"Microfinance organization "KMF" Joint-Stock Company

Financial statements

For 2024
together with independent auditor's report

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Building a better working world

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Independent auditor's report

To the Shareholders and Board of Directors of "Microfinance organization "KMF" Joint Stock Company

Opinion

We have audited the financial statements of "Microfinance organization "KMF" Joint Stock Company (hereinafter, the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company 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 (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
Allowance for expected credit losses on loans to customers	
Estimation of allowance for expected credit losses on loans to customers in accordance with IFRS 9 *"Financial Instruments"* is a key area of the Company's management judgment. Identification of factors of a significant increase in credit risk since initial recognition of an asset, including identification of changes in risk of default during the remaining life of a financial instrument, as well as determination of probability of default and loss given at default rates, require significant use of professional judgment, assumptions and analysis of various historical, current and forward-looking information. The use of different models and assumptions may significantly affect the amount of allowance for expected credit losses on loans to customers. Due to the substantial amount of loans to customers and the significant use of professional judgment, estimation of allowance for expected credit losses was a key audit matter. Information on expected credit losses on loans to customers and the Company's management approach to estimation of allowance for expected credit losses is presented in *Note 7 Loans to customers* and *Note 22 Risk management* to the financial statements.	Our audit procedures included the analysis of methodology for estimation of expected credit losses on loans to customers and analysis and testing of controls on identification of factors of significant increase in credit risk since initial recognition of loans to customers, including debt overdue period and existence of credit driven debt restructuring. We analysed the judgments used by the Company's management in determining the significant increase in credit risk and default criteria for loans to customers. We performed, on a sample basis, testing of input data and analysis of assumptions used by the Company in estimating the allowance for expected credit losses on loans to customers, including historical data on debt servicing and expected cash recoveries in the event of default. We also performed analysis of the forward-looking information, including macroeconomic forecasts and scenario weights, used by the Company in its expected credit loss model. We have recalculated the allowance for expected credit losses. We have analysed information on allowance for expected credit losses on loans to customers disclosed in the Notes to the financial statements.

Other information included in 2024 Annual Report of the Company

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Building a better working world

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

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

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

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

Ernst & Young LLP

Olga Khegay
Auditor

Auditor Qualification Certificate
№ МФ-0000286 dated 25 September 2015

Rustamzhan Sattarov
General Director
Ernst & Young LLP

State audit license for audit activities on the territory of the Republic of Kazakhstan: series МФЮ-2 No. 0000003 issued by the Ministry of Finance of the Republic of Kazakhstan on 15 July 2005

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31 March 2025

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

(In thousands of tenge)

	Note	*31 December 2024*	*31 December 2023*
Assets			
Cash and cash equivalents	5	**10,142,339**	9,700,278
Amounts due from credit institutions		**36,208**	24,188
Derivative financial assets	6	**2,439,791**	39,782
Loans to customers	7	**269,969,051**	237,942,687
Investment securities	8	**13,164,857**	8,387,357
Investment securities pledged under repurchase agreements	8	**22,643,515**	16,091,219
Investment property		**–**	66,958
Property and equipment	9	**11,267,123**	10,891,077
Right-of-use assets	10	**952,744**	931,504
Intangible assets	11	**3,534,079**	2,224,050
Current corporate income tax assets	16	**530,595**	394,810
Other assets	12	**1,668,252**	1,653,049
Total assets		336,348,554	288,346,959
Liabilities			
Amounts due to credit institutions	13	**221,619,455**	190,006,304
Amounts payable under repurchase agreements	14	**21,693,260**	16,561,713
Derivative financial liabilities	6	**–**	230,893
Lease liabilities	10	**1,058,272**	1,013,981
Debt securities issued	15	**22,115,686**	22,250,286
Deferred corporate income tax liabilities	16	**89,635**	46,278
Other liabilities	12	**7,058,556**	5,997,212
Total liabilities		273,634,864	236,106,667
Equity			
Share capital	17	**50,008,939**	–
Charter capital	17	**–**	50,008,939
Fair value reserve	17	**(802,010)**	(237,441)
Retained earnings		**13,506,761**	2,468,794
Total equity		62,713,690	52,240,292
Total equity and liabilities		336,348,554	288,346,959

Signed and authorised for issue on behalf of the Management Board of the Company:

Zhusupov Sh.A. — Chairman of the Management Board

Chernykh Y.Yu. — Chief accountant

31 March 2025

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

(In thousands of tenge)

	Note	2024	2023
Interest revenue calculated using effective interest rate			
Cash and cash equivalents		1,064,448	1,051,775
Loans to customers	19	95,254,332	82,964,612
Investment securities		1,408,816	894,490
		97,727,596	84,910,877
Interest expense calculated using effective interest rate			
Amounts due to credit institutions		(32,640,686)	(23,544,687)
Debt securities issued		(3,963,175)	(3,266,150)
Repurchase agreements		(2,731,826)	(1,147,685)
		(39,335,687)	(27,958,522)
Lease liabilities	10	(195,677)	(156,510)
		(39,531,364)	(28,115,032)
Net interest income		58,196,232	56,795,845
Credit loss expense	20	(8,678,046)	(7,287,194)
Net interest income after credit loss expense		49,518,186	49,508,651
Net gains/(losses) on transactions with financial instruments at fair value through profit or loss		1,140,772	(6,711,824)
Net gains on derecognition of financial assets measured at fair value through other comprehensive income		61,615	79,983
Net (losses)/gains from foreign currencies:			
- translation differences		(2,498,409)	1,556,130
- dealing		(10,422)	(22,272)
Other income		107,111	79,435
Personnel expenses	21	(24,429,273)	(19,079,033)
Other operating expenses	21	(10,028,371)	(8,884,098)
Other expense		(4,970)	(2,860)
Profit before corporate income tax expense		13,856,239	16,524,112
Corporate income tax expense	16	(2,818,272)	(3,311,160)
Profit for the year		11,037,967	13,212,952
Other comprehensive (loss)/income for the year			
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods			
Net change in fair value of debt instruments at fair value through other comprehensive income	8	(533,401)	239,452
Reclassification of cumulative gain on disposal of debt instruments at fair value through other comprehensive income to profit or loss		(61,615)	(79,983)
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income	8	30,447	(25,128)
Other comprehensive (loss)/income for the year, net of tax		(564,569)	134,341
Total comprehensive income for the year		10,473,398	13,347,293

The accompanying notes on pages 5 to 47 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

(In thousands of tenge)

	Note	*Share capital*	*Charter capital*	*Reserve fund*	*Fair value reserve*	*Revaluation reserve for investment property*	*Retained earnings*	*Total equity*
As at 1 January 2023		–	14,430,993	1,478,339	(371,782)	62,329	36,720,608	52,320,487
Profit for the year		–	–	–	–	–	13,212,952	13,212,952
Other comprehensive income for the year		–	–	–	134,341	–	–	134,341
Total comprehensive income for the year		–	–	–	134,341	–	13,212,952	13,347,293
Contribution to the charter capital	17	–	35,577,946	–	–	–	–	35,577,946
Dividends declared	17	–	–	–	–	–	(49,005,434)	(49,005,434)
Transfers of reserve fund to retained earnings	17	–	–	(1,478,339)	–	–	1,478,339	–
Transfer of revaluation reserve for investment property to retained earnings		–	–	–	–	(62,329)	62,329	–
As at 31 December 2023		–	50,008,939	–	(237,441)	–	2,468,794	52,240,292
Profit for the year		–	–	–	–	–	11,037,967	11,037,967
Other comprehensive loss for the year		–	–	–	(564,569)	–	–	(564,569)
Total comprehensive income for the year		–	–	–	(564,569)	–	11,037,967	10,473,398
Transfer from charter capital to share capital	17	50,008,939	(50,008,939)	–	–	–	–	–
As at 31 December 2024		50,008,939	–	–	(802,010)	–	13,506,761	62,713,690

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

(In thousands of tenge)

	Note	*2024*	*2023*
Cash flows from operating activities			
Interest received on cash and cash equivalents		1,066,697	1,049,076
Interest received on loans to customers		92,498,593	81,110,851
Interest received on investments securities		1,317,826	804,262
Other income received		75,264	79,436
Interest paid on amounts due to credit institutions		(32,623,727)	(21,326,316)
Interest paid on debt securities issued		(4,097,775)	(1,405,659)
Interest paid on repurchase agreements		(2,624,273)	(849,678)
Interest paid on lease liabilities		(195,677)	(156,510)
Net realised losses from dealing in foreign currencies		(10,422)	(22,272)
Net realised losses on transactions with financial instruments at fair value through profit or loss		(1,490,130)	(6,154,834)
Personnel expenses paid		(21,121,562)	(17,081,985)
Other operating expenses paid		(7,370,229)	(6,685,288)
Taxes other than corporate income tax and social security contributions paid		(3,100,968)	(2,221,616)
Cash flows from operating activities before changes in operating assets and liabilities		22,323,617	27,139,467
Net (increase)/ decrease in operating assets			
Loans to customers		(37,876,485)	(39,932,204)
Other assets		96,180	(189,907)
Net decrease in operating liabilities			
Amounts payable under repurchase agreements		5,023,994	16,263,706
Other liabilities		69,505	175,224
Net cash flows (used in)/from operating activities before corporate income tax		(10,363,189)	3,456,286
Corporate income tax paid		(2,910,700)	(3,430,605)
Net cash flows (used in)/from operating activities		(13,273,889)	25,681
Cash flows from investing activities			
Purchase of property and equipment		(1,511,330)	(2,867,122)
Proceeds from sale of property and equipment		96,912	148,552
Purchase of intangible assets		(1,590,833)	(2,369,959)
Purchase of investments securities	8	(28,171,664)	(38,194,212)
Proceeds from redemption of investment securities	8	20,764,502	24,203,504
Net cash flows used in investing activities		(10,412,413)	(19,079,237)
Cash flows from financing activities			
Receipt of amounts due to credit institutions	26	177,728,983	93,513,993
Repayment of amounts due to credit institutions	26	(154,064,118)	(68,287,879)
Debt securities issued	26	20,000,000	20,000,000
Redemption of debt securities issued	26	(20,000,000)	(10,000,000)
Payment of dividends	17	–	(13,427,488)
Payment of principal portion of lease liabilities	10	(508,157)	(486,834)
Net cash flows from financing activities		23,156,708	21,311,792
Effect of expected credit losses on cash and cash equivalents	5	(1,212)	2,978
Effect of exchange rate changes on cash and cash equivalents		972,867	397,866
Net increase in cash and cash equivalents		442,061	2,659,080
Cash and cash equivalents, as at 1 January		9,700,278	7,041,198
Cash and cash equivalents, 31 December	5	10,142,339	9,700,278

The accompanying notes on pages 5 to 47 are an integral part of these financial statements.

(In thousands of tenge, unless otherwise indicated)

1. Principal activities

"Microfinance organization "KMF" Joint-Stock Company (former – "Microfinance organization "KMF" Limited Liability Company) (hereinafter – the "Company") was established in 2006 in accordance with legislation of the Republic of Kazakhstan as "Microcredit organisation "KazMicroFinance" Limited Liability Company.

In connection with the introduction of the Law of the Republic of Kazakhstan On Microfinance Organizations dated 26 November 2012, on 5 January 2015 the Company was officially re-registered in the Ministry of Justice of the Republic of Kazakhstan as a regulated microfinance organisation "Microfinance organization "KMF" Limited Liability Company.

