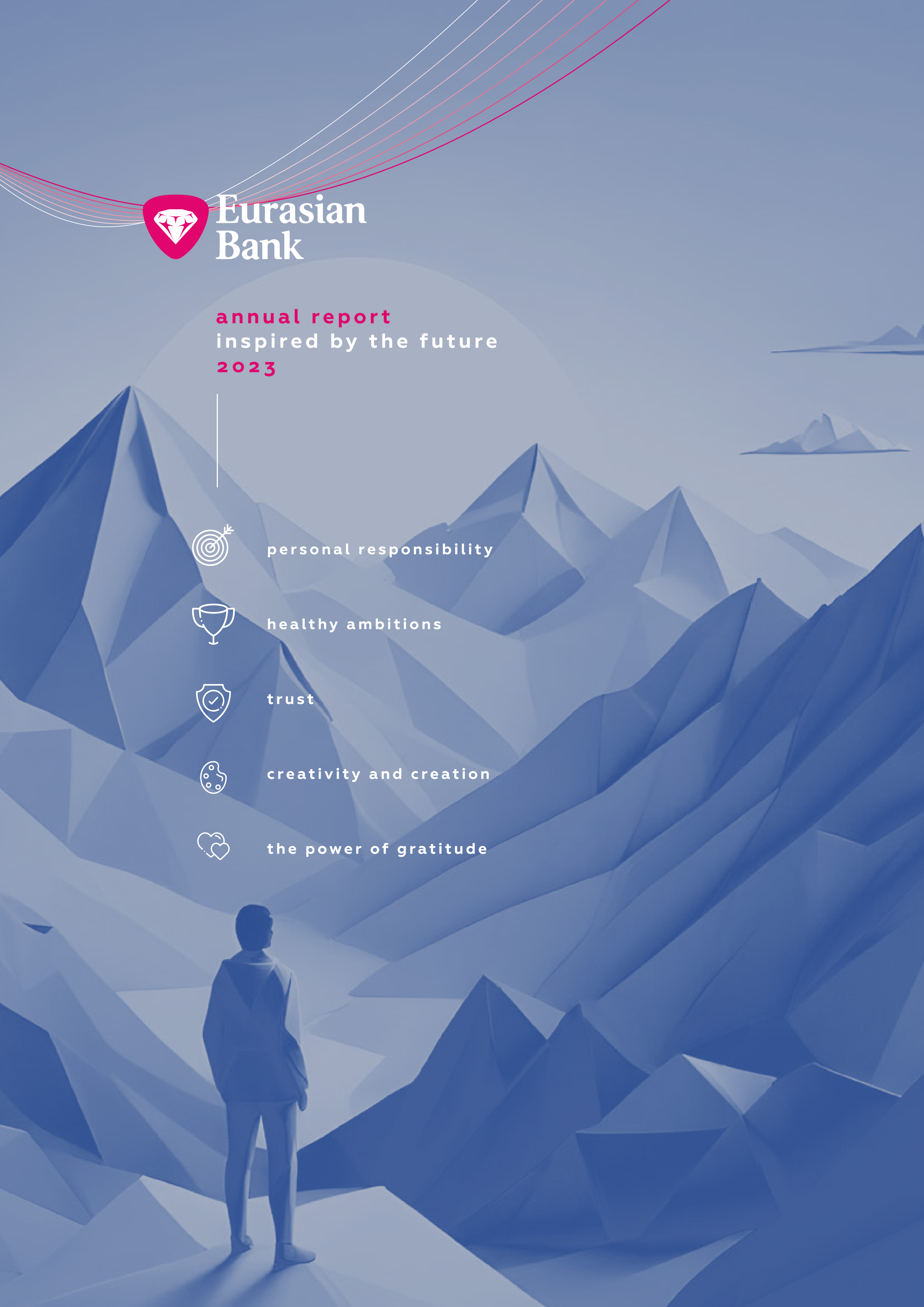
Eurasian Bank

annual report
inspired by the future
2023



personal responsibility

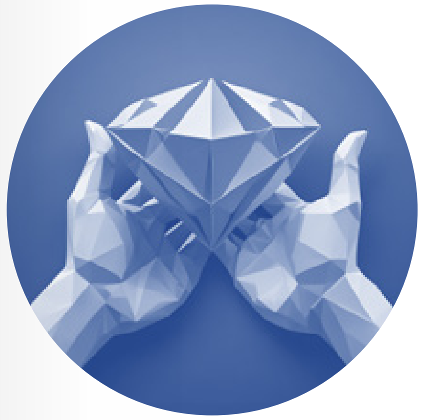
healthy ambitions

trust

creativity and creation

the power of gratitude

content



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bank highlights

MISSION

We provide stability, create positive changes for confidence, happiness and well-being of people

Eurasian Bank is a socially important commercial bank of Kazakhstan with a 29-year history of development. It is in the ten largest banks in the country in terms of assets, occupies a leading position in the retail banking market, and provides a wide range of services to corporate customers and SME

BANK IN FIGURES

1 Bank No. 1 in new car lending, holding the lead with significantly increased competition

4 4th place in terms of corporate deposits among the banks of the Republic of Kazakhstan

5 5th place in terms of individual deposits among the banks of the Republic of Kazakhstan (over 1 trillion tenge)

7 7th place in terms of assets among the banks of the Republic of Kazakhstan | 7th place in terms of the loan portfolio among the banks of the Republic of Kazakhstan | 7th place in terms of the capital size among the banks of the Republic of Kazakhstan

80% | 50% 80% loan issues and 50% deposit openings online

19 19 branches throughout the country | **5 350** Over 5, 350 employees

KEY FIGURES FOR 3 YEARS

KEY FINANCIAL FIGURES, BLN TENGE [1]	2021	2022	2023
Total assets	1 413,3	2 356,2	2 696,8
Loans to customers	635,3	1 059,3	1 359,2
Customer deposits	1 136,4	1 931	2 143,7
Equity	119,3	197,3	304,1
Operating income	86,9	193,9	258,5
Net profit	13	83,3	95,4
Tier 1 capital adequacy ratio	12,2%	13,2%	14,3%
Capital adequacy ratio	28,7%	24,1%	21,7%

1 According to the Bank consolidated data

MARKET SHARE [2]	2021	2022	2023
Assets	3,8%	5,3%	5,4%
Loans to customers / net	3,6%	4,8%	4,9%
Corporate deposits	5%	7%	6,9%
Retail deposits	3,6%	5,1%	5,2%

2 According to the NB RK data

MAJOR EVENTS 2023

JANUARY

Ibragim Altamirov was appointed as member of the Management Board, Deputy Chairperson of the Management Board, tasked with supervising the risk management of the Bank.

MARCH

- Kazpost and Eurasian Bank signed a memorandum of cooperation on cash withdrawals from ATMs.
- The Bank paid compensation to customers on deposits in the amount of 10.5 billion tenge received from the Kazakhstan Deposit Insurance Fund under the Tenge Deposit Protection Program.
- Smart Business mobile app for legal entities was updated. The service for businessmen includes such functions as information on accounts, balances and transaction fees, FX-platform, opening an additional account and other services.
- The Bank was included in the 50 reliable banks of neighboring countries – 2023 rating, according to Forbes.ru. The authors of the edition ranked the banks based on the assessments of international credit rating agencies, as well as the size of assets of participants from such countries as Armenia, Georgia, Azerbaijan, Uzbekistan and Kazakhstan.

APRIL

- Eurasian Bank supported #ChistoGory eco-movement and invited Kazakhstan creators to promote conscious behavior in nature.
- On the eve of the International Earth Day, the Bank employees together with the Alma-Qala public movement planted 15 Sievers apple trees on the historical pedestrian street of the city — Panfilov Street in Almaty, and also supported the subbotnik at school No. 125, where they planted 50 trees and 57 bushes.
- Customers of Kazpost and Eurasian Bank, including pensioners and recipients of social benefits, got the possibility of withdrawal up to 300, 000 tenge per month for free from ATMs of both companies.
- The Bank's sole shareholder resolved to capitalize the Bank's net profit for 2022 into retained earnings of previous years.

JUNE

- Global Finance awarded Eurasian Bank the Top Innovator in Consumer Finance title for its Broker 2.0. project — a solution that allows a consumer loan to be approved in 4 seconds.
- Eurasian Bank provided support to the families of those who lost their lives in the Abay Province, and wrote off existing loans of those who died in fires and their family members.
- The powers of Kim Inessa Cher-Khvanovna, Member of the Board of Directors - Independent Director of Eurasian Bank — were terminated. So, the number of members of the Board of Directors is reduced to four persons.
- Moody's upgraded the Eurasian Bank long-term deposit rating from b2 to b1, as well as its basic credit rating from b3 to b2, reflecting significant progress in improving asset quality. The outlook is positive.

JULY

Eurasian Bank was recognized as the best in providing custody and sub-custody services in Kazakhstan in 2023 by two international magazines: Global Finance World's Best Banks Awards and Global Brands as part of annual rankings.

AUGUST

Eurasian Bank was recognized as the Digital Transformation Bank of the Year by Asian Banking & Finance for developing the online solution Broker 2.0.

SEPTEMBER

- Eurasian Bank adapted its eubank.kz for visually impaired customers: various features were introduced, including audio functionality and control of the font size on the screen.
- Bank auto lending was recognized as the best in Kazakhstan by the International Business Magazine experts. The international business magazine also awarded the Bank in The Fastest Consumer Loan 2023 nomination.
- Eurasian Bank and MasterCard supported the release of the Baidyn Kyzyn Alamyn national movie.
- Smartbank app was ranked 17th among mobile applications of Kazakhstan in Forbes TOP-30 rating, which is annually compiled by Intervale Kazakhstan.

OCTOBER

- Eurasian Bank again successfully passed an independent external audit and confirmed its compliance with the PCI DSS payment card information security standards and the SWIFT CSP information transfer and payment system requirements.
- Bank together with the Kazakhstan Housing Company presented a new shared construction digital project at the Digital Bridge 2023 international forum. The Bank offers to open online specialized accounts for developers to ensure protection of shareholder funds from misuse.
- MasterCard with Intebix crypto exchange, Technodom ecosystem and AIRBA presented the first in Kazakhstan project of tokenization of digital assets, which allows the entire Kazakhstan crypto community to legally and conveniently convert their cryptocurrency into Technodom Plus bonuses on the Intebix exchange with the subsequent purchase of goods or services in the Technodom retail network.

NOVEMBER

- Moody's upgraded the long-term deposit ratings of Eurasian Bank to Ba3 from B1, as well as its basic credit rating to b1 from b2 and maintained a positive outlook on long-term deposit ratings.
- A new debit card in digital tenge issued by Eurasian Bank on the MasterCard platform was presented at the XI Congress of Financiers of Kazakhstan. It offers a number of advantages for both cardholders and owners of commercial companies.

DECEMBER

The powers of Natalia Druzhinina, Deputy Chairperson of the Management Board and Member of the Management Board, were terminated due to her submitted application.

EVENTS AFTER THE REPORTING DATE

JANUARY 2024

- The Central Bank of Uzbekistan resolved to register the Eurasian Bank subsidiary bank and issue a license for banking activities in the country.
- Askar Khamidullin was appointed as Member of the Management Board, Deputy Chairperson of the Management Board, tasked with supervising the financial block of the Bank.

MARCH 2024

The Super Qyz. Women the Entire World is Talking About book, which tells about outstanding Kazakhstan women. The author of the book is Dinara Gaplan, a mother of three daughters, coach, entrepreneur, and Chairperson of the Board of Trustees of the Bolashak Foundation. The book was published with the support of Eurasian Bank, philanthropist Gaukhar Kapparova, partners: Arizar store, Weproject.media edition, Alga Kazakhstan Project host Ivan Chervinskiy.

APRIL 2024

- Eurasian Bank allocated 450 mln tenge to eliminate the consequences of floods and support Kazakhstanis affected by natural disaster.
- The Bank granted residents of the regions and businessmen affected by the floods a deferment on loan payments for 3 months, from 1 April to 30 June 2024.
- Eurasian Bank became the first Kazakhstan company to join MasterCard's Priceless Planet global initiative for promoting actions to combat climate change. In honor of the event, 30 trees were planted in Almaty.
- Global Finance recognized Eurasian Bank as Kazakhstan's best trade finance provider in 2024 based on the results of its World's Best Trade Finance Providers regular ranking.

MAY 2024

- By decision of shareholders, the Bank's unconsolidated profit for 2023 was capitalized into retained earnings of previous years.
- Eurasian Bank transferred 90 units of computer equipment to the Akim's Office of Bostandyk District, Almaty, for technical support of Special Children's Public Associations.

VISION, MISSION, VALUES

VISION

Become one of the leaders among the country's technological retail private banks.

MISSION

Providing stability, creating positive change for people's confidence, happiness and well-being.

VALUES

- ***HEALTHY AMBITION. We set goals and strive for outstanding results in achieving them.***
- ***CREATIVITY AND CREATION. We strive to continuously improve reality and create new things. We strive to create the best version of ourselves.***
- ***POWER OF GRATITUDE. We use the energy of gratitude to improve the world around us and make people happy.***
- ***TRUST. Trust is the foundation of relationships and the backbone of banking. It's our everything!***
- ***PERSONAL RESPONSIBILITY (I KNOW. I CAN. I DO). We are responsible for the decisions we make and the outcome of our actions.***

FINANCIAL SOLUTIONS

Eurasian Bank offers a full range of services and products to individuals, SME and CB.

- For private customers, lending solutions are provided (auto loans, unsecured, salary, consumer, etc.), deposits, payment cards, money transfers, sale and purchase of refined gold bars and coins made of precious and non-precious metals, remote service via Smartbank, and other services.
- Deposits, cash and settlement services (opening and maintenance of bank accounts, collection services, trade acquiring), bank guarantees, including express guarantees, remote services (Smart Business), loans, trade finance, custodial activities, etc. are available to legal entities.
- The Bank is a participant of state financing programs of the Development Bank of Kazakhstan and Damu EDF: Umit Women's Entrepreneurship Support Program, Damu-Ondiris Manufacturing Industry's SMEs Support, as well as the entrepreneurship support state programs by subsidizing interest rates and guaranteeing loans.

RATINGS

MOODY'S

- Ba3 long-term deposits in foreign currency. Outlook – Positive
- Ba2(cr) long-term counterparty risk rating
- b1 baseline credit assessment

AWARDS

2021

- Global Finance named Eurasian Bank the best custodian bank in Kazakhstan.
- Eurasian Bank awarded by International Finance magazine for Best Auto Loan for SME

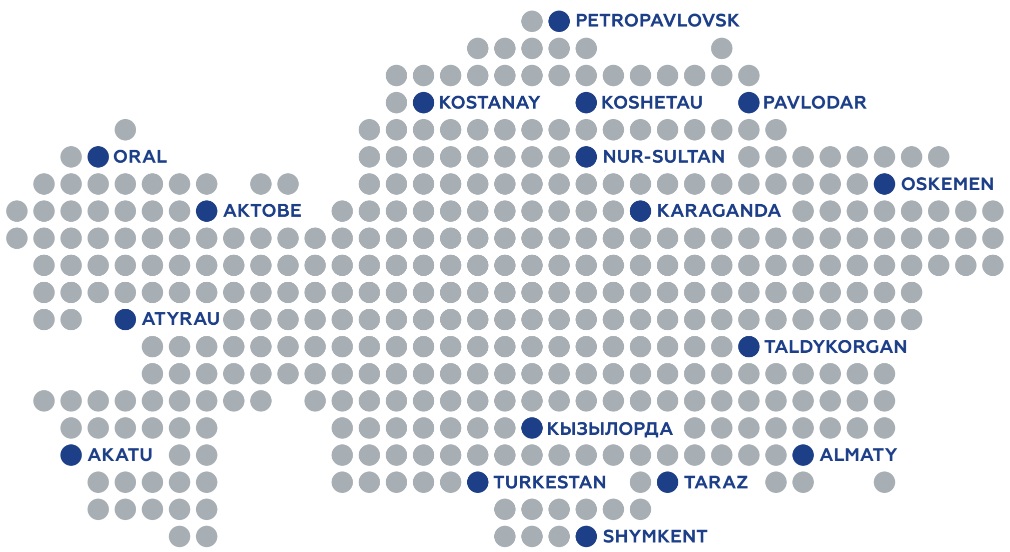
2022

- Global Finance named Eurasian Bank the best sub-custodian bank in Kazakhstan.
- International Business magazine edition recognized Eurasian Bank as the best in two nominations — Fastest Consumer Loan and Best Bank in Auto Loans in Kazakhstan in the annual International Business Magazine Awards rating.

2023

- Global Finance named Eurasian Bank the best custodian bank and the best sub-custodian bank in Kazakhstan.
- Bank of the Year in Digital Transformation award from Asian Banking & Finance magazine.
- As part of the Innovators Awards Global Finance, the Bank recognized as Innovator in Consumer Lending.

GEOGRAPHY OF ACTIVITY



19 — **19 BRANCHES**

118 — **118 OUTLETS**

833 — **833 POS-TERMINALS**

393 — **393 POINTS OF SALE OF AUTO LOANS**

510 — **510 ATMs**

490 — **490 PAYMENT TERMINALS**

BANK HISTORY

1994

Eurasian Bank was founded as a joint-stock company.

1996

- State license for carrying out broker — dealer activity in the securities market obtained.
- The Bank became a member of the Kazakhstan Stock Exchange.

1997

The Bank became a participant of Society for Worldwide Interbank Financial Society for Worldwide Interbank Financial Telecommunications (SWIFT).

1998

Custodian license obtained.

1999

The Bank joined the Association of Financiers of Kazakhstan.

2000

- The Bank became a participant of individual deposit mandatory collective insurance system.
- The Bank was accepted as a participant of VISA International payment system.

2003

Moody's assigned first credit ratings to the Bank.

2004

- The Bank became a member of Kazakhstan Mortgage Loan Insurance Fund.
- The Bank raised the first syndicated loan in the amount of US$15.5 mln.

2006

- The Bank became a member of the First Credit Bureau.
- Standard & Poor's assigned credit ratings to the Bank.

2007

The first bond program of 30 billion tenge and the first bond issue of 10 billion tenge were registered within the first bond program of the Bank.

2010

Completion of the transaction for acquisition of 99.99% shares of the Bank Troyka Dialog Bank (Moscow) OJSC commercial bank that was later renamed Eurasian Bank OJSC.

2012

- Consumer loan repayment terminals launched.
- Private Banking personal customer service opened.

2013

MasterCard and Maestro, MasterCard PayPass cards issue and service license obtained.

2014

Universal mobile banking app, available on iOS (iPhone and iPad), Android and Windows Phone, was launched.

2015

- Eurasian Bank started preferential auto loans issuance.
- Kazakhstanis made one million payments and transfers via Eurasian Bank Internet banking.
- Eurasian Bank became the owner of 100% of the shares of Bank Pozitiv Kazakhstan JSC.

2016

- The Bank obtained NBRK permission to acquire Bank Pozitiv Kazakhstan. After the merger, the Bank continued its operations under the Eurasian Bank brand.
- The Bank equity increased by 15 billion tenge. As a result, the authorized capital of the Bank increased by 42%, and the regulatory capital exceeded 100 billion tenge.

2017

- The Bank started selling refined gold bars to the public as part of the NBRK program.
- The Bank issued subordinated bonds for 150 billion tenge and became the first participant in the Kazakhstan Banking Sector Financial Sustainability Enhancement Program.

2018

- The Bank obtained the third tranche of about 1.9 billion tenge from the Development Bank of Kazakhstan under the domestic auto industry support program.
- Together with MasterCard, the Bank launched smartphone payment s for iPhone (Apple Pay) and Android owners.
- The Bank started accepting citizens' applications under the 7-20-25: New Opportunities to Purchase Housing for Each Family housing program.

2019

- Kazakhstan Deposit Insurance Fund selected Eurasian Bank as an agent for payment of compensation for deposits, current and card accounts of individuals and individual entrepreneurs placed in the liquidated Bank of Astana.
- The Bank took part in the National Bank of the Republic of Kazakhstan project called Suńqar. The Bank implemented transfers using the Suńqar system in the Smartbank mobile app.
- The Bank joined The Economy of Simple Things state program for subsidizing loans to domestic entrepreneurs.
- The Bank launched instant transfers by card number in the Smartbank mobile app for Android and iOS users.
- For the first time in Kazakhstan, the Bank started using artificial intelligence in customer interaction. At the first stage, the Bank launched robots in Soft Collection to call borrowers whose loans are overdue.

2020

- The Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market issued to Eurasian Bank a license to conduct banking and other operations and activities on the securities market. The new license dated 3 February 2020 has the number 1.2.68/242/40.
- The results of the asset quality review (AQR), which was conducted by the National Bank of the Republic of Kazakhstan with the participation of independent international consultants and auditors, were announced. The AQR results fully comply with the forecasts and expectations of the Eurasian Bank shareholders and management.
- The Bank offered the possibility of obtaining a deferral to its customers during the COVID-19 pandemic, joining the initiative of the Agency for Regulation and Development of Financial Market of the Republic of Kazakhstan to cancel fines and penalties, as well as to provide a deferral to individual and corporate borrowers whose economic situation worsened due to the introduction of the emergency state in Kazakhstan.
- In April, Eurasian Financial Company, the Bank's sole shareholder, contributed to the Bank's capital 4 billion tenge, fulfilling its obligations under the Program for Financial Sustainability Enhancement and Risk Reduction of the Banking Sector of the Republic of Kazakhstan.
- In August, Eurasian Bank supported hospitals during the pandemic, a member of the Board of Directors Shukhrat Ibragimov purchased a batch of 100 oxygen concentrators for clinics in 16 regions of Kazakhstan. The Bank organized the supply of several thousand disposable masks for concentrators, anti-plague suits, protective masks and glasses, shoe covers, gloves, as well as pulse oximeters.
- In September, Eurasian Bank was selected by the Kazakhstan Deposit Insurance Fund JSC (KDIF) as an agent – bank to pay a guarantee compensation on deposits, current and card accounts of individuals and individual entrepreneurs, placed in Tengri Bank, deprived of its license.
- In December, Eurasian Bank closed a deal on the sale of 100% of the shares of a subsidiary bank in Russia to a buyer Sovcombank PJSC.

2021

- In January, KDIF and Eurasian Bank extended the term of payment of compensation to Bank of Astana depositors until 29 July 2021.
- In February, the Bank suffered an irreparable loss: one of the beneficial owners of Eurasian Bank, Alidzhan Rakhmanovich Ibragimov, passed away.
- The Bank jointly with Nume Group for the first time in Kazakhstan launched an online service for the removal of collateral from cars.
- Eurasian Bank was selected as an agent bank for the payment of guaranteed compensation to AsiaCredit Bank depositors.
- In March, Shukhrat Alidzhanovich Ibragimov, a member of the Bank Board of Directors, one of Alidzhan Ibragimov sons, was elected to the Board of Managers of the ERG Group and became a representative of Alidzhan Ibragimov's family interests in all assets of the Group in Kazakhstan.

- Eurasian Bank and SaryarkaAvtoProm LLP, the largest automaker in Kazakhstan, jointly launched the assembly of KIA models at the plant in Kostanay. Under a three-year credit line of 30 billion tenge, opened in 2020, the Bank is financing SaryarkaAvtoProm LLP for the purchase of car kits for Chevrolet and KIA models.
- In June, the sole shareholder of the Bank refused from the dividends for 2020 and directed the entire profit of the Bank, amounting to 4.2 billion tenge, to recapitalization of the Bank.
- Eurasian Bank was the first in Kazakhstan to issue Eco-cards made of recycled plastic.
- In July, AllurAuto (part of the Allur Group of Companies) and together with Eurasian Bank launched the first fully remote car purchase on credit from the Chevrolet, KIA, JAC and Mitsubishi model ranges.
- Eurasian Bank started issuing cards created for car owners — Auto Cards.
- The Bank supported the victims of the explosions that occurred in Zhambyl Province in August 2021 by writing off existing loans to the Bank customers.
- Moody's credit rating agency upgraded the Bank outlook on long-term national and foreign currency deposit ratings to "stable". The ratings were confirmed.
- In October, the Bank launched digital lending of used cars on the car.eubank.kz website in a few clicks — from choosing a car brand and determining the loan amount to receiving the final decision.
- In November, based on the Eurasian Bank request, the Moody's credit rating agency withdrew the Bank ratings on the national scale. The agency's international rating differs from the rating on the national scale in that it allows a global comparison of the Bank position with all international institutions, which the national rating does not provide.
- In December, Eurasian Bank launched Google Pay for MasterCard and Visa payment systems.

2022

- In connection with the January events that occurred in Kazakhstan, Eurasian Bank decided not to accrue fines and penalties for individuals who defaulted on loans during the period from 1 to 31 January 2022. For legal entities penalties and fines were not charged until the end of the state of emergency in Kazakhstan – 19 January 2022. Despite the fact that the Bank branch and three outlets in Almaty suffered from the actions of vandals, the Bank promptly organized customer service in other premises. The eubank.kz Bank official website worked even in the conditions of lack of the Internet access to provide Kazakhstani people with reliable information about the financial institution's activities.
- In April, Moody's affirmed the Bank's long-term rating at B2 with a stable outlook, which reflects the agency's expectations regarding the sustainable development of the financial institution.
- In May, the Bank launched the Broker 2.0. — solution, whereby approval of a consumer loan takes 4 seconds (on average in the market it takes 30-40 seconds).
- The Instant Payment System (IPS), which allows making payments and transfers by phone number between accounts and e-wallets of any banks and payment organizations, became available in Smartbank app.
- The Bank's sole shareholder decided to allocate the net profit of 12.7 billion tenge to increase the Bank capital in order to further increase the financing of the country's economy and invest in the development of banking technologies and customer services.
- In July, Gaziz Yermekov, Managing Director of the IT Block, was elected as a new Member of the Management Board and Deputy Chairperson of the Bank Management Board.
- Eurasian Bank wrote off loans to customers who lost their homes as a result of fires in the Kostanay Region. The Bank also transferred financial assistance to the Kaiyrmdylyk (Kindness) KZ Unified Fund.
- Eurasian Bank presented its own development for legal purchase of cryptocurrency for tenge, offering one of the lowest fees in the world. The presentation took place at the Digital Bridge 2022 forum, where the joint booth of Kazakhstan's Intebix exchange and Eurasian Bank was presented to President Kassym-Jomart Tokayev and participants.
- In October, the Agency of the Republic of Kazakhstan on Regulation and Development of the Financial Market approved Ms. Lyazzat Satiyeva for the position of Chairperson of the Bank Management Board.
- In November, the Bank launched lending by QR code, placed at the Bank partners, using which it is possible to fill in a few fields and instantly receive a decision.
- In December, Moody's upgraded Eurasian Bank's outlook from "stable" to "positive", affirming its B2 long-term rating in local and foreign currencies.
- The powers of Ivan Belokhvostikov, Member of the Management Board and Deputy Chairperson of the Management Board, were terminated by the decision of the Bank Board of Directors.

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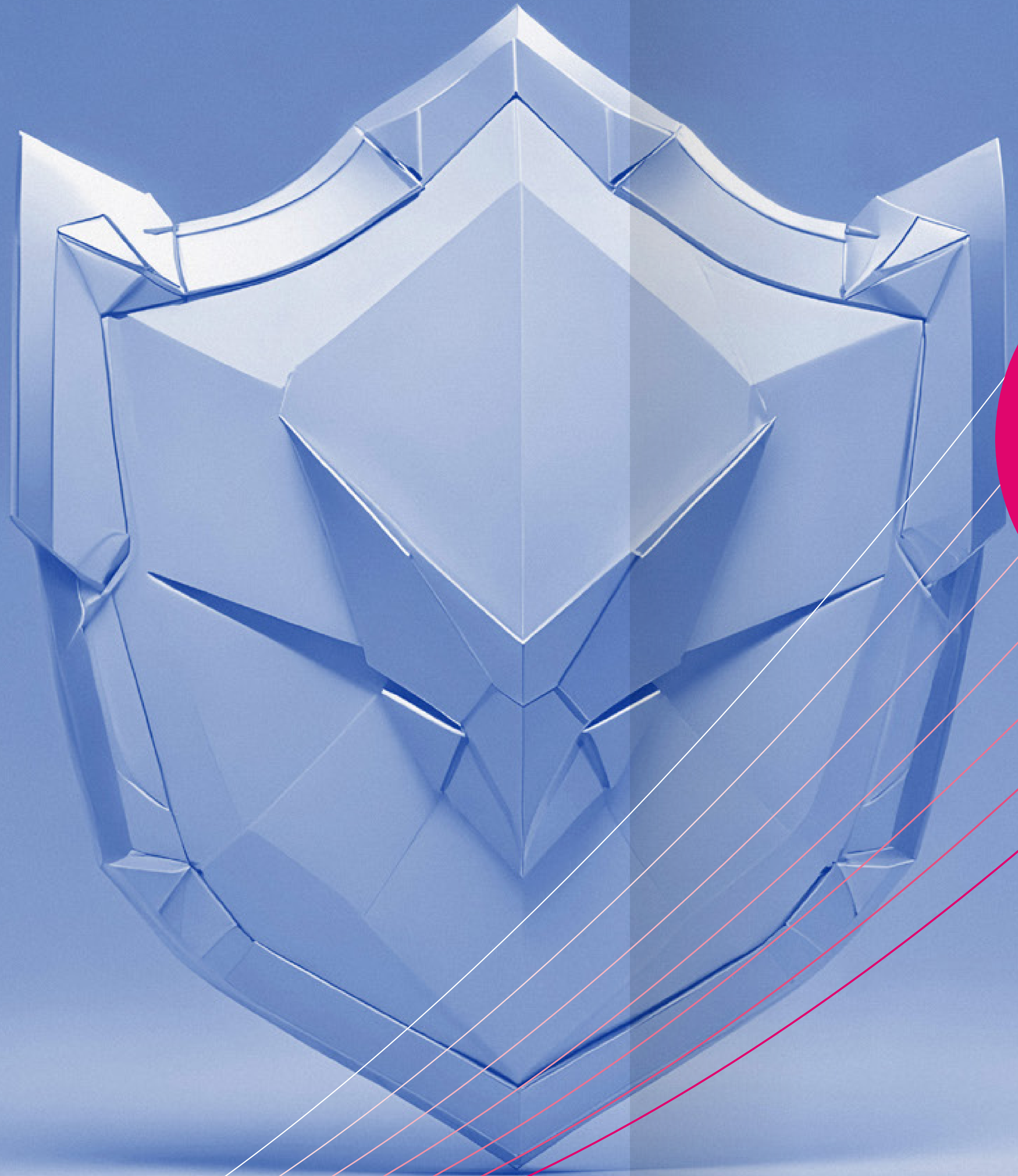
strategy report



Eurasian Bank

HEALTHY AMBITIONS

CREATIVITY AND CREATION

THE POWER OF GRATITUDE

TRUST

Trust is the foundation of relationships and the basis of banking business. It is our everything!

PERSONAL RESPONSIBILITY

LETTER FROM THE CHAIRPERSON OF THE BOARD OF DIRECTORS

Aleksandr MASHKEVICH,

Chairman of the Board of Directors
of JSC "EURASIAN BANK"

DEAR SHAREHOLDERS, CUSTOMERS, PARTNERS!

In 2024, our Bank celebrates its anniversary — 30 years on the Kazakhstan market. Over the years, Eurasian has not only established itself among the ten largest banks in the country, but also retains its title as an important social financial institution, contributing to the development of the country's economy and society. 2023 was another successful year for Eurasian Bank.

After the turmoil of 2022 caused by geopolitical tensions, Kazakhstan's economy began to recover from the negative consequences last year. The country's GDP by the end of 2023 grew to 5.1% from 3.2% in 2022 due to budget expansion, increased oil and gas production, as well as growth in domestic demand and investment.

Under these conditions, Kazakhstani banks improved their financial performance: by the end of 2023, the sector's total assets exceeded 51 trillion tenge, increasing by 15.4% over the year, and the liabilities grew by 13.3% to 44.6 trillion tenge.

The loan portfolio of the banking market approached 30 trillion tenge, 23% higher than in 2022. Retail lending and SME financing grew faster, increasing by 26.7% and 19.9%, respectively. Loans to legal entities grew by 10.7%. At the same time, the quality of the loan portfolio remains high: at the end of 2023, the share of loans with overdue debt over 90 days in the total loan portfolio amounted to 2.9% compared to 3.4% at the end of 2022.

All banks ended the year with a positive financial result, which in total amounted to almost 2.2 trillion tenge.

Eurasian Bank continued to dynamically develop in 2023, strengthening its digital services, offering new products and improving old ones. At year-end, the Bank demonstrated excellent results: the assets grew by 14% to 2.7 trln tenge, the loan portfolio — by 28% to 1.36 trln tenge. Thus, the Bank became the seventh in the market both in terms of assets and loan portfolio.

The Bank team has worked hard to reduce non-performing loans in recent years. By the end of 2023, the share of NPL 90+ decreased to 4.2% from 5.7%* a year earlier due to efficient risk management and work on the return of overdue loans.

Noting the Bank's productive work to reduce its non-performing assets and improve its financial fundamental indicators, Moody's Investors Service international credit rating agency last year twice upgraded Eurasian Bank's long-term deposit ratings to Ba3 from B2, as well as its baseline credit rating to b1 from b3 with a positive outlook. This is a fairly rare event for the industry, but it highlights the Bank's ability to adapt to changing market conditions.

The operating environment and investment of retained earnings in the Bank in recent years has strengthened Eurasian's equity position. For 2023, this indicator increased by 54% to 304.1 billion tenge. The equity capital adequacy ratio amounted to 21.7% with the norm of 10%. This is one of the best indicators in the market. Significant capital inflow enables the Bank to increase financing of customers, economy, increase assets and invest in development of new products.

Efficient operations and improved financial results allow the Bank to support social projects and contribute to solving current issues of the society. The Bank pays great attention to progress towards sustainable development. The result of our efforts is our first Sustainability Report, which we will publish this year. This document contains information on steps in environmental, social and corporate responsibility, approaches to responsible financing, environmental impact and plans to implement ESG principles in the Bank operations.

Last year we supported social, charitable and cultural projects. After the fire in the Abay Region, the Bank wrote off existing loans to the families of those who died in the fires. The Bank traditionally supported the Road to School Project, helping schools and children from low-income families prepare for the school year.

** The calculations were performed in accordance with the requirements of the NLAs.*

In 2023, customers of the Eurasian Diamond Club personal private club contributed to saving the lives of 19 children. 1% of the amount of each purchase through a premium metal Visa card was transferred to the Mercy Voluntary Society Foundation for the Give Children Life Project, which allowed to collect more than 43 million tenge in donations.

Other social projects we supported in 2023 include: the second Almaty TechnoWomen Central Asia Forum: Ozine Sen!" at Almaty Management University, a charity run and the You Are the Champion of My Heart Music Festival organized by the Heart Center Foundation to support the development of organ donation and transplantology in the country. The Bank also adapted its website for visually impaired people.

Eurasian Bank contributes to the development of the creative economy: in September 2023, the premiere of the Baidyn Kyzyn Alamyn romantic comedy filmed by the Tiger Films production company took place; the release of this movie was made possible with the participation of the Bank and MasterCard. This is only a part of the projects of the past year, you can read more about them in this Annual Report.

Eurasian enters its 30th anniversary as a stable financial institution among the top 10 largest banks, with a customer base of approximately 4.8 million people. We continue our strategy focused on a prudent balance of risks and returns, as well as long-term relationships with our customers.

The Bank intends to strengthen its position in the market by expanding digital solutions, improving customer experience and developing a strong and talented team. On the part of shareholders, we are ready to continue to provide the necessary support to the Bank and its team.

On behalf of the Board of Directors, I would like to thank the Management Board and the staff for their efficient work and high achievements, and express special gratitude to our customers and partners for their trust and choice of our Bank.

LETTER FROM THE CHAIRPERSON OF THE MANAGEMENT BOARD

Lyazzat SATIYEVA,

Chairman of the Board
of JSC "EURASIAN BANK"

DEAR SHAREHOLDERS, CUSTOMERS, PARTNERS!

I am pleased to share with you the results for 2023, as well as present the audited consolidated financial statements under IFRS.

In 2023, we focused all our efforts on developing digitalization and improving customer experience. This work resulted in the growth of all financial indicators: assets, net income, loan and deposit portfolios.

By the end of 2023, Kazakhstan citizens and businessmen kept more than 2 trillion tenge in Eurasian Bank. Last year the volume of individual deposits grew by 23.8% and exceeded 1 trillion tenge, which put Eurasian in the top 5 largest banks in the country by this indicator. Another trillion tenge of deposits are held by legal entities, which provides the Bank with the 4th place in the market. The impressive growth of the deposit base, especially in retail, confirms the commitment of households and companies to the Bank as a stable financial institution.

The Bank's loan portfolio increased by 23% (before provisions). The volume of loans to corporate customers grew by 11% over the year, loans to SMEs — by 54.6%. In the retail segment, auto loans showed the highest growth — 55.7%. Despite the increased competition in the market, the Bank holds the 1st place with the share of 45% in auto loans for new cars and 27.3% of the market in loans for new and used cars in total.

Overall, the retail portfolio (including loans to individual entrepreneurs) grew by almost a third and exceeded 1 trillion tenge.

The growth in financial performance is directly related to the projects we implemented in 2023. In auto loans, we launched our flagship Broker product together with Kazakhstani car companies, as well as promotional loan and installment programs.

We also scaled our QR project for the Bank's partner network, integrated some of the largest marketplaces and aggregators in the RoK and CIS: Samsung, Beeline, Ozon, Airba and others.

Digitalization is the pillar that will give even greater impetus to the Bank development. Today, 49% of the Bank customers prefer to receive services via a mobile app. At the same time, about 80% of loans are processed online, and more than 50% of deposits are opened remotely.

Therefore, last year we updated the Smartbank and Smart Business mobile apps, which had a direct impact on the increase in NPS.

Smartbank is an application for servicing individuals, through which almost 600 thousand users conduct their transactions every month.

Last year, we integrated Smartbank with state authorities so that customers could pay taxes, fines directly in the application. Thanks to technical updates, the registration process for new users was reduced from 11 to 3 steps. A real hit right after the launch in the app was the Forex platform, with the help of which customers can buy and sell currencies at current exchange rates.

This is only a small part of the functions that we implemented last year; our customers appreciated them. After updating the mobile app, Smartbank NPS increased from 11% to 26%. The app took 17th place among mobile apps of Kazakhstan in the Forbes TOP-30 rating, annually conducted by Intervale Kazakhstan. There's room for improvement.

An equally significant transformation occurred in our Smart Business app for entrepreneurs. As a result, the functionality of the mobile service expanded, including in public services. We expect that such improvements will make the mobile app for legal entities one of the best on the market.

Growing digitalization requires vigilance, so we pay special attention to the security of all our digital solutions, implementing reliable authentication and data protection methods. Thanks to timely anti-fraud measures in the Smartbank mobile app, the number of fraud cases for card transactions and loans decreased by 5 times.

In 2023, the Bank's Board of Directors approved the 2025 Cybersecurity Strategy, which aims to increase the maturity level of all cybersecurity processes, and established a roadmap and budget.

Last year, the Bank became the leader of the project to launch a payment card in the central bank's digital currency (CBDC) and conducted the first transaction using the digital tenge. This is a landmark event not only for Kazakhstan, but also for Eurasia. We also conducted a cryptofiat transaction between the exchange and a bank customer, opening access for Kazakhstanis to legally buy cryptocurrencies for tenge.

Thanks to the work done, we were able to consolidate our position in the market, demonstrating high profitability. The Bank's net profit grew by 14.5% and reached 95.4 billion tenge. This year the shareholders again decided to allocate the Bank's profit to its capitalization, confirming their intention to finance Kazakhstan's economy, develop the Bank and customer services.

With competitive products and expertise in the retail and auto lending market, we are confidently entering the Uzbekistani market. In early 2024, we received permission from the Central Bank of Uzbekistan to open a subsidiary bank in the country. We expect to be able to offer our flagship solutions to the citizens of Uzbekistan.

In 2024, the Bank will continue its active digitalization, serving customers and business partners with a high level of reliability, trust and convenience. We plan to strengthen our market position, ensuring sustainable growth and profit for shareholders in the coming years.

I thank our customers and partners for mutually beneficial cooperation, and the team for achieving the set goals!

BANK DEVELOPMENT STRATEGY TILL 2024

The Bank continues to implement the Development Strategy for 2021-2024 approved in December 2020, under which the Bank aims to develop as one of the leaders among the technological retail private banks in Kazakhstan.

The Bank is developing a universal banking model with a focus on retail customers and providing the best digital products for them, while organically developing the corporate segment and improving other analog business lines to achieve maximum financial efficiency.

THE MAIN PRIORITIES OF THE STRATEGY ARE:

- Delivering the best digital experience for our retail customers, providing them with unique and personalized products, and maximizing the value offers
- Creation of the most suitable products for corporate customers that will solve the tasks facing their business; maintaining personal service and expanding presence in remote channels
- Improving the efficiency of business processes throughout the Bank in order to increase staff satisfaction and enhance the customer experience

Digital transformation is the main trend of the Bank's medium-term Strategy. Its implementation is aimed at modernizing the Bank, its products and business processes, building a convenient technological service that meets modern customer demands. At the same time, the Bank does not aim to become a fully digital bank. The most important thing for the Bank is that our customers receive the digital and offline services they need and where they prefer them.

