610.843	12.395.597
		POCI	-	-	843.984	-	843.984
Kard Hassan		Stage 1	11.652	-	-	-	11.652
Commodity Murabaha - Retail Part		Stage 1	28.618	-	-	-	28.618
		Stage 2	-	2.482	-	-	2.482
		Stage 3	-	-	686	-	686
Wakala and Mudarabah pools	9	Stage 3	-	-	-	484.984	484.984
Other financial assets		Stage 1	63.388	-	-	-	63.388
		Stage 2	-	-	-	-	-
	15	Stage 3	-	-	281.105	-	281.105
Financial guarantees		Stage 1	8.794.988	-	-	-	8.794.988
		Stage 2	-	752.660	-	-	752.660
	19	Stage 3	-	-	560.638	-	560.638
Commitments to Provide Islamic Finance		Stage 1	839.703	-	-	-	839.703
		Stage 2	-	271.440	-	-	271.440
	19	Stage 3	-	-	24.031	-	24.031
Total			12.751.549	5.231.207	11.495.198	3.095.827	32.573.781

The Bank's policy is to assign ratings accurately and consistently across its portfolio. This enables focused management of existing risks and enables comparison of credit risk across different activities, geographies and products. The rating system is based on a range of financial analytical methods and processed market data, which provide the key inputs for assessing counterparty risk. All internal risk categories are defined in accordance with the Bank's rating policy. The assigned ratings are regularly assessed and reviewed.

(In thousands of tenge, unless otherwise stated)

24. Risk management (continuation)

Credit risk (continued)

Credit quality by class of financial assets (continued)

The geographical concentration of the Bank's financial assets and liabilities as of December 31:

	2024			*2023*		
	Kazakhstan	***Other countries***	***Total***	***Kazakhstan***	***Other countries***	***Total***
Assets						
Cash and cash equivalents	**17.386.431**	**18.531.977**	**35.918.408**	5.645.426	989.019	6.634.445
Islamic Finance Receivables	**12.947.034**	-	**12.947.034**	15.070.937	-	15.070.937
Loans to customers	-	-	-	-	-	-
Investments in Wakala and Mudarabah pools	**558.659**	-	**558.659**	484.984	-	484.984
Other financial assets	**491.907**	-	**491.907**	344.493	-	344.493
Total financial assets	**31.384.031**	**18.531.977**	**49.916.008**	21.545.840	989.019	22.534.859
Liabilities						
Funds of credit institutions	-	**966.165**	**966.165**	-	691.764	691.764
Amounts due to customers	**24.901.256**	**9.632.131**	**34.533.387**	8.660.915	66.381	8.727.296
Liabilities to depositors of Wakala and Mudarabah pools	**255.328**	-	**255.328**	181.292	-	181.292
Reserves for contingent liabilities	**2.424.672**	-	**2.424.672**	970.925	-	970.925
Lease liabilities	**295.510**	-	**295.510**	253.642	-	253.642
Other financial liabilities	**49.064**	-	**49.064**	33.325	-	33.325
Total financial liabilities	**27.925.830**	**10.598.296**	**38.524.126**	10.100.099	758.145	10.858.244
Net balance sheet position	**3.458.201**	**7.933.681**	**11.391.882**	11.445.741	230.874	11.676.615

Credit related assets and liabilities were presented according to the country in which the counterparty is located. Cash was presented according to the country in which it was physically located. Other countries include the Russian Federation, EU countries and Turkey.

Liquidity risk and management of funding sources

Liquidity risk is the risk that the Bank will not be able to meet its payment liabilities as they fall due under normal or unexpected circumstances. To limit this risk, management has ensured the availability of various sources of funding in addition to the existing minimum amount of bank deposits. Management also carries out asset management, taking into account liquidity, and monitors future cash flows and liquidity on a daily basis. This process includes assessing expected cash flows and the availability of high-quality collateral that can be used to obtain additional funding if needed.