In May 2024 the Company completed the process of reorganising the legal form of the Company from Limited Liability Company into Joint Stock Company. In 2025 the Company plans to become a bank within the framework procedures defined by the legislation of the Republic of Kazakhstan.

The Company's activities are supervised and regulated by the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market (hereinafter – the "Agency").

The Company's principal activity is granting micro loans to customers. As at 31 December 2024 and 2023 the Company has 17 branches and 109 outlets throughout Kazakhstan. Branches are located in the following cities: Almaty, Astana, Aktobe, Zhezkazgan (Ulytau), Karaganda, Kokshetau, Kostanay, Kyzylorda, Pavlodar, Petropavlovsk, Semey, Taldykorgan, Taraz, Turkestan, Ust-Kamenogorsk Uralsk and Shymkent. The Company's activities are located and carried out in the Republic of Kazakhstan.

Registered and actual address of the Company's head office is: 50 Nazarbayev ave., 050004, Almaty, the Republic of Kazakhstan.

As at 31 December 2024 and 2023 the following parties were shareholders of the Company:

	Ownership in %	
Name	*31 December 2024*	*31 December 2023*
Corporate Fund "KMF-Demeu"	60.435	60.435
Multi Concept Fund Management S.A (former – responsAbility Management Company S.A.)	9.900	16.627
KAZ Finance B.V.	6.720	–
Legal Owner Emerging Markets B.V.	6.720	–
Management and employees of the Company	6.226	6.226
Legal Owner Triodos Funds BV	6.224	9.585
Triodos SICAV II	3.725	7.085
responsAbility SICAV (Lux)	0.050	0.042
	100.000	100.000

The controlling participant of the Company is Corporate Fund "KMF-Demeu" (hereinafter – the "Parent").

The sole founder of Corporate Fund "KMF-Demeu" is ACDI/VOCA, a non-profit organisation registered in the United States of America.

2. Basis of preparation

General

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

The financial statements are prepared under the historical cost convention except as mentioned in "Summary of accounting policies", for instance, financial instruments at fair value through profit or loss and investment securities measured at fair value through other comprehensive income have been measured at fair value.

The financial statements are presented in thousands of tenge ("tenge" or "KZT"), unless otherwise indicated.

The Company presents its statement of financial position in order of liquidity based on the Company's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in *Note 24*.

The financial statements for the year ended 31 December 2024 were authorised for issue by the management of the Company on 31 March 2025.

(In thousands of tenge, unless otherwise indicated)

2. Basis of preparation (continued)

Kazakhstan business environment

The Company’s activities are carried out in the Republic of Kazakhstan. Consequently, the Company is exposed to the economic and financial risks in Kazakhstan which displays characteristics of an emerging market. The legal, tax and regulatory frameworks continue to evolve, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Republic of Kazakhstan. The financial statements reflect management’s assessment of the impact of the Kazakh business environment on the operations and the financial position of the Company. The actual influence the future business environment may differ from management’s assessment.

Geopolitical events

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

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

In order to manage country risk, the Company controls transactions with counterparties within the limits set by the Board of Directors of the Company, which are reviewed on a regular basis.

Inflation and the current economic environment

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

Prices of many commodities, including food remain high. In 2024, inflation in Kazakhstan was 8.6% (in 2023: 9.8%). On 2 December 2024, the Monetary Policy Committee of the National Bank of Kazakhstan (the “NBRK”) made a decision to reduce the base rate to 15.25% per annum with an interest band of +/-1%.

The Company continues to assess the effect of the changing economic conditions on its activities, financial position and financial results.

Current inflationary pressures, macroeconomic and geopolitical uncertainty affect the assumptions and estimation uncertainty associated with the measurement of assets and liabilities.

3. Summary of material accounting policies

Changes in accounting policies

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

- *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants* - Amendments to IAS 1;
- *Lease Liability in a Sale and Leaseback* – Amendments to IFRS 16;
- *Disclosures: Supplier Finance Arrangements* -Amendments to IAS 7 and IFRS 7.

These amendments did not have an impact on the Company’s financial statements.

The Company has not early adopted any other standard, clarification or amendment that has been issued but is not yet effective.

(In thousands of tenge, unless otherwise indicated)

3. Summary of material accounting policies (continued)

Fair value measurement

The Company measures financial instruments carried 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 balance sheet date.

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

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

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

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

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

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

Financial assets and liabilities

Initial recognition

Date of recognition

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

Initial measurement

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

Measurement categories of financial assets and liabilities

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

- Amortised cost;
- FVOCI;
- FVPL.

(In thousands of tenge, unless otherwise indicated)

3. Summary of material accounting policies (continued)

Financial assets and liabilities (continued)

Initial measurement (continued)

Measurement categories of financial assets and liabilities (continued)

The Company classifies and measures its derivative at FVPL. The Company may designate financial instruments at FVPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

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

Loans to customers at amortised cost

The Company measures loans to customers and other financial investments at amortised cost if both of the following conditions are met:

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

The details of these conditions are outlined below.

Business model assessment

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

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

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

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

The SPPI test

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

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

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

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

(In thousands of tenge, unless otherwise indicated)

3. Summary of material accounting policies (continued)

Financial assets and liabilities (continued)

Initial measurement (continued)

Debt instruments at FVOCI

The Company measures debt instruments at FVOCI when both of the following conditions are met:

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

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

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

Credit related commitments

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, current accounts, and amounts due from credit institutions that mature within ninety (90) days of the date of origination and are free from contractual encumbrances.

Repurchase and reverse repurchase agreements

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

Derivative financial instruments

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

Borrowings

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

(In thousands of tenge, unless otherwise indicated)

3. Summary of material accounting policies (continued)

Leases

Company as a lessee

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

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

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

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

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below KZT 2,700 thousand). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported 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:

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

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

(In thousands of tenge, unless otherwise indicated)

3. Summary of material accounting policies (continued)

Renegotiated loans

The Company will seek to restructure loans in cases where a borrower is unable to adhere to an agreed repayment schedule due to objective changes in circumstances, but the Company deems that the borrower is able to repay the loan in full with a modified repayment schedule. Restructuring may involve extending the payment arrangements and the agreement of new loan conditions.

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

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

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

For modifications not resulting in derecognition, the Company also reassesses whether there has been a significant increase in credit risk or whether the assets should be classified as credit-impaired. Once an asset has been classified as credit-impaired as the result of modification, it will remain in Stage 3 for a minimum 2-month probation period. In order for the restructured loan to be reclassified out of Stage 3, regular payments of principal and interest have been made during the probation period in accordance with the modified payment schedule.

Derecognition of financial assets and liabilities

Financial assets

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

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

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

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

Write-off

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

(In thousands of tenge, unless otherwise indicated)

3. Summary of material accounting policies (continued)

Derecognition of financial assets and liabilities (continued)

Financial liabilities

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

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

Taxation

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

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

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

The Republic of Kazakhstan also has various operating taxes that are assessed on the Company's activities. These taxes are recorded in the statement of comprehensive income within other operating expenses.

Property and equipment

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

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

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

	Years
Buildings	40
Computer hardware	2-7
Vehicles	5-7
Office furniture and equipment	5-10

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

Costs related to repairs and renewals are charged when incurred and included in the statement of comprehensive income within other operating expenses, unless they qualify for capitalisation.

Intangible assets

Intangible assets include software and are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised over the useful economic lives from 5 to 10 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

(In thousands of tenge, unless otherwise indicated)

3. Summary of material accounting policies (continued)

Charter capital

Share capital

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

Dividends

Dividends are recognised as liabilities and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the financial statements are authorised for issue. The ability of the Company to declare and pay dividends is subject to the rules and regulations of the Republic of Kazakhstan legislation.

Segment reporting

Management of the Company has determined a single reportable segment being microfinance and the information provided to the chief operating decision maker is based on IFRS financial statements.

All revenues of the Company are generated from the external customers in the Republic of Kazakhstan and none of which constitute for 10% or more of the total revenue.

Recognition of income and expenses

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

Interest and similar income and expense

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

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

Foreign currency translation

The financial statements are presented in tenge, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency at the official exchange rate established by the Kazakhstan Stock Exchange (hereinafter – the "KASE") and communicated by the NBRK, at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Gains and losses resulting from the translation of foreign currency transactions are recognised in the statement of comprehensive income as net gains/(losses) from foreign currencies. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the official exchange rates at the date when the fair value was determined. Differences between the contractual exchange rate of a transaction in a foreign currency and the official exchange rate on the date of the transaction are included in net gains or losses from dealing in foreign currencies.

The official exchange rate established by KASE as at 31 December 2024 were KZT 525.11 to USD 1 and KZT 546.74 to EUR 1 (as at 31 December 2023: KZT 454.56 to USD 1 and KZT 502.24 to EUR 1), respectively.

(In thousands of tenge, unless otherwise indicated)

3. Summary of material accounting policies (continued)

Standards issued but not yet effective

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

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

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

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

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

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements*, which replaces IAS 1 *Presentation of Financial Statements.* IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories (whereof the first three are new): operating, investing and financing, income taxes and discontinued operations.

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

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

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

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

Below listed standards and amendments to the standards which are not expected to have a material impact on the Company's financial statements:

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

(In thousands of tenge, unless otherwise indicated)

4. Significant accounting judgements and estimates

Estimation uncertainty

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

Leases – estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Fair value of financial instruments

Where the fair values of financial instruments recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Additional details are provided in *Note 23*.

Expected credit losses on financial assets

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

- The Company’s criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulae and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as GDP and the effect on PDs;
- Selection of forward-looking macroeconomic scenarios and their probability weightings to derive the economic inputs into the ECL models.

Taxation

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

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

(In thousands of tenge, unless otherwise indicated)

5. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	31 December 2024	*31 December 2023*
Cash on hand	270,462	296,216
Cash in transit	94,689	135,390
Current accounts with banks:		
- rated from BBB- to BBB+	71,012	–
- rated from BB- to BB+	47,716	762,580
- rated from B- to B+	491,122	511,528
Total current accounts with banks:	609,850	1,274,108
Current accounts with other financial institutions:		
- rated from BBB- to BBB+	273,599	137,646
- not rated	369,508	2,299,582
Total current accounts with other financial institutions	643,107	2,437,228
Time deposits with banks up to 90 days		
- rated from BBB- to BBB+	7,086,118	–
- rated from BB- to BB+	–	4,095,199
Total time deposits with banks up to 90 days	7,086,118	4,095,199
Reverse repurchase agreements with credit institutions up to 90 days	1,446,955	1,469,767
	10,151,181	9,707,908
Less: ECL allowance	(8,842)	(7,630)
Cash and cash equivalents	10,142,339	9,700,278

The credit rating indicated in the table above are presented by reference to the credit ratings of Standard & Poor's credit rating agency or analogues of similar international agencies. Amounts on current accounts with not rated other financial institutions represent amounts held on broker accounts.

As at 31 December 2024, the Company entered into reverse repurchase agreements on KASE. The subject of these agreements are treasury bills of the Ministry of Finance of the Republic of Kazakhstan with fair value of KZT 1,489,325 thousand (as at 31 December 2023: bonds of the Sovereign Wealth Fund Samruk-Kazyna JSC with fair value of KZT 1,502,953 thousand).