As part of the approved Strategy, the retail business was separated into a separate digital business block, since the management models, corporate culture, and decision-making logic of a traditional and a digital bank are different. These two business lines were also separated in order to give them more autonomy for development and to maximize the synergistic effect of synchronized management of supporting processes. As part of digitalization, the Bank radically changed its work and significantly improved its internal processes by moving to an agile team format and cross-functional interaction.

RESULTS OF THE STRATEGY IMPLEMENTATION IN 2023

FOLLOWING THE MAIN PRINCIPLES AND OBJECTIVES OF THE ESTABLISHED STRATEGY, IN 2023 THE BANK CONTINUED ITS DEVELOPMENT COURSE WITH A FOCUS ON BUSINESS TRANSFORMATION AND DIGITALIZATION INITIATIVES, TECHNOLOGICAL PRODUCTS, SERVICES AND SOLUTIONS. THE BANK RETAINED AND STRENGTHENED ITS MARKET POSITIONS IN THE TOP 10 STBS OF KAZAKHSTAN, AS WELL AS ITS LEADERSHIP POSITIONS IN KEY BUSINESS SEGMENTS.

MARKET POSITIONS OF THE BANK AT THE END OF 2023:

- The Bank is one of the largest in the country — 7th in terms of assets with a market share of 5.4%.
- The Bank is one of the largest in Kazakhstan in terms of retail portfolio volume.
- The Bank's share in the used car lending market amounted to 24% by the end of 2023. The Bank's share in the new car market amounted to 45%.
- The Bank is a key player in the POS lending market (5th place in the segment in terms of issues).
- The Bank broke the bar of 2 trln tenge in total customer deposits (6th place among the STBs).
- Moody's agency upgraded the Bank rating twice in 2023, raising its long-term deposit ratings to Ba3 from B1 and its baseline credit rating to b1 from b2, while maintaining a positive outlook on its long-term deposit ratings.

At the end of 2023, **the retail business direction** demonstrated growth in loan and deposit portfolios due to its readiness for emerging market opportunities.

The Bank implemented KASKO on credit, launched Broker with Aster Auto, Mycar, Orbis, and entered into a cooperation agreement with Astana Motors KMC on promotional products, as well as improved the customer journey and conducted digital document integration and biometrics transfer upon approval. In addition, the Bank integrated SmartBank with major partners — Beeline, Samsung, Ozon, Fortemarket.

The volume of retail loans (including individual entrepreneur loans) increased by 27.9% and amounted to almost 1.1 trillion tenge due to strong growth in auto loans. The individual deposits also increased, which increased by 23.8% and amounted to 1.08 trillion tenge.

The corporate business direction continued its active development and growth in 2023 by attracting new customers and implementing major transactions.

Over the year, the loan portfolio of corporate customers (including SMEs) grew by 14.4% to 467.4 billion tenge, while deposits increased by 0.4% to 1.06 trillion tenge. The growth of the corporate segment indicators was due to the introduction of new products and digital solutions, which allowed to attract new customers.

Last year, the Bank significantly expanded the functionality of Smart Business mobile banking, as well as launched a service for registering individual entrepreneurs, opening an individual entrepreneur/LLP account online, and digital bid guarantees. Also, at the end of 2023, the DAMU EDF JSC increased the Bank's financing limit to 30 billion tenge within the framework of the domestic manufacturing industry support program and the women's entrepreneurship support program on preferential terms.

KEY INDICATORS FOR 2023:

- the net profit amounted to 95.4 billion tenge (growth by 14.5%);
- the return on equity (ROE) indicator amounted to 38.1%;
- NIM amounted to 9.8% (by the NBRK methodology);
- Cost-to-Income ratio (CIR) amounted to 24.8%.

PLANS FOR 2024

SUSTAINABLE BUSINESS GROWTH

In 2024, Eurasian Bank will continue its sustainable business development through the growth of services and solutions for both retail and corporate customers. The balance of these areas will allow the Bank, while remaining a leader in the retail market, to strengthen its position among major customers and SME.

DIGITAL TRANSFORMATION

The Bank plans to increase the share of online transactions, including for SME customers up to 100%. Therefore, in 2024, Eurasian will continue to improve the Smartbank and Smart Business mobile apps so that a growing number of customers can use the Bank products and services from home. It is planned to increase transaction activity in the Smartbank app and implement in the app all mass transactions that are requested at the Bank branches and contact center.

OPENING A SUBSIDIARY BANK IN UZBEKISTAN

In 2024, the Bank received permission from the Central Bank of Uzbekistan to open a subsidiary bank in the country. The establishment of a new bank in Uzbekistan will allow the Bank to develop digital retail banking products. Eurasian gained experience in this area in Kazakhstan and can successfully transfer it to the market of the neighboring country.

PROVIDING A BETTER DIGITAL EXPERIENCE FOR CUSTOMERS

There is a myriad of initiatives planned for 2024 to improve the customer experience. The Bank continues to work on improving the digital experience for our retail customers, providing them with unique and personalized products, and maximizing valuable offers.

STRENGTHENING THE RETAIL DIRECTION

In 2024, the Bank expects extensive growth of its partner base and significant improvement in the range of digital solutions for customers. Eurasian Bank continues to integrate with partners for online car lending, plans to launch new unique products and improve the customer journey system to create an efficient and convenient lending process.

WORK IN THE CORPORATE SECTOR

It remains an important task for the Bank to offer corporate customers, SMEs suitable and convenient products and services, including through remote service channels. In particular, it is planned to connect all online services to the remote banking channel, including 100% availability of transactional products, as well as digitization of lending processes for business customers. In 2024, the Bank intends to develop the digital process of lending to SME segments.

IMPROVING THE LOAN PORTFOLIO QUALITY

The quality of the Bank loan portfolio at the end of 2023 is at a high level. Maintaining this level will be the key task in 2024. For this purpose, the Bank successfully built up work with non-performing debts using the modern collection technologies and a flexible approach to working with domestic and foreign investors in the sale of the Bank's collateral and balance sheet property.

EXPENDITURE CONTROL

The Bank exercises control over administrative and economic expenses and personnel expenses, which corresponds to the approved strategy. It is important to understand that the customer, his/her needs and expectations are at the forefront of the Bank's strategic development. This means that the entire Bank will work for the customer and support the customer block. At the same time, all the Bank's activities, individual projects, directions, points of sale, customers, customer managers will be evaluated according to financial models by the criterion of return on equity (ROE).

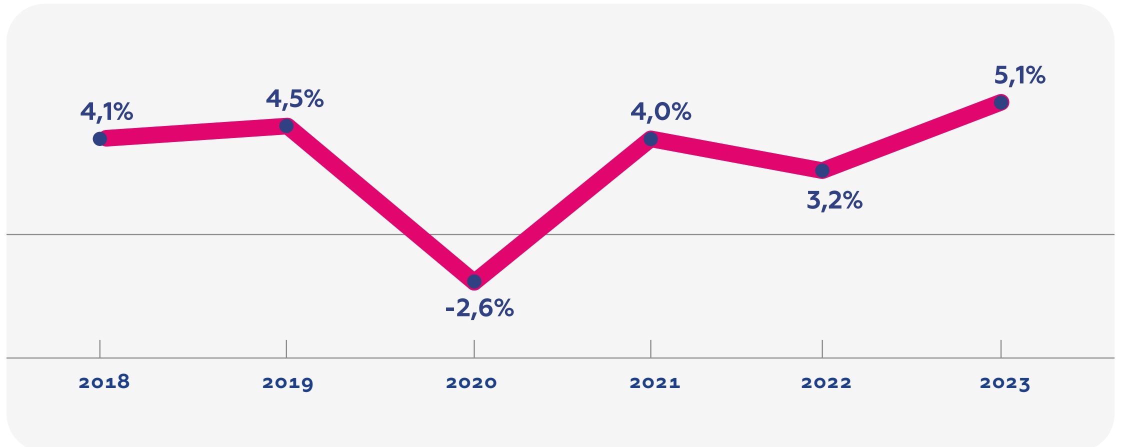
ESG AGENDA

The sustainable development agenda is an important area of the Bank development. Building an efficient work model based on ESG principles is among the Bank's top priorities. An indicator of this work will be the publication of the Sustainability Report, which describes our first steps in ESG and reflects the Bank's aspirations in the area of responsible financing. In addition, the Bank will continue to work on responsible consumption of resources, implementation of ESG principles in its activities, and development of cooperation with local communities in terms of social and charitable projects.

ECONOMY AT A GLANCE

In 2023, Kazakhstan economy began to recover from the negative effects caused by external geopolitical tensions. The rate of economic growth in real terms increased from 3.2% in 2022 to 5.1% in 2023 due to budgetary expansion, increased oil and gas production and output, as well as growth in domestic demand and investment, including through migration processes caused by external geopolitical processes. More active acceleration of the country's economic growth was hindered by such factors as a drop in oil quotations in 2023 due to a slowdown in the global economic recovery and a decline in export volumes.

KAZAKHSTAN REAL GDP GROWTH, %



In 2023, real growth in the production of goods and services amounted to 3.8% and 5.8% respectively. The share of goods production in GDP was 36.3%, the share of services production was 56.4%. The main share in the production of Kazakhstan's GDP is the industrial sector – 26.5%.

Dynamic growth was noted in such industries as construction (+13.3% YoY), wholesale and retail trade; repair of motor vehicles and motorcycles (11.3% YoY), information and communication (+7.5% YoY), transport and warehousing (+7.1% YoY), accommodation and food services (+5.4% YoY), mining industry (+4.6% YoY).

Agriculture showed negative dynamics: gross output decreased by 7.9% against the background of a poor grain harvest due to adverse weather and natural conditions.

The volume of investment in fixed capital exceeded 18 trillion tenge, increasing by 13.7% in real terms to 2022 figures. The most active growth was observed in such sectors as telecommunications (+130.2% y/y), healthcare (+51.1% y/y), professional, scientific and technical activities (+51%), transportation (+40.3% y/y), trade (+32.7%). The main sources of investment remain the enterprises' own funds (73.6% of the total volume), with an increase in the share of the state budget from 15.6% to 15.8% in 2023. The share of the banking sector in financing the real sector of the economy in the total volume of investment in fixed assets is 2.5%.

In 2023, the implementation of a single pool of investment projects continued, resulting in the launch of 298 projects worth 1.8 trillion tenge. According to the Government of the Republic of Kazakhstan, in 2024 it is planned to implement another 326 projects worth 3.8 trillion tenge, including 180 projects worth 1.2 trillion tenge in the manufacturing industry with the creation of 15 thousand new jobs.

THE MAIN DIRECTIONS OF WORK OF THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN IN 2023 WERE:

- work to curb inflation;
- measures for the development of entrepreneurship and improvement of the investment climate, elaboration of individual conditions for investors and establishment of counter obligations;
- expansion of the Economy of Simple Things entrepreneurship support program and automation of the business risk management system;
- reforms in the energy and construction sectors;
- implementation of new approaches in agro-industrial complex;
- modernization of housing and communal infrastructure;
- launch of the National Fund for Children project;
- implementation of the Keleshek unified savings system;
- development of health care and tourism.

CURRENT ACCOUNT POSITIONS

According to the National Bank of Kazakhstan, the current account was in deficit and amounted to US$8.7 billion, for 2022 the current account surplus was US$7.1 billion The main factor in the transition of the current account balance into the negative zone was the reduction in the trade balance.

The trade surplus amounted to US$20.2 billion — a decrease by almost one and a half times from US$35 billion in 2022. The decrease in the surplus was due to an increase in imports of goods against a decrease in exports.

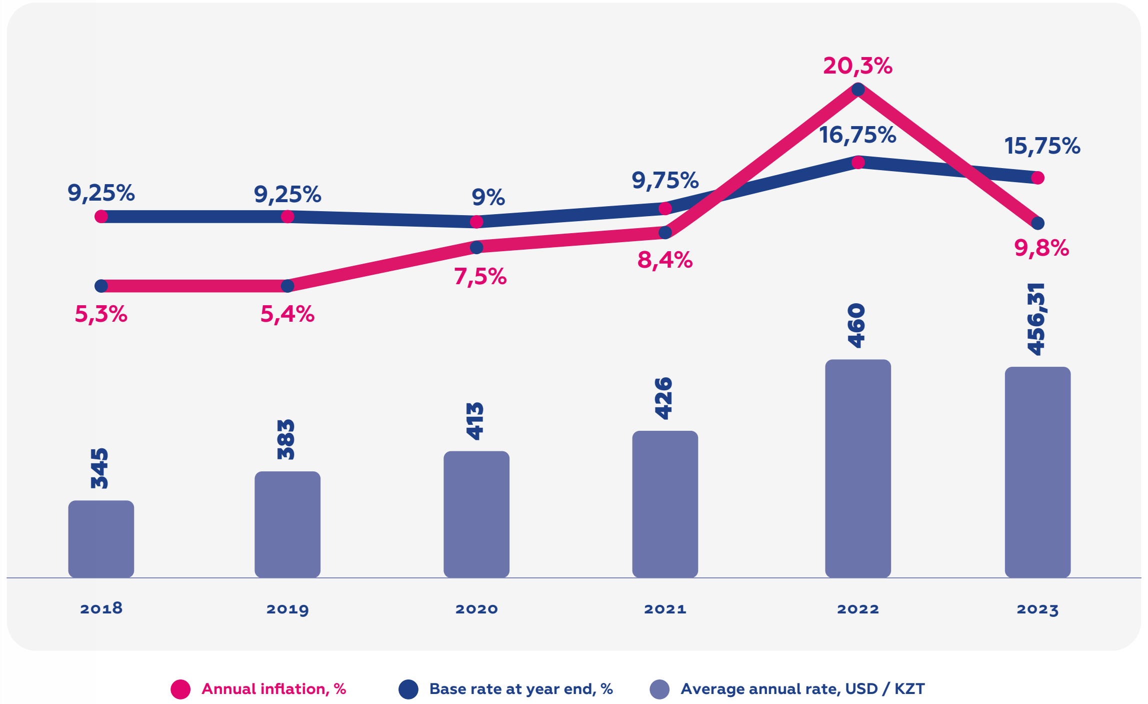
Exports of goods decreased by 6.7% to 79.9 billion US dollars, due to a drop in exports of oil and gas condensate. Balance of payments imports of goods increased by 17.9% from US$50.6 billion for 2022 to US$59.7 billion for 2023. The increase in imports of goods is due to growth in consumer goods.

BASE RATE, INFLATION, NATIONAL CURRENCY EXCHANGE RATE

Базовая ставка в начале 2023 года была установлена на уровне 16,75% на фоне The interest rate was set at 16.75% at the beginning of 2023 amid risks of persistently high inflation and rising inflation expectations. It was reduced sequentially from August 2023 and at the end of the year the rate was set at 15.75%. The easing of monetary conditions was facilitated by the gradual easing of external price pressure and tight monetary policy of the countries, as well as the expansion of business activity in the Republic of Kazakhstan due to stable domestic demand, implementation of infrastructure projects and recovery of the oil sector. At the same time, some pro-inflationary risks related to increased fiscal stimulus, unstable inflation expectations and possible increase in food prices were observed, which limited the space for a more dynamic monetary easing cycle.

Annual inflation in December 2023 decreased to 9.8%, having halved compared to the beginning of the year. A systematic and rather conservative monetary policy, lower global food prices and production costs, anti-inflationary measures of the authorities, as well as the impact of the high base effect of the previous year contributed to the slowdown in price growth. Prices for paid services were the most significant component of inflation and grew by 12.4% over the year on the back of an increase in regulated tariffs for housing and communal services. Prices for food products grew by 8.5% over the year, non-food products — by 9.1%.

The average annual exchange rate of tenge to the US dollar amounted to 456.31 tenge (in 2022 the indicator amounted to 460.48 tenge). Increased volumes of foreign currency sales from the National Fund (for example, during Quarter 4, 2023 several tranches of foreign currency transfers from the National Fund were made in payment for shares of KazMunayGas NC), tight monetary policy, steady slowdown in inflation and global weakening of the US dollar index contributed to the strengthening of the national currency exchange rate.



RATINGS AND POSITION OF INTERNATIONAL ORGANIZATIONS

RATINGS

On 17 November 2023 and then on 17 May 2024, the Fitch Ratings international credit rating agency confirmed the long-term issuer default rating (IDR) of Kazakhstan in foreign currency at 'BBB' with a 'stable' outlook. The key factors in maintaining the credit rating continue to be a strong fiscal position and significant external reserves, which contributed to resilience to external shocks and flexibility in terms of financing, which is supported by accumulated accumulations of oil revenues. At the same time, the agency notes the continued high dependence on commodities, the risk of export concentration, high inflation.

On 27 October 2023, the Moody's international credit rating agency improved Kazakhstan's outlook from "stable" to "positive", confirming the sovereign credit rating at the level of "Baa2". The ongoing reforms aimed at diversifying the economy, attracting investments and supporting entrepreneurship served as the basis for improving the outlook. According to analysts, increase resilience to economic shocks demonstrates the stabilization of economic development and improved prospects for Kazakhstan.

Among the positive factors behind the confirmation of the rating, the agency notes the stable government balance sheet, low debt burden and significant reserves in foreign currency. In addition, a significant increase in investments in areas unrelated to the oil sector indicates the impetus for more dynamic economic diversification in the current external environment.

On 3 March 2023, the Standard & Poor's Global Ratings international credit rating agency upgraded Kazakhstan's rating outlook from "negative" to "stable", maintaining its sovereign rating at "BBB–". This decision was then confirmed on 1 March 2024. This decision is due to the significant volume of external reserves and substantial fiscal stability, which, according to analysts, contribute to mitigating potential external shocks. At the same time, the agency notes that the planned governance reforms, economic reforms and fiscal rules aimed at reducing the growth in government spending also positively reflect the outlook on the sovereign rating.

POSITION OF INTERNATIONAL ORGANIZATIONS

The World Bank (WB), within the economic forecast for 2024, assumes a slowdown in Kazakhstan's economic growth to 3.4% against the background of lower oil production expectations and Kazakhstan's compliance with OPEC+ production reduction conditions. In 2025, economic growth will recover to 4.7%. According to the WB, inflation will decline, but will remain above the 5% target, which is influenced by utility tariff increases and potential budget deficit due to planned spending cuts to pre-crisis levels in line with budget rules.

In April 2024, the International Monetary Fund (IMF), within the Prospects for World Economy Development Report, kept pessimistic forecast for Kazakhstan's GDP growth at 3.1% in 2024, which is due to the delay in launching the project for the future expansion of the Tengiz field. At the same time, analysts believe that with the active implementation of the project and expansion of the Tengiz field, in 2025, the economy may grow up to 5.6%. Inflation, according to the IMF, will continue to decline at a slow pace and will reach the target value of 5% only by 2026-2027.

The Asian Development Bank (ADB) forecasts Kazakhstan's GDP growth at 3.8% in 2024 against the background of stagnation in oil production, followed by an acceleration to 5.3% in 2025 due to increased production and investment. The ADB analysts suggest that inflation will gradually slow down to 8.7% in 2024 and 6.3% in 2025 against the background of a relatively tight monetary policy and maintaining exchange rate stability.

THE BANKING SECTOR

2023 was a dynamic and successful year for the banking sector: since the beginning of the year there has been a significant improvement in all key indicators, including assets and equity capital. This fact had a positive impact on banks' compliance with prudential norms, which significantly exceeded the levels established by the legislation, providing coverage of potential risks in the banking sector.

As of 1 January 2024, the banking sector of Kazakhstan is represented by 21 STBs, including 11 banks with foreign participation, including 8 second-tier subsidiary banks, 2 banks with 100% state participation.

The total assets of the sector for 2023 increased by 15.4%, reaching 51.4 trillion tenge mainly due to the growth of the loan portfolio. Second-tier banks have highly liquid assets amounting to 15 trillion tenge (29.3% of total assets). Availability of sufficient liquidity reserve allows banks to service their liabilities in full volume.

IN THE STRUCTURE OF ASSETS OF THE BANKING SECTOR, THE LARGEST SHARE (58% OF TOTAL ASSETS) WAS ACCOUNTED FOR BY THE LOAN PORTFOLIO IN THE AMOUNT OF 29.9 TRILLION TENGE, WHICH INCREASED BY 20.1% SINCE THE BEGINNING OF THE YEAR, INCLUDING:

- corporate loans – 4.8 trillion tenge (+10.7% since the beginning of the year);
- loans to individuals – 16.7 trillion tenge (+26.7% since the beginning of the year);
- loans to SME – 7.7 trillion tenge (+19.9% since the beginning of the year).

Розничный сектор преобладал в кредитном портфеле банков в 2023 году. На фоне роста популярности рассрочек потребительские займы выступили основным драйвером роста розничных кредитов. Необходимо отметить, что в 2023 году впервые был внедрен механизм банкротства физических лиц.

The retail sector dominated the banks' loan portfolio in 2023. Against the background of the growing popularity of installment payments, consumer loans were the main driver of retail loan growth. It should be noted that in 2023 the mechanism of individual bankruptcy was introduced for the first time.

There was some stagnation in the corporate lending market: the sector demonstrated negative dynamics for most of the year, despite the recovery and acceleration of the economy and increased business activity in the country.

As of 1 January 2024, the share of loans overdue over 90 days in the total loan portfolio amounted to 2.9% or 863 billion tenge (at the beginning of 2023 — 3.4% or 815 billion tenge). Provisions for the loan portfolio amounted to 1.7 trillion tenge or 5.7% of the loan portfolio (-1.1 percentage points since the beginning of the year). Coverage ratio of loans overdue over 90 days with provisions for them amounted to 75.9% (76.9% in 2022).

The liabilities of second-tier banks of the Republic of Kazakhstan as of 1 January 2024 amounted to 44.6 trillion tenge (39.3 trillion tenge as of the beginning of 2023), an increase of 13.3% since the beginning of 2023. In the total liabilities of second-tier banks, the largest share is occupied by customer deposits (78.7%), which amounted to 35.1 trillion tenge, increasing by 11.1% since the beginning of the year. Deposits of legal entities grew by only 0.1% to 14.7 trillion tenge. Deposits of individuals increased by 20.6% to 20.4 trillion tenge over the year. Thus, the predominance of the retail sector was also observed within the deposit portfolio.

The banking sector demonstrated stable profit growth in 2023. All STBs ended the year with a positive financial result, which in aggregate amounted to 2.2 trillion tenge (+48.8% y/y). Net interest income of the banking sector for 2023 amounted to 2.7 trillion tenge (+31.2% y/y). Net commission income amounted to 0.7 trillion tenge (+20.5% y/y).

PROFITABILITY INDICATORS OF THE BANKING SECTOR OF THE REPUBLIC OF KAZAKHSTAN BY THE END OF 2023:

- ROA – 4.7% (3.7% on the same date last year);
- ROE – 36.7% (30.4% on the same date last year);
- Net interest margin – 6.3% (5.8% on the same date last year).

PROSPECTS OF ECONOMY DEVELOPMENT

According to the Forecast of socio-economic development of the Republic of Kazakhstan for 2025-2029, prepared by the Ministry of Economy of the Republic of Kazakhstan*, in the medium term, the economy of Kazakhstan will face one of three development scenarios:

The baseline scenario provides for a gradual increase in the growth rate of the global economy, a decrease in the inflationary background, and stabilization in the financial and commodity markets. This scenario is calculated based on the oil price of US$75 per barrel.

As a result, the average annual growth of the economy will be 6.1%, including growth in the production of goods and services at an average level of 5.6% and 6.4%, respectively. Merchandise exports are expected to reach US$82.0 billion in 2025 and increase to US$86.1 billion in 2029. Imports, meanwhile, will amount to US$63.8 billion and increase to US$69.2 billion in 2029. Economic growth will have a positive impact on increasing the budget revenues (excluding transfers). In 2025, the revenues are expected to be 15,154.3 billion tenge and will increase to 18,216.2 billion tenge in 2027.

The optimistic scenario implies an improvement in global economic performance. A favorable situation on world markets and minimization of disruptions to global supply chains will lead to normalization and a rapid transition to the new realities of globalization. This scenario is calculated based on the assumption of the oil price of US$100 per barrel. Average annual GDP growth will be 6.6%, including an average growth in production of goods of 6.0%, growth in production of services – 6.9%. Maintaining positive conditions on the commodity market and rising prices for food products will have a positive effect on the expansion of Kazakhstan exports. Under the optimistic scenario, the volume of goods exports will increase from US$99.1 billion in 2025 to US$104.2 billion in 2029. Imports in 2025 are expected to reach US$65 billion and increase to US$70.3 billion in 2029. Increased output growth in economic sectors will contribute to an increase in the Republican budget revenues. In 2025, the budget revenues are expected to be 15,963.4 billion tenge with an increase to 19,241.1 billion tenge in 2027.

The pessimistic scenario is characterized by the onset of an unfavorable situation caused by a slowdown in the process of developing countries' adaptation to volatility and the aggravation of trade and sanctions confrontations. Scarcity of goods, limited services and high levels of uncertainty will push towards low-risk investment strategies, which will significantly restrain the growth of economic activity and recovery processes. In the pessimistic scenario, the price of oil will be US$60 per barrel. Average annual economic growth will slow down to 5.1%, production of goods and services – to 4.5 % and 5.3 %, respectively. The fall in global demand and lower prices on commodity markets will negatively affect Kazakhstan's exports. Goods exports will amount to US$71.9 billion in 2025 increasing to US$74.8 billion in 2029. The volume of imports in 2025 is expected to reach US$61.2 billion, in 2029 – at US$66.3 billion. The slowdown in economic development will restrain the growth of budget revenues. In 2024, revenues will amount to 14,552.5 billion tenge with an increase to 17,282.9 billion tenge in 2027.

** Forecast of Socio-Economic Development of the Republic of Kazakhstan for 2025-2029 dated 22 May 2024*

3

review of results

Eurasian Bank

HEALTHY AMBITIONS

CREATIVITY AND CREATION

We strive to continuously improve reality and create something new.
We strive to create the best version of ourselves.

THE POWER OF GRATITUDE

TRUST

PERSONAL RESPONSIBILITY

RETAIL BUSINESS

56% Auto loan portfolio increased by 56%

28% Retail business loan portfolio grew by 28% in 2023

450 450 thousand payment cars issued by the Bank in 2023

CORPORATE BUSINESS AND SME

17,5 17.5 thousand active customers

14% The volume of corporate loans, including SME, increased by 14%

55% SME loans increased by 55%

DIGITALIZATION

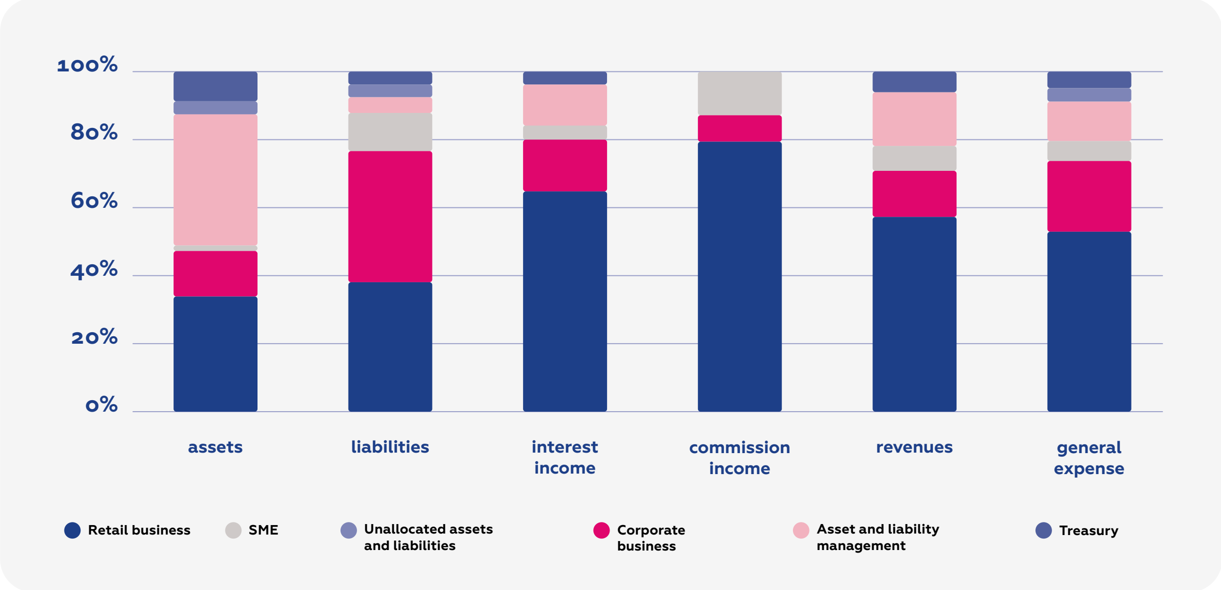
15% The number of active monthly Smartbank users (MAU) increased by 15% over the year

96% By the end of 2023, the share of online loan applications amounted to 96%

SB The Bank updated the Smart Business remote banking system

BUSINESS SEGMENTS

The Group analyzes performance across five different segments. Four segments are customer facing business lines: Corporate, SME, Retail, and Treasury, with each segment placing assets and attracting liquidity, as well as receiving income from other banking operations, such as cash and settlement services, conversion operations, etc. The fifth segment is a support function: asset and liability management.



At the end of last year, **the retail business** accounted for 33.2% (30% in 2022) of assets and 44.7% (42.2% a year earlier) of liabilities.

In 2023, this segment generated 63.5% (67.7% in 2022) of interest income and 80% (87.4% in 2022) of commission income. Interest income of the retail block grew by 64.2% to 222.7 billion tenge, while commission income decreased by 12.8% to 36.2 billion tenge.

Revenue from the retail business in the reporting period increased by 48.4% – to 351.6 billion tenge, the segment occupies a share of 50.4% in the overall income indicator (a year earlier – 54.6%).

The segment expenses increased by 70% and amounted to 328 billion tenge. In the structure of expenses, retail banking services account for 54.6%, in 2022 this indicator was 54.9%.

The financial result of the retail business amounted to 23.3 billion tenge, down 46.9% year-on-year.

Corporate business accounts for 14.1% of assets and 32,1% of liabilities. A year earlier, these figures were 13.3% and 27.9%, respectively.

The segment revenues amounted to 114.1 billion tenge at 2023 year-end, which is 64% higher than in 2022. The share of corporate business in revenue was at the level of 16.3% (in 2022 – 16%).

In the reporting period, the segment's interest income grew by 54.7% to 50.9 bln tenge. Commission income increased by 17% to 2.7 bln tenge. In the structure of interest income, the segment occupies 14.5% (in 2022 – 16.4%), in commission income – 5.9% (in 2022 – 4.8%).

Corporate business accounts for 14.9% (a year earlier – 15.2%) of expenses or 89.5 billion tenge, which is 68% more than in 2022.

In 2023, the segment's profit was KZT24.5 billion, an increase of 50.8%.

At the end of the reporting period, **SME** accounted for 2.5% in assets and 13.4% in liabilities. In 2022, the figures were 2% and 21.6%.

SMEs account for 9% (a year earlier – 8.9%). The segment profit at the end of 2023 increased by 42.2% and reached 25.3 billion tenge.

Treasury profit in 2023 amounted to 17.7 billion tenge, which is a quarter lower than in 2022. The main activity of the Treasury is trading on the foreign exchange market on behalf of the Bank and its customers. The Treasury is also involved in hedging and trading fixed income securities.

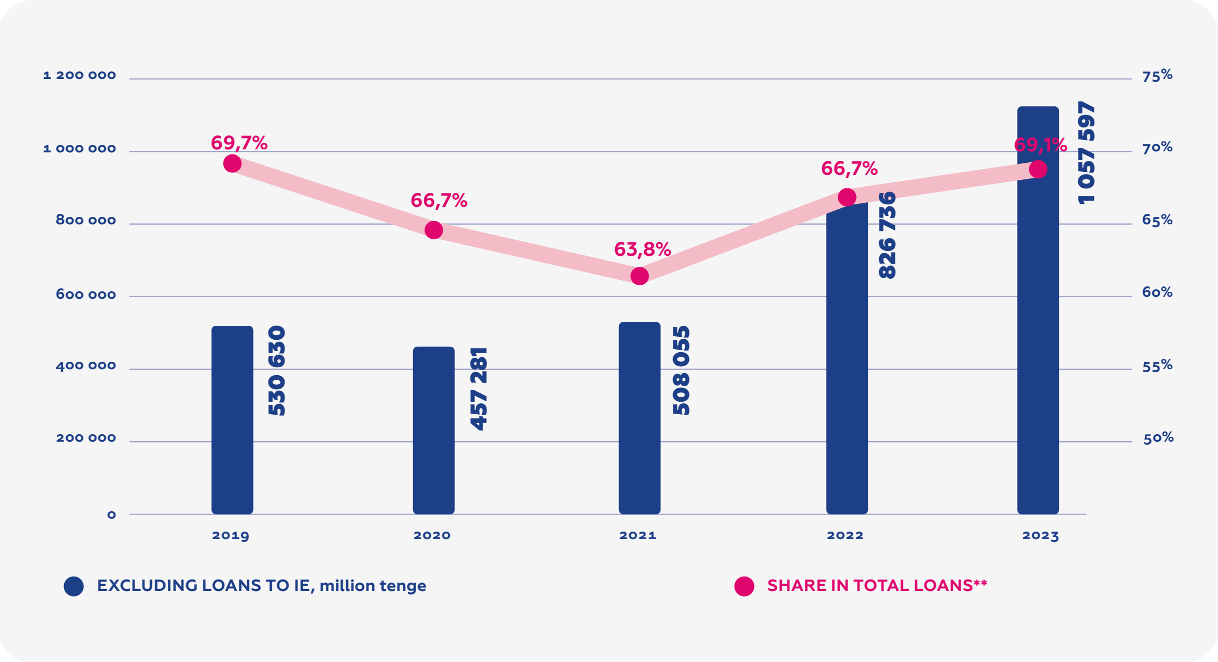
In 2023, the financial result of **the asset and liability management** segment amounted to 30.6 billion tenge versus the loss in the amount of 1.1 trln tenge a year earlier. Asset and liability management includes maintaining a portfolio of liquid assets (cash, nostro accounts with the NBRK and other banks, interbank financing (for up to 1 month), investments in liquid assets and managing the bonds issue).

RETAIL BUSINESS

In 2023, the share of retail business (excluding individual entrepreneur loans) in the Bank's loan portfolio increased to 69.1% from 66.7% in 2022.

The volume of retail loans (including individual entrepreneur loans) increased by 27.9% and exceeded 1.06 billion tenge. The portfolio (excluding individual entrepreneur loans) showed an increase of 27.9% – to 1,058 billion tenge.

RETAIL* LOANS OVER 5 YEARS, MLN TENGE

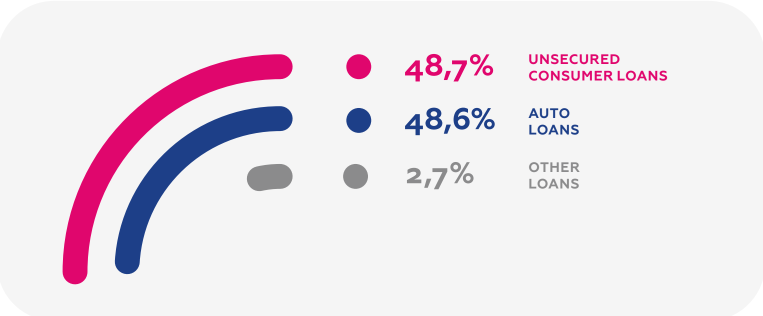


** Excluding loans for individual business activity*

*** The total portfolio includes loans to customers measured at amortized cost before provision for expected credit losses*

In the structure of loans issued to retail customers, the largest share is occupied by consumer loans and auto loans.

RETAIL LOANS STRUCTURE, 2023



By the end of 2023, **unsecured consumer loans** occupy the share in the amount of 48.7% (in 2022 – 57%) in the Bank's retail portfolio. Their volume in the reporting period increased by 9.2% to 517.1 billion tenge.

The second largest area in the Bank's retail business is auto loans with a share of 48.6%. The volume of the auto loan portfolio increased by 55.7% compared to last year and amounted to 516.7 billion tenge.

AUTO LENDING

The Bank share in the used car lending market amounted to 24% by the end of 2023.

In the new car market, the Bank's share was 45%, an increase of 58% over the year.

THE MAIN PROJECTS OF 2023:

- The Broker 2.0 Project was implemented together with the Allur Auto partner.
- The Broker Project was implemented together with the Aster Auto partner.
- Broker and Online project implemented together with the My Car partner (Astana Motors).
- Broker Project implemented together with the Orbis Auto partner.
- QR Auto project was implemented.
- Sale of KASKO and Roadside Assistance additional services was implemented.
- Promo loan programs with downpayment from 0% were launched.
- In the new and used car segment, loans with 1-3 years installment option were introduced.
- Loan amount for the luxury segment was increased up to 45 million tenge.
- Reduced rates for customers from 4% due to subsidies from partners.

POS-LENDING

The Bank ranks #5 in consumer lending and is in the top 3 in the Key partner broker platform for select offerings (out of 7 STBs in the broker). The number of partners for 2023 increased by 2,651 and the number of outlets increased by 2,952. The share of sales to non-network partners amounted to 34%. In the reporting period, 60,415 unique customers were attracted.

THE MAIN PROJECTS OF 2023:

- Improved Soft Grace product lending terms for customers (interest rates reduced to 0% during the grace period).
- In order to develop the consumer lending business, a QR project was scaled for the Bank's partner network. This project makes it possible to sell consumer loans in the shortest possible time without a financial consultant's participation. Promotional lending programs with a long grace period of up to 30 months were introduced. Some of the largest marketplaces and aggregators in the RoK and CIS were integrated: Samsung, Beeline, Ozon, Airba and others.
- The share of online applications increased to 96% in 2023 from 79% in 2022 due to partner network expansion and online lending optimization. The number of applications increased by more than 25% from 4.6 to 6.3 million applications.
- The POS-lending focus shifts to attracting new customers for further cross-selling. As a result, the number of unique applications amounted to 3.47 million, of which 1.17 million are new customers.

KEY IMPROVEMENTS TO ONLINE LENDING PROJECTS:

- Integration with government services (digital documents, etc.).
- Transition of all online lending projects to the unified FIS lending platform.
- Optimization of current lending processes (reduction of application review timings, customer path timings, process simplification).
- Implementation of process of digital card production in the Broker project.
- Implementation of document parsing service in the QR project.
- Implementation of additional anti-fraud checks for preventive measures and risk minimization.

CARD BUSINESS

Convenience and attractiveness of the Bank payment cards for customers is confirmed by the growing indicators in this segment:

- At the end of 2023, the total card portfolio grew by 12% to 1.975 million units.
- The active card portfolio increased by 17% compared to the previous year and amounted to 1,165 million units.
- 450 thousand new cards were issued during the year.
- The volume of non-cash transactions increased by 25%.

DIGITAL DIRECTION

Last year, the Bank continued the digital transformation of its retail business. The Smartbank mobile app is the main digital channel of interaction with customers. At the end of 2023:

- The number of unique users per month (MAU) of the Smartbank app increased by 15% to 593,000 users, and activity increased by 30%
- The app registration and login process were updated, which improved its security and stability.
- Post-service was added: full and partial early loan repayment, saving another bank card for transfer, history of payments and transfers, transfer and payment slip, transfer refund, push-notification of transfer, etc.
- New services launched: public services and Forex platform.

OTHER LOANS

The portfolio of mortgage loans in 2023 decreased by 9.3% and amounted to 6.8 billion tenge. In 2023, loans for **individual entrepreneurship** grew by 31% and amounted to 5.2 billion tenge.

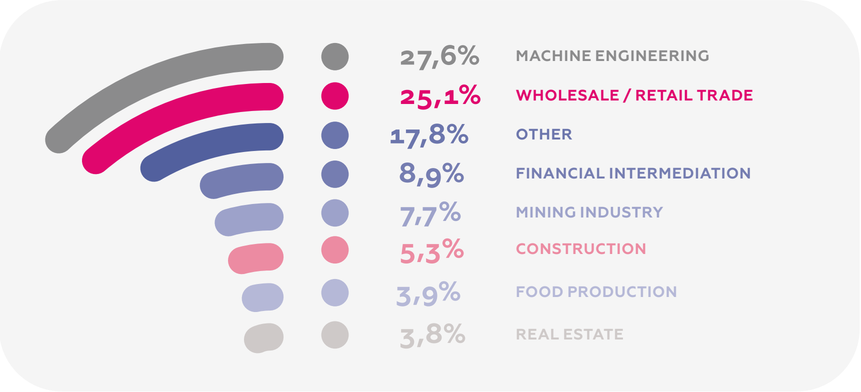
Building a digital ecosystem, presence of an extensive network of offices and sales channels, a base of bona fide borrowers, as well as significant market positions and prospects for their increase through a focus on digital channels make the retail direction quite attractive as part of the Bank's further development.

CORPORATE BUSINESS

At the end of 2023, corporate loans including SME accounted for 30.5% (a year earlier – 33%) of the total loan portfolio on a gross basis.

In 2023, the loan portfolio for corporate customers (including SME) grew by 14.4% and amounted to 467.4 billion tenge. Excluding SME loans, the corporate loan portfolio increased by 10.7% – to 413.7 billion tenge. Loans to SME increased by 54.6% and amounted to 53.7 billion tenge, which made it possible to increase their share to 11.5% (in 2022 – 8.5%) in the corporate loan portfolio.

CORPORATE PORTFOLIO STRUCTURE, 2023



The largest sector in the Bank's corporate loan portfolio was machine engineering, which by the end of 2023 occupied a share of 27.6% (19% in 2022). Loans granted to machine engineering enterprises grew by 65.8% to 128.8 billion tenge.