The Treasury is the main body for managing the Bank's current liquidity, as well as for ongoing monitoring of the Bank's balance sheet liquidity status and the dynamics of its change. The Treasury conducts a monthly liquidity analysis, the results of which are communicated to all members of the Management Board.

(In thousands of tenge, unless otherwise stated)

24. Risk management (continuation)

Liquidity Risk and Funding Source Management (continued)

When conducting an analysis of the liquidity of the Bank's balance sheet, internally adopted methodologies are used.

Every month, the Management Board reviews the liquidity analysis in terms of expected financial flows – liquidity gap analysis. In case of deterioration of liquidity indicators, the reasons are analyzed and recommendations for their elimination are submitted to the Management Board. The Risk Management Service regularly checks the fulfillment of the ratios and parameters established by the internal liquidity management policy, such as the instant liquidity ratio, current liquidity ratio, current liquidity ratio, total liquidity ratio and projected liquidity ratio.

The Board of Directors and the Management Board of the Bank must receive information from the Financial Management on the Bank's liquidity status at least once a month, and in the event of a significant deterioration in the current or projected liquidity status of the Bank, immediately.

Analysis of financial liabilities by terms remaining until maturity

The tables below present the Bank's financial liabilities as of December 31, by maturity based on contractual undiscounted repayment liabilities. Repayment liabilities that are repayable on demand are treated as if the repayment demand were made on the earliest possible date. However, the Bank expects that many customers will not demand repayment on the earliest date on which the Bank would be obligated to make the corresponding payment and, accordingly, the table does not reflect expected cash flows calculated by the Bank based on historical deposit demand information.

	2024				
Financial liabilities	***Less than 3 months***	***From 3 to 12 months***	***From 1 year to 5 years***	***More 5 years***	***Total***
Funds of credit institutions	**966.165**	**-**	**-**	**-**	**966.165**
Amounts due to customers	**32.517.409**	**1.559.398**	**456.580**	**-**	**34.533.387**
Liabilities to depositors of Wakala and Mudarabah pools	**92.322**	**137.034**	**25.972**	**-**	**255.328**
Lease liabilities	**37.365**	**121.946**	**136.199**	**-**	**295.510**
Other financial liabilities	**-**	**49.064**	**-**	**-**	**49.064**
Total undiscounted financial liabilities	**33.613.261**	**1.867.442**	**618.751**	**-**	**36.099.454**

	2023				
Financial liabilities	***Less than 3 months***	***From 3 to 12 months***	***From 1 year to 5 years***	***More 5 years***	***Total***
Funds of credit institutions	691.764	-	-	-	691.764
Amounts due to customers	6.592.069	460.810	1.674.417	-	8.727.296
Liabilities to depositors of Wakala and Mudarabah pools	53.506	126.877	909	-	181.292
Lease liabilities	30.927	80.169	142.546	-	253.642
Other financial liabilities	-	33.325	-	-	33.325
Total undiscounted financial liabilities	7.368.266	701.181	1.817.872	-	9.887.319

Amounts due to customers are allocated according to contractual maturities, even though they can be called upon demand.

The maturity gap analysis does not reflect the historical stability of current account balances, which have traditionally matured over a longer period than indicated in the tables above. These balances are included in the tables as amounts due in "less than 3 months."

(In thousands of tenge, unless otherwise stated)

24. Risk management (continuation)

Liquidity Risk and Funding Source Management (continued)

Analysis of financial liabilities by terms remaining until maturity (continued)

The table below shows the contractual periods of the Bank's contingent and contractual liabilities. All outstanding liabilities under Islamic finance are included in the period that contains the earliest date on which the client may demand its performance. In the case of financial guarantee contracts, the maximum amount of the guarantee applies to the earliest period on which the guarantee may be called upon.