All balances of cash equivalents are allocated to Stage 1 for ECL measurement purposes. An analysis of changes in the ECL allowances during 2024 and 2023 is as follows:

	2024	*2023*
ECL allowance as at 1 January	(7,630)	(10,608)
Net changes in ECL *(Note 20)*	(1,212)	2,978
As at 31 December	(8,842)	(7,630)

Concentration of cash and cash equivalents

As at 31 December 2024 and 2023, the Company has no accounts with banks and other financial institutions which balances individually exceed 10% of the Company's equity.

6. Derivative financial instruments

The Company enters into transactions with the use of derivative financial instruments for decreasing the currency risk. The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are not indicative of the credit risk.

(In thousands of tenge, unless otherwise indicated)

6. Derivative financial instruments (continued)

	31 December 2024			*31 December 2023*		
	Notional amount	*Fair value*		*Notional amount*	*Fair value*	
		Asset	*Liability*		*Asset*	*Liability*
Currency agreements						
Currency swaps	24,680,170	2,439,791	–	29,412,882	39,782	(230,893)
	24,680,170	2,439,791	–	29,412,882	39,782	(230,893)

Currency swaps

Currency swaps are contractual agreements between two parties to exchange notional principal and interest amounts in two currencies at specified future payment dates and fixed exchange rates.

As at 31 December 2024, the Company had a currency swap agreement with an international organization in the amount of USD 47,000 thousand with the condition on exchange for KZT 21,861,000 thousand (as at 31 December 2023: USD 47,750 thousand with the condition on exchange for KZT 20,921,525 thousand).

Net gains/(losses) on transactions with financial instruments at fair value through profit or loss in the statement of comprehensive income for 2024 include interest of KZT 2,316,382 thousand (in 2023: KZT 5,092,954 thousand) directly attributable to contractual interest payments on the currency swap agreements which are a component of the funding cost of the Company.

7. Loans to customers

Loans to customers comprise the following:

	31 December 2024	*31 December 2023*
Retail trade, services and production loans	172,309,446	144,967,412
Agricultural loans	101,534,832	89,821,786
Consumer loans	22,289,995	20,246,420
Total loans to customers	296,134,273	255,035,618
Less: ECL allowance	(26,165,222)	(17,092,931)
Loans to customers	269,969,051	237,942,687

As at 31 December 2024 and 2023, loans to customers mainly comprise loans issued to individuals.

ECL allowance of loans to customers

An analysis of changes in gross carrying value and corresponding ECL allowance in relation to retail trade, services and production loans during the year ended 31 December 2024 is as follows:

Retail trade, services and production loans	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Gross carrying value as at 1 January 2024	132,637,495	876,383	11,453,534	144,967,412
New assets originated	198,936,320	–	–	198,936,320
Assets repaid	(169,638,671)	(449,478)	(3,128,558)	(173,216,707)
Net change in accrued interest	1,120,738	300,177	210,882	1,631,797
Transfers to Stage 1	6,530,887	(769,530)	(5,761,357)	–
Transfers to Stage 2	(7,614,088)	7,678,430	(64,342)	–
Transfers to Stage 3	(7,705,561)	(6,753,810)	14,459,371	–
Unwinding of discount	–	–	2,695,224	2,695,224
Changes to contractual cash flows due to modifications not resulting in derecognition	(43,616)	(9,357)	(71,246)	(124,219)
Recoveries	–	–	246,913	246,913
Amounts written off	–	–	(2,827,294)	(2,827,294)
As at 31 December 2024	154,223,504	872,815	17,213,127	172,309,446

(In thousands of tenge, unless otherwise indicated)

7. Loans to customers (continued)

ECL allowance of loans to customers (continued)

Retail trade, services and production loans	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
ECL allowance as at 1 January 2024	(967,405)	(306,278)	(7,782,373)	(9,056,056)
New assets originated	(1,625,790)	–	–	(1,625,790)
Assets repaid	1,148,557	101,518	1,994,932	3,245,007
Transfers to Stage 1	(2,438,259)	254,019	2,184,240	–
Transfers to Stage 2	1,368,716	(1,384,197)	15,481	–
Transfers to Stage 3	326,334	2,260,941	(2,587,275)	–
Impact on period end ECL of exposures transferred between stages during the period	2,128,163	(1,092,372)	(2,716,118)	(1,680,327)
Unwinding of discount	–	–	(2,695,224)	(2,695,224)
Changes to contractual cash flows due to modifications not resulting in derecognition	3,747	3,431	21,844	29,022
Changes to models and inputs used for ECL calculations	(1,255,753)	(126,929)	(3,206,826)	(4,589,508)
Recoveries	–	–	(246,913)	(246,913)
Amounts written off	–	–	2,827,294	2,827,294
As at 31 December 2024	(1,311,690)	(289,867)	(12,190,938)	(13,792,495)

An analysis of changes in gross carrying value and corresponding ECL allowance in relation to agricultural loans during the year ended 31 December 2024 is as follows:

Agricultural loans	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Gross carrying value as at 1 January 2024	83,567,737	445,997	5,808,052	89,821,786
New assets originated	114,578,448	–	–	114,578,448
Assets repaid	(101,530,171)	(143,030)	(1,865,358)	(103,538,559)
Net change in accrued interest	338,316	107,212	206,968	652,496
Transfers to Stage 1	3,692,227	(275,397)	(3,416,830)	–
Transfers to Stage 2	(3,874,236)	3,885,727	(11,491)	–
Transfers to Stage 3	(4,487,549)	(3,499,705)	7,987,254	–
Unwinding of discount	–	–	1,564,815	1,564,815
Changes to contractual cash flows due to modifications not resulting in derecognition	(7,245)	(3,251)	(8,928)	(19,424)
Recoveries	–	–	212,070	212,070
Amounts written off	–	–	(1,736,800)	(1,736,800)
As at 31 December 2024	92,277,527	517,553	8,739,752	101,534,832

Agricultural loans	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
ECL allowance as at 1 January 2024	(421,463)	(160,350)	(4,498,400)	(5,080,213)
New assets originated	(492,596)	–	–	(492,596)
Assets repaid	500,074	54,632	1,259,683	1,814,389
Transfers to Stage 1	(1,695,512)	109,376	1,586,136	–
Transfers to Stage 2	762,365	(768,653)	6,288	–
Transfers to Stage 3	132,281	1,243,317	(1,375,598)	–
Impact on period end ECL of exposures transferred between stages during the period	1,515,461	(607,976)	(2,040,831)	(1,133,346)
Unwinding of discount	–	–	(1,564,815)	(1,564,815)
Changes to contractual cash flows due to modifications not resulting in derecognition	1,564	1,207	4,513	7,284
Changes to model and inputs used for ECL calculations	(866,117)	(39,021)	(1,290,708)	(2,195,846)
Recoveries	–	–	(212,070)	(212,070)
Amounts written off	–	–	1,736,800	1,736,800
As at 31 December 2024	(563,943)	(167,468)	(6,389,002)	(7,120,413)

(In thousands of tenge, unless otherwise indicated)

7. Loans to customers (continued)

ECL allowance of loans to customers (continued)

An analysis of changes in gross carrying value and corresponding ECL allowance in relation to consumer loans during the year ended 31 December 2024 is as follows:

Consumer loans	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Gross carrying value as at 1 January 2024	16,494,916	347,989	3,403,515	20,246,420
New assets originated	18,038,227	–	–	18,038,227
Assets repaid	(15,701,740)	(77,509)	(1,113,894)	(16,893,143)
Net change in accrued interest	264,808	146,819	217,048	628,675
Transfers to Stage 1	969,690	(329,216)	(640,474)	–
Transfers to Stage 2	(3,518,566)	3,518,690	(124)	–
Transfers to Stage 3	(923,573)	(3,016,577)	3,940,150	–
Unwinding of discount	–	–	1,089,626	1,089,626
Changes to contractual cash flows due to modifications not resulting in derecognition	(31,509)	(5,030)	(2,199)	(38,738)
Recoveries	–	–	124,588	124,588
Amounts written off	–	–	(905,660)	(905,660)
As at 31 December 2024	15,592,253	585,166	6,112,576	22,289,995

Consumer loans	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
ECL allowance as at 1 January 2024	(223,543)	(138,394)	(2,594,725)	(2,956,662)
New assets originated	(193,892)	–	–	(193,892)
Assets repaid	205,434	29,753	865,085	1,100,272
Transfers to Stage 1	(411,823)	117,824	293,999	–
Transfers to Stage 2	759,921	(759,996)	75	–
Transfers to Stage 3	58,472	1,167,011	(1,225,483)	–
Impact on period end ECL of exposures transferred between stages during the period	329,968	(585,547)	(636,142)	(891,721)
Unwinding of discount	–	–	(1,089,626)	(1,089,626)
Changes to contractual cash flows due to modifications not resulting in derecognition	1,200	2,000	1,010	4,210
Changes to models and inputs used for ECL calculations	(837,628)	(64,480)	(1,103,859)	(2,005,967)
Recoveries	–	–	(124,588)	(124,588)
Amounts written off	–	–	905,660	905,660
As at 31 December 2024	(311,891)	(231,829)	(4,708,594)	(5,252,314)

An analysis of changes in gross carrying value and corresponding ECL allowance in relation to retail trade, services and production loans during the year ended 31 December 2023 is as follows:

Retail trade, services and production loans	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Gross carrying value as at 1 January 2023	108,142,263	795,639	8,312,755	117,250,657
New assets originated	175,282,085	–	–	175,282,085
Assets repaid	(144,424,372)	(173,042)	(2,537,140)	(147,134,554)
Net change in accrued interest	339,903	221,944	400,404	962,251
Transfers to Stage 1	4,071,420	(782,534)	(3,288,886)	–
Transfers to Stage 2	(5,923,699)	5,935,157	(11,458)	–
Transfers to Stage 3	(4,824,854)	(5,113,309)	9,938,163	–
Unwinding of discount	–	–	1,934,631	1,934,631
Changes to contractual cash flows due to modifications not resulting in derecognition	(25,251)	(7,472)	(9,111)	(41,834)
Recoveries	–	–	213,012	213,012
Amounts written off	–	–	(3,498,836)	(3,498,836)
As at 31 December 2023	132,637,495	876,383	11,453,534	144,967,412

(In thousands of tenge, unless otherwise indicated)

7. Loans to customers (continued)

ECL allowance of loans to customers (continued)

Retail trade, services and production loans	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
ECL allowance as at 1 January 2023	(806,485)	(247,703)	(5,853,229)	(6,907,417)
New assets originated	(879,957)	–	–	(879,957)
Assets repaid	790,261	58,243	1,578,383	2,426,887
Transfers to Stage 1	(1,597,358)	243,470	1,353,888	–
Transfers to Stage 2	1,163,107	(1,168,431)	5,324	–
Transfers to Stage 3	172,610	1,678,748	(1,851,358)	–
Impact on period end ECL of exposures transferred between stages during the period	1,367,209	(805,037)	(1,894,567)	(1,332,395)
Unwinding of discount	–	–	(1,934,631)	(1,934,631)
Changes to contractual cash flows due to modifications not resulting in derecognition	2,781	2,086	1,916	6,783
Changes to models and inputs used for ECL calculations	(1,179,573)	(67,654)	(2,473,923)	(3,721,150)
Recoveries	–	–	(213,012)	(213,012)
Amounts written off	–	–	3,498,836	3,498,836
As at 31 December 2023	(967,405)	(306,278)	(7,782,373)	(9,056,056)

An analysis of changes in gross carrying value and corresponding ECL allowance in relation to agricultural loans during the year ended 31 December 2023 is as follows:

Agricultural loans	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Gross carrying value as at 1 January 2023	72,314,873	388,445	3,963,213	76,666,531
New assets originated	108,123,135	–	–	108,123,135
Assets repaid	(93,576,802)	(107,689)	(1,242,582)	(94,927,073)
Net change in accrued interest	118,469	132,123	238,336	488,928
Transfers to Stage 1	2,146,242	(183,351)	(1,962,891)	–
Transfers to Stage 2	(2,733,060)	2,738,836	(5,776)	–
Transfers to Stage 3	(2,829,692)	(2,521,981)	5,351,673	–
Unwinding of discount	–	–	1,094,101	1,094,101
Changes to contractual cash flows due to modifications not resulting in derecognition	4,572	(386)	4,176	8,362
Recoveries	–	–	154,087	154,087
Amounts written off	–	–	(1,786,285)	(1,786,285)
As at 31 December 2023	83,567,737	445,997	5,808,052	89,821,786

Agricultural loans	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
ECL allowance as at 1 January 2023	(334,738)	(142,135)	(3,092,865)	(3,569,738)
New assets originated	(338,862)	–	–	(338,862)
Assets repaid	368,924	38,993	830,980	1,238,897
Transfers to Stage 1	(1,086,880)	81,934	1,004,946	–
Transfers to Stage 2	580,821	(583,725)	2,904	–
Transfers to Stage 3	61,599	912,633	(974,232)	–
Impact on period end ECL of exposures transferred between stages during the period	976,328	(425,531)	(1,542,852)	(992,055)
Unwinding of discount	–	–	(1,094,101)	(1,094,101)
Changes to contractual cash flows due to modifications not resulting in derecognition	163	125	(1,267)	(979)
Changes to models and inputs used for ECL calculations	(648,818)	(42,644)	(1,264,111)	(1,955,573)
Recoveries	–	–	(154,087)	(154,087)
Amounts written off	–	–	1,786,285	1,786,285
As at 31 December 2023	(421,463)	(160,350)	(4,498,400)	(5,080,213)

(In thousands of tenge, unless otherwise indicated)

7. Loans to customers (continued)

ECL allowance of loans to customers (continued)

An analysis of changes in gross carrying value and corresponding ECL allowance in relation to consumer loans during the year ended 31 December 2023 is as follows:

Consumer loans	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Gross carrying value as at 1 January 2023	19,334,577	324,663	2,063,292	21,722,532
New assets originated	17,200,171	–	–	17,200,171
Assets repaid	(17,768,489)	(65,942)	(690,582)	(18,525,013)
Net change in accrued interest	162,855	120,252	101,844	384,951
Transfers to Stage 1	812,761	(218,425)	(594,336)	–
Transfers to Stage 2	(2,432,540)	2,433,932	(1,392)	–
Transfers to Stage 3	(791,230)	(2,243,047)	3,034,277	–
Unwinding of discount	–	–	739,694	739,694
Changes to contractual cash flows due to modifications not resulting in derecognition	(23,189)	(3,444)	(8,810)	(35,443)
Recoveries	–	–	38,995	38,995
Amounts written off	–	–	(1,279,467)	(1,279,467)
As at 31 December 2023	16,494,916	347,989	3,403,515	20,246,420

Consumer loans	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
ECL allowance as at 1 January 2023	(191,648)	(124,681)	(1,393,048)	(1,709,377)
New assets originated	(120,398)	–	–	(120,398)
Assets repaid	163,603	26,365	481,438	671,406
Transfers to Stage 1	(395,086)	94,917	300,169	–
Transfers to Stage 2	573,024	(573,855)	831	–
Transfers to Stage 3	42,425	880,583	(923,008)	–
Impact on period end ECL of exposures transferred between stages during the period	330,224	(402,452)	(563,530)	(635,758)
Unwinding of discount	–	–	(739,694)	(739,694)
Changes to contractual cash flows due to modifications not resulting in derecognition	1,721	1,457	3,631	6,809
Changes to models and inputs used for ECL calculations	(627,408)	(40,728)	(1,001,986)	(1,670,122)
Recoveries	–	–	(38,995)	(38,995)
Amounts written off	–	–	1,279,467	1,279,467
As at 31 December 2023	(223,543)	(138,394)	(2,594,725)	(2,956,662)

Modified and restructured loans

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

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

During 2024, the Company has modified the terms and conditions of certain loans. The Company considered these modifications to be non-substantial. As a result, the Company recognised loss on modification of loans to customers, not resulting in derecognition in the amount of KZT 182,381 thousand (in 2023: KZT 68,915 thousand).

	2024	*2023*
Loans to customers modified during the period		
Amortised cost before modification	39,383,715	31,202,913
Net losses on modification of loans to customers not resulting in derecognition	(182,381)	(68,915)

(In thousands of tenge, unless otherwise indicated)

7. Loans to customers (continued)

Collateral and other credit enhancements

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

The main types of collateral obtained are as follows:

- Guarantees;
- Inventory;
- Real estate;
- Vehicles;
- Other.

Recoverability of loans mainly depends on creditworthiness of the borrower rather than on collateral. This is supported by previous experience of obtaining and selling the collateral in the event of the borrower’s inability to meet its obligations to the Company.

Concentration of loans to customers

As at 31 December 2024 and 2023, the Company has no borrowers or groups of interrelated borrowers whose loan balances exceed 10% of its equity. In accordance with the legislation of the Republic of Kazakhstan, the maximum loan amount issued by microfinance organizations as at 31 December 2024 was KZT 73,840 thousand (as at 31 December 2023: KZT 69,000 thousand).

In absence of collateral or other credit enhancements, ECL allowance in respect of Stage 3 loans to customers as at 31 December 2024 and 2023 would have been higher by:

	2024	*2023*
Retail trade, services and production loans	999,594	703,293
Agricultural loans	23,445	25,709
Consumer loans	32,360	3,244
Total	1,055,399	732,246

Changes to models used for ECL measurement

In 2024 the Company updated approach to assessing the level of probability of default, loss given default and exposure at default on loans issued to customers by adding statistics on restructured loans. As a result of the updated approach ECL allowance was decreased by KZT 849,741 thousand.

8. Investment securities

Investment securities comprise the following:

Debt securities measured at FVOCI	*31 December 2024*	*31 December 2023*
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan rated BBB	35,941,709	24,581,466
	35,941,709	24,581,466
Less: ECL allowance	(133,337)	(102,890)
Investment securities	35,808,372	24,478,576

As at 31 December 2024, the Company pledged bonds of the Ministry of Finance of the Republic of Kazakhstan, with a total fair value of KZT 22,643,515 thousand (as at 31 December 2023: KZT 16,091,219 thousand) under repurchase agreements entered into at KASE *(Note 14).*

(In thousands of tenge, unless otherwise indicated)

8. Investment securities (continued)

All balances of debt securities measured at FVOCI are allocated to Stage 1 for the purpose of measuring ECL. An analysis of changes in the gross carrying values and associated ECL in relation to debt securities at FVOCI is as follows:

Debt securities measured at FVOCI	*2024*	*2023*
Carrying value as at 1 January	24,478,576	10,188,072
New assets purchased	28,171,664	38,194,212
Assets matured or sold	(20,764,502)	(24,203,504)
Net change in accrued interest	90,986	86,497
Net change in fair value	(533,401)	239,452
Effect from changes in exchange rates	4,365,049	(26,153)
As at 31 December	35,808,372	24,478,576

Debt securities measured at FVOCI	*2024*	*2023*
ECL as at 1 January	(102,890)	(128,018)
Net change in ECL *(Note 20)*	(30,447)	25,128
As at 31 December	(133,337)	(102,890)

(In thousands of tenge, unless otherwise indicated)

9. Property and equipment

Movements in property and equipment were as follows:

	Land	*Buildings*	*Computer hardware*	*Vehicles*	*Office furniture and equipment*	*Assets under construction*	*Total*
Cost							
As at 1 January 2023	99,501	6,557,286	2,842,853	628,865	2,046,256	47,541	12,222,302
Additions	–	–	1,757,753	238,811	396,210	452,162	2,844,936
Transfers	–	281,918	26,586	1,090	1,837	(311,431)	–
Disposals	–	–	(98,334)	(189,599)	(82,117)	(10,997)	(381,047)
As at 31 December 2023	99,501	6,839,204	4,528,858	679,167	2,362,186	177,275	14,686,191
Additions	–	1,471	607,265	61,086	525,753	220,045	1,415,620
Transfers	–	340,422	53,612	11	3,275	(397,320)	–
Disposals	–	–	(59,836)	(20,892)	(84,007)	–	(164,735)
As at 31 December 2024	99,501	7,181,097	5,129,899	719,372	2,807,207	–	15,937,076
Accumulated depreciation							
As at 1 January 2023	–	(551,570)	(1,286,938)	(301,271)	(985,393)	–	(3,125,172)
Depreciation charge	–	(149,226)	(405,194)	(83,908)	(262,115)	–	(900,443)
Disposals	–	–	93,509	60,683	76,309	–	230,501
As at 31 December 2023	–	(700,796)	(1,598,623)	(324,496)	(1,171,199)	–	(3,795,114)
Depreciation charge	–	(161,801)	(497,295)	(80,643)	(290,368)	–	(1,030,107)
Disposals	–	–	59,836	20,156	75,276	–	155,268
As at 31 December 2024	–	(862,597)	(2,036,082)	(384,983)	(1,386,291)	–	(4,669,953)
Net carrying amount							
As at 1 January 2023	99,501	6,005,716	1,555,915	327,594	1,060,863	47,541	9,097,130
As at 31 December 2023	99,501	6,138,408	2,930,235	354,671	1,190,987	177,275	10,891,077
As at 31 December 2024	99,501	6,318,500	3,093,817	334,389	1,420,916	–	11,267,123

As at 31 December 2024, the cost of fully depreciated property and equipment in use of the Company amounted to KZT 181,814 thousand (as at 31 December 2023: KZT 79,315 thousand).

As at 31 December 2024, net carrying value of buildings and land pledged under loan agreements with local banks amounted KZT 5,512,057 thousand (as at 31 December 2023: KZT 5,421,456 thousand) (*Note 13*).

(In thousands of tenge, unless otherwise indicated)

10. Right-of-use assets and lease liabilities

Movements in right-of-use assets and lease liabilities were as follows:

	Right-of-use assets (office premises)	*Lease liabilities*
As at 1 January 2023	921,187	992,534
Additions	631,784	631,784
Modification	130,021	130,021
Disposals	(246,801)	(253,524)
Depreciation expense	(504,687)	–
Interest expense	–	156,510
Payments	–	(643,344)
As at 31 December 2023	931,504	1,013,981
Additions	408,210	408,210
Modification	260,787	260,787
Disposals	(101,717)	(116,549)
Depreciation expense	(546,040)	–
Interest expense	–	195,677
Payments	–	(703,834)
As at 31 December 2024	952,744	1,058,272

The Company recognised rent expense from short-term leases of KZT 248,063 thousand for the year ended 31 December 2024 (in 2023: KZT 207,231 thousand) *(Note 21)*.