The volume of lending to companies in the trade sector decreased by 8.6% to 117.2 billion tenge. These loans accounted for 25.1% of the portfolio.

Loans to financial companies grew by 45.4% to 41.4 billion tenge. The share of this sector increased from 7.0% to 8.9%.

The mining and metallurgy sector showed significant growth - an increase of 8.3 times, the portfolio of loans issued amounted to 35.9 billion tenge.

The top five sectors also include companies operating in construction. Their volume in 2023 decreased by 39.8% to 24.7 billion tenge.

Financing of food production and real estate decreased by 32.8% to 18.2 billion tenge and 32.0% to 17.8 billion tenge, respectively.

Eurasian Bank is focused on the development of corporate lending, planning to become a major participant in this segment, as well as increase the volume of SME lending and develop a transactional business model.

In this segment, the Bank focuses on deepening relationships with customers whose business models, financial condition and business reputation meet the Bank's high requirements. Eurasian Bank conducts targeted attraction of customers from areas of the economy in which the Bank has market-leading expertise. This strategy allows the Bank to respond flexibly and quickly to customer needs and keep the level of risk at an acceptable level.

In 2023, Eurasian Bank continued to actively interact with automakers, since this sector is key both in terms of business segment lending and non-interest income, and in terms of synergies with the Bank's retail business. The Bank support for increasing car production is one of the basic factors in the development of the Bank retail auto lending, in which the Bank historically continues to hold a leading position in the STB market. In 2023, the Bank's loan portfolio grew both by increasing limits for automakers and by financing new projects, including key industrial and food producers. Portfolio diversification contributes to risk mitigation and industry concentration.

The Bank does not aim to compete due to the cost of funding, paying special attention to the quality of customer service and the ability to respond quickly. Understanding the needs of the customer, as well as the ability to quickly evaluate and make decisions, are often more important than low interest rates with slow decision-making.

SME

In work with SMEs the Bank adheres to a conservative risk-oriented loan policy, providing own solutions, as well as loans under the DAMU fund state programs. In the reporting period, the Bank attracted additional liquidity from the DAMU fund for the total amount of 5.1 billion tenge for the purpose of state support of business entities through lending instruments.

Along with the classic financing of SME projects, the Bank pays attention to the development of products with simplified analysis. Last year, the Business Auto SME, Business Loan products were modernized, and also the Business Light loan product digitalization was launched.

The Bank maintains a strong position in the documentary business, offering all types of bank guarantees both within standard programs and specially designed programs, such as express tender guarantees, guarantees for the fulfillment of obligations in the framework of public procurement, guarantees for the repayment of advances against advances received in the future. The Bank issues electronic bank guarantees on all e-procurement portals. In 2023, the number of bid guarantees issued by the Bank increased by 16%.

The Bank actively works in trade finance, attracting new customers and increasing the number of transactions. In 2023, the number of export trade finance transactions increased, the transactions were realized jointly with the KazakhExport ECA JSC. The Bank ranked fourth among Kazakhstan STBs in terms of profitability from trade finance transactions.

In 2023, Eurasian Bank significantly expanded the functionality of its Smart Business mobile app for legal entities and individual entrepreneurs. The new version includes even more services. Smart Business is available in the App Store and Play Market.

New services and services for SMEs were launched last year: integration of online accounting service with the participation of the Bank partner, SMS-informing about movements and restrictions on the customer accounts, SMS-informing about receipt of foreign currency proceeds, registration of an individual entrepreneur through the Bank website, opening an individual entrepreneur /LLP account online through the Bank website, government services within the framework of mobile service (Govtech), counterparty verification service, digital service for issuing tender guarantees in 5 minutes on the government procurement portal - the best solution in the market.

4

financial overview

HEALTHY AMBITIONS

We set goals and strive for outstanding results in achieving them

CREATIVITY
AND CREATION

POWER
OF GRATITUDE

TRUST

PERSONAL
RESPONSIBILITY

PROFIT AND LOSS STATEMENT OVERVIEW

At the end of 2023, **the consolidated net profit** of the Bank amounted to 95.4 billion tenge, an increase by 14.5% compared to 2022. The main sources of income, in addition to lending, were proceeds received from operations with financial instruments and foreign currencies.

Operations income increased by 33.3% – to 258.5 billion tenge. Profit before tax amounted to 120.4 billion tenge, increasing by 12% for 2023.

KEY INDICATORS OF THE PROFIT AND LOSS STATEMENT, MLN TENGE*	2023	2022	2021	2023 / 2022 CHANGE	2022 / 2021 CHANGE
Interest income calculated using the effective interest method	326 417	190 303	119 366	71,5%	59,4%
Interest income	-153 667	-84 528	-63 683	81,8%	32,7%
Net interest income	**172 751**	**105 775**	**55 828**	**63,3%**	**89,5%**
Net commission income	**29 633**	**33 427**	**21 938**	**-11,4%**	**52,4%**
Operating income before impairment losses, other administrative expense and income tax	**258 537**	**193 891**	**86 882**	**33,3%**	**123,2%**
Losses from debt financial asset impairment	-71 893	-36 305	-29 364	98,0%	23,6%
Losses from impairment with respect to loan commitments and financial guarantee agreements	-2 093	-11	-172	18 927,3%	-93,6%
Personnel expense	-43 373	-33 088	-23 901	31,1%	38,4%
Other general and administrative expense	-20 741	-16 967	-14 744	22,2%	15,1%
Yield prior to taxation	**120 437**	**107 519**	**18 699**	**12,0%**	**475,0%**
Income tax expense	-24 997	-24 199	-5 650	3,3%	328,3%
Yield for year	**95 440**	**83 320**	**13 048**	**14,5%**	**538,6%**

** In this table and further, minor discrepancies between the total and the sum of the terms are explained by rounding up the data*

***Note:** All data is based on consolidated statements*

Due to the growth of the loan portfolio, the Bank's **net interest income** at the end of 2023 reached 172.8 billion tenge, which is 63.3% higher than in 2022.

For 2023, interest income amounted to 326.4 billion tenge, an increase of 71.5%. The main share (79.9%) in **the interest income** structure is occupied by loans issued to customers at amortized cost. This indicator grew by 60.3% to 260.9 billion tenge. Growth was also demonstrated by income from financial assets at fair value through other comprehensive income, which increased 3.8 times to 31 billion tenge.

INTEREST INCOME, MLN TENGE	2023	2022	2021	2023 / 2022 CHANGE	2022 / 2021 CHANGE
Loans issued to customers at amortized cost	260 938	162 733	98 259	60,3%	65,6%
Financial asset at fair value through other comprehensive income	31 064	8 105	10 248	283,3%	-20,9%
Investments at amortized cost	10 868	11 195	9 350	-2,9%	19,7%
Accounts receivable under reverse repo transactions	115	345	543	-66,7%	-36,5%
Cash and their equivalents	22 159	7 498	718	195,5%	944,3%
Accounts and deposits at banks	927	86	37	977,9%	132,4%
Other financial assets	346	340	212	1,8%	60,4%
Other interest income	-	-	146	–	-100%
Interest income	**326 417**	**190 303**	**119 511**	**71,5%**	**59,2%**

The Bank's **interest expenses** for 2023 amounted to 153.7 billion tenge, which is 81.8% higher than in 2022. The main share (77.6%) is occupied by expenses on customer current accounts and customer deposits, which increased by 75.6% and amounted to 119.2 billion tenge, which is due to growth of the deposit portfolio and high interest rates on deposits.

The expenses on subordinated debt securities increased by 5.4% to 12.7 billion tenge, on debt securities decreased by 8.1% to 1.7 billion tenge.

INTEREST EXPENSE, MLN TENGE	2023	2022	2021	2023 / 2022 CHANGE	2022 / 2021 CHANGE
Customer current accounts and deposits	-119 238	-67 900	-50 079	75,6%	35,6%
Accounts payable under repo transactions	-18 611	-1 656	-475	1023,9%	248,6%
Subordinated debt securities issued	-12 655	-12 008	-11 117	5,4%	8,0%
Debt securities issued	-1 651	-1 797	-1 023	-8,1%	75,7%
Other attracted funds	-934	-841	-731	11,1%	15,0%
Rental obligations	-376	-315	-259	19,7%	21,6%
Bank deposits and accounts	-201	-11	-	1727,3%	-
Interest expense	**-153 667**	**-84 528**	**-63 683**	**81,8%**	**32,7%**
Net interest income	**172 751**	**105 775**	**55 828**	**63,3%**	**89,5%**

In 2023, **net commission income** amounted to 29.6 billion tenge, 11.4% lower than in 2022.

Commission income in the reporting year decreased by 5.2% and amounted to 44.9 billion tenge. A year earlier this figure amounted to 47.4 billion tenge.

Income from agency services amounted to 24.6 billion tenge, which is 8.4% less than in 2022. The Bank provides insurance agent services, offering life insurance policies of various insurance companies at its retail loan points of sale and receives an agency commission in proportion to the insurance premiums issued. The purchase of a life insurance policy is voluntary and is not a condition for obtaining a loan, so it does not affect the interest rate on the loan and is not considered part of the effective interest rate.

Last year, there was an increase in commission income from settlement operations by 27.1% and issuance of guarantees and letters-of-credit by 85.5%, respectively.

COMMISSION INCOME, MLN TENGE	2023	2022	2021	2023 / 2022 CHANGE	2022 / 2021 CHANGE
Agent services	24 627	26 880	18 052	-8,4%	48,9%
Payment card servicing	10 302	12 194	5 958	-15,5%	104,7%
Settlement transactions	4 813	3 788	2 333	27,1%	62,4%
Cash withdrawal	1 946	1 836	1 304	6%	40,8%
Guarantees and letters-of-credit issuance	1 065	574	468	85,5%	22,6%
Custodian services	241	170	64	41,8%	165,6%
Collection services	28	27	26	3,7%	3,8%
Other	1 880	1 909	829	-1,5%	130,3%
Total	**44 902**	**47 378**	**29 034**	**-5,2%**	**63,2%**

Commission expenses at the end of 2023 increased by 9.4% – to 15.3 billion tenge due to an increase in expenses for servicing payment cards by 5.3% – to 11.4 billion tenge, for settlement transactions — by 25.8%, to 1.4 billion tenge and services of the state pension payment center and credit bureaus — by 29.8%, to 1.4 billion tenge.

Due to the active growth of the Bank segments, operating expenses also increased: in 2023, personnel costs increased by 31.1% – to 43.4 billion tenge, other general and administrative expenses – by 22.2%, to 20,7 billion tenge.

OPERATING EXPENSE, MLN TENGE	2023	2022	2021	2023 / 2022 CHANGE	2022 / 2021 CHANGE
Payroll, bonuses and corresponding taxes	42 314	32 070	22 909	31,9%	40,0%
Other personnel expense	1 059	1 017	993	4,1%	2,4%
Personnel expense	**43 373**	**33 088**	**23 901**	**31,1%**	**38,4%**

OTHER GENERAL AND ADMINISTRATIVE EXPENSE, MLN TENGE	2023	2022	2021	2023 / 2022 CHANGE	2022 / 2021 CHANGE
Communication and information services	4 547	4 189	3 200	8,5%	30,9%
Depreciation and amortization	3 265	2 916	2 794	12,0%	4,4%
Taxes other than income tax	2 259	1 593	1 223	41,8%	30,3%
Repair and maintenance	1 695	898	670	88,8%	34,0%
Depreciation and amortization of right-of-use assets	1 412	1 304	1 320	8,3%	-1,2%
Security	1 405	1 255	857	12,0%	46,4%
Advertising and marketing	1 175	776	964	51,4%	-19,5%
Professional services*	662	751	1 013	-11,9%	-25,9%
Other	4 323	3 284	2 703	31,6%	21,5%
Total	**20 741**	**16 967**	**14 744**	**22,2%**	**15,1%**

** including audit expenses*

BALANCE SHEET OVERVIEW

In 2023, the Bank **assets** approached 2.7 trillion tenge, which is 14.5% more than in 2022. The growth is due to an increase in the loan portfolio and liquid assets.

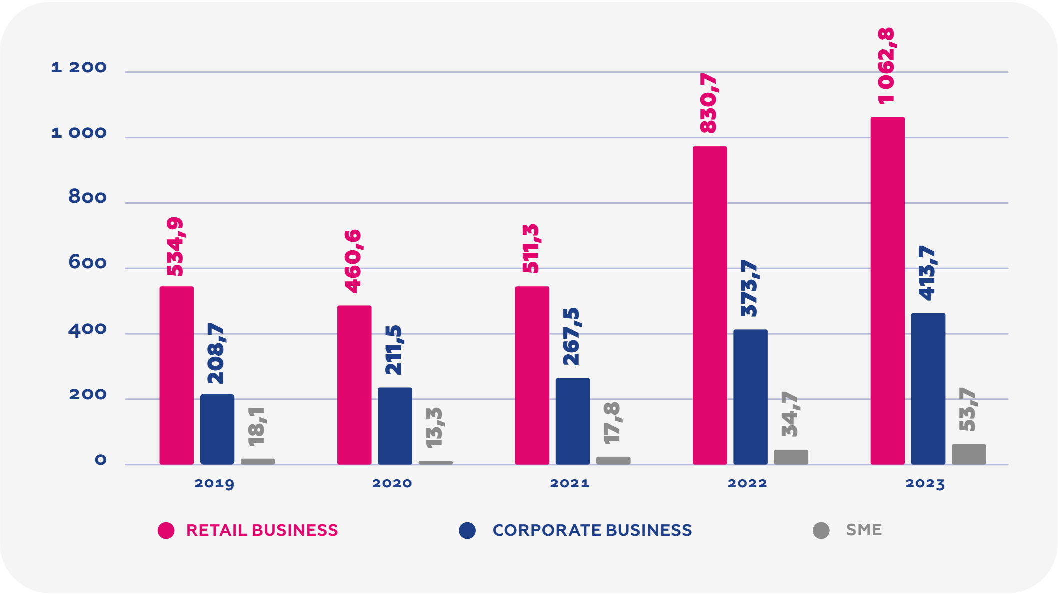
BANK ASSETS AND LIABILITIES OVER THE PAST 5 YEARS, BLN TENGE

BALANCE STRUCTURE, BLN TENGE	2023	2022	2021	2023 / 2022 CHANGE	2022 / 2021 CHANGE
Assets	**2 696,8**	**2 356,2**	**1 413,3**	**14,5%**	**66,7%**
Loans to customers	1 359,2	1 059,3	635,3	28,3%	66,7%
Cash and their equivalents	519,7	906,9	419,6	-42,7%	116,1%
Other assets	818	390,0	358,4	109,7%	8,8%
Liabilities	**2 392,7**	**2 158,8**	**1 294,0**	**10,8%**	**66,8%**
Current accounts and deposits	2 143,7	1 931,0	1 136,4	11,0%	69,9%
Subordinated debt securities issued	64,6	74,7	70,3	-13,5%	6,3%
Other liabilities	184,4	153,2	87,3	20,4%	75,5%
Equity	**304,1**	**197,3**	**119,3**	**54,1%**	**65,4%**

The loan portfolio on a net basis amounted to 50.4% of the Bank balance sheet at the end of 2023. In the reporting period this figure approached almost 1.4 trillion tenge, increasing by 28,3% for the year.

The loan portfolio before provisions amounted to 1.5 trillion tenge. In the portfolio structure, retail loans at amortized cost before provisions account for 69.5%, corporate loans – 27%, and SME loans – 3.5%.

BANK TOTAL LOAN PORTFOLIO BY SEGMENT OVER THE PAST 5 YEARS, BLN TENGE*

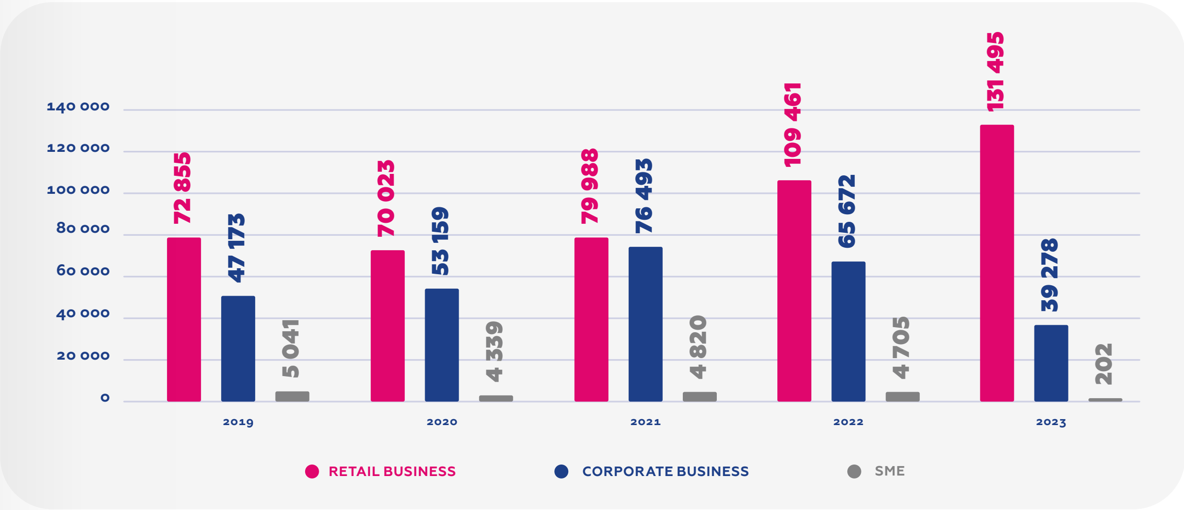


** Loans to customers assessed at amortized cost, prior to deduction of provisions for expected credit losses*

The Bank carefully evaluates the quality of the loan portfolio and creates the necessary provisions in a timely manner. Provisions for expected credit losses on loans issued in 2023 decreased by 4.9% and amounted to almost 171 billion tenge.

LOANS, MLN TENGE	2023	2022	2021	2023 / 2022 CHANGE	2022 / 2021 CHANGE
Loans to customers assessed at amortized cost, prior to deduction of provisions for expected credit losses	**1 530 139**	**1 239 094**	**796 639**	**23,5%**	**55,5%**
Provisions for expected credit losses	-170 975	-179 837	-161 301	-4,9%	11,5%
Total loans to customers assessed at amortized cost, less provisions for expected credit losses	**1 359 164**	**1 059 257**	**635 338**	**28,3%**	**66,7%**

IMPAIRMENT PROVISIONS BY SEGMENT, MLN TENGE



Liabilities of the Bank in 2023 increased by 10.8% – to 2.4 trillion tenge due to the growth of customer deposits. This item occupies 89.6% (a year ago – 89.4%) in the liabilities.

In the reporting period, **the volume of accounts and deposits** in the Bank exceeded 2.1 trillion tenge, increasing by 11% for 2023. Deposit growth was influenced by the end of the program for protection of tenge deposits of individuals and growing demand for deposits of Eurasian Bank.

The main part of the deposit portfolio consists of term deposits – 65.5%, current accounts and demand deposits – 34.5%.

Retail customer deposits increased by 23.8% and amounted to 1.08 trillion tenge (50.5% of total volume), corporate deposits increased by 0.4% and reached.06 trillion tenge (49.5% of total volume).

CUSTOMER CURRENT ACCOUNTS AND DEPOSITS, MLN TENGE	2023	2022	2021	2023 / 2022 CHANGE	2022 / 2021 CHANGE
Current accounts and demand deposits					
Retail customers	337 389	269 356	94 533	25,3%	184,9%
Corporate customers	402 579	540 424	139 020	-25,5%	288,7%
Term deposits					
Retail customers	745 556	605 084	397 590	23,2%	52,2%
Corporate customers	658 209	516 115	505 238	27,5%	2,2%
Total	**2 143 733**	**1 930 979**	**1 136 381**	**11,0%**	**69,9%**

The Bank **equity** by results of 2023 amounted to 304 billion tenge, which is higher by 54% than in the same period of 2022.

The amount of equity taken into account when calculating regulatory standards, as of 31 December 2023 increased by 31.8% and amounted to 440.9 billion tenge. The amount of the first-tier capital as of stated date amounted to 290.4 billion tenge, an increase of 58.1% over the year.

In its work, Eurasian Bank adheres to the policy of a stable capital base in order to maintain the trust of investors, creditors and the market, as well as to ensure the future business development.

BY 2023-YEAR RESULTS, THE CAPITAL ADEQUACY RATIOS ARE AT A HIGH LEVEL:

- coefficient k1 – 0.143 / in 2022 – 0.132;
- coefficient k1-2 – 0.143 / in 2022 – 0.132;
- coefficient k2 – 0.217 / in 2022 – 0.241.

5

#eufamily. creating the best version of ourselves

Eurasian Bank

HEALTHY AMBITIONS

CREATIVITY AND CREATION

We strive to continuously improve reality and create something new.
We strive to create the best version of ourselves.

POWER OF GRATITUDE

TRUST

PERSONAL RESPONSIBILITY

PERSONNEL POLICY

Bank staff — a team aimed at creating innovative and convenient solutions for customers.

On 31 December 2020, the Board of Directors adopted the Eurasian Bank development strategy until 2024, according to which the Bank intends to become the best employer, so the management pays great attention to the development of corporate culture, creating conditions for career growth, professional training and disclosure of personal potential of employees.

The Bank personnel activities are determined by the personnel policy approved by the Board of Directors. The Bank has a number of internal normative documents and instructions that regulate professional training, provision of social guarantees and benefits, as well as remuneration and staff bonuses, organization and implementation of assessment rules.

The personnel policy is developed in accordance with the Labor Code of the Republic of Kazakhstan, priorities defined by the resolution of the Management Board of the National Bank of the Republic of Kazakhstan No. 188 dated 12 November 2019 "On approval of the rules for formation of the risk management and internal control system for second-tier banks", the Charter of Eurasian Bank JSC, the Internal regulations policy, the Rules for management of internal normative documents.

HR policy is a holistic long-term strategy for human resources management, the main goal of which is to fully and timely meet the Bank needs for the required quality and quantity of human resources.

HR POLICY PRINCIPLES:

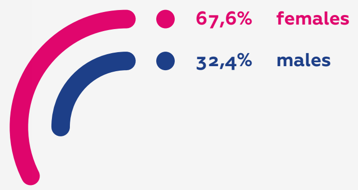
- focus on achieving the Bank strategic goals;
- creating conditions for efficient work of the Bank staff;
- fair and competitive remuneration of the Bank employees;
- involvement of competent managers in the Bank activities;
- exclusion of conflict of interests in the course of performance of the duties by the Bank managers and other employees;
- minimizing the risk of losing a key employee.

PERSONNEL STRUCTURE

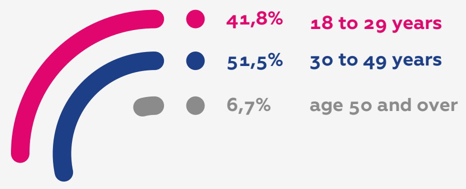
As of 31 December 2023, the Bank had 5,352 employees, a decrease of 8.5% from the 2022 year-end results. In 2023, the number of employees on maternity and parental leave was 935.

- The percentage of women is 67.6% of the total team, which explains the large number of employees on maternity leave;
- 41.8% of employees are under 30 years of age;
- The personnel have a high level of education: 73.6% of employees received higher or postgraduate professional education;
- The Bank personnel is multinational and includes not only citizens of Kazakhstan, but also other employees from other countries: Russia, Kyrgyzstan, Belarus, Mongolia, France, Germany, Lithuania, Turkey, Uzbekistan, Armenia.

BREAKDOWN BY GENDER



BREAKDOWN BY AGE



The Bank pays great attention to identifying the reasons that motivate employees to leave the Bank, which gives us the opportunity to work on employee retention and remain a competitive player in the market.

REMUNERATION SYSTEM

The Bank creates comfortable working conditions for its employees, setting them competitive wages and providing them with a social package, as well as maintaining a favorable and creative atmosphere in the team and promoting employee training.

The system of financial incentives for labor is one of the most efficient management tools that can influence the performance of employees and the Bank as a whole. The financial incentive system set up in accordance with the Bank's strategic and tactical guidelines allows management to purposefully manage employee motivation and increase staff productivity.

The total remuneration system is defined in such a way as to ensure external competitiveness to attract and retain highly qualified professionals.

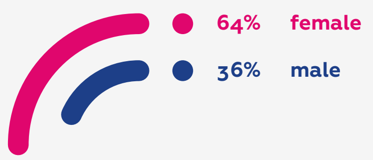
43,4

43.4 bln tenge were personnel costs in 2023

88,5%

88.5% of employees performed well in 2023 and were rewarded

SHARE OF BONUSES ACCRUED BASED ON THE RESULTS OF PERFORMANCE EVALUATION, BROKEN DOWN BY GENDER



Eurasian Bank's **remunerations system** is based on a fixed base salary and a bonus. The payment of bonuses to employees is a right of the Bank. The frequency of bonus payments to the Bank employees varies depending on the specifics of their work and can be annual, quarterly or monthly. The employees engaged in retail, corporate, private banking, debt collection, cash segments, customer experience services, collection and support are paid bonuses on a monthly and quarterly basis. The amount of bonus payments to employees depends, first of all, on the performance of business units, as well as on the achievement of key goals and objectives set for them. In addition, incentive programs are being implemented for the most successful employees, based on the results of which they are awarded valuable prizes.

Labor relations. The admission of candidates for work at the Bank, as well as their transfer or termination of the employment contract are performed in accordance with the Labor Code of the Republic of Kazakhstan. The Bank has a conciliation commission that considers individual labor disputes based on incoming applications from the Bank employees. The conciliation commission is a permanent collegial body created in the Bank on a parity (equal) basis from an equal number of representatives from the Bank and employees. All employees have the opportunity to file a complaint with the commission. There were no complaints against the Bank for violation of labor practices in the reporting year.

Equal opportunities. Eurasian Bank strictly complies with all norms of the labor legislation of the Republic of Kazakhstan and the terms of employment contracts, as well as recognizes and protects personal freedoms and human rights. The Bank does not tolerate discrimination in any form, and there were no such cases in 2023.

Personnel selection in the Bank is conducted on the basis of the following principles:

- equal opportunities: during personnel selection, no discrimination is allowed on the grounds of origin, social, official and property status, gender, race, nationality, language, attitude to religion, beliefs or any other circumstances;
- independence and objectivity: when selecting personnel, the Bank is guided solely by compliance of the candidate's professional competencies and personal qualities with the requirements.

MOTIVATION OF EMPLOYEES

The incentive system in the banking sector plays an important role aimed at stimulating productivity, attracting and retaining talent, and reducing employee turnover, thereby enhancing customer service and improving the loyalty and reputation of banks.

The Bank encourages a healthy lifestyle. There is a free gym in Almaty, which can be used by all Bank employees in their free time. There are also tables for playing table tennis in the halls. At the same time, the Bank employees take part in sports events of the financial institute and citywide marathons with particular enthusiasm.

The Bank takes care of its employees. The Bank takes care of the health of its employees and provides a social package that includes voluntary medical insurance for employees in case of illness with service in one of the clinics throughout Kazakhstan. This insurance covers outpatient care, inpatient treatment, dental care, medical coordination, and other medical services. The Bank pays 95% of the insurance cost; the remaining 5% is deducted from the employees' salary. As part of this service, it is also possible to attach a spouse under 65 years of age, children from 1 to 23 years of age and parents under 65 years of age.

The Bank supports employees. Our employees have access to attractive preferential terms of service in the Bank partner network and material aid in difficult life circumstances.

PERSONNEL TRAINING AND DEVELOPMENT

Quality personnel training and development is a key factor in the competence of employees and the Bank's competitiveness.

Internal training. Since 2021, in the Bank there has been operating the Training Center structural subdivision. Since 2021, in the Bank there has been operating the Training Center structural subdivision. Its main task is comprehensive employee training, combining theory (offline trainings and distance programs) and post-training support.

In 2023, the Training Center internally trained 3,433 employees in 25 training programs, including Active Sales, Sincere Service, Work with Objections, Management, Emotional Intelligence and others.

41 e-programs were developed at the request of structural subdivisions, including 5 programs of the Customer Journey in Smartbank App cycle, 21 programs for the Retail Business Lending Division and others.

In order to gamify the training process, the following business games were developed: I am a Professional, Star Mission, SalesMania, in which 349 Bank employees participated.

To promote the Bank's mission and values, a mini-training, warm-up and the Star Mission business game was developed. All trainings also include blocks on the Bank's mission and values.

In 2023, the Atlantes of Eurasian Bank motivational and development program was implemented, aimed at solving the tasks to form the values of continuous learning and development among middle managers and improve their professional level. The Project participants: business development managers, heads of branches and outlets. As part of the program implementation, line managers held 162 seminars and master classes, 283 field training events, and 259 team-building events for their subordinates. In addition, 124 managers from among the program participants underwent external training on their own.

In 2023, the Eurasian Bank Professional's Handbook for Customer Service was developed.

The Unified Knowledge Base, an electronic library for employees' self-training, continues to be maintained. All materials are constantly updated based on the data provided by the Bank's structural subdivisions.

Distance learning. For 2023, 14,332 employees received distance learning training.

External training. In 2023, more than 800 Bank employees participated in external training events, including in such areas as computer programs, information security and information technology, finance, accounting and audit, kaizen, HR training, personal growth training, etc.

SAFETY OF EMPLOYEES

The Bank makes every effort to ensure the safety of employees and customers.

The Bank has the Labor and Fire Safety, Mobilization Work, Civil Defense and Emergency Situations Unit. The head office and branch network are equipped with fire extinguishing equipment in the required volume, and fire extinguishers are regularly recharged and fire hoses are rolled over. A report on registration of accidents shall be provided under Form H-1 to state authorities in accordance with the Labor Code of the Republic of Kazakhstan, including information on fire safety. In 2023, no injuries or occupational diseases received by the Bank employees in the performance of their duties were registered.

6

corporate governance

Eurasian Bank

HEALTHY AMBITIONS

CREATIVITY AND CREATION

POWER OF GRATITUDE

TRUST

PERSONAL RESPONSIBILITY

We are responsible for the decisions we make and the results of our actions.

CORPORATE GOVERNANCE SYSTEM

The Eurasian Bank corporate governance system is a system of relations between shareholders, the Board of Directors, the Management Board and other involved parties.

The Bank corporate governance is based on respect for the rights and legitimate interests of the Bank shareholders, improving the business reputation of the financial institution itself and is aimed at achieving the efficiency of its activities, including ensuring the growth of the Bank assets, creating jobs, and maintaining the Bank financial stability and profitability.

The Eurasian Bank corporate governance standards are based on the requirements of the law of the Republic of Kazakhstan "On Joint - Stock Companies" and are determined by banking regulations. The Bank monitors international achievements in corporate governance and regularly implements international best practices in corporate governance where applicable.

In order to comply with corporate governance principles, the Bank developed and implemented such internal regulations as the Regulations on the Board of Directors, the Regulations on the Management Board, the Personnel Policy, the Rules of Regulation of Conflict of Interests in the Bank, the Regulations on the Corporate Governance Service, which are designed to preserve the corporate governance basic principles and system.

OBSERVANCE OF THE CORPORATE GOVERNANCE CODE

The Corporate Governance Code is designed to ensure a high level of business ethics in relations between the Bank shareholder/s, its bodies and officials, as well as in relations between the Bank (its bodies, officials and employees) with third parties and in order to protect the shareholder interests.

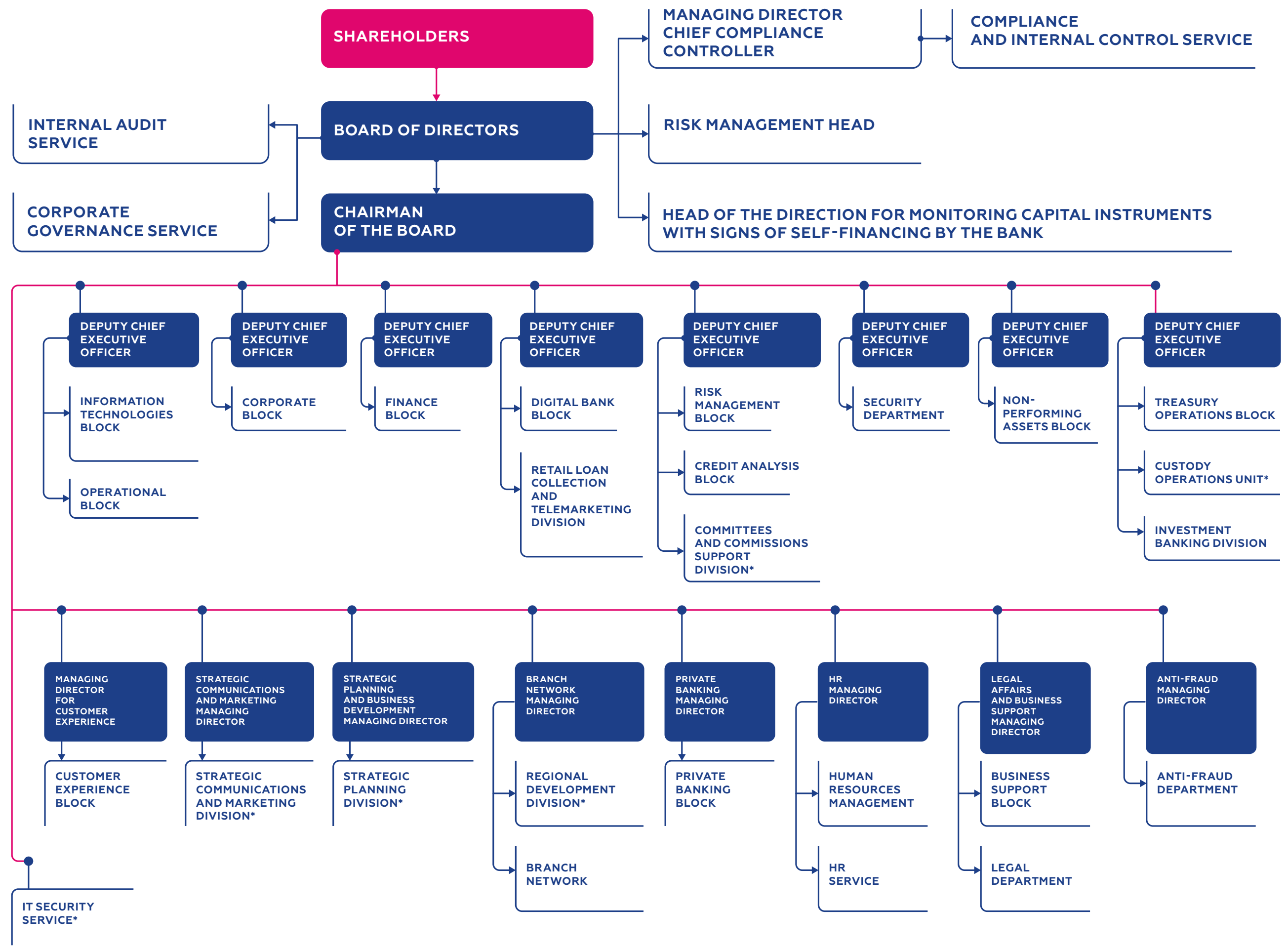
The Code was approved in a new version in June 2020 by Eurasian Financial Company JSC, the sole shareholder, which establishes the principles applied in the Bank management process, including relations between the Bank shareholder, the Bank Board of Directors, the Bank Management Board, senior employees and auditors, as well as relations between the Bank authorized collegial bodies, and other Bank officials, its structural subdivisions and employees.

THE CODE SETS OUT THE CORPORATE GOVERNANCE PRINCIPLES:

- the principle of protecting the rights and interests of the shareholder (-s);
- the principle of the efficient Bank management by the Board of Directors and the Management Board;
- the principles of transparency and objectivity of disclosure of information on the Bank activities
- the legality and ethics principles;
- the efficient dividend policy principles;
- the efficient personnel policy principles;
- the principle of regulating conflict of interest;
- the principle of compliance with the scale and nature of the Bank activities, its structure, risk profile, business model.

The Board of Directors and the Management Board of the Bank confirm that the activities of the financial institution are conducted in accordance with the corporate governance principles, regulations and procedures outlined in the Corporate Governance Code. The Bank also intends to develop and improve corporate governance practices based on the best practices of the world level.

ORGANIZATIONAL STRUCTURE



*THE DIVISION IS A MONO-FUNCTION

CORPORATE GOVERNANCE STRUCTURE

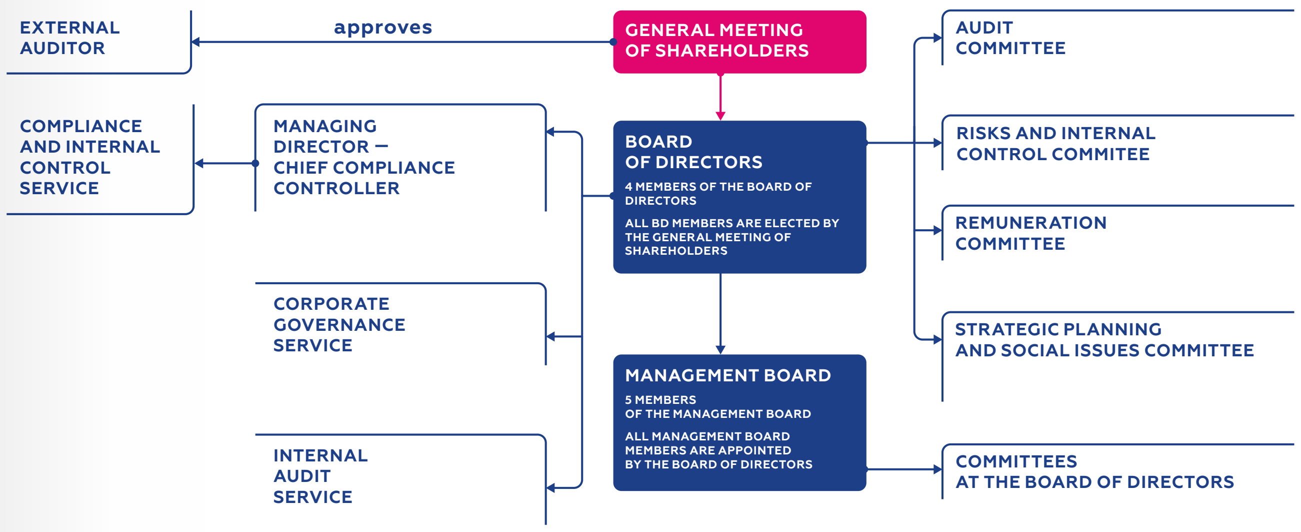
THE BANK BODIES ARE:

- superior body – the General Meeting of Shareholders;
- management body – the Board of Directors;
- executive body – the Management Board.

The Board of Directors has four committees that provide supervision, management, and decision-making in certain areas: the Strategic Planning and Social Issues Committee, the Audit Committee, the Risks and Internal Control Committee, and the Remuneration Committee.

To implement best corporate governance practices, the Board of Directors is assisted by the Internal Audit Service, the Corporate Governance Service and the Head of the direction for monitoring capital instruments.

The Management Board established Committees and working groups that review major issues in each area of activity separately.



INFORMATION ABOUT SHAREHOLDERS

The Eurasian Bank's sole shareholder is the Eurasian Financial Company JSC with 100% participation. The ultimate beneficiaries in equal shares from 15 July 2021 are Mukadaskhan Ibragimova, Patokh Shodiev, Aleksandr Mashkevich, each of whom owns 33.3% of shares.

As of 31 December 2023, the quantity of authorized ordinary shares of the Bank amounted to 2, 096, 038, 900 (in 2022 – 2, 096, 038, 900 items) and 3, 000, 000 non-redeemable cumulative preferred shares (in 2022 – 3, 000, 000 preferred shares).

In 2023, no shares were issued.

THE ISSUED AND OUTSTANDING SHARE CAPITAL CONSISTED OF THE FOLLOWING FULLY PAID-UP ORDINARY SHARES AS OF DECEMBER 31:

SHARES	2023 QUANTITY OF SHARES	2022 QUANTITY OF SHARES
Issued at 955.98 tenge	8 368 300	8 368 300
Issued at 1, 523.9 tenge	2 631 500	2 631 500
Issued at 1, 092 tenge	2 930 452	2 930 452
Issued at 6, 532.6 tenge	7 030 137	7 030 137
Total shares issued and outstanding	**20 960 389**	**20 960 389**

BOARD OF DIRECTORS

The Board of Directors provides general management of the Bank activities and is accountable to the General Meeting of Shareholders

The Board of Directors performs overall management the Bank activities except for the issues referred by the Kazakhstan legislation and/or the Bank Charter to the exclusive competence of the General Meeting of Shareholders. The Board of Directors performs supervisory functions and determines the Bank priorities and development strategies. The Board of Directors is also responsible for making decisions on convening the annual and extraordinary general meetings of shareholders, on concluding major transactions and transactions with the Bank interest in it, excepting major transactions that are decided upon by the General Meeting of Shareholders of the Bank. The Board of Directors determines the quantitative structure and the term of office of the Management Board of the Bank, election of its head and members, and early termination of their powers and other matters stipulated by the Kazakhstan legislation and (or) the Bank Charter, not within the exclusive competence of the General Meeting of Shareholders.

To consider the most important issues and prepare recommendations to the Board of Directors, the Bank established four committees responsible for various aspects of banking activities and management organization. Consideration of issues may fall within the competence of one or several committees of the Board of Directors, except for internal audit issues considered by a separate committee of the Board of Directors.