	2024				
	Less than 3 months	***From 3 to 12 months***	***From 1 year to 5 years***	***More 5 years***	***Total***
Issued guarantees	**11.120.341**	**-**	**-**	**-**	**11.120.341**
Commitments to Provide Islamic Finance	**230.066**	**814.404**	**1.518.801**	**-**	**2.563.271**
	11.350.407	**814.404**	**1.518.801**	**-**	**13.683.612**

	2023				
	Less than 3 months	***From 3 to 12 months***	***From 1 year to 5 years***	***More 5 years***	***Total***
Issued guarantees	11.008.961	-	-	-	11.008.961
Commitments to Provide Islamic Finance	79.523	-	1.125.901	-	1.205.424
	11.088.484	-	1.125.901	-	12.214.385

The Bank expects that not all contingent or contractual liabilities will need to be satisfied before their maturity dates.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market variables such as profit rates, foreign exchange rates and equity prices. The Bank has market risk on its non-trading portfolio. The risk on non-trading positions is managed and controlled using sensitivity analysis. With the exception of foreign exchange positions, the Bank does not have significant concentrations of market risk.

Risk of changes in profit rates

Risk of changes in profit rates arises from the possibility that changes in rates of return will affect future cash flows or the fair value of financial instruments. The Bank's exposure to changes in rates of return is insignificant, since the Bank attracts and places funds at fixed rates.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in exchange rates. The Management Board has set limits on foreign currency positions based on the requirements of the National Bank of the Republic of Kazakhstan when regulating the activities of second-tier banks.

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(In thousands of tenge, unless otherwise stated)

24. Risk management (continuation)

Market Risk (continued)

Currency risk (continued)

The following table presents the currencies in which the Bank has significant positions as at December 31, for non-trading monetary assets and liabilities and projected cash flows. The analysis performed consists of calculating the impact of a possible change in exchange rates against the tenge on profit or loss (due to the presence of non-trading monetary assets and liabilities whose fair value is sensitive to changes in exchange rates). All other parameters are assumed to be constant. The impact on equity is the same as the impact on profit or loss. Negative amounts in the table reflect a potential net decrease in the statement of comprehensive income or equity, and positive amounts reflect a potential net increase.

	2024		*2023*	
Currency	*Increase in exchange rate, in %*	*Impact on profit before tax*	*Increase in exchange rate, in %*	*Impact on profit before tax*
Russian ruble	**15,00%**	**450.329**	15,00%	26.115
Euro	**15,00%**	**15.177**	15,00%	(707)
US Dollar	**15,00%**	**8.227**	15,00%	29.809
CNY	**15,00%**	**1.214**	15,00%	2.101
Dirham	**15,00%**	**342**	15,00%	-

	2024		*2023*	
Currency	*Decrease in exchange rate, in %*	*Impact on profit before tax*	*Decrease in exchange rate, in %*	*Impact on profit before tax*
Russian ruble	**-15,00%**	**(450.329)**	-15,00%	(26.115)
Euro	**-15,00%**	**(15.177)**	-15,00%	707
US Dollar	**-15,00%**	**(8.227)**	-15,00%	(29.809)
CNY	**-15,00%**	**(1.214)**	-15,00%	(2.101)
Dirham	**-15,00%**	**(342)**	-15,00%	-

Operational risk

Operational risk is the risk arising from system failure, human error, fraud or external events. When controls fail, operational risks may cause reputational damage, legal consequences or financial losses. The Bank cannot assume that all operational risks are eliminated, but the Bank can manage such risks through the use of controls and by monitoring and responding appropriately to potential risks. The control system includes effective segregation of duties, access rights, approval and reconciliation procedures, staff training and assessment procedures, including internal audit.

25. Fair value measurement

Fair Value Hierarchy

At each reporting date, the Bank's management analyses changes in the value of assets and liabilities that, in accordance with the Bank's accounting policies, require revaluation or reanalysis. For the purposes of this analysis, the Bank's management reviews the key inputs used in the previous valuation, comparing the information in the valuation calculations with contracts and other significant documents. Together with the Bank's third-party appraisers, the Bank's management also compares each change in the fair value of each asset and liability with appropriate external sources to determine whether the change is reasonable.