11. Intangible assets

Movements in intangible assets were as follows:

	Licenses	*Software*	*Assets under development*	*Total*
Cost				
As at 1 January 2023	–	1,162,468	–	1,162,468
Additions	195,429	116,261	1,663,885	1,975,575
Transfers	–	322,129	(322,129)	–
Disposals	–	(120,350)	–	(120,350)
As at 31 December 2023	195,429	1,480,508	1,341,756	3,017,693
Additions	134,613	9,162	1,434,936	1,578,711
Transfers	–	293,619	(293,619)	–
Disposals	(1,029)	(7,083)	–	(8,112)
As at 31 December 2024	329,013	1,776,206	2,483,073	4,588,292
Accumulated depreciation				
As at 1 January 2023	–	(749,288)	–	(749,288)
Depreciation charge	(4,552)	(160,153)	–	(164,705)
Disposals	–	120,350	–	120,350
As at 31 December 2023	(4,552)	(789,091)	–	(793,643)
Depreciation charge	(51,348)	(217,334)	–	(268,682)
Disposals	1,029	7,083	–	8,112
As at 31 December 2024	(54,871)	(999,342)	–	(1,054,213)
Net carrying amount				
As at 1 January 2023	–	413,180	–	413,180
As at 31 December 2023	190,877	691,417	1,341,756	2,224,050
As at 31 December 2024	274,142	776,864	2,483,073	3,534,079

As at 31 December 2024, additions to assets under development in the amount of KZT 1,434,936 thousand (as at 31 December 2023: KZT 1,663,885 thousand) represent costs incurred to develop an automated banking accounting system, remote banking service program, Customer Relationship Management platform, Customer Data Platform, mobile banking application and corporate data warehouse in order to improve the level of customer service and increase future economic benefits. The Company's management believes that the development process has met the criteria for recognition of intangible assets.

As at 31 December 2024, the Company performed impairment tests on the carrying value of intangible assets under development. Based on the test results, the Company has concluded that the intangible assets will generate sufficient future economic benefits, and their recoverable amounts exceed the carrying values.

(In thousands of tenge, unless otherwise indicated)

12. Other assets and liabilities

Other assets comprise the following:

	31 December 2024	*31 December 2023*
Other financial assets		
Amounts receivable from insurance companies	97,216	90,738
Amounts receivable from processing companies	55,296	182,623
Amounts receivables from employees	40,572	11,016
Other	66,259	88,941
	259,343	373,318
Less: ECL allowance	(52,985)	(56,997)
Total other financial assets	206,358	316,321
Other non-financial assets		
Advances to suppliers	1,144,157	1,042,510
Inventories	281,590	237,683
Prepaid taxes and other payments to budget	36,147	56,535
Total other non-financial assets	1,461,894	1,336,728
Other assets	1,668,252	1,653,049

Other liabilities comprise the following:

	31 December 2024	*31 December 2023*
Other financial liabilities		
Amounts payable to employees	2,455,689	2,055,439
Overpayments on loans to customers	1,648,341	1,573,984
Amounts payable to suppliers	405,596	466,614
ECL allowance on credit related commitments *(Note 20)*	99,205	57,616
Other	258,581	266,411
Total other financial liabilities	4,867,412	4,420,064
Other non-financial liabilities		
Accrued expenses on unused vacations	1,454,524	1,018,002
Taxes other than corporate income tax payable	736,620	559,146
Total other non-financial liabilities	2,191,144	1,577,148
Other liabilities	7,058,556	5,997,212

13. Amounts due to credit institutions

Amounts due to credit institutions comprise the following:

	31 December 2024	*31 December 2023*
Loans from credit institutions, other than banks, of OECD countries	145,605,698	106,622,153
Loans from local banks and credit institutions	39,985,632	53,280,971
Loans from banks of OECD countries	36,028,125	30,103,180
Amounts due to credit institutions	221,619,455	190,006,304

As at 31 December 2024, the Company has loans received from ForteBank JSC in the amount of KZT 1,014,569 thousand (as at 31 December 2023: KZT 3,854,646 thousand) and Altyn Bank JSC (Subsidiary bank of China Citic Bank Corporation Limited) in the amount of KZT 5,333,125 thousand (as at 31 December 2023: KZT 6,352,113 thousand). As at 31 December 2024, the Company provided property and equipment with a total book value of KZT 5,512,057 thousand (as at 31 December 2023: KZT 5,421,456 thousand) (*Note 9*).

As at 31 December 2024 and 2023 the Company complied with all financial covenants implied by loan agreements with credit institutions.

From 1 January 2025 and before the authorisation of the Company's financial statements, the Company breached "Loan portfolio under risk PAR>30" covenant on loans from Societe de Promotion et de participation pour la cooperation economique S.A. (Proparco) with a carrying value of KZT 8,430,620 thousand as at 31 December 2024. The Company has received a waiver for a temporary non-compliance with this covenant.

The Company does not expect any other breaches of covenants within 12 months from the date of authorisation of the Company's financial statements.

(In thousands of tenge, unless otherwise indicated)

14. Amounts payable under repurchase agreements

As at 31 December 2024, the Company entered into repurchase agreements at KASE with the total carrying amount of KZT 21,693,260 thousand (as at 31 December 2023:KZT 16,561,713 thousand). Repurchase agreements are used by the Company to manage short-term liquidity position. As at 31 December 2024, the subject of these agreements are bonds of the Ministry of Finance of the Republic of Kazakhstan with the total fair value of KZT 22,643,515 thousand (as at 31 December 2023: KZT 16,091,219 thousand) *(Note 8)*.

15. Debt securities issued

Debt securities issued comprise:

	2024	*2023*
Debt securities issued at KASE	22,159,583	22,300,000
Less: unamortised discount	(43,897)	(49,714)
	22,115,686	22,250,286

As at 31 December 2024, the Company's debt securities comprise unsecured coupon bonds placed under the third bond program with the aggregate nominal value of KZT 20,000,000 thousand. The bonds are denominated in tenge, bear interest rate of 17.75% per annum and mature in 2025.

As at 31 December 2023, the Company's debt securities comprise unsecured coupon bonds placed under the second bond program with the aggregate nominal value of KZT 20,000,000 thousand. The bonds are denominated in tenge, bear interest rate of 20% per annum and mature in 2024.

16. Taxation

The corporate income tax expense comprises the following:

	2024	*2023*
Current corporate income tax charge	2,774,915	3,193,820
Deferred corporate income tax charge – origination and reversal of temporary differences	43,357	117,340
Corporate income tax expense	2,818,272	3,311,160

The Republic of Kazakhstan is the only tax jurisdiction in which the Company's income is taxable. In accordance with tax legislation the applied corporate income tax rate is 20% in 2024 and 2023.

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

	2024	*2023*
Profit before corporate income tax expense	13,856,239	16,524,112
Statutory rate	20%	20%
Theoretical corporate income tax expense at the statutory rate	2,771,248	3,304,822
Non-taxable income on state securities and securities listed on KASE	(310,444)	(178,933)
Non-deductible credit loss expense	219,979	163,721
Non-deductible loss on modification of terms of loans to customers	36,085	13,783
Other non-deductible expenses	101,404	7,767
Corporate income tax expense	2,818,272	3,311,160

As at 31 December 2024 current corporate income tax assets amounted to KZT 530,595 thousand (as at 31 December 2023: KZT 394,810 thousand).

Deferred tax assets and deferred tax liabilities

Temporary differences between the carrying amounts of assets and liabilities recorded in the financial statements and the amounts used for the purposes of calculation of taxable base, give rise to net deferred tax assets and liabilities as at 31 December 2024 and 2023. The future tax benefits will only be received in the event that there are no changes in the legislation of Kazakhstan that would adversely affect the Company's ability to utilise such benefits in future periods.

(In thousands of tenge, unless otherwise indicated)

16. Taxation (continued)

Deferred tax assets and deferred tax liabilities (continued)

Deferred corporate income tax assets and liabilities as at 31 December and their movements for the respective years comprise:

	2022	*Origination and reversal of temporary differences in profit or loss*	*2023*	*Origination and reversal of temporary differences in profit or loss*	*2024*
Tax effect of deductible temporary differences					
Accrued expenses on unused vacations and bonuses	518,550	26,150	544,700	145,212	689,912
Amounts due to credit institutions	55,575	46,191	101,766	(29,322)	72,444
Lease liabilities	198,507	4,289	202,796	8,858	211,654
Other liabilities	12,539	3,617	16,156	144	16,300
Deferred corporate income tax assets	785,171	80,247	865,418	124,892	990,310
Tax effect of taxable temporary differences					
Property and equipment and intangible assets	(525,115)	(195,523)	(720,638)	(168,758)	(889,396)
Right-of-use assets	(184,237)	(2,064)	(186,301)	(4,248)	(190,549)
Investment property	(4,757)	–	(4,757)	4,757	–
Deferred corporate income tax liabilities	(714,109)	(197,587)	(911,696)	(168,249)	(1,079,945)
Net deferred corporate income tax assets/(liabilities)	71,062	(117,340)	(46,278)	(43,357)	(89,635)

17. Equity

Charter capital

As at 31 December 2024 authorised and outstanding 50,008,939 common shares are issued and fully paid by the shareholders of the Company at placement value of KZT 1 per common share.

As at 31 December 2023, the Company’s paid and outstanding charter capital was equal to KZT 50,008,939 thousand.

In November 2023, as part of the process of reorganising the legal form of the Company from a Limited Liability Company into a Joint Stock Company, the Company's accumulated net profit and reserve fund were dissolved and used for contribution to the charter capital and payment of dividends.

In May 2024 the reorganisation process was completed. In accordance with the Decision of the Participants dated 6 February 2023 the charter capital of the Company was transferred to the share capital.

Dividends

In accordance with Kazakhstan legislation, the Company’s distributable funds are limited to the balance of retained earnings as recorded in the Company’s statutory financial statements prepared in accordance with IFRS or the amount of profit for the year in case of the accumulated loss. Distribution will not be performed if the amount of the Company’s equity becomes negative as a result of the distribution or entails the insolvency and bankruptcy of the Company.

In accordance with the decision of the General Meeting of Participants, held on 10 November 2023, the Company declared dividends for 2022 in the amount of KZT 49,005,434 thousand. On 10 November 2023, the participants of the Company decided to split the dividends declared between contribution to the charter capital in the amount of KZT 35,577,946 thousand and payment of dividends in cash of KZT 13,427,488 thousand.

In 2024 no dividends were declared or paid.

Reserve fund

In accordance with the decision of the General Meeting of Participants held on 4 May 2012, the reserve fund was formed being at least 5% of the charter capital at the beginning of each reporting year.

On 10 November 2023, the Supervisory Board of the Company approved the transfer of KZT 1,478,339 thousand from the reserve fund to retained earnings.

Fair value reserve

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

(In thousands of tenge, unless otherwise indicated)

18. Commitments and contingencies

Political and economic environment

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

Insurance

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

Legal issues

In the ordinary course of business, the Company is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations of the Company, no provision was recognised in the financial statements.

Tax contingencies

Various types of legislation and regulations are not always clearly written and their interpretation is subject to the opinions of the local tax inspectors and the Ministry of Finance of the Republic of Kazakhstan. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual. The current regime of penalties and profit related to reported and discovered violations of Kazakh laws, decrees and related regulations are severe. Penalties include confiscation of the amounts at issue (for currency law violations), as well as fines of generally 50% of the taxes unpaid.

The Company believes that it has paid or accrued all taxes that are applicable. Where practice concerning tax application is unclear, the Company has accrued tax liabilities based on management's best estimate. The Company's policy is to recognize provisions in the accounting period in which a loss is deemed probable and the amount is reasonably determinable.

Because of the uncertainties associated with the Kazakhstan tax system, the ultimate amount of taxes, penalties and fines, if any, may be in excess of the amount expensed to date and accrued at 31 December 2024. Although such amounts are possible and may be material, it is the opinion of the Company's management that these amounts are either not probable, not reasonably determinable, or both.