The Chairperson of the Bank's Board of Directors organizes the work of the Bank's Board of Directors in accordance with the current legislation of the Republic of Kazakhstan, conducts its meetings, and performs other functions defined by the Bank's Charter and the Regulations on the Board of Directors. All members of the Board of Directors perform their functions in accordance with the current legislation of the Republic of Kazakhstan, the Bank's Charter, The Regulations on the Board of Directors and The Regulations on Committees at the Board of Directors of the Bank. In accordance with the current Kazakhstan legislation, the Bank provides for periodic (at least once a year) assessment of the activities of the Board of Directors and its members.

ACTIVITIES OF THE BOARD OF DIRECTORS IN 2023

In 2023, 121 meetings of the Board of Directors were held, during which issues related to the establishment of credit lines for the Bank customers, interested-party transactions, and business digitalization projects were reviewed and approved.

AMONG THE MAIN ISSUES THAT WERE CONSIDERED AND APPROVED BY THE BOARD OF DIRECTORS IN 2023:

- mission and values of Eurasian Bank JSC;
- Cybersecurity Strategy for 2023-2025;
- raising funds to Eurasian Bank JSC under the Program for the support of SMEs in the manufacturing industry at the expense of the National Fund of the Republic of Kazakhstan (1, 2, 3 tranches), implemented by the DAMU Entrepreneurship Development Fund JSC, signing of loan agreements and approval of financing conditions;

- authorization of the Chat-bot and Chat-platform Project and approval of the suppliers (Natural Logic LLP and EDNA KAZAKHSTAN LLP) for the purchase of the development services and further technical support for the chat-bot and the chat-platform;
- authorization of the Electronic Archive and the Data Processing Center Modernization Projects.

THE COMPOSITION OF THE BOARD OF DIRECTORS AS OF 31 DECEMBER 2023:

- **Aleksandr Mashkevich,** Chairperson of the Board of Directors;
- **Shukhrat Alidzhanovich Ibragimov,** Member of the Board of Directors;
- **Zhanbota Temirgaliyevich Bekenov,** Member of the Board of Directors, Independent Director;
- **Vitaliy Repey,** Member of the Board of Directors, Independent Director.

TOTAL: 4 members of the Board of Directors

SHORT BIOS THE MEMBERS OF THE BOARD OF DIRECTORS

Aleksandr MASHKEVICH

Chairperson of the Board of Directors

- *The ultimate beneficiary of Eurasian Bank JSC, owning 33.33% of the total number of outstanding shares of Eurasian Financial Company JSC*
- *Year of birth: 1954*

EDUCATION:

- *1976 – Kyrgyz State University named after the 50th anniversary of the USSR (Bishkek). He defended his PhD thesis on the topic of theory and history of pedagogy and psychology*
- *1981 – recognized as the youngest candidate of science in his specialty in the Soviet Union*
- *1981 – 1986 – Associate Professor, Dean of the Kyrgyz Pedagogical Institute*

WORK EXPERIENCE:

- *2021 – current – Chairperson of the Supervisory Board of Eurasian Production Company LLP;*
- *2013 – current – Chairperson of the Board of Managers (Directors) of Eurasian Resources Group S.a.r.l.;*
- *2009 – current – Member of the Board of Directors, Chairperson of the Board of Directors of Eurasian Industrial Company JSC;*
- *2008 – current – Chairperson of the Board of Directors of Eurasian Financial Company JSC;*
- *2002 – current – President of the Eurasian Industrial Association, Chairperson of the Board of Directors of the Eurasian Natural Resources Corporation Limited company (ENRC ltd);*
- *1998 – current – Chairperson of the Board of Directors of Eurasian Bank.*

ADDITIONAL INFO:

- *2022 – awarded the Merey Public Order by the Association of Financial Organizations of Kazakhstan ALE;*
- *2021 – awarded with the 1st degree Barys Order;*
- *2016 – Member of Foreign Investors Board at the President of the Republic of Kazakhstan;*
- *2011 – awarded with the 3rd degree Barys Order;*
- *2001 – awarded with the Qurmet Order.*

MEMBERSHIP IN THE BANK COMMITTEES:

- *not a member to any Committee.*

Shukhrat Alidzhanovich IBRAGIMOV

Member of the Board of Directors

- *Does not have a share in the capital of JSC Eurasian Bank, subsidiaries and affiliates.*
- *Year of birth: 1986*

EDUCATION:

- *2004 – British School in Brussels*
- *2007 – EBS (The United Kingdom, London)*
- *2007 – Beijing Language and Culture University (China, Beijing)*

WORK EXPERIENCE:

- *2023 – current – Chairperson of the Board of Directors of Eurasia Insurance Company JSC;*
- *2022 – current – Chairperson of the Supervisory Board of Eurasian Group LLP;*
- *2021 – current – Member of the Board of Managers (Directors) of Eurasian Resources Group S.a.r.l., member of the Audit Committee, Remuneration Committee and Sustainable Development, Mergers and Acquisitions Committee at the Board of Managers (Directors) of Eurasian Resources Group S.a.r.l., member of the Supervisory Board of Eurasian Production Company LLP;*
- *2019 – current – Member of the Board of Directors of Eurasian Financial Company JSC, Chairperson of the International Asian Film Festival (USA);*
- *2017 – current – Member of the Board of Directors of Eurasian Bank JSC.*

ADDITIONAL INFO:

- *2022 – awarded the Merey Public Order by the Association of Financial Organizations of Kazakhstan ALE;*

MEMBERSHIP IN THE BANK COMMITTEES:

- *the Audit Committee, the Remuneration Committee and the Risk and Internal Control Committee.*

Zhanbota Temirgaliyevich BEKENOV

Member of the Board of Directors, Independent Director

- *Does not have a share in the capital of JSC Eurasian Bank, subsidiaries and affiliates.*
- *Year of birth: 1957*

EDUCATION:

- *1985 – Alma-Ata National Economy Institute (Finances and Credit Faculty)*
- *2001 – London Business School, Accelerated Development Program for Managers*

WORK EXPERIENCE:

- *2022 – current – Member of the Board of Directors, Independent Director of TURGAY-PETROLEUM JSC;*
- *2020 – 2022 – Member of the Board of Directors, Independent Director of KEGOK JSC;*
- *2022 – 2023 – Member of the Supervisory Board, Independent Director of Settlement and Financial Center for Support of Renewable Energy Sources LLP at the Ministry of Energy of the Republic of Kazakhstan.*

MEMBERSHIP IN THE BANK COMMITTEES:

- *Председатель Аудиторского комитета и Комитета по вознаграждениям, Chairperson of the Audit Committee and the Remuneration Committee, Member of the Risks and Internal Control Committee.*

Vitaliy REPEY

Member of the Board of Directors, Independent Director

- *Does not have a share in the capital of JSC Eurasian Bank, subsidiaries and affiliates*
- *Year of birth: 1976*

EDUCATION:

- *1998 – National University of Kyiv-Mohyla Academy (Bachelor's degree)*
- *2000 – National University of Kyiv-Mohyla Academy (Master's degree)*

WORK EXPERIENCE:

- *2023 – current – Deputy Director of SR Investments LLP;*
- *2020 – 2023 – Head of Representative Office of TRENETOE B. V. Limited Liability Private Company;*
- *2019 – current – Member of the Board of Directors, Independent Director of Eurasian Bank JSC;*
- *2007 – 2019 – Economics Director of Investigations, Investments and Development LLP;*
- *2003 – 2006 – Corporate Finance Director at Brinkford CJSC;*
- *2000 – 2003 – Auditor at Arthur Andersen, Ernst & Young international auditing companies.*

MEMBERSHIP IN THE BANK COMMITTEES:

- *Chairperson of the Strategic Planning and Social Issues Committee, the Risks and Internal Control Committee.*

CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS IN 2023:

On 12 June 2023 by the decision of the sole shareholder Eurasian Financial Company JSC, the powers of Kim Inessa Cher-Khvanovna, Member of the Board of Directors — Independent Director of Eurasian Bank JSC, were early terminated.

EXPERTISE

EXPERTISE	NUMBER OF DIRECTORS
BANKS AND FINANCES	4
OIL AND GAS AND MINING INDUSTRIES	2
OTHER ECONOMY INDUSTRIES	4
STRATEGIC VISION	4
CORPORATE GOVERNANCE	4
HR MANAGEMENT	4
AUDIT	2
ACCOUNTING	2

PROCEDURE FOR NOMINATION AND SELECTION OF CANDIDATES TO THE BOARD OF DIRECTORS

At nomination and selection of candidates for members of the Board of Directors, Committees at the Board of Directors, the Bank strictly follows the requirements of the legislation of the Republic of Kazakhstan and normative legal acts of the regulator, such as the Law "On banks and banking activity in the Republic of Kazakhstan, On approval of the Rules of issuance of consent to appointment (election) of a senior employees of a bank, a bank holding, a branch of a bank-non-resident of the Republic of Kazakhstan, including criteria of impeccable business reputation, and documents required for obtaining consent, Specifics on the availability of work experience for candidates with professional qualifications confirmed by international certificates, and the list of such certificates, Resolution of the Management Board of the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market dated 28 October 2022 No. 81. Registered with the Ministry of Justice of the Republic of Kazakhstan on 2 November 2022 No. 30377.

The main requirements for candidates: the candidate's impeccable business reputation, high professionalism and required work experience in the financial market, no conflict of interests at carrying out professional activities in a financial organization.

All the candidates before their appointment undergo a thorough preliminary study and analysis by the relevant responsible structural subdivisions of the Bank for compliance with the necessary requirements of the legislation of the Republic of Kazakhstan and internal normative documents.

In accordance with the requirements of the legislation of Kazakhstan, the Bank's sole shareholder Eurasian Financial Company JSC determines the quantitative composition, period of powers of the Board of Directors, elects its members and prematurely terminates their powers, determines the amount and terms of payment of remuneration and costs compensation for performance of their duties.

THE BANK'S BOARD OF DIRECTORS AND QUALIFICATION REQUIREMENTS FOR ITS MEMBERS COMPLY WITH THE FOLLOWING REQUIREMENTS:

- the composition of the Board of Directors and its powers are sufficient for exercising efficient control;
- the Board of Directors consists of persons with the required qualifications, impeccable business reputation, and experience, which together are sufficient for the overall Bank management, according to the selected business model, operations scale, transaction type and complexity;
- members of the Board of Directors are focused on interaction, collaboration and critical discussion in the decision-making process;
- members of the Board of Directors perform their duties and make decisions in good faith, and minimize conflicts of interest.

PREVENTING CONFLICTS OF INTEREST

The Rules on Conflict-of-Interest Regulation approved by the Board of Directors of the Bank contain a list of efficient tools for controlling and regulating conflict of interest.

Currently, the work of the Board of Directors and authorized collegial bodies of the Bank (ACB) has built and effectively operates the system and appropriate procedures that allow the Board of Directors to monitor at an early stage the occurrence of factors that may lead to a conflict of interest in the future, as well as timely apply preventive measures, prevent a conflict of interest, effectively manage it in case of its appearance in the Bank activities. Conflict of interest prevention activities are based on the internal regulatory documents such as the Charter, the Code of Ethics and Business Conduct, the Corporate Governance Code, and the Rules for regulating conflicts of interest.

THE MAIN PRINCIPLES FOR MANAGING CONFLICTS OF INTEREST IN ACTIVITIES BY THE BOARD OF DIRECTORS AND THE ACBS:

legality – members of the Board of Directors, employees of the ACBs perform their activities in strict compliance with the Kazakhstan legislation, internal normative documents of the Bank;

professionalism – members of the Board of Directors, employees of the ACBs perform their activities on a professional basis, highly qualified specialists have access to this work;

independence – members of the Board of Directors, employees of the ACBs in the process of performing their professional activities do not admit bias, dependence on third parties, that may harm the Bank's legal rights and interests;

conscientiousness – members of the Board of Directors, employees of the ACBs act with the prudence and car that is required of them, considering the Bank activity and business practices specifics, and approach implementation of their functions with due responsibility. The senior managers and the Bank employees treat each other and the customers responsibly and fairly;

confidentiality – members of the Board of Directors, the ACBs employees do not disclose information at their disposal, related to banking, commercial secrecy, insider information, personal data, that became known to them by virtue of their official duties, except for cases, stipulated by the Kazakhstan legislation;

honesty – members of the Board of Directors, the ACBs employees should be open and honest in professional and business relations. The employee's desire to avoid conflict of interests in the course of performing their official duties is one of the corporate principles for the Bank employees, enshrined by the Code of Ethics and Business Conduct;

objectivity – members of the Board of Directors, the ACBs employees should not allow bias, conflict of interests, pressure by employees on other employees to change their professional or business judgement/opinion;

clear distribution of functions, responsibilities and powers of risk management among all the structural subdivisions and the Bank employees, and their responsibility taking into account minimization of conflict of interests.

irreconcilability to any manifestations of conflict of interests in the activities of the ACBs and all the Bank employees.

Systematic activity of the Board of Directors of the Bank, other ACBs of the Bank in terms of the conflict-of-interest regulation process, as well as involvement of all the Bank employees in this process, made it possible to exclude any cases of conflict of interest in the activities of the Bank and its employees throughout 2023.

INFORMING THE BOARD OF DIRECTORS

Within the framework of efficient corporate governance and interaction of the executive body, a system has been introduced to inform the Board of Directors about violations of the requirements of the Republic of Kazakhstan legislation and the Bank internal regulatory documents in the course of banking activities, which is carried out by second-line defense subdivisions, whose functions include control procedures – such as the Risk Management Block, the Legal Department, the HR Service, the Security Department, Information Security Department and ensures the continuity of the Bank activities. Independent assessment of the efficiency of risk management, internal control and corporate governance systems is performed by the Internal Audit Service. The results of the IAS assessment and correction measures plans are reviewed/approved by the authorized bodies of the Bank.

THE MAIN GOALS WHEN INFORMING THE BOARD OF DIRECTORS ABOUT CRITICAL ISSUES (PROBLEMS) AND RISKS:

- timeliness;
- the system, based on the established periodicity and continuity;
- objectivity, reliability and relevance;
- materiality, the implementation of which may lead to the Bank's financial sustainability deterioration.

COMMITTEES AT THE BOARD OF DIRECTORS

THE BOARD OF DIRECTORS HAS FOUR COMMITTEES THAT PROVIDE SUPERVISION, MANAGEMENT, AND DECISION-MAKING IN CERTAIN AREAS:

- Audit Committee;
- Risks and Internal Control Committee;
- Strategic Planning and Social Issues Committee;
- Remuneration Committee.

Each Committee carries out its activities within the framework of a document defining its powers, competence, as well as the principles of work, internal procedure for submitting reports to the Board of Directors, tasks facing the Committee members and term limits for members of the Board of Directors in the Committee. The Board of Directors provides for periodic rotation of members (with the exception of experts) of the Committees in order to avoid concentration of powers and promote new views.

The Board of Directors' Committees consist of members of the Board of Directors and experts who have the required professional knowledge to work on a particular Committee. The Independent Directors head the Board of Directors' Committees.

AUDIT COMMITTEE

Members: Bekenov Zh. T. (chair), Ibragimov Sh. A.

Competence: the main purpose of the Committee is to assist the Bank's Board of Directors in carrying out its duties to improve the efficiency of the internal audit subdivision and interact with the external auditor on the quality of information provided about the Bank activities. The main tasks of the Committee are to ensure the completeness and reliability of the Bank financial statements provided to the Board of Directors, to supervise the activities of the IAS, to coordinate the process of the annual mandatory external audit of financial statements.

In 2023, 39 issues were considered.

RISKS AND INTERNAL CONTROL COMMITTEE

Members: Repey V. (chair), Bekenov Zh. T., Ibragimov Sh. A.

Competence: the main purpose of the Committee is to assist in the implementation by the Bank Board of Directors of its responsibilities for building an efficient risk management and internal control system. The main tasks of the Committee:

- development of risk management policies, procedures in the field of capital and liquidity management within the risk appetite level established by the Board of Directors and control of their implementation;
- assessment of risks inherent in the Bank activities, and maintenance of the Bank's risk profile relevance;

EXERCISING CONTROL OVER:

- compliance with the risk appetite levels by the Management Board;
- the system functioning: internal control, market risk management, liquidity risk management, business continuity management, information technology risk management, information security risk management, compliance risk management, credit risk management, operational risk management, and other significant risks for the Bank (legal, strategic, reputational risks);
- ensuring that there is a process for regularly monitoring the operational risk level;
- ensuring availability of internal models and information systems for the Bank risk management, in order to ensure complete, reliable and timely financial, regulatory and management information;
- assessment and control of ability to promptly raise funds from each funding source in order to assess efficiency of ensuring liquidity in the future.

In 2023, 95 issues were considered.

REMUNERATION COMMITTEE

Members: Bekenov Zh. T. (chair), Ibragimov Sh. A., Gazyamova S. S.

Competence: The main objectives of the Committee are to assist the Board of Directors in carrying out activities to minimize conflicts of interest, form the Bank's organizational structure, and ensure efficient management of remuneration of the Bank employees and remuneration of members of the Bank's Management Board and employees accountable to the Board of Directors (with the exception of the Internal Audit Service employees and the head).

THE MAIN TASKS OF THE COMMITTEE ARE TO ENSURE THE DEVELOPMENT OF:

- the Bank's organizational structure draft, taking into account minimization of conflicts of interest;
- the procedures for managing conflicts of interest and mechanisms for its implementation;
- the policies on remuneration, accrual of monetary remuneration, as well as other types of material incentives for the Bank executives in accordance with the Resolution of the Management Board of the National Bank of the Republic of Kazakhstan dated 24 February 2012 No. 74 "On establishing Requirements for the internal policy on remuneration, accrual of monetary remuneration, as well as other types of material incentives for bank executives".

In 2023, 22 issues were considered.

STRATEGIC PLANNING AND SOCIAL ISSUES COMMITTEE

Members: Repey V. (chair), Satiyeva L. A.

Competence: The Strategic Planning and Social Issues Committee develops, analyzes and monitors the implementation of the Bank's strategy, and ensures that the Bank's strategic plans comply with current market and economic conditions, risk levels, financial strength, and legal and regulatory requirements. The Committee also ensures the implementation of the budget and monitors its implementation, as well as compliance by the Bank and its employees with the Bank's profitability management policy. In addition, the Committee is responsible for creating an efficient social policy of the Bank and assessment of the Bank policies and other INDs of the Bank for their compliance with the strategy, the current market and economic situation, the Bank risk profile, including the approved risk appetite strategy, and legislative requirements.

In 2023, 18 issues were considered.

THE BANK MANAGEMENT BOARD

The Bank Management Board is a collegial executive management body headed by the Chairperson, who provides general management of the Bank's current activities

The Bank Management Board is a collegial executive body of the Bank exercising management of current activities of the Bank except for the issues referred by the legislation of Kazakhstan and this Charter to the competence of other bodies and officials of the Bank. The Board is responsible for operational control over the activities of the Bank, including transactions on behalf of the Bank in the order established by the legislation of Kazakhstan and the Charter of the Bank, ensures observance of the legislation of the Republic of Kazakhstan by employees of the Bank, considers and approves documents for the purpose of organizing the activities of the Bank and issues decisions (resolutions) and instructions binding on all Bank employees, and also performs other functions not within the competence of other bodies of the Bank, in accordance with the legislation of Kazakhstan, the Bank Charter and internal documents of the Bank.

ACTIVITIES OF THE MANAGEMENT BOARD IN 2023

In 2023, 52 meetings of the Management Board and 181 absentee votes of the Management Board members were held. In total, 1, 091 issues were considered.

IN 2023, THE FOLLOWING CHANGES TOOK PLACE IN THE BANK MANAGEMENT BOARD:

- On 26 January, Altamirov I. A. was elected as member of the Management Board, Deputy Chairperson of the Bank Management Board.
- On 1 December, Druzhinina N. M. resigned from the Management Board.

EMBERS OF THE MANAGEMENT BOARD AS OF 31 DECEMBER 2023:

- **Lyazzat Satiyeva,** Chairperson of the Management Board;
- **Ibragim Altamirov,** Deputy Chairperson of the Management Board – member of the Management Board;
- **Sabyrzhan Bekbosunov,** Deputy Chairperson of the Management Board – member of the Management Board;
- **Yerlanbek Kappar,** Deputy Chairperson of the Management Board – member of the Management Board;
- **Gaziz Yermekov,** Deputy Chairperson of the Management Board – member of the Management Board.

TOTAL: 5 members of the Management Board

The members of the Management Board do not have a participation share in the capital of Eurasian Bank, subsidiaries and affiliates.

SHORT BIOS OF THE MEMBERS OF THE MANAGEMENT BOARD

LYAZZAT ADYLOVNA SATIYEVA

Chairperson of the Management Board

Year of birth: 1978

EDUCATION:

- Pavlodar State University (Finance and Credit)
- International Academy of Business (Management)

SHORT BIO:

She has many years of experience in the banking sector. Prior to joining Eurasian Bank, she held the position of Managing Director at ForteBank. Previously, for 10 years, she successfully managed SME financing at Kazkommertsbank. As Deputy Chairperson of BTA Bank, she participated in the BTA Bank and Kazkommertsbank integration project.

She was awarded the 20 Years of Tenge government medal and the Honored Financier public order.

Year of introduction to the Management Board: 2020

SABYRZHAN MADIYEVICH BEKBOSUNOV

Deputy Chairperson of the Management Board

Year of birth: 1954

EDUCATION:

- Kazakh State University named after S. Kirov (Legal sciences)

SHORT BIO:

At Eurasian Bank, Sabyrzhan Bekbosunov supervises the security service. He has 38 years of experience in law enforcement bodies. From 2003 to 2006, he served as Vice Minister of Justice of the Republic of Kazakhstan.

Mr. Bekbosunov is a State Counselor of Justice of the third class, a recipient of the awards — Order of Respect and Order of Glory of the second grade and the medals: Astana, For Distinguished Labor, 10 Years of Independence of Kazakhstan, 10 Years of the Constitution of the Republic of Kazakhstan, 10 years of Astana.

Year of introduction to the Management Board: 2018

YERLANBEK ZHANDARBEKULY KAPPAR

Deputy Chairperson of the Management Board

Year of birth: 1984

EDUCATION:

Almaty State University named after Abay (Finance and Credit)

SHORT BIO:

Yerlanbek Kappar supervises the Treasury Transaction Block, including international relations, debenture and share stock issuance, and the Custodial Transaction Unit.

Started his career in the banking sector in 2005. During this time, he has gained extensive experience in various areas of banking, including retail business, SME, and collateral evaluation. Over the past 10 years, he has managed treasury subdivisions in a number of Kazakhstan banks. Joined the Eurasian Bank team in early 2019 as Managing Director of Treasury Transaction and ALM Block.

Year of introduction to the Management Board: 2021

GAZIZ MARATOVICH YERMEKOV

Deputy Chairperson of the Management Board

Year of birth: 1985

EDUCATION:

- Kazakh National Technical University named after K. I. Satpayev (Automation and Informatization in Management Systems)
- University of International Business (Finance)
- Innovative University of Eurasia (MBA)
- Management & Marketing Universal Business School (MBA General Management)

SHORT BIO:

Gaziz Yermekov supervises the development of information technologies and operating activities of the Bank.

He started his career at Tengizchevroil LLP and over the years worked at major financial institutions such as BTA Bank, Kaspi Bank, Electronic Finance Center, and Bank of China in Kazakhstan. He joined the Eurasian Bank team in February 2022.

Year of introduction to the Management Board: 2022

IBRAGIM ALIMBEKOVICH ALTAMIROV

Deputy Chairperson of the Management Board

Year of birth: 1985

EDUCATION:

Kazakh University of Economics named after T. Ryskulov (Finance)

SHORT BIO:

Ibragim Altamirov supervises the risk management of the Bank.

He has been working in the banking sector since 2008, starting his career in the Almaty Branch of Kazkommertsbank. Over the years, Ibragim Altamirov has gained extensive experience in corporate business, SMEs, retail risk management, corporate risk assessment, as well as credit analysis and financial monitoring.

During the 12 years at Eurasian Bank, he worked his way up from Senior Manager of the Non-Performing Loan Financial Monitoring Division to Risk Management Managing Director.

Year of introduction to the Management Board: 2023

CHANGES IN THE COMPOSITION OF THE MANAGEMENT BOARD AFTER THE REPORTING DATE:

On 29 January Askar Khamidullin was elected as member of the Management Board and Deputy Chairperson of the Management Board in accordance with the decision of the Board of Directors.

INFORMATION ABOUT REMUNERATION

Remuneration of members of the Board of Directors is determined and approved by the General Meeting of Shareholders. Remuneration of members of the Management Board is set by the Board of Directors based on recommendations of the Remuneration Committee. The amount of remuneration for employees of services accountable to the Board of Directors is determined by the Board of Directors. It is the responsibility of the Chairperson of the Management Board to determine the amount of remuneration for all other employees.

By the 2023-year results, the amount* of remuneration paid to members of the Board of Directors amounted to 541.4 mln tenge, and to members of the Management Board – 1,026.0 mln tenge.

** excluding social tax, social and mandatory medical contributions*

SUBSIDIARIES AND AFFILIATES

AS OF 31 DECEMBER 2023, THE BANK OWNS SHARES IN THE TWO COMPANIES:

EURASIAN PROJECT 1 LIMITED LIABILITY COMPANY

Participation share: 100%

Types of activities: acquisition of doubtful and hopeless rights of claim of the parent Bank, acquisition of movable and immovable property and (or) ownership of objects under construction from the parent Bank, management of acquired assets, including leasing, financial leasing, trust management and sales.

Legal and actual addresses: The Republic of Kazakhstan, Almaty, Alimzhanov Str., 41.

The first head: Mukushev Timur Tyulyubayevich / Director

Investments in 2023: No investments were made in the authorized capital.

EURASIAN PROJECT 2 LIMITED LIABILITY COMPANY

Participation share: 100%

Types of activities: acquisition of doubtful and hopeless rights of claim of the parent Bank, acquisition of movable and immovable property and (or) ownership of objects under construction from the parent Bank, management of acquired assets, including leasing, financial leasing, trust management and sales.

Legal and actual addresses: The Republic of Kazakhstan, Almaty, Alimzhanov Str., 41.

The first head: Furtsev Ivan Anatoliyevich / Director

Investments in 2023: No investments were made in the authorized capital.

INTERNAL CONTROL AND AUDIT

To conduct a comprehensive independent assessment of the efficiency of internal control, corporate governance and risk management systems, the Bank has established the Internal Audit Service

The main activity of the Internal Audit Service (IAS) is to provide the Board of Directors with independent and objective guarantees and advice aimed at improving the Bank's risk management, internal control and corporate governance systems.

THE IAS:

- reports directly to the Board of Directors and interacts directly with its members;
- acts as an important part of internal control and risk management systems;
- uses a risk-based approach at development of audit plans and programs.

IN ITS ACTIVITIES, THE IAS ADHERES TO:

- the International Bases of Professional Practice of Internal Auditing developed by the Institute of Internal Auditors (The Institute of Internal Auditors Inc.);
- the Code of Ethics and Business Conduct;
- the legislation of Kazakhstan, normative legal acts of the NBRK;
- the Charter of the Bank, decisions of collegial bodies of the Bank, the Bank's INDs;
- the Regulations on the IAS.

In 2021, in accordance with the International Internal Audit Standards, the IAS successfully passed an external independent assessment of the effectiveness of internal audit.

COMPLIANCE CONTROL

The Compliance and Internal Control Service of the Bank was established and is functioning in the Bank.

In order to manage the compliance risk of the Bank, the compliance subdivision conducts activities aimed at managing the compliance risk in the Bank activities taking into account international practices.

The process of compliance risk management of the Bank is performed on a systematic basis, including the use of automated modules and programs of the Bank.

The Compliance and Internal Control Service promptly responds to external risk factors to eliminate reputational risk, including international economic and blocking sanctions of OFAC SDN of the USA, EU and of other countries.

Taking into account that sanctions are extraterritorial in nature, in order to protect the Bank and its customers from the possible application of secondary sanctions and money blocking, the Bank implemented the required procedures to study its customers, their transactions and operations for compliance with the applicable sanction regimes.

The Bank took the necessary preventive measures to ensure that the Bank does not interact with entities subject to international sanctions, as well as the risk of the Bank's involvement in schemes aimed at circumventing such sanctions.

Based on the results of compliance risk management in 2023, the Bank managed to ensure compliance with the threshold values of the acceptable risk appetite amount established by the authorized body of the Bank for this type of risk.

The Compliance and Internal Control Service maintains a list of insiders and related persons of the Bank, the Register of the Bank related persons, and maintains these registers up-to-date, which made it possible in 2023 to exclude any cases of violation of the requirements of the legislation of the Republic of Kazakhstan by the Bank when the Bank entered into transactions with related persons.

The Compliance and Internal Control Service regularly organizes training among the Bank employees, including remotely, on compliance risk management, and also, in accordance with the personnel training and education program on AML/CFT issues.

To effectively manage compliance risk, the Bank has a "Hot Line" for customers to send appeals and complaints about violations of the requirements of the legislation of the Republic of Kazakhstan, the Bank's internal procedures in the provision of banking services. The Bank customers always have an opportunity to send a complaint in several convenient ways: by phone specified on the website, through the Bank Call Center, in written form through the Bank Office, as well as in an automated message in the Compliance Control section of the Bank website.

INFORMATION ABOUT DIVIDENDS

THE BANK ADHERES TO THE PRINCIPLE OF EFFICIENT DIVIDEND POLICY

Payment of dividends in Eurasian Bank is built on reliable information about the conditions for accrual and payment of dividends based on the real situation of the Bank business. The Bank adheres to the transparency of the mechanism for determining the dividend amount and the procedure for its payment.

The Bank is guided by the Bank Charter at dividend payment. The Bank Charter determines the Bank's general objectives on protection of the legitimate interests of the shareholder (shareholders), provision of the growth of the Bank capitalization, and the general conditions of the dividend policy.

By the decision of the sole shareholder, no dividends were declared or paid on the Bank own shares during 2021, 2022, 2023.

NAME	2021	2022	2023
Balance value of an ordinary share, tenge	5 301,3	9 014,59	14 072,09
Consolidated balance value of an ordinary share, tenge	5 372,84	9 090,3	14 078,57

INFORMATION POLICY AND RELATIONSHIP WITH RELATED PARTIES

RELATIONSHIP WITH SHAREHOLDERS

The system of interaction with shareholders and investors in the Bank is designed to maintain information transparency of the Bank activities

As part of its information policy, the Bank adheres to the principles of transparency, regularity, consistency, efficiency, accessibility and accountability, and takes into account the rights and interests of shareholders and other related parties. The Bank ensures efficient participation of shareholders in making key decisions in its activities within the framework of corporate governance and provides shareholders with reliable information about the results of its financial and economic condition.

Information about the Bank activities is provided to the Bank shareholders by posting it on the Bank corporate Internet resource.

RELATIONSHIP WITH ARDFM AND KASE

The Bank makes every effort to maintain full mutual understanding with the regulator — the Agency for Regulation and Development of Financial Market

The Bank has an open approach to discussing issues and always participates in industry-wide working groups and forums organized by the Agency for Regulation and Development of Financial Market, in order to ensure that the regulatory environment in Kazakhstan continually improves and that the aims of the regulator can be realized in an effective and practical manner. The regulator performs periodic thematic and comprehensive reviews of banks to ensure that they are in compliance with all applicable regulations and laws. The Bank works closely with the regulator to ensure that its recommendations are implemented as quickly and as effectively as possible.

The Bank, on a periodic basis approved by the legislative acts of the Republic of Kazakhstan, provides the regulator with its profit and loss statement, balance sheet and loan portfolio quality indicators. These data are published by the National Bank of Kazakhstan on its website (www.nationalbank.kz).

In addition, as the Bank's bonds are listed on the Kazakhstan Stock Exchange (KASE), it is also subject to certain reporting and information disclosure requirements by KASE (www.kase.kz).

RELATIONSHIP WITH THE POPULATION, COMMERCIAL COMPANIES AND MASS MEDIA

The Bank regularly and promptly publishes information related to its activities on its website https://eubank.kz where the Bank's customers and partners can read about the changes in the Bank activities, services, products, financial indicators, ratings and other information.

For requests and complaints, the Bank has a customer support subdivision, which is designed to help resolve issues of interested parties. Requests and complaints are sent to the Bank through various channels: corporate website, contact center, social networks, e-mail or postal address.

All requests and complaints from customers are registered in the request monitoring system, then they are sent to the performer (the subdivision responsible for the customer's issue), and then the request is investigated. After verification, a response is sent to the customer (if a written request – a written response, if a verbal request - a response is provided by email, and if there is no mail – by phone).

The response is provided to customers within 15 calendar days and in cases where additional information is required from other entities, officials, or on-site verification, the review period is extended, which is reported to the customer.

In the processing of complaints, the Bank is governed by the Resolution of the Management Board of the NB RK dated 28 July 2017 No. 136 "On approval of the Rules of provision of banking services and consideration by banks, organizations conducting separate types of banking operations, customer cases arising in the provision of banking services" and the internal normative documents of the Bank, including the Rules on General terms of transactions.

7

social report

Eurasian Bank

HEALTHY AMBITIONS

CREATIVITY AND CREATION

POWER OF GRATITUDE

We use the energy of gratitude to improve the world around us and make people happy

TRUST

PERSONAL RESPONSIBILITY

Eurasian Bank, as a socially important financial institution in Kazakhstan, seeks to realize the potential and opportunities to promote ESG principles and satisfy the interests of all stakeholders, including shareholders, employees, customers, counterparties, regulator and local communities

The sustainability agenda is an important benchmark for the Bank development and a key focus of its growth strategy. The important goal of the Bank in the context of sustainable development management is to build an efficient work model based on the principles of environmental, social and corporate responsibility in the interests of current and future generations, as well as on the implementation of initiatives to achieve the UN Sustainable Development Goals.

THE BANK'S KEY SUSTAINABILITY OBJECTIVES:

- Compliance with new requirements from banking supervisors.
- Efficient management of own environmental impacts.
- Creating a favorable environment for staff development.
- Protecting the customers' interests.
- Supporting the community and addressing pressing social issues.
- Developing sustainable financial products and services.
- Promoting financial literacy of the society.

THE BANK ADHERES TO THE FOLLOWING FUNDAMENTAL PRINCIPLES IN THE FIELD OF SUSTAINABLE DEVELOPMENT, FOLLOWING THE PRINCIPLES OF THE UN GLOBAL COMPACT:

- The Bank professes the principles of fairness and equality for all stakeholders — it is unacceptable to infringe on the interests of shareholders, customers, employees or partners in the name of achieving the Bank goals.
- The Bank makes every effort to preserve and care for the environment, trying always to be involved in the environmental agenda.
- The Bank, as a responsible participant of the financial market, aims to comply with all norms of the current legislation, including respect for human rights, intolerance to corruption and inadmissibility of conflict of interests.
- The Bank always follows the promotion of the principles of ethical behavior and high standards of corporate governance.
- The Bank adheres to the principles of openness and transparency towards all stakeholders.

In 2023, the Bank implemented a number of significant initiatives and projects emphasizing its commitment to sustainable development. In 2024, the Bank will publish its first Sustainability Report, which will detail its sustainability policy and plans, environmental impact, approaches to responsible financing, and social and environmental aspects of the Bank activities. The document will be available at the www.eubank.kz Bank website.

ESG PRODUCTS AND SERVICES

THE BANK DEVELOPS AND OFFERS GREEN AND SOCIAL ESG PRODUCTS FOR INDIVIDUALS AND LEGAL ENTITIES.

Retail ESG products. Eurasian Bank is the only bank in Kazakhstan to issue the Eco-card made of recycled plastic. The project is implemented jointly with the MasterCard international payment system. The Eco-card allows every Kazakhstani to support the greening and sorting of garbage in the country by paying for their purchases. The Bank allocates 0.5% of bonuses from non-cash transactions for using the card to the Eurasian Environmental Fund (EEF) for realization of eco-projects. In addition, the Bank accrues 0.5% of bonuses to the customer for contactless payments. For this project in 2023, the Bank received the PLUS Award in the Best ESG Initiative in Finance category.

The Bank also presents a unique NFC poster through which holders of payment cards of any bank can send one or more payments of 500 tenge to plant a tree with a single touch. Over the past two years, about 200 trees have been planted at the expense of the collected funds in Astana, Almaty, Ust-Kamenogorsk, Kyzylorda and other cities of the country.

The Eurasian Bank portfolio includes social and green loans. Among green products, auto loans for purchase of electric vehicles occupy a special place, contributing to the reduction of the ecological footprint. The social component of the Bank loan portfolio includes loans for pensioners. In 2023, the volume of green and social loans issued increased by 25% compared to the figures for 2022. The total amount of these loans in circulation in the reporting year amounted to 5.77 bln tenge, which is 38% more than in 2022.

ESG products for SME. The Bank develops loan programs aimed at stimulating the development of small businesses and local communities. In 2023, the volume of social loans issued to SMEs amounted to 9.6 bln tenge. The volume of social loans in circulation increased by 1.5% compared to 2022, reaching 13.6 bln tenge.

Digitalization and innovation. The Bank is actively working to create an environmentally friendly banking service. This means that by developing remote service channels and online payments, the Bank will gradually reduce the use of plastic and paper, and optimally spend irreplaceable resources.

- Smartbank is an app for individuals that allows to conduct most banking transactions online. 49% of the Bank customers prefer to receive services via the Smartbank mobile app, and the share of online loan applications amounted to 96% by the end of 2023. A similar service exists for entrepreneurs – SmartBusiness, which will allow them to conduct most financial transactions without visiting the Bank outlets.
- The Bank issues digital cards that reduce the number of plastic cards. In 2023, Eurasian issued more than 127 thousand digital cards;
- Eurasian Bank successfully implemented the digital tenge project, becoming the first bank in Eurasia to issue a payment card in the central bank digital currency (CBDC) and to conduct the first card transaction using digital tenge.
- In 2023, the Bank conducted the first cryptofiat transaction between the exchange and a bank customer on the Eurasian continent, opening access to legal purchase of cryptocurrencies for tenge to Kazakhstanis.

ECOLOGICAL PROJECTS

IN 2023, THE BANK AND EMPLOYEES CONDUCTED A NUMBER OF ENVIRONMENTAL PROJECTS AND CONTINUED TO IMPLEMENT THE GREEN OFFICE CONCEPT LAUNCHED IN 2021. THE INITIATIVES OF THE PAST YEAR INCLUDE THE FOLLOWING:

- As part of the green office in cooperation with Eco Network, boxes for separate collection of waste: waste paper, glass, plastic and aluminum were installed in the Bank offices. Training seminars on separate waste collection are held to raise awareness among the employees. In 2023, 4 more Bank branches joined this initiative. Since 2021, 75,926 liters of water have been saved, 12,445 kW of electricity has been saved, CO_2 emissions have been reduced by 6.45 tons, and 38 trees have been saved from being cut down*.
- In April 2023, in Almaty, on the eve of the International Earth Day, the Eurasian Bank employees together with the Alma-Qala public movement planted 15 Sievers apple trees on the historical pedestrian street of the city - Panfilov Street in Almaty, and also supported the subbotnik at school No. 125, where they planted 50 trees and 57 bushes.
- In October 2023, the teams of all Eurasian Bank Branches and the Head Office held subbotniks in all regions of the country. More than 600 employees joined the campaign. Together, about 7.5 tons of waste were collected and 30 tree seedlings were planted.

** Results of cooperation with Eco Network*

ENERGY EFFICIENCY AND RESOURCE CONSUMPTION

ENERGY EFFICIENCY

The Bank seeks to minimize energy consumption by applying energy efficiency measures and conducting explanatory work among employees.

The energy consumption structure is dominated by electrical energy consumed by the Bank offices.

Fuel resources are used by the Bank's mobile (vehicles) and stationary (diesel generators and boiler room) sources. Since 2022, the Bank stopped using coal for heat supply in order to reduce its carbon footprint.

In 2023, the total energy consumption amounted to 71,782.8 GJ, which is 3.9% lower than the consumption in 2022 due to the replacement of incandescent and mercury-containing lamps with LED technology, and the replacement of the air conditioning system with an inverter system.

CONSUMPTION OF FUEL AND ENERGY RESOURCES, GJ*

Type of energy resource	2021	2022	2023	Change, %
Liquid fuel, including:	13 591,3	12 354,6	11 935,7	-3,4
Gasoline	13 527,9	12 053,0	11 832,7	-1,8
Diesel fuel	63,4	301,6	103,0	-65,8
Coal	267,0	-	-	-
Natural gas	5 208,9	4 643,8	3 823,8	-17,7
Electricity	38 576,3	35 660,7	35 550,9	-0,3
Heat energy	23 705,7	22 020,4	20 472,4	-7,0
Total	**81 349,2**	**74 679,5**	**71 782,8**	**-3,9**

** To calculate energy consumption, the Methodology was used for the formation of the fuel and energy balance and calculation of certain statistical indicators characterizing the energy sector (approved by Order of the Chairman of the Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan No. 160 dated 11 August 2016).*

The Bank's energy intensity amounted to 0.169 GJ/mln tenge and decreased by 33.7% compared to 2022 due to revenue growth and lower energy consumption.

RESOURCE CONSUMPTION

- Eurasian Bank is committed to the prudent and sustainable use of water. Water is consumed by the Bank offices for household needs. Total water consumption in 2023 was 39.2 Ml (thousand m3), which is 2.5% lower than in 2022.
- The Bank is also committed to minimizing paper use as part of its paperless initiative. The amount of office paper used in 2023 amounted to 167,600 A4 packs, which is 6.6% less than the amount in 2022.

WASTE MANAGEMENT

The operational activities of the Bank offices generate insignificant amounts of waste, most of which are paper and solid household waste. The total volume of non-hazardous waste generation amounted to 531.3 tons in the reporting year, which is 0.6% more than in 2022. All waste is removed by specialized companies for neutralization and disposal.