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(In thousands of tenge, unless otherwise stated)

25. Fair Value Measurement (continued)

Fair Value Hierarchy (continued)

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability, and the level of the fair value hierarchy.

		Fair value measurement using			
2024	*Date of assessment*	*Quotes on active markets (Level 1)*	*Significant observed baseline data (Level 2)*	*Significant unobservable inputs (Level 3)*	*Total*
Assets whose fair value is disclosed					
Cash and cash equivalents	December 31, 2024	**31.398.829**	**4.519.579**	**-**	**35.918.408**
Islamic Finance Receivables	December 31, 2024	**-**	**-**	**10.864.746**	**10.864.746**
Loans to customers	December 31, 2024	**-**	**-**	**-**	**-**
Investments in Wakala and Mudarabah pools	December 31, 2024	**-**	**-**	**558.659**	**558.659**
Other financial assets	December 31, 2024	**-**	**-**	**374.176**	**374.176**
Liabilities whose fair value is disclosed					
Funds of credit institutions	December 31, 2024	**-**	**966.165**	**-**	**966.165**
Amounts due to customers	December 31, 2024	**-**	**34.533.387**	**-**	**34.533.387**
Liabilities to depositors of Wakala and Mudarabah pools	December 31, 2024	**-**	**255.328**	**-**	**255.328**
Lease liabilities	December 31, 2024	**-**	**-**	**285.157**	**285.157**
Other financial liabilities	December 31, 2024	**-**	**-**	**49.064**	**49.064**

		Fair value measurement using			
2023	*Date of assessment*	*Quotes on active markets (Level 1)*	*Significant observed baseline data (Level 2)*	*Significant unobservable inputs (Level 3)*	*Total*
Assets whose fair value is disclosed					
Cash and cash equivalents	December 31, 2023	3.948.476	2.685.969	-	6.634.445
Islamic Finance Receivables	December 31, 2023	-	-	13.922.220	13.922.220
Loans to customers	December 31, 2023	-	-	-	-
Investments in Wakala and Mudarabah pools	December 31, 2023	-	-	484.984	484.984
Other financial assets	December 31, 2023	-	-	257.393	257.393
Liabilities whose fair value is disclosed					
Funds of credit institutions	December 31, 2023	-	691.764	-	691.764
Amounts due to customers	December 31, 2023	-	8.727.296	-	8.727.296
Liabilities to depositors of Wakala and Mudarabah pools	December 31, 2023	-	181.292	-	181.292
Lease liabilities	December 31, 2023	-	-	239.379	239.379
Other financial liabilities	December 31, 2023	-	-	33.325	33.325

There were no movements between levels of the fair value hierarchy during 2024 and 2023.

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(In thousands of tenge, unless otherwise stated)

25. Fair Value Measurement (continued)

Fair value of financial assets and liabilities not measured at fair value.

Below is a comparison of the carrying amount and fair value by class of the Bank's financial instruments that are not carried at fair value in the statement of financial position. The table does not include fair value of non-financial assets and non-financial liabilities.