Commitments and contingencies

The Company has contingent liabilities to provide credit resources. These credit related contingencies provide for issuance of credit resources in the form of approved credit facilities.

In providing credit related contingencies, the Company applies the same risk management policies and procedures used when issuing loans to customers.

The contractual amounts of credit related contingencies are set out in the table below. The amounts reflected in the table for credit related contingencies assume that the indicated contingencies will be fully settled.

	31 December 2024	*31 December 2023*
Credit related commitments		
Undrawn loan commitments	32,133,254	26,873,827
Commitments and contingencies	32,133,254	26,873,827
ECL allowances on credit related commitments *(Note 12)*	(99,205)	(57,616)

The agreements on the provision of credit lines provide for the right of the Company to unilaterally withdraw from the contract in the event of any adverse conditions. The Company carries out an analysis of the borrower's credit risk before providing funds, unless the new tranche under the credit line is issued within 6 months from the date of the last analysis. Therefore, the Company's management believes that the Company's exposure to credit risk is limited by the contractual period for filing a notice on cancellation of an unused portion of a credit line.

As a result, the above amounts do not necessarily represent the future cash outflow.

(In thousands of tenge, unless otherwise indicated)

19. Interest revenue on loans to customers

In 2024, interest revenue on loans to customers comprised KZT 95,254,332 thousand (in 2023: KZT 82,964,612 thousand), including net modification loss arising from changes in contractual cash flows on loans to customers not resulting in derecognition of KZT 182,381 thousand (in 2023: KZT 68,915 thousand).

20. Credit loss expense

The table below shows the ECL charges on finance instruments recognised in the statement of comprehensive income for the year ended 31 December 2024:

		2024			
	Note	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Cash and cash equivalents	5	(1,212)	–	–	(1,212)
Amounts due from credit institutions		(1)	–	–	(1)
Loans to customers	7	562,392	(2,323,784)	(6,847,417)	(8,608,809)
Investment securities	8	(30,447)	–	–	(30,447)
Other financial assets		–	–	4,012	4,012
Credit related commitments		(41,589)	–	–	(41,589)
Credit loss expense		489,143	(2,323,784)	(6,843,405)	(8,678,046)

The table below shows the ECL charges on finance instruments recognised in the statement of comprehensive income for the year ended 31 December 2023:

		2023			
	Note	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Cash and cash equivalents	5	2,978	–	–	2,978
Amounts due from credit institutions		(38)	–	–	(38)
Loans to customers	7	206,198	(1,656,777)	(5,845,888)	(7,296,467)
Investment securities	8	25,128	–	–	25,128
Other financial assets		–	–	2,938	2,938
Credit related commitments		(21,733)	–	–	(21,733)
Credit loss expense		212,533	(1,656,777)	(5,842,950)	(7,287,194)

(In thousands of tenge, unless otherwise indicated)

21. Personnel and other operating expenses

Personnel and other operating expenses comprise the following:

	2024	*2023*
Salaries, bonuses and other benefits	21,928,776	17,323,625
Social security contribution	2,500,497	1,755,408
Personnel expenses	24,429,273	19,079,033
Professional services	1,951,914	1,797,534
Depreciation and amortisation *(Notes 9, 10 and 11)*	1,844,829	1,569,835
Payment processing services	1,241,835	1,265,274
Taxes other than corporate income tax	799,564	552,336
Advertising and marketing	576,677	502,678
Security	536,052	469,801
Repair and maintenance	452,677	246,065
Office supplies	403,890	376,830
VAT expense	345,232	313,154
Communication and information services	334,479	304,925
Rent	248,063	207,231
Business trips	175,437	264,339
Brokerage service	158,752	65,084
Expenses for corporate events	155,907	63,643
Bank fees	125,609	126,674
Trainings for personnel	114,147	180,508
Transportation	109,528	98,562
Insurance	94,847	89,475
Encashment	81,102	81,921
Charity	49,018	33,857
Membership fees	16,495	13,941
Other	212,317	260,431
Other operating expenses	10,028,371	8,884,098

For the year ended 31 December 2024 amount of audit and non-audit fees charged to the Company by all EY member practices amounted to KZT 88,700 thousand and KZT 1,000 thousand, respectively, exclusive of VAT (in 2023: KZT 64,800 thousand and KZT 4,282 thousand, respectively).

22. Risk management

Introduction

Risk management is inherent in the Company's activities and is an essential element of the Company's operations. Market risk, which includes interest rate risk and foreign exchange risk, credit risk and liquidity risk, form the major risk faced by the Company in the course of its activities. The Company's risk management policies aim to identify, analyse and manage the risks faced by the Company, to set appropriate risk limits and controls, and to monitor continuously risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered and emerging best practice.

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

Risk management structure

General Assembly of Shareholders (GAS)

The General Assembly of Shareholders (hereinafter – the "GAS") define the overall risk appetite through setting the Credit Policy of the Company and determining the business activities of the Company.

Board of Directors

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles within the overall risk appetite set by the GAS.

(In thousands of tenge, unless otherwise indicated)

22. Risk management (continued)

Introduction (continued)

Risk management structure (continued)

Board Risk Committee

The Risk Committee is delegated by the Board of Directors with overall responsibility for the development of the risk strategy and principles, frameworks, policies and limits. It is responsible for the fundamental risk issues and manages and monitors relevant risk decisions.

Board Audit Committee

The main purpose of the Audit Committee is to assist the effective implementation of control functions over the financial and economic activities of the Company by the Board of Directors, evaluate the adequacy of the internal control system, and monitor the effectiveness of internal and external audit activities.

Management Board

The Management Board has the responsibility to monitor and manage the overall risk process within the Company.

Executive Assets and Liability Management Committee (ALCO)

The management level Assets and Liability Management Committee (hereinafter – the "ALCO") of the Company is responsible for the overall assets and liability management, for control of prudential norms and covenants, for managing funding strategy, for managing and reporting on financial and non-financial risks.

Treasury

The Company's Treasury is responsible for carrying out the transactional aspects of assets and liability management and for managing the balance sheet structure. It is also primarily responsible for implementing the funding and liquidity strategy of the Company.

Internal control (audit)

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

Risk measurement and reporting systems

Credit, market and liquidity risks are managed and controlled through a system of Credit Committees and the ALCO, both at the portfolio and individual transaction levels. For improving the efficiency of decision-making process, the Company has established a hierarchy of credit committees depending on the type and amount of risk exposure. Both external and internal risk factors are identified and managed throughout the organisational structure of the Company.

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

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

Risk mitigation

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

(In thousands of tenge, unless otherwise indicated)

22. Risk management (continued)

Introduction (continued)

Risk management structure (continued)

Excessive risk concentration

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

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

Market risk

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

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

The ALCO headed by the Chairman of the Management Board is responsible for market risk management.

Interest rate risk

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

Interest rate sensitivity analysis

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

	2024	*2023*
	Effect on profit before tax	*Effect on profit before tax*
100 basis point parallel increase	(398,283)	(103,111)
100 basis point parallel decrease	398,283	103,111

(In thousands of tenge, unless otherwise indicated)

22. Risk management (continued)

Market risk

Currency risk

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

The amounts of USD exposures are presented below:

	31 December 2024	*31 December 2023*
Assets		
Cash and cash equivalents	5,302,036	4,849,135
Amounts due from credit institutions	26,177	14,188
Investment securities	33,080,355	21,929,500
Other assets	160,212	123,568
Total assets	38,568,780	26,916,391
Liabilities		
Amounts due to credit institutions	63,976,252	56,443,384
Other liabilities	2,148	10,996
Total liabilities	63,978,400	56,454,380
Net position	(25,409,620)	(29,537,989)
Impact of derivative financial instruments held for the purpose of risk management	24,680,170	29,412,882
Net position adjusted for impact of derivative financial instruments held for the purpose of risk management	(729,450)	(125,107)

The tables below indicate the currencies to which the Company had significant exposure at 31 December on its non-trading monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against tenge, with all other variables held constant on profit or loss (due to the fair value of currency sensitive non-trading monetary assets and liabilities). The effect on equity does not differ from the effect on profit or loss. All other variables are held constant. The negative amount in the table reflects a potential net reduction in profit or loss or equity, while a positive amount reflects a net potential increase.

	2024			
Currency	*Change in exchange rates in %*	*Effect on profit before tax*	*Change in exchange rates in %*	*Effect on profit before tax*
US dollar	9.09%	(66,307)	-7.34%	53,542

	2023			
Currency	*Change in exchange rates in %*	*Effect on profit before tax*	*Change in exchange rates in %*	*Effect on profit before tax*
US dollar	14.15%	(17,703)	-14.15%	17,703

Credit risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties failed to discharge their contractual obligations. The Company manages and controls credit risk by using the approved policies and procedures that include the requirements for setting limits on concentration of the risk exposure and establishment of the credit committees, the functions of which include active monitoring of credit risks. The credit policy is approved by the participants.

(In thousands of tenge, unless otherwise indicated)

22. Risk management (continued)

Credit risk (continued)

Credit policy includes the following information:

- Procedures for consideration and approval of loan applications;
- Methodology for assessing creditworthiness of borrowers;
- Methodology for evaluating proposed collateral;
- Requirements for the loan documentation;
- Procedures for ongoing monitoring of loans and other products exposed to the credit risk.

The Company monitors individual loans and other credit risks on an ongoing basis.

In addition to the analysis of individual borrowers, the Company evaluates the total loan portfolio in terms of the credit and market risk exposure.

The maximum level of the Company’s credit risk is best reflected in the carrying value of financial assets in the statement of financial position and amounts of unrecognised contractual obligations. The possibility of offsetting assets and liabilities is not material for reducing potential credit risk.

Where financial instruments are measured at fair value through profit and loss, the carrying value represents the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

For more details on the maximum exposure to credit risk for each class of financial instruments, references shall be made to the specific notes.

Impairment assessment

The Company calculates ECL on a group basis according to the migration matrix adjusted for the impact of the macroeconomic factors or with the use of probability-weighted scenarios to measure the expected cash shortfalls, discounted at the effective interest rate or its approximate value. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Probability of Default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Exposure at Default (EAD)

The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

Loss Given Default (LGD)

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

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

(In thousands of tenge, unless otherwise indicated)

22. Risk management (continued)

Credit risk (continued)

Impairment assessment (continued)

Loss Given Default (LGD) (continued)

The Company has established a methodology to perform an assessment at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Company groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12mECL. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2 and/or Stage 3;

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

Stage 3: Loans considered credit-impaired. The Company records an allowance for the LTECL;

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted effective interest rate. ECL are only recognised or released to the extent that there is a subsequent change in the lifetime ECL. As at 31 December 2024 and 2023, the Company did not have any POCI loans.

Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in the following cases:

- The borrower becomes 90 days past due on its contractual payments;
- The borrower is deceased;
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral;
- Suspension of accrual of nominal interest on the loan because of deterioration of the borrower's financial condition or filing a lawsuit;
- The loan is restructured because of deterioration of financial condition of the borrower;
- The borrower (or any legal entity within the borrower's group) filing for bankruptcy.

The Company considers amounts due from credit institutions defaulted and takes immediate action when by closing of the business day there is a default on the bank's obligations to pay interests and principal amount of the deposit, as well as non-execution of money transfers according to the payment orders of the Company for more than 60 days, as well downgrading of the credit ratings assigned by international rating agencies.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least two consecutive months.