As a result of the green office concept, 3.47 tons of waste were transferred for reuse, of which 1.77 tons were waste paper. The amount of recycled waste more than doubled compared to the previous year due to the Bank branches in Kokshetau, Atyrau, Aktobe and Ust-Kamenogorsk joining the project, as well as raising awareness of the Bank employees.

In 2023, the Bank's waste utilization expenses amounted to about 13.9 million tenge, an increase of 33.9% compared to the previous year.

CHARITY, SOCIAL AND CULTURAL PROJECTS

The Bank pays great attention to charity and social projects, making donations from its own funds and motivating employees and customers to support this practice

KEY PROJECTS IN 2023:

- The Bank wrote off existing loans to the families of the victims of fires in the Abay Region in the amount of over 10 mln tenge. The Bank employees also helped the families by donating funds to the victims of fire to the account of the National Volunteer Network. Ust-Kamenogorsk and Semey branches employees provided assistance in the form of food and essential goods to the Abay Region residents.

- In 2023, the Eurasian Diamond Club personal private club customers contributed to saving the lives of 19 children. 1% of the amount of each purchase through a premium metal Visa card was transferred to the Charity Voluntary Society Foundation, which allowed to collect more than 43 million tenge of donations.

- Since 2020, employees of the Head Office and all Branches have been providing assistance to schools and children from low-income families as part of the Road to School project.

- Eurasian Bank allocated 8 million tenge to 133 of its employees - large families raising children with disabilities, as well as parents raising children alone, who needed help in preparing their children for school.

- With the support of Eurasian Bank, Astana hosted a charity race and You Are the Champion of My Heart Music Festival organized by the Heart Center Foundation to support development of organ donation and transplantology in the country.

- The Bank adapted its eubank.kz corporate website for visually impaired people: special features, including audio functionality and font size control on the screen, were implemented, which allows visually impaired customers to easily view information on products, services and interact with the Bank on the site.

- The Bank supported the second Almaty TechnoWomen Central Asia Forum: Ozine Sen! at Almaty Management University (AlmaU), as well as a competition among schoolgirls who presented their startups in the IT sphere.

- Eurasian Bank promotes national culture, in particular through its support of Kazakhstan film industry. In 2023, Eurasian Bank together with MasterCard sponsored the release of the Baidyn Kyzyn Alamyn romantic comedy, produced by Tiger Films, a production company.

- Aktobe Branch supported emergency medical workers by purchasing household appliances and personal protective equipment for ambulance substations in five districts.

- In December 2023, the Kokshetau branch held a holiday with gifts for an orphanage in Saumalkol District.

- Karaganda Branch organized an excursion trip for children with disabilities (Medical Specialized Institution No. 2 of the Karaganda Region) to Turkestan.

- Karaganda Branch together with the Damu Fund and the Entrepreneurship Department in the Ulytau Region organized a conference on the Bank's existing loan products and entrepreneurship support programs for businessmen of the region in Zhezkazgan.

- Kokshetau Branch was the general partner of the Business Lady Aqmola Republican Forum for Women Entrepreneurs.

- Financial literacy. The Bank seeks to address fraud issues by engaging with local communities to improve financial literacy.

- Every month the Bank updates information on new types and schemes of fraud so that customers can be aware of current threats and protect their money.

- The Financial Literacy section of https://eubank.kz/financial-literacy-2 provides articles, tips and information on various financial fraud schemes.

- Promotional banners and commercials regarding financial security are running in bank outlets.

- Heads of Branches regularly participate in regional events at the level of akimats and maslikhats in the format of round tables and presentations, as well as speak in the local media.

- All Bank Branches participate in the activities of the Department of Internal Affairs of the regions to counteract financial fraud.

RESPONSIBILITY FOR PRODUCTS

There were no cases of non-compliance of Eurasian Bank JSC with the requirements of laws and codes in relation to the impact of services rendered on health and safety, in relation to information and labeling on the properties of products (products, services rendered), in relation to marketing communications, including advertising, promotion and sponsorship in 2023. Eurasian Bank does not sell products that are prohibited in certain markets and raise questions from interested parties or are the subject of public discussion. As a socially responsible company, the Bank provides excellent service and decent level of service to its customers. The Bank uses the net promoter score (NPS) to measure the quality of products and services. In all matters, the Group is guided by the principle of forming a socially sustainable society. The Group does not participate in financing environmentally harmful industries, and when making lending decisions it takes into account the environmental impact of projects.

8

risk management

Eurasian Bank

HEALTHY AMBITIONS

CREATIVITY AND CREATION

POWER OF GRATITUDE

TRUST

Trust is the foundation of relationships and the basis of banking business. It is our everything!

PERSONAL RESPONSIBILITY

RISK MANAGEMENT POLICY AND PROCEDURES

Risk management is at the core of banking activities and is an essential element of the Bank operations. Credit risk, liquidity risk, market risk and operational risk are the main risks that the Bank faces in the course of its operations. The primary objective of financial risk management is to identify, assess and monitor risks and to further ensure compliance with the established limits.

IN THE RISK MANAGEMENT, THE BANK APPLIES THE THREE LINES OF DEFENSE CONCEPT:

- initial analysis on the part of the issuing subdivision;
- analysis on the part of the controlling subdivision (risk management subdivision, legal department, compliance service, etc.);
- revision and independent evaluation of the Bank risk management system efficiency.

The Bank annually conducts a procedure for identification and assessment of key risks, based on the results of which the Board of Directors sets limits and norms of risk appetite.

The Bank risk management policy is aimed at identifying, analyzing and managing the risks to which the Bank is exposed, setting risk limits and appropriate controls, as well as continuously assessing the level of risks and their compliance with the established limits. The risk management policies and procedures are reviewed on a regular basis to reflect changes in the market situation, the banking products and services offered, and emerging best practices.

The Board of Directors is responsible for proper functioning of the risk management control system, for managing key risks and approving risk management policies and procedures, as well as for approving major transactions. The Risk and Internal Control Committee preliminarily reviews these issues and requests the Board of Directors to consider and/or approve these issues.

The Management Board is responsible for monitoring and implementing risk mitigation measures, as well as ensuring that the Bank operates within the established risk limits. The responsibilities of the management of risk management subdivisions include general risk management and monitoring compliance with the current legislation, as well as monitoring the application of general principles and methods for detecting, evaluating, managing and reporting both financial and non-financial risks.

The management of risk management subdivisions reports directly to the Chairperson of the Management Board and, indirectly, through the Risk and Internal Control Committee, to the Board of Directors.

Credit, market and liquidity risks are managed and controlled by a system of collegial bodies (the Credit Committees, the Digital Committee, the Market Risk and Liquidity Committee) both at the portfolio level as a whole and at the level of individual transactions with subsequent assessment of capital adequacy and liquidity. To improve the efficiency of the decision-making process, the Bank created a hierarchical structure of credit committees depending risk exposure type and amount.

Particular attention is paid to identifying the entire list of risk factors and determining the level of sufficiency of current risk mitigation procedures. In addition to the standard analysis of credit and market risks, risk management subdivisions monitor financial and non-financial risks by holding regular meetings with operational subdivisions in order to obtain expert assessment in certain areas.

MARKET RISK MANAGEMENT

Market risk is probability of financial losses on balance sheet and off-balance sheet items due to adverse changes in the market and expressed in changes in market interest rates, foreign exchange rates, market value of financial instruments and goods. Market risk includes currency risk, interest rate risk, and price risk.

Market risk is managed at the portfolio level. The task of managing this risk is to manage and control that the market risk exposure does not exceed acceptable parameters, while ensuring optimization of the revenue received for the risk accepted.

MLRMCO is responsible for market and liquidity risk management. MLRMCO reviews market risk limits based on the recommendations of the Risk Management Block and submits them for approval by the Management Board and the Board of Directors.

The Bank manages market risk by setting limits on the open position in relation to the amount of the portfolio for individual financial instruments, the timing of changes in interest rates, currency position, and loss limits. The Bank regularly monitors such positions, which are updated and approved by the Management Board and the Board of Directors.

In addition, the Bank uses various stress tests to model the possible financial impact of certain exceptional market scenarios on individual trading portfolios and overall position. Stress tests allow you to determine the potential losses that may occur in extreme conditions. Stress tests used by the Bank include stress tests of risk factors, in which each risk category is subjected to stressful changes, as well as special stress tests that include applying possible stressful events to the individual positions.

Interest rate risk management based on an analysis of the timing of interest rate revisions is supplemented by monitoring the Bank's net interest margin sensitivity to various standard and non-standard interest rate scenarios.

The Bank also uses the value at risk ("VaR") methodology to manage market risk by its trading positions.

CREDIT RISK MANAGEMENT

Credit risk is the probability of losses due to non-fulfillment by the borrower or counterparty of its obligations in accordance with the terms of the Bank loan agreement.

The Bank manages credit risk (for recognized financial assets and unrecognized contractual obligations) through the application of approved policies and procedures that include requirements for setting and complying with credit risk concentration limits.

The Bank created a system of Authorized collegial bodies with a certain limit of authority, whose functions include making decisions related to credit risk and credit risk management. The Bank created a system of Authorized collegial bodies with a certain limit of authority, whose functions include making decisions related to credit risk and credit risk management.

In addition, to control the level of credit risk, the Bank has internal normative documents regulating all processes related to the Bank acceptance of credit risk, which are approved by the Management Board and/or the Board of Directors of the Bank. In addition, the Bank developed processes for monitoring the implementation of the INDs requirements by each employee/subdivision.

HE BANK'S CREDIT POLICY DETERMINES:

- loan application review and approval procedures;
- borrower credit rating methodology (corporate and retail);
- counterparties, issuers and insurance companies credit rating methodology;
- proposed security evaluation and methodology;
- loan documentation requirements;
- procedures of continuous monitoring of loans and other credit risk-related products.

Prior to making a decision on accepting credit risk, the Bank customer applications are reviewed by the Bank services involved in the process of analyzing the borrower's financial situation (analyst conclusions are based on a structural analysis of the borrower's business and financial situation), the customer's legal standing (legal expertise of title documents, the competence of signatories, the correctness of the customer's corporate decisions, and other aspects of legal risks as part of credit risk), and the customer's reliability and business reputation assessment, as well as examination of the collateral value.

After checking all the above aspects of the customer's application, the Risk Management Block conducts an independent risk assessment, which results in a conclusion that reflects the risks inherent in the borrower's business and the proposed transaction structure and provides recommendations for minimizing the Bank risks. In addition, the Risk Management Block conducts an examination of the Bank customer's application for compliance with the Bank Loan Policy and the requirements of the legislation of the Republic of Kazakhstan.

The authorized collegial body makes decisions based on the conclusions of the Bank internal subdivisions.

To minimize credit risks during the entire term of the customer's financing, the Bank constantly monitors the status of loans and regularly reassesses the solvency of its borrowers. Revaluation procedures are based on an analysis of the borrower's financial statements as of the last reporting date and/or other information provided by the borrower or otherwise obtained by the Bank. The current market value of collateral is also regularly assessed by independent professional appraisers, whose reports are reviewed by the Bank specialists, or the assessment is performed by the Bank specialists independently, taking into account all legal requirements in the valuation area. If the market value of collateral decreases, the borrower is required to provide additional collateral.

Individual loan applications are considered using ABIS, the Bank decision-making system, which includes a scoring model and other procedures for verifying the data in the loan application developed by the Risk Management Block together with other structural subdivisions of the Bank.

In addition to the credit analysis of individual borrowers conducted by the credit risk and collateral assessment subdivision, the Risk Management Block also evaluates the loan portfolio as a whole with respect to credit concentration of the loan portfolio.

The maximum level of credit risk is generally reflected in the balance value of financial assets in the unconsolidated financial statements and in the amount of unrecognized contractual obligations. The ability to offset assets and liabilities is not essential to reduce potential credit risk.

LIQUIDITY RISK MANAGEMENT

Liquidity risk is the probability of financial losses arising because of the Bank's failure to timely meet its obligations without significant losses. Liquidity risk occurs when the maturities of assets and liabilities do not correspond. The coincidence and/or controlled discrepancy in the maturities and interest rates of assets and liabilities is a fundamental point in liquidity risk management. Due to the variety of transactions performed and the uncertainty associated with them, it is not common practice for financial institutions to fully match the maturities of assets and liabilities. This discrepancy makes it possible to increase the profitability of transactions, but at the same time increases the risk of losses.

The Bank maintains the required liquidity level to ensure that funds are always available to pay for its obligations as they become due.

The Bank strives to actively maintain a diversified and stable structure of funding sources consisting of issued debt securities, long-term and short-term loans from other banks, deposits from major corporate customers and individuals, as well as a diversified portfolio of highly liquid assets in order to enable the Bank to respond quickly and without sharp fluctuations to unforeseen liquidity requirements.

The ALM subdivision monitors the liquidity position on a daily basis, and the Risk Management Block regularly conducts "stress tests" taking into account a variety of possible market scenarios, both in normal and unbeneficial conditions. The ALM subdivision receives information from divisions about the liquidity structure of their financial assets and liabilities, as well as about the forecast of cash flows expected from the planned business in the future. Forecasting is performed on a short-and medium-term horizon, tactical steps are envisaged at each time interval of planning, taking into account the possibility of using various sources of funding, including external attraction and various ways of placing temporarily available funds. Based on the forecast of expected inflows and outflows of funds, the ALM subdivision evaluates the liquidity deficit/excess, as well as performs an operational forecast of liquidity ratios.

The Bank management regularly receives information about the liquidity position. The frequency of providing information depends on the state of the Bank liquidity at any given time. Under normal market conditions, reports on the state of liquidity are provided to senior management on a weekly basis. The information provided is sufficient for an adequate assessment of the Bank liquid position as a whole and in certain areas (currencies, customers, etc.), which also allows the collegial bodies and structural subdivisions of the Bank to make an informed decision regarding the Bank's ability to meet its liquidity needs and completely and timely fulfill its obligations.

In accordance with the legislation of the Republic of Kazakhstan, legal entities and individuals have the right to withdraw their term deposits from the Bank at any time, and in most cases, they lose the right to receive accrued interest income.

However, the management believes that regardless of availability of early withdrawal option and the fact that a significant portion of deposits are demand accounts, these accounts represent a long-term and stable source of funding.

The management expects that cash flows for certain financial assets and liabilities may differ from those indicated in the agreements, either because the management is authorized to manage the cash flows, or because the timing of cash flows for these financial assets and liabilities may differ from the contractual timing.

THE MANAGEMENT BELIEVES THAT THE FOLLOWING FACTORS REDUCE THE LIQUIDITY GAP FOR UP TO ONE YEAR:

- Analysis by the management of the behavior of term deposit owners during the last three years indicates that the offer of competitive interest rates provides for high level of renewal of term deposit agreements.

- As of 31 December 2023, the remaining amounts on the accounts and deposits of related parties, the maturity of obligations of which occur within one year, amount to 280, 740, 092 thousand tenge (2022: 309, 400, 468 thousand tenge). The management believes that term deposit agreements will be extended when their obligations mature, and withdrawal by the customers of significant amounts from their accounts will be coordinated as part of the Liquidity Group objectives.

OPERATIONAL RISK MANAGEMENT

Operational risk is the probability of losses resulting from inadequate or insufficient internal processes, human resources and systems, or the impact of external events, with the exception of strategic risk and reputational risk.

The purpose of operational risk management in Eurasian Bank is to ensure that the accepted risk is maintained at an acceptable level, in accordance with the strategic objectives, as well as to maximally conserve the assets and capital based on potential loss reduction (exclusion), and to ensure that the operational risks are measured using qualitative and quantitative systems for assessing them.

The operational risk management process is an integral part of the business management process and is a set of tools established by the Rules of the National Bank of the Republic of Kazakhstan No. 188, which provides a mechanism for interaction of internal procedures, processes, policies, and structural divisions of the Bank developed and regulated by the Bank, allowing timely identification, measurement, evaluation, monitoring and control of the level of operational risk, thereby minimizing the impact of significant risks on the Bank, as well as ensuring its financial sustainability and stability of its functioning.

COMPLIANCE RISK MANAGEMENT

The Compliance and Internal Control Service takes measures to develop and improve the compliance risk management system in the Bank, develop compliance risk management measures in order to reduce its level and minimize its impact on the Bank operations.

COMPLIANCE RISK MANAGEMENT IS A CONSTANT, CONTINUOUS AND SYSTEMATIC PROCESS PERFORMED BY ALL THE PARTICIPANTS IN THE COMPLIANCE RISK MANAGEMENT SYSTEM AS PART OF THEIR FUNCTIONAL ACTIVITIES, INCLUDING BY:

- orienting all the Bank employees of to strict compliance with the legislation and internal normative documents of the Bank, requirements of the regulator in the process of realization of their official functions;
- continuous monitoring and analysis of the Bank operations through coordination of drafts of internal normative documents in order to identify and prevent possible risks of potential violations;
- holding regular training of the Bank employees on modern compliance requirements, which is aimed at creating an efficient internal compliance culture of the highest level in the Bank by promoting the benefits of ethical business conduct within the legal framework.

In this regard, the compliance subdivision provides training, recommendations and explanations on compliance risk management issues among the Bank employees, followed by testing the level of knowledge obtained.

The Bank subdivisions, authorized collegial bodies, and other participants in compliance developed and continuously exchange information in order to increase the level of awareness of the Bank management, subdivisions, and the Bank employees about compliance risks identified in the Bank activities, followed by their efficient management at all the three lines of defense existing at the Bank, with a clear definition of the accountability structure of the subdivisions according to the Bank INDs.

The Bank developed and implemented a compliance control procedure using modern information technologies and software.

The Compliance Service periodically, within the framework of management reporting, provides the Management Board, the Risk and Internal Control Committee and the Board of Directors of the Bank with information on the compliance control status in the Bank, including violations and deficiencies identified in the compliance risk management process.

LEGAL RISK MANAGEMENT

Legal risk is the probability of losses due to non-compliance by the Bank or counterparty with the requirements of the civil, tax, banking legislation of the Republic of Kazakhstan, the legislation of the Republic of Kazakhstan on state regulation, control and supervision of the financial market and financial organizations, the legislation of the Republic of Kazakhstan on currency regulation and currency control, payments and payment systems, pension provision, securities market, accounting and financial statements, on credit bureaus and the formation of credit histories, about collection activities, on mandatory deposit guarantee, on countering the legalization (laundering) of proceeds from crime and the financing of terrorism, on joint–stock companies, and in relations with non-residents of the Republic of Kazakhstan — the legislation of the country of its origin, as well as the terms of concluded contracts.

LEGAL RISKS MAY ARISE AS A RESULT OF:

- non-compliance of internal documents with the requirements of legislation, regulatory legal acts and law enforcement practice;
- failure to take into account (ignore) judicial and law enforcement practice;
- imperfections of the legal system;
- possible legal errors in the implementation of activities.

LEGAL RISKS ARE MANAGED BY THE BANK LEGAL SUBDIVISION BY:

- constant monitoring of the Bank's compliance with the current legislation;
- detection and minimization of legal risks at the stage of establishment of business relations with customers;
- protection of interests of the Bank at realization of legal risk.

BUSINESS CONTINUITY MANAGEMENT

The Bank's business continuity management system corresponds to the current market situation, strategy, volume of assets, and level of complexity of the Bank transactions.

WITHIN THE FRAMEWORK OF BUSINESS CONTINUITY MANAGEMENT, THE BANK ANALYZES THE IMPACT OF NON-STANDARD SITUATIONS ON ITS TRANSACTIONS IN ORDER TO IDENTIFY CRITICAL ACTIVITIES AND DETERMINE THE TIME FRAME FOR RESTORING CRITICAL ACTIVITIES, AS WELL AS FOR:

- identification of resources required for resuming and continuing key activities in the event of unforeseen circumstances;
- maximum period of time within which the activity is resumed;
- period of time within which the normal level of activity is resumed.

Contingency risk analysis is performed by the Bank to assess threats and vulnerabilities in critical activities and the resources they use.

Every year, the Bank tests business continuity plans and prepares for undergoing the unforeseen situations.

IT AND IS RISK MANAGEMENT

Information security risk is the likely occurrence of damage due to a breach of confidentiality (risks associated with access to information by unauthorized persons or unsanctioned loss of information), deliberate violation of the integrity (risks associated with unauthorized modification or substitution of information) or availability (risks of blocking or destruction associated with the inability to use information by authorized persons) of the Bank information assets.

Information technology risk is the probability of damage due to the failure (malfunction) of information and communication technologies used by the Bank.

The main goal of information security risk management and information technology risk management is to organize and implement an efficient information security risk management system that corresponds to the external operating environment, the Bank strategy, organizational structure, volume of assets, and the nature and level of complexity of the Bank transactions – a system aimed at minimizing information security risks in the Bank.

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forward-looking statements

INFORMATION DISCLOSURE STATEMENTS

Financial figures in this annual report are taken from the corresponding year's audited consolidated financial statements and their accompanying notes.

In the management discussion, numbers may be rounded, or represented graphically. The reader should read the accompanying audited financial statements and notes for the 2021–2022 years. Prior years audited financial statements are available on the company website www.eubank.kz. For convenience, the Strategic Report presents the data in trillions of tenge, and on occasion, charts with billions of tenge, unless otherwise stated. The audited financial statements are all presented in thousands of tenge. In all cases, the units are stated.

Any comparative data to the Kazakhstan banking sector (including market shares, loan portfolio quality) is drawn from official reports to the NBRK, and are also available in Kazakh, Russian and English from the website (www.nationalbank.kz). All data reported to the regulator is accounted on a non-consolidated basis, but as of 2013 on an IFRS basis.

Forecasts and historical data for the Kazakhstan economy are available from multilateral organizations, such as the World Bank and International Monetary Fund. Historical data is also available from the Kazakhstan Government's official Statistical Agency, and available from their website (www.stat.gov.kz). A number of domestic and international financial institutions and research groups make forecasts available for their customers. Any historical economic data is based on data from the Statistical Agency, or from Government releases.

FORWARD-LOOKING STATEMENTS

Certain statements included herein may constitute forward-looking statements that involve a number of risks and uncertainties.

Such statements, certain of which can be identified by the use of forward looking terminology such as "believes", "expects", "may", "are expected to", "intends", "will", "will continue", "should", "could", "would be", "seeks", "approximately", "estimates", "predicts", "projects", "aims" or "anticipates", or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions, involve a number of risks and uncertainties. Such forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realized.

The Bank is not obliged to, and does not intend to, update or revise any forward-looking statements made in this Annual Report whether as a result of new information, future events or otherwise. All subsequent written or verbal forward looking statements attributable to the Bank, or persons acting on its behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Annual Report. As a result of these risks, uncertainties and assumptions, the reader of this Annual Report should not place undue reliance on these forward-looking statements. Local regulatory requirements require the Bank to publish three-year forecasts in its annual report. These forecasts are forward-looking statements, and as long as the regulatory requirement exists, they will be replaced by subsequent three-year forecasts in subsequent annual reports that reflect the banking and economic environment at that time.

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glossary

JSC	Joint-Stock Company
ARDFM	Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market
STB RK	Second-tier banks of the Republic of Kazakhstan
WB	World Bank
GDP	Gross Domestic Product
IND	Internal normative documents
SSIF	State Social Insurance Fund
RBS	Remote banking service
MLRMCO	Market and Liquidity Risk Management Committee
KDIF JSC	Kazakhstan Deposit Insurance Fund JSC
mln	million
bln	billion
SME	Small and medium enterprise
IFRS	International Financial Reporting Standards
NB RK	The National Bank of the Republic of Kazakhstan
OJSC	Open Joint-Stock Company
AML/CFT (AML)	anti-money laundering and combating the financing of terrorism
p.p.	percentage point
RB	retail business
IAS	The Internal Audit Service
RK	The Republic of Kazakhstan
RMS	Risk Management System
USA	The United States of America
LLP	Limited Liability Partnership
thou	thousand
ACB	Authorized collegial bodies of the Bank
EDF/Damu	Fund Damu Entrepreneurship Development Fund JSC
SE	State of emergency
AQR	Asset quality review
ENRC	Eurasian Natural Resources Corporation
KASE	Kazakhstan Stock Exchange
KPI	Key Performance Indicators
KYC	Know Your Customer
Moody's	Investors Service international credit rating agency
NPL	Non-Performing Loans
NPS	Net Promoter Score
ROE	Return on equity
SWIFT	Society of Worldwide Interbank Financial Telecommunications
VaR	Value at Risk

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information for investors

EURASIAN BANK JSC

Registered address:	56, Kunayev Street, A25Y5K2, Almaty, Kazakhstan
Телефон:	+7 (727) 259-95-99
Website:	www.eubank. kz
For investors:	www.eubank.kz/about/for-investors

The responsible subdivision for issue of the Bank securities intended for the domestic financial market and the implementation of transactions with its own securities is the Debt Obligation and Capital Transaction Division of the Treasury Transaction Block of Eurasian Bank JSC.

AUDITORS / KPMG AUDIT LLC

Registered address:	180, Dostyk Avenue, Koktem Business Center, Almaty, A25D6T5, Kazakhstan.
Telephone:	+7 (727) 298 08 98
Website:	www.kpmg.kz

THE REGISTRAR OF THE BANK IS THE CENTRAL DEPOSITORY OF SECURITIES JSC

Registered address:	Registered address: 30/8, Satpayev Street, NRP 163, Almaty, 050040, Kazakhstann
Telephones:	+7 (727) 262 08 46, 355 47 60

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financial statements

Eurasian Bank JSC

Consolidated Financial Statements

for the year ended 31 December 2023

Content

«КПМГ Аудит» жауапкершілігі шектеулі серіктестік
Қазақстан, A25D6T5, Алматы,
Достық д-лы, 180,
+7 (727) 298-08-98

KPMG Audit LLC
180 Dostyk Avenue, Almaty,
A25D6T5, Kazakhstan

Independent Auditors' Report

To the Shareholder and the Board of Directors of Eurasian Bank Joint Stock Company

Opinion

We have audited the consolidated financial statements of Eurasian Bank Joint Stock Company and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

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

Key Audit Matters

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

<table>
<tr><th colspan="2">Expected credit losses (ECL) for loans to customers</th></tr>
<tr><td colspan="2">Please refer to the Notes 3(g) and 15 in the consolidated financial statements.</td></tr>
<tr><td>Key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Loans to customers represent 50% of total assets and are stated net of allowance for expected credit losses ('ECL') that is estimated on a regular basis and is sensitive to assumptions used.

The Group applies the ECL valuation model, which requires management to apply professional judgement and to make assumptions related to the following key areas:

- timely identification of significant increase in credit risk and default events related to loans to customers (allocation between stages 1, 2 and 3 in accordance with the IFRS 9);
- assessment of probability of default (PD) and loss given default (LGD);
- evaluation of expected cash flows for loans allocated to Stage 3 and credit-impaired assets on initial recognition.

Due to the significant volume of loans to customers and the related estimation uncertainty in estimating of ECL allowance, this area is a key audit matter.</td><td>We analysed the key aspects of the Group's methodology and policies related to ECL estimate for compliance with the requirements of IFRS 9, including involvement of our own specialists in financial risk management.

To analyse adequacy of professional judgement and assumptions made by the management in relation to ECL allowance estimate, we performed the following procedures:

— For loans to corporate clients we tested the design of the controls over timely allocation of loans into Stages. For loans to corporate and retail customers we tested the design and operating effectiveness of controls over timely reflection of delinquency events in the underlying systems.

— For a sample of loans to corporate clients, for which a potential change in ECL estimate may have a significant impact on the consolidated financial statements we tested whether Stages are correctly assigned by the Group by analysing financial and non-financial information, as well as assumptions and professional judgements, applied by the Group.

— For a sample of loans to corporate customers, we tested the correctness of data inputs for PD and LGD calculations by agreeing to underlying documents as well as by valuating collateral used to estimate ECL, and by comparing with the data used by the Group.

— For a sample of Stage 3 loans to corporate clients, credit-impaired assets on initial recognition, where ECL are assessed individually we critically assessed assumptions used by the Group to forecast future cash flows, including estimated proceeds from realisable collateral, including involvement of our valuation specialists, and their expected disposal terms based on publicly available market information.

— We agreed input data for the model used to assess ECL for loans to retail customers to underlying documents and checked whether these loans have been correctly allocated into Stages on a sample basis.

— We assessed general predictive capability of the models used by the Group to assess ECL by</td></tr>
</table>

	comparing the estimates made as of 1 January 2023 with actual results for 2023. We also assessed the appropriateness of economic forecasts by comparing the Group's forecasts with those we have simulated. We also assessed whether the consolidated financial statements disclosures appropriately reflect the Group's exposure to credit risk.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Group for 2023 year, but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report of the Group for 2023 year is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Andrei Kuznetsov
Audit Partner

Mukhit Kossayev
Certified Auditor
of the Republic of Kazakhstan
Auditor's Qualification Certificate
No. 558 of 24 December 2003

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

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

12 April 2024

	Note	2023 KZT'000	2022 KZT'000
Interest income calculated using effective interest method	4	326,417,247	190,302,753
Interest expense	4	(153,666,623)	(84,527,864)
Net interest income	4	**172,750,624**	**105,774,889**
Fee and commission income	5	44,902,040	47,378,444
Fee and commission expense	5	(15,268,953)	(13,951,129)
Net fee and commission income		**29,633,087**	**33,427,315**
Net gain on financial instruments at fair value through profit or loss	6	9,403,214	2,488,901
Net foreign exchange gain	7	45,200,841	52,512,126
Net gain/(loss) on financial assets at fair value through other comprehensive income		2,760,804	(1,027)
Net other operating expense		(1,211,599)	(311,407)
Operating income before impairment losses, other administrative expenses and income tax		**258,536,971**	**193,890,797**
Impairment losses on debt financial assets	8	(71,892,737)	(36,305,450)
Impairment losses on loan commitments and financial guarantee contracts		(2,092,778)	(11,181)
Personnel expenses	9	(43,373,006)	(33,087,856)
Other general and administrative expenses	10	(20,741,311)	(16,967,457)
Profit before income tax		**120,437,139**	**107,518,853**
Income tax expense	11	(24,996,734)	(24,198,681)
Profit for the year		**95,440,405**	**83,320,172**
Other comprehensive income/(loss)			
Items that are or may be reclassified subsequently to profit or loss:			
Revaluation reserve for financial assets at fair value through other comprehensive income:			
- Net change in fair value		12,734,704	(6,354,080)
- Net change in fair value transferred to profit or loss		(2,760,804)	1,027
Change in deferred tax		1,327,864	1,034,461
Total items that are or may be reclassified subsequently to profit or loss		11,301,764	(5,318,592)
Total other comprehensive income/(loss) for the year		**11,301,764**	**(5,318,592)**
Total comprehensive income for the year		**106,742,169**	**78,001,580**
Earnings per share			
Basic and diluted earnings per share (KZT)	26	4,553.37	3,975.13

The consolidated financial statements as set out on pages 8 to 96 were approved by management on 12 April 2024 and were signed on its behalf by:

L.A. Satiyeva	A.Ye. Khamidullin	S.K. Rakhmetova
Chairperson of the Management Board	*Deputy Chairperson of the Management Board*	*Chief Accountant*

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

	Note	31 December 2023 KZT'000	31 December 2022 KZT'000
ASSETS			
Cash and cash equivalents	12	519,666,758	906,893,391
Financial instruments at fair value through profit or loss		285,199	500,923
Financial assets at fair value through other comprehensive income	13	462,928,893	111,821,826
Deposits and balances with banks	14	134,264,929	11,991,072
Loans to customers	15	1,359,163,796	1,059,257,085
Investments measured at amortised cost	16	162,975,687	224,912,211
Current tax asset		75,813	8,235
Property, plant and equipment and intangible assets	17	26,514,415	20,779,004
Right-of-use assets	17	2,116,849	2,668,639
Other assets	18	28,814,464	17,348,264
Total assets		**2,696,806,803**	**2,356,180,650**
LIABILITIES			
Financial instruments at fair value through profit or loss		134,362	89,853
Deposits and balances from banks	19	20,316,541	22,051,481
Amounts payable under repo agreements	16	32,226,575	-
Current accounts and deposits from customers	20	2,143,732,900	1,930,978,745
Debt securities issued	21	8,273,979	16,667,144
Subordinated debt securities issued	22	64,644,603	74,685,514
Other borrowed funds	23	72,984,547	70,058,378
Lease liabilities	23	2,671,354	3,175,407
Deferred tax liabilities	11	14,509,077	17,647,683
Other liabilities	24	33,240,020	23,495,769
Total liabilities		**2,392,733,958**	**2,158,849,974**
EQUITY			
Share capital	25	61,135,197	61,135,197
Share premium		25,632	25,632
Reserve for general banking risks		8,234,923	8,234,923
Revaluation reserve for financial assets at fair value through other comprehensive income		5,810,357	(5,491,407)
Retained earnings		228,866,736	133,426,331
Total equity		**304,072,845**	**197,330,676**
Total liabilities and equity		**2,696,806,803**	**2,356,180,650**
Book value per ordinary share (KZT)	25(c)	14,078.57	9,090.30

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

	2023 KZT'000	2022 KZT'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest income received	298,596,250	188,076,110
Interest expense paid	(147,858,412)	(79,129,081)
Fee and commission income received	44,858,435	46,819,689
Fee and commission expense paid	(15,268,954)	(13,951,128)
Net receipts from financial instruments at fair value through profit or loss	9,663,447	2,094,860
Net receipts from foreign exchange	49,471,604	58,362,912
Other receipts	404,567	431,052
Personnel expenses paid	(38,524,491)	(31,167,484)
Other general and administrative expenses paid	(15,363,477)	(13,172,377)
(Increase)/decrease in operating assets		
Deposits and balances with banks	(123,358,212)	(4,226,258)
Loans to customers	(372,794,542)	(432,035,977)
Other assets	(774,654)	6,563,135
Increase/(decrease) in operating liabilities		
Deposits and balances from banks	(73,132)	23,648,622
Amounts payable under repo agreements	31,968,083	316,591
Current accounts and deposits from customers	226,066,515	760,429,491
Other liabilities	937,522	4,259,924
Net cash flow (used in)/from operating activities before income tax paid	**(52,049,451)**	**517,320,081**
Income tax paid	(26,511,881)	(17,257,562)
Cash flows (used in)/from operating activities	**(78,561,332)**	**500,062,519**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(774,095,614)	(15,068,795)
Sale and redemption of financial assets at fair value through other comprehensive income	449,693,876	20,810,317
Purchases of precious metals	(424,320)	(635,383)
Sale of precious metals	307,781	638,209
Acquisitions of investment at amortised cost	(34,581,915)	(332,059,775)
Repayment of investment at amortised cost	92,011,890	272,769,997
Acquisition of property, plant and equipment and intangible assets	(8,702,093)	(3,862,012)
Sale of property, plant and equipment and intangible assets	22,576	40,647
Cash flows used in investing activities	**(275,767,819)**	**(57,366,795)**

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

	2023 KZT'000	**2022 KZT'000**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of debt securities issued	(8,118,890)	-
Proceeds from subordinated debt securities issued	450,011	-
Repayment of subordinated debt securities issued	(14,974,550)	-
Proceeds from other borrowed funds	5,102,864	35,000,000
Repayment of other borrowed funds	(2,197,036)	(2,611,181)
Payments under lease agreements	(1,349,839)	(1,242,881)
Cash flows (used in)/from financing activities	**(21,087,440)**	**31,145,938**
Net (decrease)/increase in cash and cash equivalents	**(375,416,591)**	**473,841,662**
Effect of movements in exchange rates on cash and cash equivalents	(12,151,217)	13,798,777
Effect of movements in expected credit losses	341,175	(386,272)
Cash and cash equivalents at the beginning of the year	906,893,391	419,639,224
Cash and cash equivalents at the end of the year (Note 12)	**519,666,758**	**906,893,391**

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

KZT'000	**Share capital**	**Share premium**	**Reserve for general banking risks**	**Revaluation reserve for financial assets at fair value through other comprehensive income**	**Retained earnings**	**Total equity**
Balance at 1 January 2022	**61,135,197**	**25,632**	**8,234,923**	**(172,815)**	**50,106,159**	**119,329,096**
Total comprehensive income						
Profit for the year	-	-	-	-	83,320,172	83,320,172
Other comprehensive loss						
Items that are or may be reclassified subsequently to profit or loss:						
Net change in fair value of financial assets measured at fair value through other comprehensive income	-	-	-	(6,354,080)	-	(6,354,080)
Net change in fair value of financial assets at fair value through other comprehensive income, transferred to profit or loss	-	-	-	1,027	-	1,027
Change in deferred tax (Note 11)	-	-	-	1,034,461	-	1,034,461
Total items that are or may be reclassified subsequently to profit or loss	-	-	-	(5,318,592)	-	(5,318,592)
Total other comprehensive loss	**-**	**-**	**-**	**(5,318,592)**	**-**	**(5,318,592)**
Total comprehensive income for the year	**-**	**-**	**-**	**(5,318,592)**	**83,320,172**	**78,001,580**
Balance at 31 December 2022	**61,135,197**	**25,632**	**8,234,923**	**(5,491,407)**	**133,426,331**	**197,330,676**

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

KZT'000	**Share capital**	**Share premium**	**Reserve for general banking risks**	**Revaluation reserve for financial assets at fair value through other comprehensive income**	**Retained earnings**	**Total equity**
Balance at 1 January 2023	**61,135,197**	**25,632**	**8,234,923**	**(5,491,407)**	**133,426,331**	**197,330,676**
Total comprehensive income						
Profit for the year	-	-	-	-	95,440,405	95,440,405
Other comprehensive income						
Items that are or may be reclassified subsequently to profit or loss:						
Net change in fair value of financial assets measured at fair value through other comprehensive income	-	-	-	12,734,704	-	12,734,704
Net change in fair value of financial assets at fair value through other comprehensive income, transferred to profit or loss	-	-	-	(2,760,804)	-	(2,760,804)
Change in deferred tax (Note 11)	-	-	-	1,327,864	-	1,327,864
Total items that are or may be reclassified subsequently to profit or loss	-	-	-	11,301,764	-	11,301,764
Total other comprehensive income	**-**	**-**	**-**	**11,301,764**	**-**	**11,301,764**
Total comprehensive income for the year	**-**	**-**	**-**	**11,301,764**	**95,440,405**	**106,742,169**
Balance at 31 December 2023	**61,135,197**	**25,632**	**8,234,923**	**5,810,357**	**228,866,736**	**304,072,845**

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

1 Background

(a) Principal activity

The accompanying consolidated financial statements include the financial statements of Eurasian Bank JSC (the "Bank") and of its subsidiaries - Eurasian Project 1 LLP and Eurasian Project 2 LLP (31 December 2022: Eurasian Project 1 LLP and Eurasian Project 2 LLP) (jointly referred to as the "Group").

The Bank was established in 1994 in the Republic of Kazakhstan as a closed joint-stock company under the laws of the Republic of Kazakhstan. Due to a change in legislation introduced in 2003, the Bank was re-registered as a joint-stock company on 2 September 2003. The Bank carries on its activities in accordance with the banking licence No.1.2.68/242/40 granted on 3 February 2020, to conduct banking and other operations and engage in activities on securities market. The principal activity of the Bank is deposit taking, maintaining customer accounts, extending loans and issuing guarantees, providing custodian services, and settlement and cash services, and securities and foreign exchange activities.

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

As at 31 December 2023, the Bank has 19 regional branches (2022: 17) and 118 cash settlement centres (2022: 119) through which it operates in the Republic of Kazakhstan.

The Bank's head office is registered at: 56 Kunayev street, Almaty, Republic of Kazakhstan.

On 21 August 2017, the Bank's subsidiaries – Eurasian Project 1 LLP and Eurasian Project 2 LLP – were registered. The principal activity of these entities is acquisition and management of doubtful and bad assets of the Bank.

(b) Shareholders

As at 31 December 2023 and 31 December 2022, Eurasian Financial Company JSC ("EFC") is the Bank's Parent Company, which owns 100% of the Bank's shares.

During 2021 the structure of the EFC shareholders changed: effective from 15 July 2021 the EFC shareholders are: Mukadaskhan Ibragimova, Patokh Chodiyev and Alexander Mashkevich; each of the shareholders owns 33.3% of stocks.

(c) Kazakhstan business environment

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

In February 2022, because of the military conflict between the Russian Federation and Ukraine, a number of countries imposed sanctions against the Russian Federation. The conflict affects not only the economic activity of two countries but the global economy as well. As a result of sanctions, commodity and food prices have risen in many countries around the world, the established links between supply of resources have been disrupted, inflation also affects the prices, and analysts also forecast economic implications for the global industry.

The consolidated financial statements reflect management's assessment of the impact of the Kazakhstan business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

2 Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except that certain financial instruments are stated at fair value.

(c) Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the Group operates. The functional currency of the Bank and its subsidiaries and presentation currency for the purpose of these consolidated financial statements is the Kazakhstan tenge (KZT).

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

(d) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

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

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies is described in the following notes:

- classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding – Note 3(d)(i);
- establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit losses (ECL) and selection and approval of models used to measure ECL – Note 3(g)(iv) and Note 15(b);
- impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information – Note 3(g)(i);
- recognition of a fee and commission income from agency services - Note 3(m);
- recognition of other borrowed funds: use of a separate market concept - Note 23.

(e) Assessment of the Group's ability to continue as a going concern

The accompanying consolidated financial statements have been prepared on assumption that the Group will continue as a going concern.