	2024			*2023*		
	Balance sheet price	*Fair value*	*Unrecognized income/(loss)*	*Balance sheet price*	*Fair value*	*Unrecognized income/(loss)*
Financial assets						
Cash and cash equivalents	**35.918.408**	**35.918.408**	**-**	6.634.445	6.634.445	-
Islamic Finance Receivables	**12.947.034**	**10.864.746**	**(2.082.288)**	15.070.937	13.922.220	(1.148.717)
Loans to customers	-	-	-	-	-	-
Investments in Wakala and Mudarabah pools	**558.659**	**558.659**	**-**	484.984	484.984	-
Other financial assets	**491.907**	**374.176**	**(117.731)**	344.493	257.393	(87.100)
						-
Financial liabilities						-
Funds of credit institutions	**966.165**	**966.165**	**-**	691.764	691.764	-
Amounts due to customers	**34.533.387**	**34.533.387**	**-**	8.727.296	8.727.296	-
Liabilities to depositors of Wakala and Mudarabah pools	**255.328**	**255.328**	**-**	181.292	181.292	-
Lease liabilities	**295.510**	**285.157**	**(10.353)**	253.642	239.379	(14.263)
Other financial liabilities	**49.064**	**49.064**	**-**	33.325	33.325	-
Total unrecognized change in fair value			**(2.210.372)**			(1.250.080)

Estimation Methodologies and Assumptions

The following describes the methodologies and assumptions used in determining the fair value of those financial instruments that are not carried at fair value in these financial statements.

Assets whose fair value approximates their carrying amount

In the case of financial assets and financial liabilities that are liquid or have a short maturity (less than three months), it is assumed that their fair value approximates their carrying amount. This assumption also applies to demand deposits and savings accounts with no stated maturity.

Financial assets and financial liabilities measured at amortized cost

The fair value of unquoted instruments, Islamic finance receivables, loans to customers, customer accounts, other financial assets and liabilities is estimated by discounting future cash flows using rates currently prevailing for debt with similar terms, credit risk and maturity.

(In thousands of tenge, unless otherwise stated)

26. Analysis of Maturity of assets and liabilities

The table below presents assets and liabilities by expected maturity dates. Information on the Bank's contractual undiscounted repayment liabilities is disclosed in *Note 24* "Risk Management".

	2024			*2023*		
	Within one year	*More than one year*	*Total*	*Within one year*	*More than one year*	*Total*
Cash and cash equivalents	**35.918.408**	**-**	**35.918.408**	6.634.445	-	6.634.445
Islamic Finance Receivables	**9.448.363**	**3.498.671**	**12.947.034**	782.456	14.288.481	15.070.937
Loans to customers	-	-	-	-	-	-
Investments in Wakala and Mudarabah pools	**558.659**	**-**	**558.659**	484.984	-	484.984
Property, plant and equipment	**-**	**108.726**	**108.726**	-	67.487	67.487
Right-of-use assets	**-**	**273.510**	**273.510**	-	238.420	238.420
Intangible assets	**-**	**274.064**	**274.064**	-	209.084	209.084
Inventories	**190.952**	**-**	**190.952**	191.252	-	191.252
Current corporate income tax assets	**28.136**	**-**	**28.136**	57.725	-	57.725
Deferred corporate income tax assets	**-**	**19.565**	**19.565**	-	12.229	12.229
Other assets	**482.083**	**441.912**	**923.995**	146.375	320.444	466.819
Total	**46.626.601**	**4.616.448**	**51.243.049**	8.297.237	15.136.145	23.433.382
Funds of credit institutions	**966.165**	**-**	**966.165**	621.764	70.000	691.764
Amounts due to customers	**34.076.807**	**456.580**	**34.533.387**	6.338.409	2.388.887	8.727.296
Liabilities to depositors of Wakala and Mudarabah pools	**229.356**	**25.972**	**255.328**	181.292	-	181.292
Reserves for contingent liabilities	**-**	**2.424.672**	**2.424.672**	-	970.925	970.925
Lease liabilities	**159.311**	**136.199**	**295.510**	111.096	142.546	253.642
						-
Other liabilities	**119.345**	**87.492**	**206.837**	109.788	72.510	182.298
Total	**35.550.984**	**3.130.915**	**38.681.899**	7.362.349	3.644.868	11.007.217
Net amount	**11.075.617**	**1.485.533**	**12.561.150**	934.888	11.491.277	12.426.165

27. Related party transactions

According to IAS 24 Related *Party Disclosures*, parties are considered to be related if one party has the ability to control or significantly influence the other party in making operating or financial decisions. In determining whether parties are related, the substance of the relationship, not just the legal form, is taken into account.