Exposure at default

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

The Company determines EADs by analysing statistical information on previous repayments on each loan in order to determine the average EAD ratio by product. The PDs are then assigned to each loan depending on the region of segmentation and product according to the PD calculation model based on the migration matrix.

(In thousands of tenge, unless otherwise indicated)

22. Risk management (continued)

Credit risk(continued)

Impairment assessment (continued)

Exposure at default (continued)

The credit facility agreements stipulate the right of the Company to unilaterally withdraw from the agreement should any conditions unfavourable to the Company arise. Thus, the agreements do not represent a firm commitment of the Company to provide a loan. Measurement of credit loss allowance for such facilities is made only for issued loan tranches.

The interest rate used to discount the ECLs for loans is based on the average effective interest rate that is expected to be charged over the expected period of exposure to the facilities.

Loss given default

LGD rates are estimated for all assets classes of Stage 1, 2 and 3 and POCI. LGD is estimated on a monthly basis by the Company’s Risk Management Department.

The credit risk assessment is based on a standardised LGD assessment framework. The LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any debt collection.

For LGD assessment purposes the Company uses historical information on the repayments of defaulted loans and expectations on recoveries from sale of collateral. The value of collateral is estimated by adjusting for the liquidity ratio, after which it is discounted for a period of 10 months for vehicles using the initial effective rate.

Significant increase in credit risk

In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company deems that the credit risk have increased significantly since initial recognition in the following cases:

- Contractual payments are more than 30 days past due;
- Existing or projected adverse changes in business, financial or economic conditions that are expected to significantly change the borrower’s ability to meet its debt obligations;
- Actual or expected adverse change in the regulatory, economic, or technological environment of the borrower’s operation, etc.;
- Downgrading of the credit rating of a credit institution, in which there are balances on deposits and current accounts, to “CCC” level;
- Non-fulfillment by the credit institution of obligations to pay interests and principal amount on the deposit, as well as non-execution of money transfers according to the payment orders of the Company for more than 30 days.

Grouping of financial assets

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

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

- Treasury and interbank relationships (such as amounts due from credit institutions and cash equivalents);
- Exposures that have been classified as POCI when the original loan was derecognised and a new loan was recognised as a result of a credit driven debt restructuring.

For all other classes of asset, the Company calculates ECL on a collective basis.

The Company groups these exposures into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans, for example, product type and borrower’s industry.

(In thousands of tenge, unless otherwise indicated)

22. Risk management (continued)

Credit risk (continued)

Impairment assessment (continued)

Forward-looking information and multiple economic scenarios

For the purposes of calculating the ECL allowance as at 31 December 2024 and 2023, the Company took into account the expected:

- Impact of changes in the economic environment on various sectors of the economy;
- Updated forecast of changes in GDP.

The Company obtains the forward-looking information from third party sources (external rating agencies, governmental bodies e.g., national banks, and international financial institutions).

Macroeconomic forecast data affect both the main components of ECL (for example, PD assessment) and assessment of factors used for collective measurement at the stage.

During development of the model and its subsequent validation (at least on an annual basis), both the completeness of used components of ECL exposed to the significant influence of macroeconomic factors, and the significance of used macro variables are verified. This process is described in the qualitative part of the validation methodology. The results of this verification may lead to identification of additional macroeconomic factors that require forecasting.

The validation process also helps to determine the extent to which the use of a single scenario will not be sufficient due to the non-linear influence of macroeconomic factors on the estimated credit losses.

As at 31 December 2024, the Company applied the baseline, optimistic and pessimistic scenario for determining PD. To calculate PD under the baseline scenario, the Company used the GDP forecast for 2025 as a macroeconomic factor, which is equal to 4.5% (in 2023: 4.4%). To calculate PD under the pessimistic scenario, the Company used data published by international rating agencies on defaults during the crisis periods.

Credit quality by class of financial assets

The table below presents an analysis of credit quality by class of financial assets as at 31 December 2024.

	Note		*High grade*	*Standard grade*	*Sub-standard grade*	*Impaired*	*Total*
Cash and cash equivalents, except for cash on hand	5	Stage 1	–	9,871,877	–	–	9,871,877
Amounts due from credit institutions		Stage 1	–	36,208	–	–	36,208
Loans to customers:	7						
		Stage 1	–	151,721,150	1,190,664	–	152,911,814
- Retail trade, services and		Stage 2	–	–	582,948	–	582,948
production loans		Stage 3	–	–	–	5,022,189	5,022,189
		Stage 1	–	91,386,774	326,810	–	91,713,584
		Stage 2	–	–	350,085	–	350,085
- Agricultural loans		Stage 3	–	–	–	2,350,750	2,350,750
		Stage 1	–	14,863,504	416,858	–	15,280,362
		Stage 2	–	–	353,337	–	353,337
- Consumer loans		Stage 3	–	–	–	1,403,982	1,403,982
Investment securities	8	Stage 1	35,808,372	–	–	–	35,808,372
Other financial assets	12	Stage 1	–	206,358	–	–	206,358
Total			35,808,372	268,085,871	3,220,702	8,776,921	315,891,866

(In thousands of tenge, unless otherwise indicated)

22. Risk management (continued)

Credit risk (continued)

Credit quality by class of financial assets (continued)

The table below presents an analysis of credit quality by class of financial assets as at 31 December 2023.

	Note		*High grade*	*Standard grade*	*Sub-standard grade*	*Impaired*	*Total*
Cash and cash equivalents, except for cash on hand	5	Stage 1	–	9,404,062	–	–	9,404,062
Amounts due from credit institutions		Stage 1	–	24,188	–	–	24,188
Loans to customers:	7						
		Stage 1	–	130,760,755	909,335	–	131,670,090
- Retail trade, services and production loans		Stage 2	–	–	570,105	–	570,105
		Stage 3	–	–	–	3,671,161	3,671,161
		Stage 1	–	82,814,157	332,117	–	83,146,274
		Stage 2	–	–	285,647	–	285,647
- Agricultural loans		Stage 3	–	–	–	1,309,652	1,309,652
		Stage 1	–	16,002,324	269,049	–	16,271,373
		Stage 2	–	–	209,595	–	209,595
- Consumer loans		Stage 3	–	–	–	808,790	808,790
Investment securities	8	Stage 1	24,478,576	–	–	–	24,478,576
Other financial assets	12	Stage 1	–	313,246	–	–	313,246
		Stage 3	–	–	–	3,075	3,075
Total			24,478,576	239,318,732	2,575,848	5,792,678	272,165,834

In the table above financial assets of high grade are those having a minimal level of credit risk, normally with a credit rating on or close to sovereign level or highly collateralised. Exposures to credit institutions and borrowers with good financial position and debt servicing are included in the standard grade. Sub-standard grade comprises loans below standard grade but not impaired.

See *Note 7* for more detailed information with respect to the ECL allowance on loans to customers.

(In thousands of tenge, unless otherwise indicated)

22. Risk management (continued)

Credit risk (continued)

Credit quality by class of financial assets (continued)

The geographical concentration of the Company's financial assets and liabilities is set out below:

	31 December 2024				*31 December 2023*			
	Kazakhstan	*OECD*	*CIS and other foreign countries*	*Total*	*Kazakhstan*	*OECD*	*CIS and other foreign countries*	*Total*
Assets								
Cash and cash equivalents	10,142,339	–	–	10,142,339	9,700,278	–	–	9,700,278
Amounts due from credit institutions	36,208	–	–	36,208	24,188	–	–	24,188
Derivative financial assets	–	2,439,791	–	2,439,791	–	39,782	–	39,782
Loans to customers	269,969,051	–	–	269,969,051	237,942,687	–	–	237,942,687
Investment securities	13,164,857	–	–	13,164,857	8,387,357	–	–	8,387,357
Investment securities pledged under repurchase agreements	22,643,515	–	–	22,643,515	16,091,219	–	–	16,091,219
Other financial assets	152,512	53,846	–	206,358	192,753	123,568	–	316,321
	316,108,482	2,493,637	–	318,602,119	272,338,482	163,350	–	272,501,832
Liabilities								
Amounts due to credit institutions	39,985,632	181,633,823	–	221,619,455	53,280,971	136,725,333	–	190,006,304
Amounts payable under repurchase agreements	21,693,260	–	–	21,693,260	16,561,713	–	–	16,561,713
Derivative financial liabilities	–	–	–	–	230,893	–	–	230,893
Lease liabilities	1,058,272	–	–	1,058,272	1,013,981	–	–	1,013,981
Debt securities issued	22,115,686	–	–	22,115,686	22,250,286	–	–	22,250,286
Other financial liabilities	4,866,138	1,106	168	4,867,412	4,409,069	1,479	9,516	4,420,064
	89,718,988	181,634,929	168	271,354,085	97,746,913	136,726,812	9,516	234,483,241
Net assets/ (liabilities)	226,389,494	(179,141,292)	(168)	47,248,034	174,591,569	(136,563,462)	(9,516)	38,018,591

Operational risk

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

Compliance risk

Compliance risk encompasses regulatory and legal compliance risk. Compliance risk is the risk that the Company incurs financial or reputational risk through imposition of penalties or fines as a result of not adhering to applicable laws, rules and regulations and good market practice (including ethical standards). The Company's compliance function proactively seeks to enhance compliance risk management and the supporting control framework. The Company operates in a market where there is a significant level of regulatory change activity, therefore, compliance risk is a key area of focus for management. The compliance function monitors this risk through reference to metrics relevant to the Company, review of incident reports and assessments, risk and control assessments pertaining to the first and second lines of defense functions, results of regulatory assessments, and review of results internal audit and external audit reports.

(In thousands of tenge, unless otherwise indicated)

22. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk exists when the empirical maturities of assets exceed the maturities of liabilities. The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to liquidity risk management. It is unusual for financial institutions ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

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

The Company seeks to actively support a diversified and stable funding base comprising long-term and short-term loans from other banks, as well as diversified portfolios of highly liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The liquidity management policy requires:

- Projecting cash flows by major currencies and considering the level of liquid assets necessary in relation thereto;
- Maintaining a diverse range of funding sources;
- Managing the concentration and profile of debts;
- Maintaining debt financing plans;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any interruption to cash flow;
- Maintaining liquidity and funding contingency plans;
- Monitoring liquidity ratios against regulatory requirements.

(In thousands of tenge, unless otherwise indicated)

22. Risk management (continued)

Liquidity risk (continued)

Analysis of financial liabilities by remaining contractual maturities

The table below summarizes the maturity profile of the Company's financial liabilities as at 31 December based on contractual undiscounted repayment obligations.

As at 31 December 2024	*On demand and less than 1 month*	*1 to 3 months*	*3 to 6 months*	*6 to 12 months*	*From 1 to 5 years*	*Total*
Financial liabilities						
Amounts due to credit institutions	9,840,539	30,095,134	32,853,083	55,466,501	126,962,544	255,217,801
Amounts payable under repurchase agreements	15,575,242	6,269,451	–	–	–	21,844,693
Lease liabilities	50,844	101,089	150,504	288,681	694,279	1,285,397
Debt securities issued	–	–	23,550,000	–	–	23,550,000
Other financial liabilities	2,401,965	–	2,297,698	–	68,544	4,768,207
Total undiscounted financial liabilities	27,868,590	36,465,674	58,851,285	55,755,182	127,725,367	306,666,098

As at 31 December 2023	*On demand and less than 1 month*	*1 to 3 months*	*3 to 6 months*	*6 to 12 months*	*From 1 to 5 years*	*Total*
Financial liabilities						
Amounts due to credit institutions	6,184,496	33,202,775	47,560,998	55,423,300	72,960,083	215,331,652
Amounts payable under repurchase agreements	7,430,705	9,425,500	–	–	–	16,856,205
Lease liabilities	50,844	101,089	150,504	288,680	694,279	1,285,396
Debt securities issued	–	–	24,000,000	–	–	24,000,000
Other financial liabilities	2,258,879	–	2,000,753	–	102,816	4,362,448
Total undiscounted financial liabilities	15,924,924	42,729,364	73,712,255	55,711,980	73,757,178	261,835,701

(In thousands of tenge, unless otherwise indicated)

23. Fair value measurements

The estimate of fair value is intended to approximate the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However, considering the uncertainties and the use of judgements, the fair value should not be interpreted as realisable within the framework of an immediate sale of assets or the transfer of liabilities.