3 Material accounting policies

The accounting policies set out below are applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

(b) Foreign currency

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

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency translation differences are recognised in profit or loss, except for equity instruments for which the Group decided to present subsequent changes in fair value within other comprehensive income. Foreign currency differences on such equity instruments are recognised in other comprehensive income.

The following exchange rates have been applied by the Group in preparation of the consolidated financial statements:

	31 December 2023	**31 December 2022**
KZT/EUR	502.24	492.86
KZT/USD	454.56	462.65

(c) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances (nostro accounts) held with the NBRK and other banks, and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of short-term commitments. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

(d) Financial instruments

(i) Classification of financial instruments

Under IFRS 9 *Financial Instruments*, financial assets are classified into the following categories based on a business model used by the Group to manage its financial assets for cash flows generation:

Financial instruments measured at fair value through other comprehensive income within a business model “Holding assets in order to collect contractual cash flows and/or sell assets” that meet the SPPI (“solely payments of principal and interest”) criterion. This business model implies that the objective is achieved by both collecting contractual cash flows and selling assets. The level of sales is usually higher (in respect of frequency and volumes of asset transactions) within this business model than those under the business model “hold to collect contractual cash flows”);

Financial instruments measured at amortised cost within the business model “Holding assets to collect contractual cash flows” that meet the SPPI criterion. The objective within this business model is:

- to hold assets in order to collect contractual cash flows;
- sales are secondary to the objective of this model;
- the level of sales within this model, as a rule, is the lowest as compared to other business models (in respect of frequency and volumes of asset transactions).

Financial instruments measured at fair value through profit or loss within a business model “Managing assets on a fair value basis and maximising cash flows through selling assets” that do not meet the SPPI criterion.

This business model does not seek both “to hold to collect” and “to hold to collect and/or sell”. Collecting contractual cash flows is irrelevant in relation to the objective of this model.

In order to define a business model for specific financial assets the Group analyses the following:

- how performance of the business model (and the financial assets held within that business model) is measured and how this information is communicated to the key management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the Bank responsible for portfolio management are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised. In this case, the Group considers information about previous sales, the reasons for those sales and conditions that existed at that time as compared to current conditions.

Management determines the appropriate classification of financial instruments in this category at the time of the initial recognition.

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

All trading derivatives in a net receivable position (positive fair value), as well as options purchased, are reported as assets. All trading derivatives in a net payable position (negative fair value), as well as options written, are reported as liabilities.

The Group reclassifies financial assets if the Group changes its business model for managing those financial assets. Reclassification is applied perspectively from the next reporting period preceding the period, in which a business model changes.

The Group classifies its financial assets as follows:

- *loans and receivables* are classified as assets measured at amortised cost as they are managed within a business model 'Held for collecting contractual cash flows', which meet the SPPI criterion, except for the loans that do not meet the SPPI criterion;
- *correspondent account balances, interbank loans and deposits, reverse REPO transactions* are classified as assets measured at amortised cost since they are managed within the business model "Holding to collect contractual cash flows" that meet the SPPI criterion;
- *debt securities* may be classified in any of the three classification categories depending on the business model chosen and compliance with the SPPI criterion;
- *equity securities*, generally will be classified as instruments measured at fair value through profit or loss;
- *derivative financial instruments* are classified as financial assets at fair value through profit or loss.

All financial liabilities are classified on initial recognition as measured at amortised cost, except for the following:

- financial liabilities at fair value through profit or loss (IFRS 9 says that the Group may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss).

(ii) Recognition

Financial assets and liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. All regular way purchases of financial assets are accounted for at the settlement date.

(iii) Measurement

A financial asset or liability is initially measured at its fair value minus/plus, in the case of a financial asset or liability not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Subsequent to initial recognition, financial assets, including derivatives that are assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on their sale or other disposal, except for:

– loans and receivables which are measured at amortised cost using the effective interest method, correspondent account balances, interbank loans and deposits, and cash and cash equivalents;
– investments within a business model “Held for collecting contractual cash flows”, which are measured at amortised cost using effective interest method;
– other financial assets measured at amortised cost.

(iv) Amortised cost versus gross carrying amount

The ‘amortised cost’ of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

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

Financial assets or liabilities originated at interest rates different from market rates are measured at origination at their fair value, being future interest payments and principal repayment(s) discounted at market interest rates for similar instruments. If transaction was entered into with the Group’s non-related parties, the difference is credited or charged to profit or loss as gains or losses on the origination of financial instruments at rates different from market rates (provided that fair value is measured on the basis of the observed inputs). Subsequently, the carrying amount of such assets or liabilities is adjusted for amortisation of the gains/(losses) on origination and the related income/(expense) is recorded in interest income/(expense) within profit or loss using the effective interest method.

(v) Fair value measurement principles

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

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

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

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

If an asset or a liability measured at fair value has a bid price and an ask price, the Group measures assets and long positions at the bid price and liabilities and short positions at the ask price.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vi) Gains and losses on subsequent measurement

Profit or loss arising from change in fair value of financial asset or liability is recognised as follows:

– a gain or loss on a financial instrument classified as at fair value through profit or loss is recognised in profit or loss;

– a gain or loss on a financial asset measured at fair value through other comprehensive income is recognised as other comprehensive income in equity (except for expected credit losses and reversal of impairment losses and foreign exchange gains and losses on debt financial instruments measured at fair value through other comprehensive income) until the asset is derecognised, at which time the cumulative gain or loss previously recognised in comprehensive income is reclassified to profit or loss. Interest income in relation to financial asset measured at fair value through other comprehensive income is recognised in profit or loss, as accrued, using the effective interest method.

For financial assets and liabilities carried at amortised cost, a gain or loss is recognised in profit or loss when the financial asset is derecognised or impaired, and through the amortisation process.

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability in the consolidated statement of financial position. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group enters into transactions whereby it transfers assets recognised on its consolidated statement of financial position, but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised.

In transactions where the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost.

In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred assets.

If the Group purchases its own debt, it is removed from the consolidated statement of financial position and the difference between the carrying amount of the liability and the consideration paid is included in gains or losses arising from early retirement of debt.

The Group writes off assets deemed to be uncollectible, if there are no reasonable expectations for their recovery.

(viii) Repurchase and reverse repurchase agreements

Securities sold under sale and repurchase (repo) agreements are accounted for as secured financing transactions, with the securities retained in the consolidated statement of financial position and the counterparty liability included in amounts payable under repo transactions. The difference between the sale and repurchase prices represents interest expense and is recognised in profit or loss over the term of the repo agreement using the effective interest method.

Securities purchased under agreements to resell ("reverse repo") are recorded as cash and cash equivalents. The difference between the purchase and resale prices represents interest income and is recognised in profit or loss over the term of the repo agreement using the effective interest method.

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

(ix) Derivative financial instruments

Derivative financial instruments include swaps, forwards, futures, spot transactions and options in interest rates, foreign exchanges, precious metals and stock markets, and any combinations of these instruments.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Changes in fair value of derivatives are recognised immediately in profit or loss.

Although the Group trades in derivative instruments for risk hedging purposes, these instruments do not qualify for hedge accounting.

(x) Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated 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 realise the asset and settle the liability simultaneously. The Group currently has a legally enforceable right to set off if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the Group and all counterparties.

(e) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated in the consolidated financial statements at cost less accumulated depreciation and impairment losses.

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

(ii) Depreciation

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

- Buildings	40-100 years
- Computers and banking equipment	5 years;
- Vehicles	7 years;
- Office furniture	8-10 years
- Leasehold improvements	5 years.

(f) Intangible assets

Acquired intangible assets are stated at cost less accumulated amortisation and impairment losses.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives of various items of property, plant and equipment are as follows:

- Trademark 10 years;
- Software and other intangible assets up to 15 years.

(g) Impairment

IFRS 9 requires application of an 'expected credit loss' model. This impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments.

(i) Impairment

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

- interbank deposits and interbank loans;
- cash placed in correspondent accounts;
- financial assets that are debt instruments;
- receivables on documentary settlements and guarantees;
- financial guarantee contracts issued, contingent liabilities on unsecured letters of credit, guarantees issued or confirmed;
- loan commitments issued.

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

- debt investment securities and other financial assets that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Group considers:

- a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade';
- a financial asset to have low credit risk when a loan agreement is concluded with a counterparty having a credit rating of at least BBB- according to the international scale assigned by S&P agency or similar ratings assigned by Moody's and Fitch agencies, or a loan agreement is concluded with a company owned by the Government of the Republic of Kazakhstan.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

(ii) Significant increase in credit risk

For the purpose of determining significant increases in credit risk of a financial asset, the Group:

- assesses change in the risk of a default occurring over the expected life of the financial asset by comparing a risk of a default occurring on the financial asset with the risk of a default as at the date of initial recognition;
- analyses reasonable and supportable information, that is available without undue cost or effort and which indicates a significant increase in credit risk since initial recognition.

Significant increases in credit risk of a financial asset mean occurrence of one or several cases listed below:

- as at the reporting date, probability of default during the loan term exceeds significantly a similar indicator on initial recognition; increase in LTPD PIT by 200% during 12 (twelve) months;
- an actual internal credit rating downgrade for the borrower determined upon monitoring based on a set of quantitative and qualitative indicators of the counterparty;

- significant changes in value of collateral (over 50% of the value at the time of initial recognition of an asset) for asset or in guarantee quality;
- significant changes in external market indicators (the industry environment that negatively affects operating cash flow) of the credit risk of a particular financial asset or similar financial assets with the same expected life, if there is a negative effect;
- payments are past due for thirty calendar days or more.

Monitoring work implies controlling and analysing the status of a counteragent and of the entire relations between the Group and the counteragent and consists of the following:

- control over compliance with payment discipline for a financial asset;
- regular review of a counteragent's financial statements;
- monitoring of the account turnover;
- monitoring of the progress in the project funded by the Group.

(iii) Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 60 days past due for individual financial assets and 90 days past due for homogenous financial assets;
- the restructuring of a loan by the Group due to the borrowers' financial difficulties;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties, delisting of a security;
- other signs of default as required by IFRS 9 and legislation.

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

In making an assessment of whether investments in sovereign debt where the Government acts as a debtor, are credit-impaired, the Group considers the following factors:

- downgrade of the bonds' long-term sovereign credit rating below B in accordance with Standard&Poor's credit agency scale or in scale of other agencies transferred to Standard&Poor's scale;
- Internal economic reasons (hostilities inside the state, global natural and/or man-made disasters affecting significantly the country economy, undemocratic seizure of power and denial to serve government liabilities, and other similar events affecting significantly the country economy);
- Decision to restructure the obligation to purchase bonds.

(iv) Measurement of ECL

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

- *financial assets that are not credit-impaired at the reporting date*: as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive;
- *financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount of a financial asset and the present value of estimated future cash flows;

- *undrawn loan commitments*: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive;
- *financial guarantee contracts:* the present value of expected payments to reimburse the holder less any amounts that the Group expects to recover.

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

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

For debt securities and financial assets arising from entering into transactions with financial organisations:

- PD is estimated on the basis of data on global corporate and global sovereign average cumulative values of PD published by S&P agency, depending on the counterparty's credit rating assigned by S&P or similar rating assigned by Moody's and Fitch;
- For interbank deposits and interbank loans and cash placed in correspondent accounts, LGD is derived based on Recovery Rate for unsecured bonds, published by Moody's agency;
- For unsecured corporate bonds of the issuers, LGD is determined at 70%.

For loans related both to individual and homogeneous financial assets, PD and LGD are derived based on statistical models employed by the Group and other historical data, considering forward-looking information on macroeconomic factors.

Individual financial assets

Estimate of PD on loans related to individual financial assets is based on historical data on borrowers' ratings which are determined at the time of consideration of lending application and during quarterly monitoring, and on historical data on the borrowers' default rates for the period of observation of at least five years.

The level of PD corresponding to the borrower's rating is estimated by determining a ratio of total balance sheet debt of the defaulted borrowers to the total balance sheet debt (average for the year) of a borrower having certain rating, for 1 calendar year, at each reporting date of the observation period, for the observation period.

The correspondence of credit quality categories of individual financial assets to the statistics of cumulative PD values published by the international rating agency S&P is presented below:

– "Standard loans" - loans with a weighted average internal credit rating of 3 and a weighted average PD value of 1.4%, which corresponds to the statistics of cumulative PD values for "B+";
– "Low-risk loans" - loans with a weighted average internal credit rating of 4 and a weighted average PD value of 2.8%, which corresponds to the statistics of cumulative PD values for "B";
– "Moderate-risk loans" - loans with a credit rating of 5-8 and a weighted average PD value of 39.10%, which corresponds to the statistics of cumulative PD values for "B-"/ "CCC";
– "Problem loans" are high-risk loans and problem loans but with high repayment expectations through realising the available liquid collateral;
– "High-risk problem loans" are high-risk loans and problem loans but with low repayment expectations due to the lack of liquid collateral.

Homogeneous financial assets

Estimate of PD on loans related to homogeneous financial assets is based on historical data on borrowers' default rates of each generation of issue (per month) for at least 5-year observation period, given the grouping of homogeneous assets based on their common risk characteristics, which include a type of credit product and type of available collateral.

PD for the group of homogeneous assets is estimated as a ratio of a number of defaulted loans to non-defaulted loans in each generation of loan issue, per each month of the observation period, with due account of subsequent estimate of an averaged probability of default for a group of homogeneous assets per each month of the observation period, with subsequent annualisation.

Impact of macroeconomic indicators

To take into account the impact of macroeconomic indicators on PD, estimated PDs are calibrated by PIT coefficient (Point-in-Time). Economic scenarios used as at 31 December 2023 used the following key indicators for the Republic of Kazakhstan:

- for financial assets: inflation rate, GDP growth rate, state budget revenue, oil price (Brent, annual average), US dollar exchange rate (annual average), base rate of NB RK, unemployment rate and other:

Period	USD exchange rate	EUR exchange rate	RUB exchange rate	GDP growth, %	Inflation rate, %	Brent oil price, USD	Export, USD mln	Import, USD mln
2024 forecast (base)	475	506.50	6.29	4.90	8.50	80.00	92,358.82	55,325.18

Period	Basic rate, %	Unemployment rate, %	Revenues of the Republican budget, KZT mln	Average per capita nominal money income of the population, KZT	Real average per capita money income of the population, KZT	Real average per capita money expenditures of the population, KZT	Real average monthly wage, KZT
2024 forecast (base)	12.00	4.80	16,124,000.00	199,769.39	184,119.25	286,378.33	362,428.76

Based on the correlation results, scripting was applied:

- for individual financial assets: USD exchange rate, EUR exchange rate, oil prices, and real average per capita money expenditures of the population on the level of heterogeneous financial assets that defaulted in the analysed period:

Period	USD exchange rate	EUR exchange rate	Brent oil price, USD	Real average per capita money expenditures of the population, KZT
2024 forecast (base)	475.00	506.50	80.00	286,378.33
2024 forecast (pessimistic)	493.32	526.03	51.00	272,059.41
2024 forecast (optimistic)	462.12	492.76	109.00	300,697.25

- for homogeneous financial assets: USD and RUB exchanges rates, GDP growth rate, inflation rate, Brent oil price, export and import, unemployment rate, state budget revenue, average nominal per capita money income of the population, real average per capita money income of the population, real average per capita money expenditures of the population, real average monthly wage in three scenarios on the level of homogeneous financial assets that defaulted during the year in the analysed period:

Period	USD exchange rate	EUR exchange rate	RUB exchange rate	GDP growth rate, %	Inflation rate, %	Brent oil price, USD	Export, USD mln	Import, USD mln
2024 forecast (base)	475.00	506.50	6.29	4.90	8.50	80.00	92,358.82	55,325.18
2024 forecast (pessimistic)	493.32	526.03	6.53	3.70	10.00	51.00	77,648.32	47,993.41
2024 forecast (optimistic)	462.12	492.76	6.12	5.80	8.00	109.00	99,460.16	57,753.99

Period	Unemployment rate, %	Revenues of the Republican budget, KZT mln	Average per capita nominal money income of the population, KZT	Real average per capita money income of the population, KZT	Real average per capita money expenditures of the population, KZT	Real average monthly wage, KZT
2024 forecast (base)	4.80	16,124,000.00	199,769.39	184,119.25	286,378.33	362,428.76
2024 forecast (pessimistic)	5.04	14,986,700.00	189,780.92	172,528.11	272,059.41	344,307.32
2024 forecast (optimistic)	4.56	16,455,100.00	209,757.86	194,220.24	300,697.25	380,550.19

The weighted values for each scenario are within the following range:

"base" scenario - from 42% to 75%, "pessimistic" - from 0% to 25%, "optimistic" 8% - 33%, depending on the macro-indicator used.

Impact assessment is performed using the linear regression method (statistics for at least 5 years); PIT coefficient is calculated as a ratio of projected default rate (D) to an average D.

LGD is estimated by the Bank as a difference between carrying amount of an asset and overall recovery rate (Recovery Rates) for defaulted loans from the time of default against an outstanding debt as at the date of default and present value of estimated future cash flows from enforcement of collateral discounted at the original effective interest rate of a financial asset (i.e. effective interest rate calculated on initial recognition).

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of homogeneous financial assets is the gross carrying amount.

(v) Recognised impairment losses

All impairment losses on loans and receivables (including reversal of impairment losses or impairment gain) are recognised in profit or loss.

No loss allowance for debt financial assets measured at FVOCI is recognised in the consolidated statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

(vi) Write-offs

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(vii) Non-financial assets

Non-financial assets, other than deferred taxes, are assessed at each reporting date for any indications of impairment. The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit (CGU). For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

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

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

(h) Provisions

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

(i) Credit related commitments

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

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

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

Financial guarantee liabilities and provisions for other credit related commitment are included in other liabilities.

(j) Share capital

(i) Ordinary shares

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

(ii) Dividends

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

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

(k) Taxation

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

(i) Current tax

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

(ii) Deferred tax

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

- initial recognition of goodwill not deductible for tax purposes;
- temporary differences related to the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

– temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

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

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

(l) Income and expense recognition

(i) Effective interest rate

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

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

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

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

(ii) Calculation of interest income and expense

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

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

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

Fee and commission which relate to issue of a loan and are an inherent component of an effective interest rate, taking into account direct transaction costs, are stated as a discount on loans issued by the Group. Within the effective period of a contract, the discount amount is amortised and stated as the Group's income, using an effective interest rate. Fee and commission income related to provision of other services stipulated in a concluded contract and received as the services are provided can be stated simultaneously in "fee and commission receivable from a borrower" line item, unless otherwise provided for by the contract, and are recognised in "income" line items as the relevant services are provided.

(iii) Presentation

Interest income on financial instruments measured at fair value through profit or loss is included in "Other interest income" in the consolidated statement of profit or loss and other comprehensive income.

(m) Fee and commission income

Fee and commission income is stated at the amount which the Group expects to receive in exchange for the services provided, and is recognised when or as the Group provides the services to customers.

The Group provides insurance agent services by offering life insurance policies of different insurance companies at its points of sale of retail loans and is paid an agency fee proportionate to premiums subscribed. As acquisition of a life insurance policy is voluntary and is not a condition to obtain a loan, it does not affect the interest rate on the loan. Therefore, the agency services fee was not considered as part of effective interest rate. A service is deemed to be completely provided when an insurance policy has been issued (insurance contract), therefore, the Group recognises fee and commission simultaneously, when a performance obligation is satisfied, i.e. an insurance policy is issued (insurance contract is concluded).

Financing fees and other fees that are considered to be integral to the overall profitability of a loan, together with the related transaction costs, are stated as discounts/premiums and amortised to interest income over the estimated life of the financial instrument using the effective interest method.

Fee and commission income for payment card maintenance comprises interchange fee from transactions with credit and debit cards carried out in trade and service enterprises, and is recognised upon receipt of compensation from payment systems. Other payment card fees are recognised at the time of transaction completion.

Fee and commission income for cash withdrawal comprises fee and commission for customer accounts maintenance as well as fee and commission for cash operations. Payment for customer account maintenance is recognised in the period when the services are provided, usually, on a monthly basis. Payment collected for cash operations is recognised at the time of the services provision.

Fee and commission for settlement transactions represent fee and commission income for payments and transfers charged at the time of the transaction.

Income in the form of fee and commission for issue of guarantees as well as fee and commission for issue and servicing of letters of credit are stated on an accrual basis, with daily amortisation on income line items.

(n) New standards and interpretations

A number of new amendments to standards and interpretations are effective from 1 January 2023. The amended standards and interpretations have no significant impact on the Bank’s consolidated financial statements.

- *IFRS 17 Insurance Contracts;*
- *Amendment to IAS 8 – Definition of Accounting Estimates;*
- *Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting policies;*
- *Amendments to IAS 12 Income Tax – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.*

New and revised IFRS standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024 with earlier application permitted. The Bank has not early adopted the new or amended standards in preparing these consolidated financial statements.

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

- *Amendments to IAS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants;*
- *Amendments to IFRS 16 Leases - Lease Liability in a Sale and Leaseback;*
- *Amendments to IAS 7 and IFRS 7 concerning supplier finance arrangements or procurement finance arrangements;*
- *Amendments to IAS 21 – Lack of Exchangeability*.

4 Interest income and expense

	2023 KZT’000	2022 KZT’000
Interest income calculated using the effective interest method		
Loans to customers measured at amortised cost	260,938,472	162,732,833
Investments measured at amortised cost	10,867,968	11,195,442
Financial assets at fair value through other comprehensive income	31,063,780	8,105,159
Cash and cash equivalents	22,158,505	7,498,433
Amounts receivable under reverse repurchase agreements	115,147	344,663
Deposits and balances with banks	927,049	86,336
Other financial assets	346,326	339,887
	326,417,247	**190,302,753**
Interest expense		
Current accounts and deposits from customers	(119,237,874)	(67,900,344)
Amounts payable under repurchase agreements	(18,611,459)	(1,655,689)
Subordinated debt securities issued	(12,654,936)	(12,008,456)
Debt securities issued	(1,650,592)	(1,796,978)
Other borrowed funds	(934,015)	(841,186)
Lease liabilities	(376,472)	(314,631)
Deposits and balances from banks	(201,275)	(10,580)
	(153,666,623)	**(84,527,864)**
	172,750,624	**105,774,889**

5 Fee and commission income and expense

	2023 KZT'000	2022 KZT'000
Fee and commission income		
Agency services*	24,626,953	26,879,884
Payment card maintenance fees*	10,302,434	12,194,117
Settlement	4,813,468	3,788,076
Cash withdrawal	1,946,088	1,836,183
Guarantee and letter of credit issuance	1,064,917	573,528
Custodian services	240,689	170,481
Cash collection	27,900	27,447
Other	1,879,591	1,908,728
	44,902,040	**47,378,444**
Fee and commission expense		
Payment card maintenance fees	(11,394,992)	(10,819,448)
Settlement	(1,375,174)	(1,093,036)
Services of the State Centre for Pension Payments and credit bureaus	(1,385,825)	(1,067,730)
Cash withdrawal	(471,364)	(407,748)
Custodian services	(316,375)	(169,317)
Securities operations	(74,236)	(35,104)
Other	(250,987)	(358,746)
	(15,268,953)	**(13,951,129)**
	29,633,087	**33,427,315**

* In 2023 and 2022, the major portion of fee and commission income for agency services and payment card maintenance fees is attributable to the 'retail banking segment' (Note 27).

Contract assets and contract liabilities

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

	31 December 2023 KZT'000	31 December 2022 KZT'000
Fee and commission receivable (Note 18)	1,368,132	1,324,527

No information is provided about remaining performance obligations at 31 December 2023 and 2022 that have an original expected duration of one year or less, as provided for by IFRS 15.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies for significant types of services.

Type of product/service	*Nature and timing of satisfaction of performance obligations, including significant payment terms*	*Revenue recognition under IFRS 15*
Agency service fees	The Group provides insurance agent services by offering life insurance policies of different insurance companies at its points of sale of retail loans and earns a commission fee proportionate to insurance premium (value) under insurance policies written. As acquisition of a life insurance policy is voluntary and is not a condition to obtain a loan, it does not affect the interest rate on the loan. Therefore, the agency services fee was not considered as part of effective interest rate. A service is deemed to be completely provided when an insurance policy has been issued (insurance contract). Commission fee for agent services is paid upon provision of the services (for the reporting period).	The Group recognises the commission fee simultaneously with satisfaction of performance obligation, i.e. writing an insurance policy (insurance contract).
Payment card maintenance fees	Fee and commission income for payment card maintenance comprises interchange fee from transactions with credit and debit cards carried out in trade and service enterprises.	Revenue from interchange fee is recognised upon receipt of compensation from payment systems. Other payment card fees are recognised at the time of transaction completion.

6 Net gain on financial instruments at fair value through profit or loss

	2023 KZT'000	2022 KZT'000
Net realised gain on financial instruments at fair value through profit or loss	9,234,778	2,145,225
Net unrealised gain on financial instruments at fair value through profit or loss	169,434	343,676
Net loss on change in fair value of trading securities	(998)	-
	9,403,214	**2,488,901**

7 Net foreign exchange gain

	2023 KZT'000	2022 KZT'000
Dealing operations, net	49,471,604	58,362,912
Translation differences, net	(4,270,763)	(5,850,786)
	45,200,841	**52,512,126**

8 Impairment losses on debt financial assets

	2023 KZT'000	2022 KZT'000
Loans to customers (Note 15)	64,353,442	18,242,342
Other assets (Note 18)	1,873,950	1,058,157
Financial assets measured at fair value through other comprehensive income (Note 13)	4,810,957	5,860,100
Investments measured at amortised cost (Note 16)	1,153,161	10,758,875
Deposits and balances with banks	42,402	(296)
Cash and cash equivalents	(341,175)	386,272
	71,892,737	**36,305,450**

9 Personnel expenses

	2023 KZT'000	2022 KZT'000
Wages, salaries, bonuses and related taxes	42,313,792	32,070,479
Other employee costs	1,059,214	1,017,377
	43,373,006	**33,087,856**

10 Other general and administrative expenses

	2023 KZT'000	2022 KZT'000
Communication and information services	4,546,844	4,189,014
Depreciation and amortisation	3,264,599	2,916,209
Taxes other than income tax	2,258,733	1,593,401
Repair and maintenance	1,694,773	898,379
Depreciation of right-of-use assets	1,411,997	1,304,167
Security	1,405,233	1,255,196
Advertising and marketing	1,174,846	776,248
Operating lease expense	844,181	436,398
Professional services	529,503	621,418
Cash collection	499,342	315,243
Business travel	347,147	262,294
Stationery and office supplies	245,505	247,642
Audit expenses	132,000	129,600
Transportation	121,119	92,441
Training	115,508	81,006
Insurance	85,212	58,467
Representation expenses	1,490	1,156
Other	2,063,279	1,789,178
	20,741,311	**16,967,457**

Included in professional services expenses are expenses on non-audit services of KZT 7,196 thousand for the year ended 31 December 2023 rendered by the companies related to the Group's auditor.

11 Income tax expense

	2023 KZT'000	2022 KZT'000
Current income tax expense		
Current period	27,003,639	17,264,070
Adjustment of current income tax expenses for prior periods	(196,163)	-
	26,807,476	**17,264,070**
Deferred income tax (benefit)/expense		
Origination and reversal of temporary differences	(1,810,742)	6,934,611
Total income tax expense	**24,996,734**	**24,198,681**

In 2023, the applicable tax rate for current and deferred tax is 20% (2022: 20%).

Reconciliation of effective tax rate for the year ended 31 December:

	2023 KZT'000	%	2022 KZT'000	%
Profit before tax	**120,437,139**		**107,518,853**	
Income tax at the applicable tax rate	24,087,428	20.00	21,503,771	20.00
Tax-exempt income on securities	(7,244,367)	(6.02)	(3,368,455)	(3.13)
Adjustment of current income tax expenses for prior periods	(196,163)	(0.16)	-	-
Non-deductible impairment losses	3,984,912	3.31	3,972,413	3.69
Non-deductible expenses	4,364,924	3.62	2,090,952	1.94
	24,996,734	**20.76**	**24,198,681**	**22.51**

Deferred tax assets and liabilities

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax liabilities as at 31 December 2023 and 2022.

Tax loss carry-forwards originated in 2017 expired on 31 December 2027. During 2022, the Group fully utilised the remaining amount of tax loss carry-forwards. Other deductible temporary differences do not expire under current tax legislation of the Republic of Kazakhstan.

Movements in temporary differences during the years ended 31 December 2023 and 31 December 2022 are as follows:

2023 KZT'000	Balance at 1 January 2023	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December 2023
Loans to customers	37,382	107,766	-	145,148
Property, plant and equipment	(1,257,995)	(235,956)	-	(1,493,951)
Financial instruments at fair value through profit or loss	(82,214)	90,433	-	8,219
Interest payable on deposits and balances with banks	67,959	(67,959)	-	-
Subordinated debt securities issued	(18,749,128)	827,878	-	(17,921,250)
Other liabilities	1,187,960	1,078,773	-	2,266,733
Financial assets at fair value through other comprehensive income	1,047,000	-	1,327,864	2,374,864
Right-of-use assets	(533,728)	110,358	-	(423,370)
Lease liabilities	635,081	(100,551)	-	534,530
	(17,647,683)	**1,810,742**	**1,327,864**	**(14,509,077)**

2022 KZT'000	Balance at 1 January 2022	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December 2022
Loans to customers	1,312,621	(1,275,239)	-	37,382
Property, plant and equipment	(1,173,434)	(84,561)	-	(1,257,995)
Other assets	25,158	(25,158)	-	-
Financial instruments at fair value through profit or loss	-	(82,214)	-	(82,214)
Interest payable on deposits and balances with banks	41,243	26,716	-	67,959
Subordinated debt securities issued	(19,450,720)	701,592	-	(18,749,128)
Other liabilities	950,348	237,612	-	1,187,960
Tax loss carry-forwards	6,453,565	(6,453,565)	-	-
Financial assets at fair value through other comprehensive income	12,539	-	1,034,461	1,047,000
Right-of-use assets	(431,401)	(102,327)	-	(533,728)
Lease liabilities	512,548	122,533	-	635,081
	(11,747,533)	**(6,934,611)**	**1,034,461**	**(17,647,683)**

12 Cash and cash equivalents

	31 December 2023 KZT'000	31 December 2022 KZT'000
Cash on hand	**53,046,208**	**70,070,846**
Nostro accounts with NBRK	**168,343,296**	**189,540,044**
Nostro accounts with other banks		
- rated from AA- to AA+	119,166,526	79,700,201
- rated from A- to A+	30,624,290	40,085,569
- rated from BBB- to BBB+	11,016,104	38,982,988
- rated from BB- to BB+	1,056,871	-
- rated from B- to B+	-	1,641,863
- not rated	31,886,834	9,747,892
Total Nostro accounts with other banks	**193,750,625**	**170,158,513**
Term deposits with NBRK	**82,794,483**	**463,592,732**
Term deposits with other banks		
- rated from BB- to BB+	7,380,000	-
Total term deposits with other banks	**7,380,000**	**-**
Margin security on Stock Exchanges	**14,391,257**	**13,925,765**
Total cash and cash equivalents before allowance for expected credit losses	**519,705,869**	**907,287,900**
Allowance for expected credit losses	(39,111)	(394,509)
Total cash and cash equivalents	**519,666,758**	**906,893,391**

The credit ratings are presented by reference to the credit ratings of Fitch's credit ratings agency or analogues of similar international agencies.

As at 31 December 2023, cash equivalents with net carrying amount of KZT 436,251,024 thousand are categorised into Stage 1 of the credit risk grade, of KZT 30,369,526 thousand – into stage 2 of the credit risk grade, KZT 0 – into Stage 3 of the credit risk grade (31 December 2022: cash equivalents with net carrying amount of KZT 827,879,361 thousand are categorised into Stage 1 of the credit risk grade, KZT 8,734,586 thousand – into Stage 2 of the credit risk grade, KZT 208,598 thousand – into Stage 3 of the credit risk grade).

As at 31 December 2023 the Group has 3 banks (31 December 2022: 4 banks), whose balances on cash equivalents individually exceed 10% of equity. The gross value of these balances as at 31 December 2023 is KZT 400,928,595 thousand (31 December 2022: KZT 808,732,031 thousand).

As at 31 December 2023 included in unrated Nostro accounts are claims to Russian banks and credit institutions totalling to KZT 30,406,563 thousand (equivalent to 5.85% of total gross carrying amount of cash and cash equivalents) (2022: KZT 9,337,694 thousand (equivalent to 1.03% of total gross carrying amount of cash and cash equivalents)). In this regard, 99.9% of said claims to the Russian counterparties comprise balances with banks and financial institutions not included in the list of sanctions against Russia (2022: 91%). For the purpose of calculation of the allowance for expected credit losses, the Group used PD and LGD estimates rated CCC under international credit ratings by Moody's rating agency.

Minimum reserve requirements

In accordance with regulations issued by the NBRK, minimum reserve requirements are calculated as a total of specified proportions of different groups of banks' liabilities. Second-tier banks are required to comply with these requirements by maintaining average reserve (cash on hand in the national currency in the amount not exceeding 50% of average minimum reserve requirements for the period, for which the minimum reserve requirements are determined, and balances on accounts in the national currency with NBRK) equal to or in excess of the average minimum requirements. As at 31 December 2023, the minimum reserve amounted to KZT 40,278,670 thousand (31 December 2022: KZT 32,021,925 thousand).

13 Financial assets at fair value through other comprehensive income

	31 December 2023 KZT'000	31 December 2022 KZT'000
Held by the Group		
Treasury bonds of the Ministry of Finance of the Republic of Kazakhstan	229,454,238	78,932,285
US treasury bonds	33,602,598	1,654,536
Germany sovereign bonds	90,743,579	-
Austria sovereign bonds	44,984,632	-
The Netherlands sovereign bonds	10,030,737	-
The UK sovereign bonds	5,752,292	-
Bonds of development banks		
Eurasian Development Bank bonds	24,152,088	1,038,434
Corporate bonds		
Corporate bonds, rated from BBB- to BBB+	442,298	10,160,308
Corporate bonds, rated from BB- to BB+	3,390,041	-
Corporate bonds, not rated	1,676,464	9,050,551
	444,228,967	**100,836,114**
Pledged as security of other borrowed funds		
Corporate bonds, rated from BBB- to BBB+ (Note 23)	18,699,926	7,839,694
Corporate bonds, rated from BB- to BB+ (Note 23)	-	3,146,018
	18,699,926	**10,985,712**
	462,928,893	**111,821,826**
Allowance for expected credit losses*	(10,596,692)	(5,929,413)
Total financial assets measured at fair value through other comprehensive income (carrying amount)	**462,928,893**	**111,821,826**

The above table is based on the credit ratings assigned by Fitch Ratings agency or analogues of similar international agencies.

**The above loss allowance is not recognised in the consolidated statement of financial position because the carrying amount of debt investment securities at FVOCI is their fair value.*

As at 31 December 2023, financial assets at fair value through other comprehensive income (not rated) with total fair value of KZT 1,676,464 thousand (31 December 2022: KZT 9,050,551 thousand) comprise bonds of the Russian issuers which currently are rated CCC by the Group for the purpose of calculating expected credit losses as at 31 December 2023, except for the credit rating of the issuers with defaulted bonds.

As at 31 December 2023 financial assets at fair value through other comprehensive income with carrying amount of KZT 461,252,429 thousand (with gross carrying amount of KZT 461,328,608 thousand) are categorised into Stage 1 of the credit risk grade; financial assets at fair value through other comprehensive income with carrying amount of KZT 405,104 thousand (with gross carrying amount of KZT 553,678 thousand) are categorised into Stage 2 of the credit risk grade; and financial assets at fair value through other comprehensive income with carrying amount of KZT 1,271,360 thousand (with gross carrying amount of KZT 11,643,299 thousand) are categorised into Stage 3 of the credit risk grade.

As at 31 December 2022 financial assets at fair value through other comprehensive income with carrying amount of KZT 102,771,274 thousand (with gross carrying amount of KZT 102,871,656 thousand) are categorised into Stage 1 of the credit risk grade; financial assets at fair value through other comprehensive income with carrying amount of KZT 8,986,914 thousand (with gross carrying amount of KZT 12,668,495 thousand) are categorised into Stage 2 of the credit risk grade; and financial assets at fair value through other comprehensive income with carrying amount of KZT 63,638 thousand (with gross carrying amount of KZT 2,211,088 thousand) are categorised into Stage 3 of the credit risk grade.

PD value for securities for which loss allowance is recognised as 12-month expected credit losses ranges from 0.00% to 0.29% (31 December 2022: from 0.37% to 5.00%); PD value for not credit-impaired securities for which loss allowance is recognised in full, i.e. during the lifetime of the asset, is 7.10% (31 December 2022: from 7.10% to 19.90%). LGD value applicable to securities ranges from 70.00% to 79.40% (31 December 2022: from 56.00% to 70.65%). PD value is based on the statistics published by Standard&Poor's and Moody's international rating agencies.

As at 31 December 2023, allowance for expected credit losses on financial assets measured fair value through other comprehensive income was KZT 10,596,692 thousand (31 December 2022: KZT 5,929,413 thousand).

The following table shows reconciliations from opening and closing balances of the loss allowance on financial assets measured at fair value through other comprehensive income for 2023:

	Stage 1	Stage 2	Stage 3	Total
KZT'000				
Balance at 1 January 2023	**100,382**	**3,681,581**	**2,147,450**	**5,929,413**
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	(2,855,284)	2,855,284	-
Net remeasurement of loss allowance	(24,305)	(710,275)	5,545,537	4,810,957
Effect of foreign exchange differences	102	32,552	(176,332)	(143,678)
Balance at 31 December 2023	**76,179**	**148,574**	**10,371,939**	**10,596,692**

The following table shows reconciliations from opening and closing balances of the loss allowance on financial assets measured at fair value through other comprehensive income for 2022:

	Stage 1	Stage 2	Stage 3	Total
KZT'000				
Balance at 1 January 2022	**43,408**	**-**	**-**	**43,408**
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(14,019)	14,019	-	-
Transfer to Stage 3	(6,054)	-	6,054	-
Net remeasurement of loss allowance	74,511	3,652,144	2,133,445	5,860,100
Effect of foreign exchange differences	2,536	15,418	7,951	25,905
Balance at 31 December 2022	**100,382**	**3,681,581**	**2,147,450**	**5,929,413**

14 Deposits and balances with banks

	31 December 2023 KZT'000	31 December 2022 KZT'000
Term deposits		
- conditional deposit with the NBRK	2,526,937	2,007,734
- account with Development Bank of Kazakhstan JSC	5,380,442	2,112,962
- rated from AA- to AA+	7,415,248	5,045,962
- rated from A- to A+	3,599,564	2,684,082
- rated from BBB- to BBB+	114,050,367	-
- not rated	130,600	142,300
Total term deposits	**133,103,158**	**11,993,040**
Loans to banks		
- rated from BB- to BB+	547,704	-
- rated from B- to B+	655,315	-
Total loans to banks	**1,203,019**	**-**
Total deposits and balances with banks measured at amortised cost before allowance for expected credit losses	**134,306,177**	**11,993,040**
Allowance for expected credit losses	(41,248)	(1,968)
Total deposits and balances with banks	**134,264,929**	**11,991,072**

The credit ratings are presented by reference to the credit ratings of Fitch's credit ratings agency or analogues of similar international agencies.

As at 31 December 2023 and 2022, all deposits and balances with banks are categorised into Stage 1 of the credit risk grade.

As at 31 December 2023 conditional deposit with the NBRK consists of funds of KZT 1,491,100 thousand (31 December 2022: KZT 676,274 thousand) received from Development Bank of Kazakhstan JSC ("DBK JSC") and 1,035,837 thousand (31 December 2022: KZT 1,331,460 thousand) received from DAMU Entrepreneurship Development Fund JSC ("EDF DAMU JSC") in accordance with the loan agreements with DBK JSC and EDF DAMU JSC. The funds will be distributed as loans to corporates and individuals on special preferential terms. These funds may be withdrawn from the conditional deposit only after approval of DBK JSC and EDF DAMU JSC, respectively.

On 5 December 2023, the Group placed USD 250,000 thousand on deposit, maturing on 10 April 2024 and bearing an interest rate of 5.20% p.a.

As at 31 December 2023, balance of KZT 5,380,442 thousand on the account with Development Bank of Kazakhstan JSC comprises funds received from Industrial Development Fund JSC as part of the state programme of preferential car loans (Note 23) (31 December 2022: KZT 2,112,962 thousand).

Concentration of accounts and deposits with banks

As at 31 December 2023 the Group has 1 counterparty whose deposits and balances exceed 10% of equity (2022: the Group has no counterparties, whose deposits and balances exceeded 10% of equity). The gross value of these balances as at 31 December is KZT 119,430,809 thousand (31 December 2022: KZT 0).