Related parties may enter into transactions that would not occur between unrelated parties. The prices and terms of such transactions may differ from those of transactions between unrelated parties.

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(In thousands of tenge, unless otherwise stated)

27. Related party transactions (continued)

Volume of transactions with related parties, balance as of December 31, 2024 and 2023, and the corresponding amounts of expenses and income for the years ended on the dates indicated are presented below:

	2024				*2023*			
	Shareholders	*Organizations under common control*	*Key management personnel*	*Other related parties*	*Shareholders*	*Organizations under common control*	*Key management personnel*	*Other related parties*
Islamic Finance Receivables on January 1	-	-	-	**87.205**	-	-	-	89.499
Repayment within a year	-	-	-	**(35.682)**	-	-	-	(7.991)
Change in the ECL	-	-	-	**426.840**	-	-	-	5.697
Islamic Finance Receivables Outstanding as at December 31,	-	-	-	**478.363**	-	-	-	87.205
Current accounts as of December 31	**241.109**	**15.198**	**3.234**	**907**	116.114	58	4	35.168

The following are items of income and expense for transactions with related parties for the years ended December 31, 2024 and 2023:

	2024				*2023*			
	Shareholders	*Organizations under common control*	*Key management personnel*	*Other related parties*	*Shareholders*	*Organizations under common control*	*Key management personnel*	*Other related parties*
Income from Commodity Murabaha Agreements	-	-	-	**599**	-	-	-	183
Commission income	**454**	**3.984**	**35**	**1.002**	161	1.041	10	802
Other operating expenses	-	-	**(8.665)**	**(71)**	-	-	(14.308)	(2.160)

Below is information on the remuneration of 8 members of key management personnel (in 2023: 11 people):

	2024	*2023*
Salaries and other current payments	**(157.559)**	(96.218)
Social Security Contributions	**(16.920)**	(19.159)
Total compensation to key management personnel	**(174.479)**	(115.377)

28. Equity adequacy

The Bank actively manages its equity adequacy levels to protect against risks inherent in its operations. The Bank's equity adequacy is controlled using, among other methods, standards set by the NBRK.

The primary objective of equity management for the Bank is to ensure that the Bank complies with externally imposed equity requirements and maintains an adequate equity adequacy ratio necessary to carry out its operations and maximize shareholder value.

The Bank manages its equity structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the activities it carries out.

The NBRK requires banks to maintain a Tier 1 equity adequacy ratio of at least 6,5% of total assets and a Tier 2 equity adequacy ratio of at least 7,5% of risk-weighted assets calculated in accordance with regulatory requirements.

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28. Equity adequacy (continued)

As of December 31, 2024 and 2023, the Bank's equity adequacy ratio exceeded the regulatory minimum.

The table below shows the analysis of the Bank's equity, calculated in accordance with the requirements of the NBRK, as of December 31, 2024 and 2023:

	2024	*2023*
Tier 1 Equity	**12.287.085**	12.835.588
Total Equity	**12.287.085**	12.835.588
Risk-weighted assets and liabilities, potential claims and liabilities	**47.518.537**	28.882.556
Market risk	**531.113**	916.928
Operational risk	**1.939.450**	382.500
Total regulatory risk-weighted assets, contingent liabilities, operational and market risk	**49.989.100**	29.799.484
Equity adequacy ratio k1-1 (minimum 5,5%)	**24,6%**	43%
Equity adequacy ratio k1-2 (minimum 6,5%)	**24,6%**	43%
Equity adequacy ratio k2 (minimum 7,5%)	**24,6%**	43%

29. Zakat

The Bank's Charter does not require the Bank's management to pay Zakat on behalf of the Shareholder. Therefore, the obligation to pay Zakat is payable by the Shareholder.

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