Fair value hierarchy

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

	Date of valuation	*Quoted prices in active markets (Level 1)*	*Significant observable inputs (Level 2)*	*Significant non-observable inputs (Level 3)*	*Total*
As at 31 December 2024					
Assets measured at fair value					
Derivative financial assets	31 December 2024	–	2,439,791	–	2,439,791
Investment securities	31 December 2024	35,808,372	–	–	35,808,372
Assets for fair which values are disclosed					
Cash and cash equivalents	31 December 2024	270,462	9,871,877	–	10,142,339
Amounts due from credit institutions	31 December 2024	–	36,208	–	36,208
Loans to customers	31 December 2024	–	–	270,130,655	270,130,655
Other financial assets	31 December 2024	–	–	206,358	206,358
Liabilities for which fair values are disclosed					
Amounts due to credit institutions	31 December 2024	–	–	218,953,613	218,953,613
Amounts payable under repurchase agreements	31 December 2024	–	22,643,515	–	22,643,515
Lease liabilities	31 December 2024	–	–	1,199,222	1,199,222
Debt securities issued	31 December 2024	–	22,115,686	–	22,115,686
Other financial liabilities	31 December 2024	–	–	4,867,412	4,867,412
As at 31 December 2023					
Assets measured at fair value					
Derivative financial assets	31 December 2023	–	39,782	–	39,782
Investment securities	31 December 2023	24,478,576	–	–	24,478,576
Investment property	12 December 2023	–	–	66,958	66,958
Assets for fair which values are disclosed					
Cash and cash equivalents	31 December 2023	296,216	9,404,062	–	9,700,278
Amounts due from credit institutions	31 December 2023	–	24,188	–	24,188
Loans to customers	31 December 2023	–	–	238,128,458	238,128,458
Other financial assets	31 December 2023	–	–	316,321	316,321
Liabilities measured at fair value					
Derivative financial liabilities	31 December 2023	–	230,893	–	230,893
Liabilities for which fair values are disclosed					
Amounts due to credit institutions	31 December 2023	–	–	187,474,544	187,474,544
Amounts payable under repurchase agreements	31 December 2023	–	16,091,219	–	16,091,219
Lease liabilities	31 December 2023	–	–	1,075,259	1,075,259
Debt securities issued	31 December 2023	–	22,250,286	–	22,250,286
Other financial liabilities	31 December 2023	–	–	4,420,064	4,420,064

During 2024 and 2023, the Company did not make transfers between levels of the fair value hierarchy for financial instruments.

(In thousands of tenge, unless otherwise indicated)

23. Fair value measurements (continued)

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

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

	31 December 2024			*31 December 2023*		
	Carrying amount	*Fair value*	*Unrecogni-sed gain/ (loss)*	*Carrying amount*	*Fair value*	*Unrecogni-sed gain/ (loss)*
Financial assets						
Cash and cash equivalents	10,142,339	10,142,339	–	9,700,278	9,700,278	–
Amounts due from credit institutions	36,208	36,208	–	24,188	24,188	–
Loans to customers	269,969,051	270,130,655	161,604	237,942,687	238,128,458	185,771
Other financial assets	206,358	206,358	–	316,321	316,321	–
Financial liabilities						
Amounts due to credit institutions	221,619,455	218,953,613	2,665,842	190,006,304	187,474,544	2,531,760
Amounts payable under repurchase agreements	21,693,260	22,643,515	(950,255)	16,561,713	16,091,219	470,494
Lease liabilities	1,058,272	1,199,222	(140,950)	1,013,981	1,075,259	(61,278)
Debt securities issued	22,115,686	22,115,686	–	22,250,286	22,250,286	–
Other financial liabilities	4,867,412	4,867,412	–	4,420,064	4,420,064	–
Total unrecognised change in fair value			1,736,241			3,126,747

Methods of measurement and assumptions

Derivatives

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

Investment securities

Fair value of the quoted bonds is based on price quotations at the reporting date.

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not recorded at fair value in these financial statements.

Assets and liabilities for which fair value approximates to carrying value

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

Financial assets and financial liabilities carried at amortised cost

The fair value of unquoted instruments, including loans to customers, amounts due from credit institutions, amounts due to credit institutions, other financial assets and liabilities is estimated by discounting future cash flows using rates as at measurement date for debt on similar terms, credit risk and remaining maturities.

(In thousands of tenge, unless otherwise indicated)

24. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled. See *Note 22* for the Company's contractual undiscounted repayment obligations.

	31 December 2024			*31 December 2023*		
	Within one year	*More than one year*	*Total*	*Within one year*	*More than one year*	*Total*
Cash and cash equivalents	10,142,339	–	10,142,339	9,700,278	–	9,700,278
Amounts due from credit institutions	–	36,208	36,208	–	24,188	24,188
Derivative financial assets	2,439,791	–	2,439,791	39,782	–	39,782
Loans to customers	83,448,305	186,520,746	269,969,051	145,127,297	92,815,390	237,942,687
Investment securities	4,180,444	8,984,413	13,164,857	6,136,456	2,250,901	8,387,357
Investment securities pledged under repurchase agreements	10,269,650	12,373,865	22,643,515	10,197,303	5,893,916	16,091,219
Investment property	–	–	–	–	66,958	66,958
Property and equipment	–	11,267,123	11,267,123	–	10,891,077	10,891,077
Right-of-use assets	–	952,744	952,744	–	931,504	931,504
Intangible assets	–	3,534,079	3,534,079	–	2,224,050	2,224,050
Current corporate income tax assets	530,595	–	530,595	394,810	–	394,810
Other assets	1,668,252	–	1,668,252	1,649,974	3,075	1,653,049
Total	112,679,376	223,669,178	336,348,554	173,245,900	115,101,059	288,346,959
Amounts due to credit institutions	108,697,859	112,921,596	221,619,455	123,133,781	66,872,523	190,006,304
Amounts payable under repurchase agreements	21,693,260	–	21,693,260	16,561,713	–	16,561,713
Derivative financial liabilities	–	–	–	230,893	–	230,893
Lease liabilities	469,652	588,620	1,058,272	443,742	570,239	1,013,981
Debt securities issued	22,115,686	–	22,115,686	22,250,286	–	22,250,286
Deferred corporate income tax liabilities	–	89,635	89,635	–	46,278	46,278
Other liabilities	6,990,012	68,544	7,058,556	5,894,396	102,816	5,997,212
Total	159,966,469	113,668,395	273,634,864	168,514,811	67,591,856	236,106,667
Net position	(47,287,093)	110,000,783	62,713,690	4,731,089	47,509,203	52,240,292

To manage liquidity, the Company has access to revolving credit lines from local banks and unused tranches from other credit institutions totalling KZT 36,900,000 thousand as at 31 December 2024. Additionally, the Company actively secures funding through repurchase agreements. The Company holds a portfolio of liquid securities, available for transactions involving repurchase agreements.

25. Related party transactions

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

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

Transactions with shareholders

The balances and average effective interest rates as well as the corresponding gain or loss on transactions with shareholders are as follows:

	Shareholders			
	31 December 2024	*Average annual interest rate, %*	*31 December 2023*	*Average annual interest rate, %*
Statement of financial position				
Liabilities				
Amounts due to credit institutions	5,654,389	15.97	5,675,978	15.70
Statement of comprehensive income				
Interest expense	(1,095,759)	–	(1,428,944)	–

(In thousands of tenge, unless otherwise indicated)

25. Related party transactions (continued)

Transactions with key management personnel

Below is the information about compensation of 12 members of key management personnel:

	2024	*2023*
Salaries and other short-term benefits	1,215,141	776,113
Social security costs	111,158	66,321
Total compensation to the key management personnel	1,326,299	842,434

For the years ended 31 December 2024 and 2023, key management personnel did not receive any non-cash remuneration.

	31 December 2024	*Average annual interest rate, %*	*31 December 2023*	*Average annual interest rate, %*
Statement of financial position				
Assets				
Loans to customers	7,168	31.50	41,436	20.88

Amounts included in profit or loss in relation to transactions with members of the key management personnel, including the Company's shareholders, are as follows:

	2024	*2023*
Statement of comprehensive income		
Interest revenue	4,377	13,718

26. Changes in liabilities arising from financing activities

Reconciliation of movements of liabilities to cash flows arising from financing activities during the year ended 31 December 2024 is as follows:

	1 January 2024	*Net cash flows*	*Foreign currency translation*	*Other*	*31 December 2024*
Amounts due to credit institutions	190,006,304	23,664,865	7,965,245	(16,959)	221,619,455
Debt securities issued	22,250,286	–	–	(134,600)	22,115,686
Total liabilities from financing activities	212,256,590	23,664,865	7,965,245	(151,559)	243,735,141

Reconciliation of movements of liabilities to cash flows arising from financing activities during the year ended 31 December 2023 is as follows:

	1 January 2023	*Net cash flows*	*Foreign currency translation*	*Other*	*31 December 2023*
Amounts due to credit institutions	163,736,457	25,226,114	(1,176,939)	2,220,672	190,006,304
Debt securities issued	10,389,636	10,000,000	–	1,860,650	22,250,286
Total liabilities from financing activities	174,126,093	35,226,114	(1,176,939)	4,081,322	212,256,590

The "Other" line includes the effect of accrued, but not yet paid interest on amounts due to credit institutions and debt securities issued. The Company classifies interest paid as cash flows from operating activities.

(In thousands of tenge, unless otherwise indicated)

27. Capital adequacy

The Company maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Company’s capital is monitored using, among other measures, the ratios established by the NBRK.

In accordance with the credit agreements with certain foreign financial institutions, the Company must maintain a ratio of capital to total assets at the level of not less than 15%.

As at 31 December 2024 and 2023, the Company had complied with all its externally imposed capital requirements.

The primary objectives of the Company’s capital management are to ensure that the Company complies with externally imposed capital requirements and that the Company maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise profit for participants.

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

The NBRK requires microfinance organizations to maintain a Tier 1 capital adequacy ratio in the amount of not less than 10% of the assets, weighted by the degree of credit risk. As at 31 December 2024 and 2023, the Company’s capital adequacy ratio based on the NBRK methodology exceeded the statutory minimum.

The Company’s capital adequacy ratio, computed in accordance with the NBRK requirements as at 31 December, comprise:

	31 December 2024	*31 December 2023*
Tier 1 capital	62,713,690	52,240,292
Credit risk-weighted assets	269,539,676	249,245,142
Tier 1 capital ratio	23.3%	21.0%

28. Events after the reporting period

On 20 March 2025, the Agency issued a Permit for the voluntary reorganisation of the Company in the form of conversion into a bank.