15 Loans to customers

	31 December 2023 KZT'000	31 December 2022 KZT'000
Loans to customers measured at amortised cost		
Loans to corporate customers		
Loans to large corporates	413,707,663	373,690,379
Loans to small- and medium-size companies	53,667,503	34,724,805
Total loans to corporate customers	**467,375,166**	**408,415,184**
Loans to retail customers		
Uncollateralised consumer loans	517,071,745	473,500,800
Car loans	516,701,215	331,829,331
Mortgage loans	6,784,711	7,483,490
Non-program loans on individual terms	13,635,348	9,630,087
Loans for individual entrepreneurship	5,167,410	3,943,175
Loans under *Business Auto* Program	3,403,602	4,291,795
Total loans to retail customers	**1,062,764,031**	**830,678,678**
Loans to customers measured at amortised cost before allowance for expected credit losses	**1,530,139,197**	**1,239,093,862**
Allowance for expected credit losses	(170,975,401)	(179,836,777)
Loans to customers measured at amortised cost net of allowance for expected credit losses	**1,359,163,796**	**1,059,257,085**

Movements in the impairment allowance for expected credit losses by classes of loans to customers for the year ended 31 December 2023 are as follows:

KZT'000	Stage 1	Stage 2	Stage 3	POCI	Total
Loans to customers measured at amortised cost					
Allowance for expected credit losses at the beginning of the year	**34,738,547**	**15,286,783**	**128,104,782**	**1,706,665**	**179,836,777**
Transfer to Stage 1	2,741,962	(2,411,079)	(330,883)	-	-
Transfer to Stage 2	(4,647,175)	10,086,456	(5,439,281)	-	-
Transfer to Stage 3	(2,446,561)	(16,313,547)	18,760,108	-	-
Net remeasurement of loss allowance*	(18,108,416)	7,794,068	49,017,183	(1,480,301)	37,222,534
New financial assets originated or purchased	27,132,519	-	-	-	27,132,519
Financial assets that have been derecognised**	-	-	(1,611)	-	(1,611)
(Write-offs of loans)/recovery of previously written off loans	-	-	(87,961,152)	376,418	(87,584,734)
Unwinding of discount on present value of expected credit losses	-	-	14,630,677	165,753	14,796,430
Recognition of POCI-assets	-	-	(1,533)	-	(1,533)
Foreign exchange and other movements	(13,813)	(288,013)	(123,155)	-	(424,981)
Allowance for expected credit losses at the end of the year	**39,397,063**	**14,154,668**	**116,655,135**	**768,535**	**170,975,401**

** Includes changes in models/risk parameters, effect of repayments (including early repayments).*

*** Excludes repayments (including early repayments).*

KZT'000	Stage 1	Stage 2	Stage 3	POCI	Total
Loans to customers measured at amortised cost – corporate customers					
Allowance for expected credit losses at the beginning of the year	**2,706,080**	**11,372,331**	**55,492,410**	**805,291**	**70,376,112**
Transfer to Stage 1	702	(702)	-	-	-
Transfer to Stage 2	(6,588)	6,588	-	-	-
Transfer to Stage 3	(260)	(2,831,620)	2,831,880	-	-
Net remeasurement of loss allowance*	(1,232,184)	731,691	(5,024,488)	(1,202,606)	(6,727,587)
New financial assets originated or purchased	535,514	-	-	-	535,514
(Write-offs of loans)/recovery of previously written off loans	-	-	(27,290,871)	508,142	(26,782,729)
Unwinding of discount on present value of expected credit losses	-	-	2,496,250	23	2,496,273
Recognition of POCI-assets	-	-	-	-	-
Foreign exchange and other movements	(54,741)	(260,059)	(102,630)	-	(417,430)
Allowance for expected credit losses at the end of the year	**1,948,523**	**9,018,229**	**28,402,551**	**110,850**	**39,480,153**

KZT'000	Stage 1	Stage 2	Stage 3	POCI	Total
Loans to customers measured at amortised cost – retail customers					
Allowance for expected credit losses at the beginning of the year	32,032,467	3,914,452	72,612,372	901,374	109,460,665
Transfer to Stage 1	2,741,260	(2,410,377)	(330,883)	-	-
Transfer to Stage 2	(4,640,587)	10,079,868	(5,439,281)	-	-
Transfer to Stage 3	(2,446,301)	(13,481,927)	15,928,228	-	-
Net remeasurement of loss allowance*	(16,876,232)	7,062,377	54,041,671	(277,695)	43,950,121
New financial assets originated or purchased	26,597,005	-	-	-	26,597,005
Financial assets that have been derecognised**	-	-	(1,611)	-	(1,611)
Write-offs of loans	-	-	(60,670,281)	(131,724)	(60,802,005)
Unwinding of discount on present value of expected credit losses	-	-	12,134,427	165,730	12,300,157
Recognition of POCI-assets	-	-	(1,533)	-	(1,533)
Foreign exchange and other movements	40,928	(27,954)	(20,525)	-	(7,551)
Allowance for expected credit losses at the end of the year	**37,448,540**	**5,136,439**	**88,252,584**	**657,685**	**131,495,248**

** Includes changes in models/risk parameters, effect of repayments (including early repayments).*

*** Excludes repayments (including early repayments).*

Movements in the impairment allowance for expected credit losses by classes of loans to customers for the year ended 31 December 2022 are as follows:

KZT'000	Stage 1	Stage 2	Stage 3	POCI	Total
Loans to customers measured at amortised cost					
Allowance for expected credit losses at the beginning of the year	**24,177,506**	**2,969,617**	**132,951,227**	**1,202,668**	**161,301,018**
Transfer to Stage 1	2,046,567	(1,456,250)	(590,317)	-	-
Transfer to Stage 2	(2,540,602)	25,394,275	(22,853,673)	-	-
Transfer to Stage 3	(3,015,772)	(5,624,634)	8,640,406	-	-
Net remeasurement of loss allowance*	(13,715,142)	(5,501,579)	10,722,220	(628,405)	(9,122,906)
New financial assets originated or purchased	27,365,248	-	-	-	27,365,248
(Write-offs of loans)/recovery of previously written off loans	-	-	(11,287,098)	1,040,385	(10,246,713)
Unwinding of discount on present value of expected credit losses	-	-	9,541,821	92,017	9,633,838
Recognition of POCI-assets	-	-	(413,747)	-	(413,747)
Foreign exchange and other movements	420,742	(494,646)	1,393,943	-	1,320,039
Allowance for expected credit losses at the end of the year	**34,738,547**	**15,286,783**	**128,104,782**	**1,706,665**	**179,836,777**

** Includes changes in models/risk parameters, effect of repayments (including early repayments).*

KZT'000	Stage 1	Stage 2	Stage 3	POCI	Total
Loans to customers measured at amortised cost – corporate customers					
Allowance for expected credit losses at the beginning of the year	**3,898,203**	**984,644**	**75,574,120**	**856,448**	**81,313,415**
Transfer to Stage 1	7,308	(7,308)	-	-	-
Transfer to Stage 2	(543,834)	15,398,214	(14,854,380)	-	-
Transfer to Stage 3	(1,063,123)	(1,370,882)	2,434,005	-	-
Net remeasurement of loss allowance*	(1,227,525)	(3,192,241)	(594,420)	(539,043)	(5,553,229)
New financial assets originated or purchased	1,503,644	-	-	-	1,503,644
(Write-offs of loans)/recovery of previously written off loans	-	-	(12,691,631)	487,864	(12,203,767)
Unwinding of discount on present value of expected credit losses	-	-	4,018,364	22	4,018,386
Recognition of POCI-assets	-	-	(2,618)	-	(2,618)
Foreign exchange and other movements	131,407	(440,096)	1,608,970	-	1,300,281
Allowance for expected credit losses at the end of the year	**2,706,080**	**11,372,331**	**55,492,410**	**805,291**	**70,376,112**

KZT'000	Stage 1	Stage 2	Stage 3	POCI	Total
Loans to customers measured at amortised cost – retail customers					
Allowance for expected credit losses at the beginning of the year	**20,279,303**	**1,984,973**	**57,377,107**	**346,220**	**79,987,603**
Transfer to Stage 1	2,039,259	(1,448,942)	(590,317)	-	-
Transfer to Stage 2	(1,996,768)	9,996,061	(7,999,293)	-	-
Transfer to Stage 3	(1,952,649)	(4,253,752)	6,206,401	-	-
Net remeasurement of loss allowance*	(12,487,617)	(2,309,338)	11,316,640	(89,362)	(3,569,677)
New financial assets originated or purchased	25,861,604	-	-	-	25,861,604
Recovery of previously written off loans	-	-	1,404,533	552,521	1,957,054
Unwinding of discount on present value of expected credit losses	-	-	5,523,457	91,995	5,615,452
Recognition of POCI-assets	-	-	(411,129)	-	(411,129)
Foreign exchange and other movements	289,335	(54,550)	(215,027)	-	19,758
Allowance for expected credit losses at the end of the year	**32,032,467**	**3,914,452**	**72,612,372**	**901,374**	**109,460,665**

** Includes changes in models/risk parameters, effect of repayments (including early repayments).*

During 2023, the Group has written off loans of KZT 87,584,734 thousand, which resulted in decrease in allowance for expected credit losses on loans categorised into Stage 3 and POCI-assets for the same amount (2022: KZT 10,246,713 thousand).

The high volume of loans to customers originated during the year has caused increase in the gross book value of the loan portfolio by KZT 1,339,992,641 thousand (2022: KZT 1,139,719,734 thousand), with a corresponding increase of loss allowance assessed on a 12-month basis by KZT 27,132,519 thousand (2022: KZT 27,365,248 thousand).

The high volume of loans repaid during the year has caused decrease in the gross carrying amount of the loan portfolio by KZT 1,220,839,688 thousand, including accrued interest for the period on all loans to customers (2022: KZT 859,911,368 thousand) with a corresponding decrease in the loss allowance by KZT 51,473,715 thousand (2022: KZT 36,508,598 thousand).

The following table provides information by types of loan products for loans measured at amortised cost as at 31 December 2023:

KZT'000	Gross amount	Allowance for expected credit losses	Carrying amount
Loans to corporate customers			
Loans to large corporates	413,707,663	(39,278,008)	374,429,655
Loans to small- and medium-size companies	53,667,503	(202,145)	53,465,358
Loans to retail customers			
Uncollateralised consumer loans	517,071,745	(94,605,205)	422,466,540
Car loans	516,701,215	(34,645,773)	482,055,442
Mortgage loans	6,784,711	(976,784)	5,807,927
Non-program loans on individual terms	13,635,348	(32,638)	13,602,710
Loans for individual entrepreneurship	5,167,410	(1,116,993)	4,050,417
Loans under *Business Auto* Program	3,403,602	(117,855)	3,285,747
Total loans to customers	**1,530,139,197**	**(170,975,401)**	**1,359,163,796**

The following table provides information by types of loan products as at 31 December 2022:

KZT'000	Gross amount	Allowance for expected credit losses	Carrying amount
Loans to corporate customers			
Loans to large corporates	373,690,379	(65,671,550)	308,018,829
Loans to small- and medium-size companies	34,724,805	(4,704,562)	30,020,243
Loans to retail customers			
Uncollateralised consumer loans	473,500,800	(91,064,078)	382,436,722
Car loans	331,829,331	(14,750,697)	317,078,634
Mortgage loans	7,483,490	(1,094,867)	6,388,623
Non-program loans on individual terms	9,630,087	(1,390,721)	8,239,366
Loans for individual entrepreneurship	3,943,175	(1,020,476)	2,922,699
Loans under *Business Auto* Program	4,291,795	(139,826)	4,151,969
Total loans to customers	**1,239,093,862**	**(179,836,777)**	**1,059,257,085**

(a) Credit quality of loans to customers

The following table provides information on the credit quality of loans to customers measured at amortised cost as at 31 December 2023.

KZT'000	12-month expected credit losses	Life-time expected credit losses for not credit-impaired assets	Life-time expected credit losses for credit impaired assets	Credit-impaired assets at initial recognition	Total
Loans to customers at amortised cost – corporate customers					
Not externally rated:					
Standard	59,333,031	-	-	-	59,333,031
Low risk	285,450,494	728,771	-	-	286,179,265
Medium risk	755,133	28,614,087	309,028	-	29,678,248
Increased risk	-	-	4,150,939	-	4,150,939
High risk	-	-	26,219,820	110,849	26,330,669
Not rated (secured with cash)	6,446,090	-	-	-	6,446,090
Not rated	1,589,421	-	-	-	1,589,421
Loans to customers at amortised cost – corporate customers	**353,574,169**	**29,342,858**	**30,679,787**	**110,849**	**413,707,663**
Loss allowance	(1,922,558)	(9,018,094)	(28,226,507)	(110,849)	(39,278,008)
Loans to customers at amortised cost – corporate customers, net of loss allowance	**351,651,611**	**20,324,764**	**2,453,280**	**-**	**374,429,655**

KZT'000	12-month expected credit losses	Life-time expected credit losses for not credit-impaired assets	Life-time expected credit losses for credit impaired assets	Credit-impaired assets at initial recognition	Total
Loans to customers at amortised cost – small- and medium-size companies					
Not externally rated:					
Standard	9,201,391	-	-	-	9,201,391
Low risk	16,235,563	597,023	-	217,571	17,050,157
Medium risk	-	-	87,496	50,053	137,549
Problem	-	-	438,424	-	438,424
High risk	-	-	268,095	-	268,095
Not rated	3,207,027	-	-	-	3,207,027
Not rated (secured with cash)	23,115,505	249,355	-	-	23,364,860
Loans to customers at amortised cost- small- and medium-size companies	**51,759,486**	**846,378**	**794,015**	**267,624**	**53,667,503**
Loss allowance	(25,965)	(135)	(176,044)	(1)	(202,145)
Loans to customers at amortised cost- small- and medium-size companies, net of loss allowance	**51,733,521**	**846,243**	**617,971**	**267,623**	**53,465,358**

KZT'000	12-month expected credit losses	Life-time expected credit losses for not credit-impaired assets	Life-time expected credit losses for credit impaired assets	Credit-impaired assets at initial recognition	Total
Car loans					
Not overdue	434,609,505	1,014,399	11,604,312	278,859	447,507,075
Overdue less than 30 days	19,029,982	319,975	2,994,506	30,208	22,374,671
Overdue 30-89 days	-	10,122,296	3,009,055	-	13,131,351
Overdue 90-179 days	-	53,603	11,153,546	12,051	11,219,200
Overdue 180-360 days	-	-	14,065,058	10,149	14,075,207
Overdue more than 360 days	-	-	8,393,506	205	8,393,711
	453,639,487	**11,510,273**	**51,219,983**	**331,472**	**516,701,215**
Loss allowance	(5,938,315)	(934,923)	(27,582,660)	(189,875)	(34,645,773)
Net car loans	**447,701,172**	**10,575,350**	**23,637,323**	**141,597**	**482,055,442**
Uncollateralised consumer loans					
Not overdue	408,446,363	2,442,872	21,190,914	388,125	432,468,274
Overdue less than 30 days	20,898,175	762,171	3,211,506	49,184	24,921,036
Overdue 30-89 days	-	13,796,296	4,373,045	39,901	18,209,242
Overdue 90-179 days	-	390,045	15,631,856	30,144	16,052,045
Overdue 180-360 days	-	-	16,630,979	41,316	16,672,295
Overdue more than 360 days	-	-	8,740,071	8,782	8,748,853
	429,344,538	**17,391,384**	**69,778,371**	**557,452**	**517,071,745**
Loss allowance	(31,245,888)	(4,151,055)	(58,745,139)	(463,123)	(94,605,205)
Carrying amount	**398,098,650**	**13,240,329**	**11,033,232**	**94,329**	**422,466,540**
Non-program loans on individual terms					
Not overdue	11,809,147	1,440,279	354,375	-	13,603,801
Overdue 180-360 days	-	-	2,938	-	2,938
Overdue more than 360 days	-	-	28,609	-	28,609
	11,809,147	**1,440,279**	**385,922**	**-**	**13,635,348**
Loss allowance	(2,413)	(798)	(29,427)	-	(32,638)
Carrying amount	**11,806,734**	**1,439,481**	**356,495**	**-**	**13,602,710**
Mortgage loans					
Not overdue	5,088,966	157,937	132,529	126,519	5,505,951
Overdue less than 30 days	174,194	4,389	52,324	-	230,907
Overdue 30-89 days	-	42,512	3,832	3,955	50,299
Overdue 90-179 days	-	-	33,052	-	33,052
Overdue 180-360 days	-	-	29,664	-	29,664
Overdue more than 360 days	-	-	897,202	37,636	934,838
	5,263,160	**204,838**	**1,148,603**	**168,110**	**6,784,711**
Loss allowance	(71,052)	(34,649)	(867,016)	(4,067)	(976,784)
Carrying amount	**5,192,108**	**170,189**	**281,587**	**164,043**	**5,807,927**
Loans for individual entrepreneurship					
Not overdue	3,887,832	7,932	15	521	3,896,300
Overdue less than 30 days	56,758	-	-	7	56,765
Overdue 30-89 days	-	57,267	-	-	57,267
Overdue 90-179 days	-	-	20,682	-	20,682
Overdue 180-360 days	-	-	83,957	233	84,190
Overdue more than 360 days	-	-	1,051,620	586	1,052,206
	3,944,590	**65,199**	**1,156,274**	**1,347**	**5,167,410**
Loss allowance	(91,165)	(10,577)	(1,014,631)	(620)	(1,116,993)
Carrying amount	**3,853,425**	**54,622**	**141,643**	**727**	**4,050,417**
Loans under *Business Auto* Program					
Not overdue	3,268,267	-	-	-	3,268,267
Overdue less than 30 days	56,618	-	-	-	56,618
Overdue 30-89 days	-	30,226	892	-	31,118
Overdue 90-179 days	-	-	2,781	-	2,781
Overdue more than 360 days	-	-	44,818	-	44,818
	3,324,885	**30,226**	**48,491**	**-**	**3,403,602**
Loss allowance	(99,707)	(4,437)	(13,711)	-	(117,855)
Carrying amount	**3,225,178**	**25,789**	**34,780**	**-**	**3,285,747**

The following table provides information on the credit quality of loans to customers measured at amortised cost as at 31 December 2022.

KZT'000	12-month expected credit losses	Life-time expected credit losses for not credit-impaired assets	Life-time expected credit losses for credit impaired assets	Credit-impaired assets at initial recognition	Total
Loans to customers at amortised cost – corporate customers					
Not externally rated:					
Standard	71,708,788	-	-	-	71,708,788
Low risk	183,591,516	-	-	-	183,591,516
Medium risk	17,965,423	41,948,089	5,621,860	-	65,535,372
Increased risk	-	-	3,020,500	-	3,020,500
Problem	-	-	1,182,395	331,977	1,514,372
High risk	-	-	47,508,904	810,927	48,319,831
Loans to customers at amortised cost – corporate customer	**273,265,727**	**41,948,089**	**57,333,659**	**1,142,904**	**373,690,379**
Loss allowance	(2,629,469)	(11,372,137)	(50,864,801)	(805,143)	(65,671,550)
Loans to customers at amortised cost – corporate customers, net of loss allowance	**270,636,258**	**30,575,952**	**6,468,858**	**337,761**	**308,018,829**

KZT'000	12-month expected credit losses	Life-time expected credit losses for not credit-impaired assets	Life-time expected credit losses for credit impaired assets	Credit-impaired assets at initial recognition	Total
Loans to customers at amortised cost – small- and medium-size companies					
Not externally rated:					
Standard	8,545,707	-	-	-	8,545,707
Low risk	8,765,620	129,215	-	248,939	9,143,774
Medium risk	4,870,691	9,885	513,129	128,037	5,521,742
Problem	-	-	106,032	-	106,032
High risk	-	-	4,757,069	-	4,757,069
Not rated	1,756,375	-	18,063	-	1,774,438
Not rated (secured with cash)	4,876,043	-	-	-	4,876,043
Loans to customers at amortised cost- small- and medium-size companies	**28,814,436**	**139,100**	**5,394,293**	**376,976**	**34,724,805**
Loss allowance	(76,611)	(194)	(4,627,609)	(148)	(4,704,562)
Loans to customers at amortised cost- small- and medium-size companies, net of loss allowance	**28,737,825**	**138,906**	**766,684**	**376,828**	**30,020,243**

KZT'000	12-month expected credit losses	Life-time expected credit losses for not credit-impaired assets	Life-time expected credit losses for credit impaired assets	Credit-impaired assets at initial recognition	Total
Car loans					
Not overdue	293,490,735	1,563,625	5,153,693	292,514	300,500,567
Overdue less than 30 days	12,844,191	699,243	1,332,113	45,565	14,921,112
Overdue 30-89 days	-	5,453,962	849,336	11,396	6,314,694
Overdue 90-179 days	-	20,066	3,196,638	-	3,216,704
Overdue 180-360 days	-	-	1,894,939	-	1,894,939
Overdue more than 360 days	-	-	4,981,126	189	4,981,315
	306,334,926	**7,736,896**	**17,407,845**	**349,664**	**331,829,331**
Loss allowance	(3,666,576)	(583,081)	(10,303,958)	(197,082)	(14,750,697)
Net car loans	**302,668,350**	**7,153,815**	**7,103,887**	**152,582**	**317,078,634**
Uncollateralised consumer loans					
Not overdue	374,536,366	2,232,138	10,747,628	576,877	388,093,009
Overdue less than 30 days	17,076,420	789,339	1,704,608	89,401	19,659,768
Overdue 30-89 days	151,856	10,498,931	1,371,973	35,474	12,058,234
Overdue 90-179 days	-	66,041	10,641,438	15,301	10,722,780
Overdue 180-360 days	-	-	11,402,292	16,643	11,418,935
Overdue more than 360 days	-	-	31,546,364	1,710	31,548,074
	391,764,642	**13,586,449**	**67,414,303**	**735,406**	**473,500,800**
Loss allowance	(28,110,438)	(3,298,024)	(59,016,729)	(638,887)	(91,064,078)
Carrying amount	**363,654,204**	**10,288,425**	**8,397,574**	**96,519**	**382,436,722**
Non-program loans on individual terms					
Not overdue	7,859,260	-	362,853	14,497	8,236,610
Overdue 30-89 days	-	-	30,839	-	30,839
Overdue 180-360 days	-	-	-	25,974	25,974
Overdue more than 360 days	-	-	1,284,359	52,305	1,336,664
	7,859,260	**-**	**1,678,051**	**92,776**	**9,630,087**
Loss allowance	(15,899)	-	(1,315,017)	(59,805)	(1,390,721)
Carrying amount	**7,843,361**	**-**	**363,034**	**32,971**	**8,239,366**
Mortgage loans					
Not overdue	5,368,854	101,071	290,382	147,393	5,907,700
Overdue less than 30 days	154,054	40,487	116,272	-	310,813
Overdue 30-89 days	-	68,340	53,674	-	122,014
Overdue 90-179 days	-	-	54,176	-	54,176
Overdue 180-360 days	-	-	21,921	1,269	23,190
Overdue more than 360 days	-	-	1,026,406	39,191	1,065,597
	5,522,908	**209,898**	**1,562,831**	**187,853**	**7,483,490**
Loss allowance	(55,229)	(18,190)	(1,016,466)	(4,982)	(1,094,867)
Carrying amount	**5,467,679**	**191,708**	**546,365**	**182,871**	**6,388,623**
Loans for individual entrepreneurship					
Not overdue	2,761,622	-	18,292	700	2,780,614
Overdue less than 30 days	40,104	-	12,043	-	52,147
Overdue 30-89 days	-	35,058	-	-	35,058
Overdue 90-179 days	-	-	13,523	-	13,523
Overdue 180-360 days	-	-	13,556	-	13,556
Overdue more than 360 days	-	-	1,047,691	586	1,048,277
	2,801,726	**35,058**	**1,105,105**	**1,286**	**3,943,175**
Loss allowance	(58,324)	(11,145)	(950,389)	(618)	(1,020,476)
Carrying amount	**2,743,402**	**23,913**	**154,716**	**668**	**2,922,699**
Loans under *Business Auto* Program					
Not overdue	4,149,610	22,488	13,671	-	4,185,769
Overdue less than 30 days	53,282	-	-	-	53,282
Overdue 30-89 days	-	30,585	-	-	30,585
Overdue 90-179 days	-	-	7,792	-	7,792
Overdue 180-360 days	-	-	2,556	-	2,556
Overdue more than 360 days	-	-	11,811	-	11,811
	4,202,892	**53,073**	**35,830**	**-**	**4,291,795**
Loss allowance	(126,001)	(4,012)	(9,813)	-	(139,826)
Carrying amount	**4,076,891**	**49,061**	**26,017**	**-**	**4,151,969**

(b) Key assumptions and judgments used in estimation of expected credit losses

(i) Loans to corporate customers

In determining the allowance for expected credit losses on loans to corporate customers, management makes the following key assumptions:

- a discount of between 30% and 60% to the originally appraised value if the property pledged is sold;
- collateral includes only such types of collateral as movable and immovable assets and other security which enhances credit quality;
- a delay of up to 36 months in obtaining proceeds from the foreclosure of collateral;
- PD value for loans for which loss allowance is recognised as 12-month expected credit losses ranges from 0.05 to 24.47%, PD value for not credit-impaired loans for which loss allowance is recognised in full, i.e. during lifetime of the asset, ranges mainly from 0.76 to 78.74%, depending on the borrower's internal rating;
- weighted average LGD value for loans categorised into Stages 1 and 2 in terms of credit quality is 26.58%, and that for loans categorised into as Stage 3 in terms of credit quality is 64.76%.

Changes in the above estimates may impact allowance for expected credit losses. For example, to the extent that the net present value of the estimated cash flows differs by plus/minus one percent, allowance for expected credit losses on loans to corporate customers as at 31 December 2023 would be KZT 4,278,950 thousand lower/higher (31 December 2022: KZT 3,380,391 thousand lower/higher).

(ii) Loans to retail customers and other loans measured on a collective basis

The Group estimates loss allowance for expected credit losses for loans to retail customers based on its past historical loss experience on each type of loan. The significant assumptions used by management in determining the loss allowance for expected credit losses for loans to retail customers include:

- migration rates are constant and can be estimated based on historic loss migration pattern for the period at least 5 years; a 12-month PD for groups of products categorised into Stage 1 in terms of credit quality was 0.90-14.71% (minimum value of 0.90% relates to the "SME" product and maximum value of 14.71% relates to the "UnCL" product ("Uncollateralised consumer loans")); lifetime PD categorised into Stage 2 in terms of credit quality was 5.02-47.08%, depending on the group of products of homogeneous retail portfolio (minimum value of 5.02% relates to the "Preferential car loans" product and maximum value of 47.08% relates to the "UnCL" product ("Uncollateralised consumer loans"));
- recovery rates for uncollateralised loans are estimated based on historical cash recovery rates for the period of at least 5 years; LGD for products of homogeneous portfolio categorised into Stages 1 and 2 was 30.02% for the "CAR" product ("car loans") and up to 68.93% for the "UnCL" product (Uncollateralised consumer loans); Recovery rate for products of homogeneous portfolio categorised into Stage 3 varied from 2.0% for the "Business POS" product to the upper limit of 100% for the "Uncollateralised consumer loans" product;
- a delay of up to 24 months in obtaining proceeds from the sale of foreclosed collateral;
- there are no significant legal impediments for foreclosure of cars pledged as collateral that could extend realisation period beyond expected time;
- the cars will either be foreclosed without significant damages or the damages will be reimbursed by insurance companies and the sales will be made at market prices prevailing at the reporting date less reasonable handling expenses and liquidity discounts.

Changes in the above estimates may impact allowance for expected credit losses. For example, to the extent that the net present value of the estimated cash flows differs by plus/minus three percent, allowance for expected credit losses on loans to retail customers as at 31 December 2023 would be KZT 27,938,063 thousand lower/higher (31 December 2022: KZT 21,636,540 thousand lower/higher).

(c) Analysis of collateral

(i) Loans to corporate customers

The following table provides information on collateral and other credit enhancements securing loans to corporate customers, by types of collateral:

31 December 2023 KZT'000	**Carrying amount of loans to customers**	**Fair value of collateral - for collateral assessed as of reporting date**	**Fair value of collateral - for collateral assessed as at loan inception date**	**Fair value of collateral not determined**
Loans to corporate customers at amortised cost				
Loans not credit-impaired				
Vehicles	133,362,280	132,807,260	555,020	-
Real estate	64,459,566	57,109,573	7,349,993	-
Insurance	65,144,001	-	-	65,144,001
Cash and deposits	43,800,675	43,800,675	-	-
Goods in turnover	39,309,622	36,587,610	2,722,012	-
Corporate guarantees (unrated) and guarantees of individuals	26,579,970	-	-	26,579,970
Corporate guarantees (issued by legal entities with government participation or having high rating)	14,345,557	-	-	14,345,557
Equipment	3,076,260	3,022,634	53,626	-
Construction-in-progress	2,072,038	624,261	1,447,777	-
Other collateral	369,938	132,672	237,266	-
No collateral and other credit enhancements	32,036,232	-	-	32,036,232
Total loans not credit-impaired	**424,556,139**	**274,084,685**	**12,365,694**	**138,105,760**
Credit-impaired loans				
Real estate	3,009,000	2,704,657	304,343	-
Corporate guarantees (unrated) and guarantees of individuals	276,041	-	-	276,041
Corporate guarantees (issued by legal entities with government participation or having high rating)	51,833	-	-	51,833
Cash and deposits	2,000	2,000	-	-
Total credit-impaired loans	**3,338,874**	**2,706,657**	**304,343**	**327,874**
Total loans to corporate customers measured at amortised cost	**427,895,013**	**276,791,342**	**12,670,037**	**138,433,634**

31 December 2022 KZT'000	**Carrying amount of loans to customers**	**Fair value of collateral - for collateral assessed as of reporting date**	**Fair value of collateral - for collateral assessed as at loan inception date**	**Fair value of collateral not determined**
Loans to corporate customers measured at amortised cost				
Loans not credit-impaired				
Vehicles	92,651,781	92,576,976	74,805	-
Real estate	72,300,453	58,590,075	13,710,378	-
Corporate guarantees (unrated) and guarantees of individuals	37,313,048	-	-	37,313,048
Insurance	27,068,283	-	-	27,068,283
Cash and deposits	14,675,146	14,675,146	-	-
Goods in turnover	9,152,335	9,152,335	-	-
Corporate guarantees (issued by legal entities with government participation or having high rating)	9,472,098	-	-	9,472,098
Equipment	3,612,133	3,612,133	-	-
Construction-in-progress	1,326,604	-	1,326,604	-
Mineral rights	640,468	640,468	-	-
Other collateral	1,110,447	1,110,447	-	-
No collateral and other credit enhancements	60,766,145	-	-	60,766,145
Total loans not credit-impaired	**330,088,941**	**180,357,580**	**15,111,787**	**134,619,574**
Credit-impaired loans				
Real estate	6,155,780	2,901,036	3,254,744	-
Insurance	958,067	-	-	958,067
Corporate guarantees (issued by legal entities with government participation or having high rating)	238,758	-	-	238,758
Equipment	131,287	68,422	62,865	-
Corporate guarantees (unrated) and guarantees of individuals	75,706	-	-	75,706
Cash and deposits	4,339	4,339	-	-
No collateral and other credit enhancements	386,194	-	-	386,194
Total credit-impaired loans	**7,950,131**	**2,973,797**	**3,317,609**	**1,658,725**
Total loans to corporate customers measured at amortised cost	**338,039,072**	**183,331,377**	**18,429,396**	**136,278,299**

The tables above exclude overcollateralisation.

The key assumptions with respect to Stage 3 impaired loans is the valuation of underlying real estate collateral. This is valued at the reporting date, by using a combination of income approach and comparative sales method. The Group engages third-party appraisers to value more significant and specialised items of collateral.

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

For loans secured by multiple types of collateral, collateral that is most relevant for impairment assessment is disclosed. Sureties and collateral received from individuals, such as shareholders of small and medium-sized borrowers, are not considered for impairment assessment purposes. Accordingly, such loans and unsecured portions of partially secured exposures are presented as loans without collateral or other credit enhancement.

The recoverability of loans to corporate customers which are neither past due nor impaired primarily depends on the creditworthiness of borrowers rather than the value of collateral, and the Group does not necessarily update the valuation of collateral as at each reporting date.

(ii) Loans to retail customers

Mortgage loans are secured by the underlying housing real estate. Small business loans are secured by real estate and movable property. Auto loans are secured by the underlying cars. Cash loans are collateralised by cash. Uncollateralised consumer loans are not secured.

Mortgage loans

Included in mortgage loans are loans with a net carrying amount of KZT 311,575 thousand (31 December 2022: KZT 458,545 thousand), which are secured by collateral with a fair value of less than the net carrying amount of the individual loans. The fair value of collateral for these loans amounts to KZT 20,877 thousand (31 December 2022: KZT 64,117 thousand).

Management believes that fair value of collateral for mortgage loans with a net carrying amount of KZT 5,496,352 thousand (31 December 2022: KZT 5,930,078 thousand), is at least equal to the carrying amount of individual loans at the reporting date.

The Group updates the appraised collateral values obtained at inception of the loan to the present value considering the approximate changes in the value of properties. The Group obtains specific individual valuation of collateral for individual loans once every half year in case there are indications of impairment.

The fair value of collateral for mortgage loans with a net carrying amount of KZT 1,890,542 thousand (31 December 2022: KZT 842,800 thousand) was estimated at inception of the loans and was not adjusted for subsequent changes to the reporting date.

Loans for individual entrepreneurship

Included in loans for individual entrepreneurship are loans with a net carrying amount of KZT 548,800 thousand (31 December 2022: KZT 538,573 thousand), which are secured by collateral with a fair value of less than the net carrying amount of the individual loan. The fair value of collateral for these loans amounts to KZT 12,975 thousand (31 December 2022: KZT 5,000 thousand).

Management believes that the fair value of collateral for loans for individual entrepreneurship with a net carrying amount of KZT 3,501,617 thousand (31 December 2022: KZT 2,384,126 thousand) is at least equal to the carrying amount of individual loans at the reporting date.

The Group updates the appraised collateral values obtained at inception of the loan to the present value considering the approximate changes in the value of properties. The Group obtains specific individual valuation of collateral for individual loans once every half year in case there are indications of impairment.

The fair value of collateral for loans for individual entrepreneurship with a net carrying amount of KZT 1,735,024 thousand (31 December 2022: KZT 864,585 thousand) was estimated at inception of the loans and was not adjusted for subsequent changes to the reporting date.

Non-programme loans issued on individual terms

Included in non-programme loans on individual terms are loans with a net carrying amount of KZT 122 thousand (31 December 2022: KZT 0.00), which are secured by collateral with a fair value of less than the net carrying amount of the individual loan. The fair value of collateral for these loans amounts to KZT 0.00 (31 December 2022: KZT 0.00).

Management believes that the fair value of collateral for non-programme loans on individual terms with a net carrying amount of KZT 13,602,588 thousand (31 December 2022: KZT 8,239,366 thousand) is at least equal to the carrying amount of individual loans at the reporting date.

The Group updates the appraised collateral values obtained at inception of the loan to the present value considering the approximate changes in the value of properties. The Group obtains specific individual valuation of collateral for individual loans once every half year in case there are indications of impairment.

The fair value of collateral for non-programme loans on individual terms with a net carrying amount of KZT 8,022,601 thousand (31 December 2022: KZT 1,150,689 thousand) was estimated at inception of the loans and was not adjusted for subsequent changes to the reporting date.

Car loans

Included in car loan portfolio are loans with a net carrying amount of KZT 30,945,670 thousand (31 December 2022: KZT 17,502,792 thousand), which are secured by collateral with a fair value of less than the net carrying amount of the individual loans. The fair value of collateral for these loans amounts to KZT 21,747,318 thousand (31 December 2022: KZT 11,833,710 thousand).

Management believes that fair value of collateral for car loans with a net carrying amount of KZT 451,109,772 thousand (31 December 2022: KZT 299,575,842 thousand) is at least equal to the carrying amount of individual loans at the reporting date.

(d) Industry and geographical analysis of the loan portfolio

Loans were issued primarily to customers located within the Republic of Kazakhstan who operate in the following economic sectors:

	31 December 2023 KZT'000	31 December 2022 KZT'000
Loans to corporate customers at amortised cost		
Machinery manufacturing	128,787,881	77,670,246
Retail trade	59,857,242	54,329,446
Wholesale trade	57,339,885	73,917,834
Financial intermediation	41,371,540	28,460,578
Mining and metals industry	35,855,855	4,327,206
Construction	24,703,505	41,001,882
Food production	18,230,271	27,109,338
Real estate	17,848,127	26,240,316
Services	17,507,284	27,284,840
Transport	17,276,431	12,471,132
Industrial manufacturing	14,608,822	13,163,502
Health care and social services	9,492,791	4,263,413
Textile manufacturing	7,818,176	9,205,855
Agriculture, forestry and timber industry	5,743,251	4,732,004
Lease, rental, and leasing	2,230,386	1,478,809
Electric power generation and supply	-	30,122
Other	8,703,719	2,728,661
Loans to retail customers at amortised cost		
Unsecured consumer loans	517,071,745	473,500,800
Car loans	516,701,215	331,829,331
Mortgage loans	6,784,711	7,483,490
Non-programme loans issued on individual terms	13,635,348	9,630,087
Loans for individual entrepreneurship	5,167,410	3,943,175
Loans under Business Auto Programme	3,403,602	4,291,795
	1,530,139,197	**1,239,093,862**
Allowance for expected credit losses	(170,975,401)	(179,836,777)
Total loans to customers at amortised cost	**1,359,163,796**	**1,059,257,085**

As at 31 December 2023, the Group has 3 borrowers or groups of related borrowers (31 December 2022: 2), whose loan balances exceed 10% of equity. The gross value of these balances (before allowance for expected credit losses) as at 31 December 2023 is KZT 199,353,527 thousand (31 December 2022: KZT 110,529,406 thousand).

(e) Loan maturities

Maturities of the loan portfolio as at the reporting date is presented in Note 28(d), which shows the remaining periods from the reporting date to the contractual maturity of the loans.

(f) Transfer of financial assets

In 2023, as part of its participation in the state mortgage programmes '7-20-25' and Market Mortgage Product ("Baspana Hit") the Group transferred to Kazakhstan Sustainability Fund JSC the mortgage loans of KZT 387,646 thousand (2022: KZT 181,565 thousand). The Group determined that it has not transferred risks and rewards to the buyer of the assets and therefore, retains control and continues recognising loans in its consolidated statement of financial position. The liability from continuing involvement with the asset included in 'other liabilities' amounts to KZT 3,211,626 thousand (2022: KZT 3,192,377 thousand).

(g) Loans issued under the Government programmes

During 2023, the Group provided financing to 670 borrowers from the funds of DBK JSC for a total of KZT 8,909,317 thousand; to 39 borrowers from the funds of DAMU JSC for a total of KZT 11,735,309 thousand, and to 271 borrowers from the funds of Industrial Development Fund JSC ("IDF JSC") for a total of KZT 2,988,567 thousand (2022: DBK JSC – funding to 660 borrowers for a total of KZT 7,229,155 thousand, DAMU JSC – funding to 40 borrowers for a total of KZT 7,227,319 thousand, IDF JSC – funding to 4,284 borrowers for a total of KZT 34,674,744 thousand). These financing amounts include money drawn down from the credit facility within the open limits, including those on a revolving basis.

As at 31 December 2023, the balance of principal amount outstanding and interest payable on loans financed using the funds provided under the state programmes amounted to KZT 58,009,231 thousand (31 December 2022: KZT 55,297,016 thousand).

(h) Acquisition of a car loan portfolio

In March 2022, the Group acquired from Subsidiary VTB Bank JSC (Kazakhstan) the rights of claim under loan contracts for the Lgotnoye Avto product (‘*preferential car loans*’), which were signed previously to buy domestically manufactured cars as part of the state programmes intended to support the processing industries in Kazakhstan. The market value of the acquired rights of claim amounted to KZT 11,032,496 thousand. At the same time, the Group assumed liabilities under loan contracts concluded between VTB and Development Bank of Kazakhstan JSC (Note 23).

16 Investments at amortised cost

	31 December 2023 KZT’000	31 December 2022 KZT’000
Held by the Group		
Treasury notes of the Ministry of Finance of the Republic of Kazakhstan	71,344,392	126,361,185
The US Treasury bills	50,167,705	74,223,193
Corporate bonds rated from BBB- to BBB+	2,336,969	-
Corporate bonds not rated	13,816,926	25,734,558
	137,665,992	**226,318,936**
Pledged against other borrowed funds		
Bonds of Development Bank of Kazakhstan JSC (Note 23)	4,653,910	4,763,500
Corporate bonds rated from BBB- to BBB+ (Note 23)	-	4,627,915
	4,653,910	**9,391,415**
Pledged under sale and repurchase agreements		
Treasury notes of the Ministry of Finance of the Republic of Kazakhstan	32,465,139	-
	32,465,139	**-**
	174,785,041	**235,710,351**
Allowance for expected credit losses	(11,809,354)	(10,798,140)
Investments at amortised cost	**162,975,687**	**224,912,211**

The credit ratings are presented by reference to the credit ratings of Fitch’s rating agency or analogues of similar international rating agencies.

As at 31 December 2023, financial assets measured at amortised cost included in 'not rated’ category, with the gross carrying amount of KZT 13,816,926 thousand (31 December 2022: KZT 25,734,558 thousand) comprise bonds of Russian issuers, and their net carrying amount is KZT 2,017,959 thousand (31 December 2022: KZT 14,950,773 thousand). The current credit rating assigned to Russian issuers as assessed by the Bank to estimate allowance for expected credit losses at 31 December 2023 is ‘CCC’, except for the credit ratings of those issuers whose bonds were defaulted.

As at 31 December 2023, investments measured at amortised cost, with a net carrying amount of KZT 160,957,728 thousand are categorised into Stage 1 of the credit risk grading; investments measured at amortised cost, with a net carrying amount of KZT 0.00 are categorised into Stage 2 of the credit risk grading, and investments measured at amortised cost, with a net carrying amount of KZT 2,017,959 thousand are categorised into Stage 3 of the credit risk grading (31 December 2022: investments measured at amortised cost, with a net carrying amount of KZT 209,975,791 thousand are categorised into Stage 1 of the credit risk grading; investments measured at amortised cost, with a net carrying amount of KZT 13,319,278 thousand are categorised into Stage 2 of the credit risk grading, and investments measured at amortised cost, with a net carrying amount of KZT 1,617,142 thousand are categorised into Stage 3 of the credit risk grading).

PDs for securities for which loss allowance is measured at an amount equal to 12-month expected credit losses (ECL) were 0.00% - 0.29%. LGDs estimated for securities ranged from 70.00% to 79.40%. External benchmark information used to estimate PDs is obtained from the studies published by the international rating agencies Standard&Poor's and Moody's.

As at 31 December 2023, treasury notes of the Ministry of Finance of the Republic of Kazakhstan measured at amortised cost, with a carrying amount of KZT 32,465,139 thousand serve as collateral for repurchase agreements with a carrying amount of KZT 32,226,575 thousand (31 December 2022: nil). The fair value of these government bonds transferred as collateral under repurchase agreements was KZT 31,927,091 thousand (31 December 2022: nil).

The following tables show reconciliations from the opening to the closing balances for the loss allowance for expected credit losses on investments measured at amortised cost:

	For the year ended 31 December 2023			
KZT'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January 2023	**14,353**	**5,149,583**	**5,634,204**	**10,798,140**
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	(4,031,300)	4,031,300	-
Net remeasurement of loss allowance	(3,719)	(1,145,722)	2,302,602	1,153,161
Effect of movements in exchange rates	(247)	27,439	(169,139)	(141,947)
Balance at 31 December 2023	**10,387**	**-**	**11,798,967**	**11,809,354**

	For the year ended 31 December 2022			
KZT'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January 2022	**75,947**	**-**	**-**	**75,947**
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(36,924)	36,924	-	-
Transfer to Stage 3	(5,936)	-	5,936	-
Net remeasurement of loss allowance	(20,381)	5,067,050	5,712,206	10,758,875
Effect of movements in exchange rates	1,647	45,609	(83,938)	(36,682)
Balance at 31 December 2022	**14,353**	**5,149,583**	**5,634,204**	**10,798,140**

17 Property, plant and equipment, intangible assets, and right-of-use assets

KZT'000	Land and buildings	Computers and banking equipment	Vehicles	Office furniture	Construction in progress and equipment to be installed	Leasehold improvements	Trademarks	Software and other intangible assets	Total
Cost									
Balance at 1 January 2023	11,721,257	16,446,442	908,369	1,057,642	2,098	785,468	1,075,716	20,636,755	52,633,747
Additions	6,532	4,720,667	466,082	169,819	475	-	-	3,648,859	9,012,434
Disposals	-	(1,281,243)	(21,525)	(111,623)	(2,098)	-	-	(219,931)	(1,636,420)
Balance at 31 December 2023	**11,727,789**	**19,885,866**	**1,352,926**	**1,115,838**	**475**	**785,468**	**1,075,716**	**24,065,683**	**60,009,761**
Depreciation and amortisation									
Balance at 1 January 2023	(2,712,905)	(12,226,838)	(513,180)	(698,729)	-	(785,126)	(1,075,716)	(13,842,249)	(31,854,743)
Depreciation and amortisation for the year	(148,713)	(1,505,371)	(84,748)	(67,000)	-	(98)	-	(1,458,669)	(3,264,599)
Disposals	-	1,276,052	21,525	110,636	-	-	-	215,783	1,623,996
Balance at 31 December 2023	**(2,861,618)**	**(12,456,157)**	**(576,403)**	**(655,093)**	**-**	**(785,224)**	**(1,075,716)**	**(15,085,135)**	**(33,495,346)**
Carrying amounts									
At 31 December 2023	**8,866,171**	**7,429,709**	**776,523**	**460,745**	**475**	**244**	**-**	**8,980,548**	**26,514,415**

KZT'000	Land and buildings	Computers and banking equipment	Vehicles	Office furniture	Construction in progress and equipment to be installed	Leasehold improvements	Trademarks	Software and other intangible assets	Total
Cost									
Balance at 1 January 2022	11,725,907	16,087,262	609,801	893,587	2,128	787,794	1,075,716	19,159,547	50,341,742
Additions	-	1,353,056	330,364	218,034	-	-	-	1,500,425	3,401,879
Disposals	(4,650)	(993,876)	(31,796)	(53,979)	(30)	(2,326)	-	(23,217)	(1,109,874)
Balance at 31 December 2022	**11,721,257**	**16,446,442**	**908,369**	**1,057,642**	**2,098**	**785,468**	**1,075,716**	**20,636,755**	**52,633,747**
Depreciation and amortisation									
Balance at 1 January 2022	(2,568,885)	(11,968,964)	(509,421)	(670,443)	-	(786,862)	(1,075,716)	(12,447,293)	(30,027,584)
Depreciation and amortisation for the year	(148,671)	(1,242,621)	(35,555)	(70,733)	-	(589)	-	(1,418,040)	(2,916,209)
Disposals	4,651	984,747	31,796	42,447	-	2,325	-	23,084	1,089,050
Balance at 31 December 2022	**(2,712,905)**	**(12,226,838)**	**(513,180)**	**(698,729)**	**-**	**(785,126)**	**(1,075,716)**	**(13,842,249)**	**(31,854,743)**
Carrying amounts									
At 31 December 2022	**9,008,352**	**4,219,604**	**395,189**	**358,913**	**2,098**	**342**	**-**	**6,794,506**	**20,779,004**

Capitalised costs related to the acquisition or construction of property, plant and equipment during 2023 and 2022 were nil.

	2023 KZT'000	2022 KZT'000
Right-of-use assets		
Cost		
Balance at 1 January	**4,847,277**	**4,747,004**
Additions	860,207	1,815,801
Disposals	(308,859)	(1,715,528)
Balance at 31 December	**5,398,625**	**4,847,277**
Depreciation and amortisation		
Balance at 1 January	**(2,178,638)**	**(2,589,999)**
Depreciation and amortisation for the year	(1,411,997)	(1,304,167)
Disposals	308,859	1,715,528
Balance at 31 December	**(3,281,776)**	**(2,178,638)**
Carrying amounts		
At 31 December	**2,116,849**	**2,668,639**

18 Other assets

	31 December 2023 KZT'000	31 December 2022 KZT'000
Debtors under lending commitments	6,796,779	4,262,461
Receivables from consumer loans sold	4,170,196	262,875
Finance lease receivables	2,941,121	3,035,716
Fee and commission income accrued	1,368,132	1,324,527
Debtors under guarantees and letters of credit	1,195,370	1,195,370
Settlement of securities transactions	586,379	1,419,483
Receivables from instalment sale of property	125,619	-
Plastic cards settlements	6,662	740,369
Asset from continuing involvement in transferred assets	4,062	17,709
Other	2,115,020	2,823,181
Allowance for expected credit losses	(5,670,250)	(4,829,129)
Total other financial assets	**13,639,090**	**10,252,562**
Collateral carried on balance sheet	10,186,127	3,477,836
Prepayments	2,078,932	1,437,874
Taxes prepaid other than income tax	1,502,048	666,088
Advances for capital expenditures	849,887	994,571
Raw materials and consumables	304,788	402,912
Precious metals	253,592	116,421
Total other non-financial assets	**15,175,374**	**7,095,702**
Total other assets	**28,814,464**	**17,348,264**

Debtors under lending commitments

Debtors under lending commitments mainly comprise accounts receivable from the Group partners engaged in the provision of loans.

Receivables from consumer loans sold

Receivables from consumer loans sold of KZT 4,170,196 thousand arose as a result of assignment of the rights of claim under loan agreements for unsecured loans; the receivables are due in 2024-2025; receivables are settled on a monthly basis (31 December 2022: KZT 262,875 thousand).

Collateral carried on balance sheet

Collateral carried on balance sheet comprises commercial and residential property, and construction in progress, that were received for repayment of loans outstanding in the amount of KZT 10,186,127 thousand (31 December 2022: KZT 3,477,836 thousand).

Analysis of movements in the loss allowance for expected credit losses

Movements in the loss allowance for expected credit losses for the years ended 31 December are as follows:

	2023 KZT'000	2022 KZT'000
Balance at the beginning of the year	4,829,129	3,939,747
Net charge of ECL allowance	1,873,950	1,058,157
Write-off of bad debts	(1,517,300)	(804,196)
Recovery of assets previously written-off	494,236	640,537
Effect of movements in exchange rates	(9,765)	(5,116)
Balance at the end of the year	**5,670,250**	**4,829,129**

As at 31 December 2023, included in other assets are overdue receivables of KZT 1,853,225 thousand (31 December 2022: KZT 1,186,326 thousand) of which the receivables of KZT 150,176 thousand are overdue more than 90 days but less than one year (31 December 2022: KZT 17,939 thousand) and of KZT 1,664,035 thousand are overdue more than one year (31 December 2022: KZT 1,153,678 thousand).

19 Deposits and balances from banks

	31 December 2023 KZT'000	31 December 2022 KZT'000
Term deposits	681,840	693,975
Vostro accounts	19,634,701	21,357,506
	20,316,541	**22,051,481**

20 Current accounts and deposits from customers

	31 December 2023 KZT'000	31 December 2022 KZT'000
Current accounts and demand deposits		
- Retail	337,388,512	269,356,363
- Corporate	402,579,138	540,423,643
Term deposits		
- Retail	745,555,876	605,084,126
- Corporate	658,209,374	516,114,613
	2,143,732,900	**1,930,978,745**

As at 31 December 2023, the current accounts and deposits from the Group's customers of KZT 71,609,149 thousand (31 December 2022: KZT 25,769,103 thousand) serve as collateral for loans and unrecognised credit instruments granted by the Group.

As at 31 December 2023, the Group has 8 customers (31 December 2022: 18 customers) whose balances exceed 10% of equity. The gross value of these balances as at 31 December 2023 is KZT 397,291,681 thousand (31 December 2022: KZT 719,131,105 thousand).

As at 31 December 2023, the Group's 's current accounts and demand deposits from retail customers of KZT 18,208,249 thousand (31 December 2022: KZT 16,582,178 thousand) are prepayments for loans. Prepayments for loans comprise payments made by retail borrowers ahead of schedule. These payments are settled against the loan balance at the date the next payment falls due.

21 Debt securities issued

	31 December 2023 KZT'000	31 December 2022 KZT'000
Nominal value	7,939,823	16,058,713
Premium /(discount)	8,127	(66,485)
Accrued interest	326,029	674,916
	8,273,979	**16,667,144**

The summary of bond issues as at 31 December 2023 and 2022 is as follows:

	The first issue registration date	Maturity date	Coupon rate	Effective interest rate	Carrying amount 31 December 2023 KZT'000	Carrying amount 31 December 2022 KZT'000
Bonds of the eighteenth issue	15-Aug- 19	15-Aug-26	10.95%	10.91%	8,273,979	8,277,799
Bonds of the fifth issue	22-Oct-08	1-Sep-23	Inflation rate +1%*	14.48%	-	8,389,345
					8,273,979	**16,667,144**

**The maximum coupon rate provided for by the prospectus is 13% per annum.*

In 2023 and 2022, the Group placed no bonds.

On 1 September 2023, the Group repaid the fifth issue's coupon bonds with the aggregate nominal value of KZT 8,118,890 thousand, due to that the bonds have reached maturity.

22 Subordinated debt securities issued

	31 December 2023 KZT'000	31 December 2022 KZT'000
Nominal value	152,952,200	167,469,550
Discount	(89,633,066)	(94,495,634)
Accrued interest	1,325,469	1,711,598
	64,644,603	**74,685,514**

As at 31 December 2023 and 2022, subordinated debt securities issued comprise unsecured obligations of the Group. In case of bankruptcy, the subordinated debt securities are repaid once all other liabilities of the Group are repaid in full.

The summary of subordinated debt securities issues at 31 December 2023 and 2022 is as follows:

	The first issue registration date	Maturity date	Coupon rate	Effective interest rate	Carrying amount 31 December 2023 KZT'000	Carrying amount 31 December 2022 KZT'000
Bonds of the seventeenth issue	18-Oct-17	18-Oct-32	4.00%	18.00%	61,571,491	57,430,033
Bonds of the thirteenth issue	29-Sep-14	10-Jan-24	9.00%	13.98%	3,073,112	2,489,450
Bonds of the eighth issue	21-Aug-09	15-Oct-23	Inflation +1%*	18.72%	-	14,766,031
					64,644,603	**74,685,514**

**The maximum coupon rate provided for by the prospectus is 13% per annum.*

Embedded derivatives represented by inflation-indexed coupon payments are considered to be closely related to the host debt instruments as the inflation index is commonly used for this purpose in the KZT economic environment and it is not leveraged.

On 11 August 2023, the Group placed the unsecured subordinated bonds, bearing a fixed coupon rate of 9% p.a., issued as the thirteenth bond issue of the second bond programme, for a total of KZT 450,011 thousand.

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

By the Resolution of the NBRK No.183 dated 27 September 2017, the Bank was approved to participate in the Programme of Strengthening Financial Stability of the Banking Sector in the Republic of Kazakhstan (the "Programme").

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

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

– the Bank undertakes to comply with capital adequacy ratios set by the authorised body for the second-tier banks of the Republic of Kazakhstan;

– the Bank undertakes to commit no action intended to withdraw the Bank's assets; at that, the list of events to be considered as the withdrawal of assets is set out in the Bond Issue Prospectus.

As part of its participation in the Programme, on 18 October 2017, the Bank placed Bonds at Kazakhstan Stock Exchange JSC, for a total of KZT 150,000,000 thousand; Bonds bear a coupon rate of 4.00 % p.a. and mature in 15 years. The result of discounting Bonds using a market interest rate of 18.00%, which was recognised within income in the consolidated statement of profit and loss and other comprehensive income on initial recognition of Bonds, amounted to KZT 106,961,607 thousand.

On 17 October 2023, the Group repaid in full the issued subordinated coupon bonds of the eighth issue, with the aggregate nominal value of KZT 14,974,550 thousand, due to that the bonds have reached the maturity.

The Group complied with the above covenants as at 31 December 2023 and 2022.

23 Other borrowed funds

	31 December 2023 KZT'000	31 December 2022 KZT'000
Loans from government financial institutions	72,984,547	69,855,654
Loans from the Ministry of Finance of the Republic of Kazakhstan	-	202,724
	72,984,547	**70,058,378**

As at 31 December 2023 and 2022, terms and repayment schedule of outstanding borrowings are as follows:

				Carrying amount	
	Currency	**Average interest rate**	**Year of maturity**	**31 December 2023 KZT'000**	**31 December 2022 KZT'000**
Industrial Development Fund JSC	KZT	1.00%	2052	35,217,671	35,182,329
Development Bank of Kazakhstan JSC	KZT	1.00-2.00%	2029-2037	23,949,525	23,981,641
Damu Entrepreneurship Development Fund JSC	KZT	1.00-8.50%	2024-2035	13,817,351	10,691,684
Ministry of Finance of the Republic of Kazakhstan	KZT	The NBRK's refinancing rate	2023	-	102,118
Ministry of Finance of the Republic of Kazakhstan	USD	Libor +1%	2023	-	100,606
				72,984,547	**70,058,378**

During 2023, the Bank obtained KZT 5,102,864 thousand in funding from Damu Entrepreneurship Development Fund JSC (the "DAMU EDF JSC"); borrowings bear an interest rate of 2% and mature on 1 October 2030; the borrowed funds have been provided for the Bank to provide loans to end-borrowers – small and medium-sized enterprises; loans bear an interest rate of 6% and mature in 7 years.

During 2022, the Group received a loan of KZT 35,000,000 thousand from Industrial Development Fund JSC (the "IDF JSC"), which bears an interest rate of 1% p.a. and matures on 30 April 2052. Borrowings were provided to the Group for the latter to lend money to individual end-borrowers, the buyers of domestically manufactured cars, at an annual interest rate of 4% p.a. and with a maturity of up to 7 years. As at 31 December 2023, the Bank provided collateral on this loan in the form of corporate bonds with credit ratings from BBB- to BBB+, for a total of KZT 13,633,340 thousand (Note 13), recognised in 'financial assets at fair value through other comprehensive income', and bonds for a total of KZT 4,647,029 thousand, recognised in 'investments at amortised cost' (Note 16) (31 December 2022: corporate bonds with credit ratings from BBB- to BBB+, for a total of KZT 2,962,747 thousand and with credit ratings from BB- to BB+, for a total of KZT 3,146,018 thousand, recognised in 'financial assets at fair value through other comprehensive income' and bonds for a total of KZT 9,391,415 thousand, recognised in 'investments at amortised cost').

Other borrowed funds from EDF DAMU JSC and DBK JSC were received under the Government programme to provide financing to large corporates, and small and medium-size enterprises (SME) operating in certain industries. Under the loan agreements with EDF DAMU JSC and DBK JSC, the Group is responsible to extend loans to large corporates and SME borrowers, eligible to participate in the above programme, at an interest rate of 6.00% p.a. and with maturities of up to 10 years.

During 2022, the Group assumed liabilities of Subsidiary VTB Bank JSC (Kazakhstan) to Development Bank of Kazakhstan JSC for a total of KZT 11,500,000 thousand, at an interest rate of 1% p.a. and with maturities in 2029-2037, in exchange for a car loan portfolio for an equivalent amount, issued as part of the state programme aimed at granting car loans on preferential terms (Note 15). As at ended 31 December 2023 and 31 December 2022, the carrying amount of the liabilities to DBK JSC assumed, amounted to KZT 11,520,361 thousand.

As at 31 December 2023, the Group provided collateral to secure liabilities to DBK JSC, in the form of corporate bonds with credit ratings from BBB- to BBB+, recognised in 'financial assets at fair value through other comprehensive income', in the amount of KZT 5,066,586 thousand (31 December 2022: corporate bonds, with credit ratings from BBB- to BBB+, recognised in 'financial assets at fair value through other comprehensive income', in the amount of KZT 4,876,947 thousand) (Note 13).

Management of the Group believes that due to their specific nature, loans from IDF JSC, EDF DAMU JSC and DBK JSC represent a separate segment of lending market, whereby financing is provided by the state companies to support entities operating in certain industries. As a result, loans from IDF JSC, EDF DAMU JSC and DBK JSC were received in the 'arm's length' transactions and, as such, the amount received under loan contracts represents the fair value of the loans on initial recognition.

The Group is obliged to comply with covenants of the loan contracts stated above. The Group has complied with all covenants as at 31 December 2023 and 2022.

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

	Liabilities				
KZT'000	**Other borrowed funds**	**Subordinated debt securities issued**	**Debt securities issued**	**Lease liabilities**	**Total**
Balance at 1 January 2023	**70,058,378**	**74,685,514**	**16,667,144**	**3,175,407**	**164,586,443**
Changes from financing cash flows					
Proceeds from other borrowed funds	5,102,864	-	-	-	5,102,864
Repayment of other borrowed funds	(2,197,036)	-	-	-	(2,197,036)
Proceeds from subordinated debt securities issued	-	450,011	-	-	450,011
Repayment of subordinated debt securities issued	-	(14,974,550)	-	-	(14,974,550)
Repayment of debt securities issued	-	-	(8,118,890)	-	(8,118,890)
Payments under leases	-	-	-	(1,349,839)	(1,349,839)
Total changes from financing cash flows	**2,905,828**	**(14,524,539)**	**(8,118,890)**	**(1,349,839)**	**(21,087,440)**
The effect of changes in foreign exchange rates	(1,711)	-	-	-	(1,711)
Other changes					
Interest expense	934,015	12,654,936	1,650,592	376,472	15,616,015
Interest paid	(911,963)	(8,171,241)	(1,924,867)	(390,893)	(11,398,964)
Recognition of lease liabilities and other changes	-	(67)	-	860,207	860,140
Balance at 31 December 2023	**72,984,547**	**64,644,603**	**8,273,979**	**2,671,354**	**148,574,483**

	Liabilities				
KZT'000	**Other borrowed funds**	**Subordinated debt securities issued**	**Debt securities issued**	**Lease liabilities**	**Total**
Balance at 1 January 2022	**26,029,572**	**70,309,216**	**16,462,157**	**2,562,741**	**115,363,686**
Changes from financing cash flows					
Proceeds from other borrowings from IDF JSC	35,000,000	-	-	-	35,000,000
Repayment of other borrowed funds	(2,611,181)	-	-	-	(2,611,181)
Payments under leases	-	-	-	(1,242,881)	(1,242,881)
Total changes from financing cash flows	**32,388,819**	**-**	**-**	**(1,242,881)**	**31,145,938**
The effect of changes in foreign exchange rates	9,258	-	-	-	9,258
Other changes					
Interest expense	841,186	12,008,456	1,796,978	314,631	14,961,251
Interest paid	(710,457)	(7,632,158)	(1,591,991)	(274,885)	(10,209,491)
Recognition of lease liabilities	-	-	-	1,815,801	1,815,801
Other non-cash changes					
Liabilities to DBK JSC assumed as a result of the assignment of rights of claim on loans issued (Note 15)	11,500,000	-	-	-	11,500,000
Balance at 31 December 2022	**70,058,378**	**74,685,514**	**16,667,144**	**3,175,407**	**164,586,443**

In 2023, total cash outflow for leases, including operating leases, amounted to KZT 1,895,698 thousand (2022: KZT 1,672,707 thousand).

24 Other liabilities

	31 December 2023 KZT'000	31 December 2022 KZT'000
Other payables related to banking operations	4,210,244	3,391,282
Payables to borrowers under lending transactions	3,448,128	1,725,862
Liability from continuing involvement (Note 15(f))	3,211,795	3,205,524
Settlement of payments and money transfers on behalf of customers	1,353,865	2,435,516
Accrued administrative expenses	1,307,968	570,691
Payment card settlements	887,471	1,769,420
Payments to Deposit Guarantee Fund	400,000	-
Payables to insurance company	374,138	373,155
Liabilities on electronic money issued	265,488	518,760
Capital expenditure payable	169,507	3,850
Due to depositors of AsiaCredit Bank JSC	30	30
Other financial liabilities	771,228	1,611,735
Total other financial liabilities	**16,399,862**	**15,605,825**
Payables to employees	8,776,857	4,576,184
Accrued vacation reserve	2,341,418	1,694,289
Loss allowance for contingent liabilities	2,301,055	199,371
Deferred income	1,542,696	700,959
Other taxes payable	1,337,463	378,019
Other non-financial liabilities	540,669	341,122
Total other non-financial liabilities	**16,840,158**	**7,889,944**
Total other liabilities	**33,240,020**	**23,495,769**

25 Share capital

(a) Issued capital and share premium

The authorised share capital of the Bank comprises 2,096,038,900 ordinary shares (31 December 2022: 2,096,038,900 ordinary shares) and 3,000,000 non-redeemable cumulative preference shares (31 December 2022: 3,000,000 preference shares).

During 2023, no shares were issued (2022: no shares were issued).

Issued and outstanding share capital as at 31 December comprised fully paid ordinary shares as follows:

	31 December 2023 Number of shares	31 December 2022 Number of shares
Issued at KZT 955.98	8,368,300	8,368,300
Issued at KZT 1,523.90	2,631,500	2,631,500
Issued at KZT 1,092.00	2,930,452	2,930,452
Issued at KZT 6,532.60	7,030,137	7,030,137
Total issued and outstanding shares	**20,960,389**	**20,960,389**

As at 31 December 2023 and 31 December 2022, share capital of the Bank was KZT 61,135,197 thousand.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at annual and general meetings of the Bank.

(b) Dividends

In accordance with Kazakhstan legislation and the Bank's charter documents, distributable reserves are subject to the rules and regulations of the Republic of Kazakhstan.

During the year ended 31 December 2023, no dividends were declared or paid (2022: no dividends were declared or paid).

(c) Book value per share

Under the listing rules of the Kazakhstan Stock Exchange the Group should present book value per ordinary share in its consolidated financial statements.

The book value per ordinary share is calculated by dividing net assets less intangible assets by the number of outstanding ordinary shares. As at 31 December 2023, the book value per share was KZT 14,078.57 (31 December 2022: KZT 9,090.30).

(d) Nature and purpose of reserves

Reserve for general banking risks

Until 2013, in accordance with amendments to Resolution No.196 "On establishment of minimum limit on reserve capital of second-tier banks" issued by the Agency of the Republic of Kazakhstan on the Regulation and Supervision of Financial Markets and Financial Organisations (the "ASFM") introduced on 31 January 2011 (that became invalid in 2013), the Bank had to establish reserve capital by transferring an amount from retained earnings to a non-distributable reserve.

From 2013, the Bank's management have been determining the amount of the reserves on its own. During the annual periods ended 31 December 2023 and 31 December 2022, no transfers to/from general reserve were made by the Bank to cover general banking risks.

26 Earnings per share

The calculation of earnings per share is based on the net consolidated profit and a weighted average number of ordinary shares outstanding during the period. The Group has no potential diluted ordinary shares.

	2023	**2022**
Net profit (KZT'000)	95,440,405	83,320,172
A weighted average number of ordinary shares	20,960,389	20,960,389
Basic earnings per share (KZT)	**4,553.37**	**3,975.13**

27 Segment analysis

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the chief operating decision maker, the Chairman of the Management Board, reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the reportable segments.

- corporate banking- includes loans, deposits and other transactions with corporate customers;
- retail banking – includes loans, deposits and other transactions with retail customers;
- assets and liabilities management – includes maintaining liquid assets portfolio (cash, nostro accounts with the NBRK and other banks, interbank financing (up to 1 month), investments in various financial instruments and bonds issue management;
- small and medium-size entities banking – includes loans, deposits and other transactions with small and medium-size entities;
- treasury – undertakes the Group's funding activities through interbank borrowings, and using derivative instruments for market risk hedging purposes and investing in liquid securities (corporate bonds).

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit after income tax as included in the internal management reports that are reviewed by the Chairman of the Management Board. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to others who operate within these industries. Inter-segment pricing is determined on an arm's length basis.

	31 December 2023 KZT'000	31 December 2022 KZT'000
ASSETS		
Assets and liabilities management	1,150,791,444	1,256,229,137
Retail banking	915,026,177	706,753,394
Corporate banking	389,239,717	313,865,914
Treasury	184,247,136	372,251
Small and medium-sized entities banking	68,698,456	47,400,397
Unallocated assets	50,769,349	31,104,736
Total assets	**2,758,772,279**	**2,355,725,829**
LIABILITIES		
Retail banking	1,094,308,489	911,028,557
Corporate banking	786,107,434	603,104,714
Small and medium-sized entities banking	327,939,704	467,253,925
Assets and liabilities management	109,517,124	99,890,736
Treasury	55,102,500	14,091,807
Unallocated liabilities	74,526,277	64,611,466
Total liabilities	**2,447,501,528**	**2,159,981,205**

Reconciliation of reportable segment total assets and total liabilities is presented below:

	31 December 2023 KZT'000	31 December 2022 KZT'000
Total assets of reportable segments	2,758,772,279	2,355,725,829
The effect of consolidation	(59,674)	1,345,943
Gross presentation of foreign currency spots	(49,524,696)	(372,251)
Adjustment for the value of financial assets	(6,207,468)	-
Adjustment for other assets' value	(3,289,319)	-
Other adjustments	(2,884,319)	(518,871)
Total assets	**2,696,806,803**	**2,356,180,650**

	31 December 2023 KZT'000	31 December 2022 KZT'000
Total liabilities of reportable segments	2,447,501,528	2,159,981,205
The effect of consolidation	(195,390)	(240,900)
Gross presentation of foreign currency spots	(49,524,696)	(372,251)
Other adjustments	(5,047,484)	(518,080)
Total liabilities	**2,392,733,958**	**2,158,849,974**

Segment information for the main reportable business segments for the year ended 31 December 2023 is presented below:

KZT'000	Corporate banking	Small and medium-sized entities banking	Retail banking	Treasury	Assets and liabilities management	Unallocated assets and liabilities*	Total
Interest income	50,876,292	12,069,095	222,673,211	12,219,519	52,864,388	-	350,702,505
Fee and commission income	2,683,114	6,104,711	36,247,407	300,905	-	-	45,336,137
Net gain on securities, dealings and foreign currency translation differences	12,033,193	9,209,985	4,826,072	28,481,618	2,793,625	-	57,344,493
Other (expenses)/income	(220,782)	-	1,125	31,607	-	120,706	(67,344)
Funds transfer pricing	48,695,957	35,524,045	87,862,454	176,123	72,320,060	-	244,578,639
Revenue	**114,067,774**	**62,907,836**	**351,610,269**	**41,209,772**	**127,978,073**	**120,706**	**697,894,430**
Interest expense	(32,023,066)	(19,458,543)	(69,653,552)	-	(32,252,671)	-	(153,387,832)
Fee and commission expense	(981,849)	(2,331,605)	(22,522,333)	(628,018)	(314,381)	(93,543)	(26,871,729)
(Impairment losses)/ reversal of impairment losses	(1,121,667)	2,272,093	(75,274,579)	-	(11,830,382)	(198,526)	(86,153,061)
Funds transfer pricing	(44,757,303)	(6,603,446)	(126,585,695)	(13,767,807)	(52,864,388)	-	(244,578,639)
Operating expenses (direct)	(1,931,541)	(1,981,422)	(14,749,240)	(3,329,385)	(69,398)	(21,031,623)	(43,092,609)
Operating expenses (indirect)	(1,783,912)	(2,384,381)	(12,906,778)	(794,711)	(15,192)	(3,197,148)	(21,082,122)
Corporate income tax	(6,940,229)	(7,150,210)	(6,598,308)	(5,004,150)	-	-	(25,692,897)
Segment results	**24,528,207**	**25,270,322**	**23,319,784**	**17,685,701**	**30,631,661**	**(24,400,134)**	**97,035,541**
Other segment items							
Additions of property, plant and equipment	-	-	-	-	-	9,012,434	9,012,434
Depreciation and amortisation	(29,692)	(17,821)	(438,487)	(2,773)	(487)	(4,187,336)	(4,676,596)

Segment information for the main reportable business segments for the year ended 31 December 2022 is presented below:

KZT'000	Corporate banking	Small and medium-sized entities banking	Retail banking	Treasury	Assets and liabilities management	Unallocated assets and liabilities*	Total
Interest income	32,886,620	4,562,871	135,599,695	658,480	26,567,401	-	200,275,067
Fee and commission income	2,292,703	3,403,109	41,569,779	275,688	-	-	47,541,279
Net gain on securities, dealings and foreign currency translation differences	6,042,161	7,687,480	11,193,686	33,440,013	(3,579,611)	-	54,783,729
Other income/(expenses)	-	-	3,286	44,626	-	(654,984)	(607,072)
Funds transfer pricing	28,330,194	22,850,584	48,501,870	150,044	32,156,596	-	131,989,288
Revenue	**69,551,678**	**38,504,044**	**236,868,316**	**34,568,851**	**55,144,386**	**(654,984)**	**433,982,291**
Interest expense	(18,190,046)	(10,957,603)	(40,556,962)	-	(14,585,062)	-	(84,289,673)
Fee and commission expense	(618,598)	(6,836)	(20,342,863)	(597,996)	(307,793)	(84,775)	(21,958,861)
Reversal of impairment losses/(impairment losses)	25,167	777,535	(25,126,054)	-	(14,703,598)	(87,902)	(39,114,852)
Funds transfer pricing	(27,801,986)	(3,306,266)	(73,597,738)	(715,897)	(26,567,401)	-	(131,989,288)
Operating expenses (direct)	(1,544,076)	(1,141,321)	(12,262,407)	(3,194,825)	(46,871)	(13,884,246)	(32,073,746)
Operating expenses (indirect)	(1,296,670)	(1,873,491)	(10,653,479)	(496,907)	(7,700)	(3,458,426)	(17,786,673)
Corporate income tax	(3,862,846)	(4,221,885)	(10,427,774)	(5,674,312)	-	-	(24,186,817)
Segment results	**16,262,623**	**17,774,177**	**43,901,039**	**23,888,914**	**(1,074,039)**	**(18,170,333)**	**82,582,381**
Other segment items							
Additions of property, plant and equipment	-	-	-	-	-	3,401,849	3,401,849
Depreciation and amortisation	(17,748)	(11,872)	(397,335)	(2,220)	(509)	(3,790,692)	(4,220,376)

* 'Unallocated assets and liabilities' comprise expenses of business units, whose activities include performing administration and control functions and monitoring regulatory and statutory compliance.

Reconciliation of reportable segment revenues and profit or loss is as follows:

	2023 KZT'000	2022 KZT'000
Reportable segments revenue	697,894,430	433,982,291
The effect of consolidation	24,710	146,735
Funds transfer pricing	(244,578,639)	(131,989,288)
Other adjustments	(24,656,355)	(11,946,415)
Total revenue	**428,684,146**	**290,193,323**

	2023 KZT'000	2022 KZT'000
Reportable segments profit	97,035,541	82,582,381
Other adjustments	(144,009)	650,531
The effect of consolidation	(1,451,127)	87,260
Total profit	**95,440,405**	**83,320,172**

The effect of consolidation arises as a result of that the Chairman reviews internal management reports on unconsolidated basis.

Other adjustments: these adjustments mostly comprise offset other assets and other liabilities, and offset income and expenses, and appropriate adjustments for interest income on credit-impaired borrowers in the amount of KZT 14,814,489 thousand (2022: KZT 3,309,050 thousand). Other adjustments arise due to the fact that the Chairman of the Management Board reviews internal management reports prepared on a gross-up basis, whereas for the IFRS consolidated financial reporting purposes, only specific other assets/liabilities included in unallocated assets/liabilities are offset.

Funds transfer pricing: for the purpose of internal management reporting, transfer pricing represents the allocation of income and expense between the segments which raise cash resources and those which originate assets generating interest income, using cash resources.

Information about major customers and geographical areas

During the year ended 31 December 2023, the Group has no large corporate customers, revenues from which individually exceed 10% of total revenue (31 December 2022: none).

A major part of revenues from external customers relates to transactions with residents of the Republic of Kazakhstan. The majority of non-current assets are located in the Republic of Kazakhstan.

28 Risk management

(a) Risk management policies and procedures

Management of risk is fundamental to the banking business and forms an essential element of the Bank's operations. The major risks faced by the Group are those related to market risk, credit risk, liquidity risk and operational risk. The primary function of financial risk management is to establish risk limits and to ensure that any exposure to risk stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimise operational and legal risks.

The Group established a three-level protection framework:

- primary analysis by initiating departments;
- analysis by controlling departments (risk management, legal, and compliance departments and others);
- reviews and independent assessment of the efficacy of the risk management system operated by the bank.

The Group performs, on an annually basis, the procedure to identify and assess key risks, based on the results of which the Board of Directors establishes levels of risk appetite the Group is ready to accept.

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

The Board of Directors has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing risk management policies and procedures as well as approving significantly large exposures. The Risk and Internal Controls Committee preliminary reviews these matters and seeks consideration and/or approval thereof by the Board of Directors.

The Management Board is responsible for monitoring and implementing risk mitigation measures and making sure that the Group operates within established risk parameters. Risk management executives are responsible for the overall risk management and compliance functions, ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks. Risk management executives report directly to the Chairman and indirectly, through the Risk and Internal Controls Committee, to the Board of Directors.

Credit, market and liquidity risks both at the portfolio and transactional levels are managed and controlled through a system of Credit Committees, Market Risk and Liquidity Management Committee (MRLMC). To improve decision-making process, the bank established a hierarchy of credit committees, depending on the type and amount of the exposure.

Both external and internal risk factors are identified and managed throughout the bank. Particular attention is given to identifying the full range of risk factors and determining the level of assurance over current risk mitigation procedures. Apart from the standard credit and market risk analysis, the Risk Management Business Units monitor financial and non-financial risks by holding regular meetings with operational units in order to obtain expert judgements in their respective areas of expertise.

(b) Market risk

Market risk is a probability that financial losses arise on balance sheet and off-balance sheet items because of unfavourable changes in market situation, which comprise movements in interest rates, foreign exchange rates, market value of financial instruments and goods. Market risk includes currency risk, interest risk and price risk.

The Group manages its market risk (currency risk, interest risk and price risk) at the portfolio level. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Overall authority for market and liquidity risk is vested in MRLMC. MRLMC performs review of the market risk limits based on recommendations of the Risk Management Block and submits it to the Management Board and Board of Directors for approval.

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

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

The management of the interest rate risk by monitoring the interest rate gap is supplemented by monitoring the sensitivity of the Group's net interest margin to various standard and non-standard interest rate scenarios.

The Group also utilises Value-at-Risk ("VaR") methodology to monitor market risk of its trading positions.

(i) Interest rate risk

Interest rate risk is the probability of financial loss to the Group because of changes in market interest rates. The Bank is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its unconsolidated 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 gap analysis

Interest rate risk is managed principally through monitoring and forecasting interest rate gaps, reduction in time gaps of interest-bearing assets and liabilities.

A summary of the interest gap position as at 31 December 2023 and 2022 for major interest-bearing financial instruments is as follows:

KZT'000	Less than 3 months	3-6 months	6-12 months	1 - 5 years	More than 5 years	Non-interest bearing	Carrying amount
31 December 2023							
ASSETS							
Cash and cash equivalents	160,300,991	56,544,541	-	-	-	302,821,226	519,666,758
Financial instruments at fair value through profit or loss	-	-	-	-	-	285,199	285,199
Financial assets at fair value through other comprehensive income	149,265,174	29,156,237	11,859,516	189,969,488	82,678,478	-	462,928,893
Deposits and balances with banks	639,483	114,015,016	560,405	-	11,012,046	8,037,979	134,264,929
Loans to customers	188,258,886	94,894,944	217,068,774	737,320,108	121,621,084	-	1,359,163,796
Investments at amortised cost	12,655,546	10,143,971	76,172,533	64,003,637	-	-	162,975,687
	511,120,080	**304,754,709**	**305,661,228**	**991,293,233**	**215,311,608**	**311,144,404**	**2,639,285,262**
LIABILITIES							
Financial instruments at fair value through profit or loss	-	-	-	-	-	134,362	134,362
Deposits and balances from banks	-	-	-	-	-	20,316,541	20,316,541
Amounts payable under repurchase agreements	32,226,575	-	-	-	-	-	32,226,575
Current accounts and deposits from customers	449,977,443	369,747,422	441,079,829	115,731,216	24,384,339	742,812,651	2,143,732,900
Debt securities issued	326,029	-	-	7,947,950	-	-	8,273,979
Subordinated debt securities issued	3,073,112	-	1,200,000	-	60,371,491	-	64,644,603
Other borrowed funds	503,086	460,821	494,913	2,515,922	69,009,805	-	72,984,547
Lease liabilities	63,794	173,806	112,084	2,321,670	-	-	2,671,354
	486,170,039	**370,382,049**	**442,886,826**	**128,516,758**	**153,765,635**	**763,263,554**	**2,344,984,861**
	24,950,041	**(65,627,340)**	**(137,225,598)**	**862,776,475**	**61,545,973**	**(452,119,150)**	**294,300,401**

KZT'000	**Less than 3 months**	**3-6 months**	**6-12 months**	**1 - 5 years**	**More than 5 years**	**Non-interest bearing**	**Carrying amount**
31 December 2022							
ASSETS							
Cash and cash equivalents	463,851,297	-	-	-	-	443,042,094	906,893,391
Financial instruments at fair value through profit or loss	-	-	-	-	-	500,923	500,923
Financial assets at fair value through other comprehensive income	3,368,986	2,480,046	17,875,186	87,606,803	490,805	-	111,821,826
Deposits and balances with banks	7,728,077	-	-	-	-	4,262,995	11,991,072
Loans to customers	174,536,720	62,082,817	214,228,843	536,844,555	71,564,150	-	1,059,257,085
Investments at amortised cost	29,637,101	24,905,389	13,671,059	156,698,662	-	-	224,912,211
	679,122,181	**89,468,252**	**245,775,088**	**781,150,020**	**72,054,955**	**447,806,012**	**2,315,376,508**
LIABILITIES							
Financial instruments at fair value through profit or loss	-	-	-	-	-	89,853	89,853
Deposits and balances from banks	-	-	-	-	-	22,051,481	22,051,481
Current accounts and deposits from customers	394,798,932	247,036,016	574,963,463	125,456,079	29,489,002	559,235,253	1,930,978,745
Debt securities issued	326,030	-	8,389,344	7,951,770	-	-	16,667,144
Subordinated debt securities issued	106,038	-	15,966,031	2,383,412	56,230,033	-	74,685,514
Other borrowed funds	529,052	437,864	410,093	3,715,569	64,965,800	-	70,058,378
Lease liabilities	35,046	13,747	224,457	2,876,626	25,531	-	3,175,407
	395,795,098	**247,487,627**	**599,953,388**	**142,383,456**	**150,710,366**	**581,376,587**	**2,117,706,522**
	283,327,083	**(158,019,375)**	**(354,178,300)**	**638,766,564**	**(78,655,411)**	**(133,570,575)**	**197,669,986**

Average effective interest rates

The table below displays average effective interest rates for interest-bearing assets and liabilities as at 31 December 2023 and 2022. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

	31 December 2023 Average effective interest rate, %			31 December 2022 Average effective interest rate, %		
	KZT	**USD**	**Other currencies**	**KZT**	**USD**	**Other currencies**
Interest-bearing assets						
Cash and cash equivalents	14.70	3.62	0.36	-	3.46	-
Financial assets at fair value through other comprehensive income	13.64	3.83	3.65	9.93	2.45	1.6
Deposits and balances with banks	-	5.17	-	-	3.6	-
Loans to customers	26.23	8.38	7.24	25.53	5.95	13.98
Investments at amortised cost	14.57	3.63	-	12.51	3.51	-
Interest-bearing liabilities						
Amounts payable under repurchase agreements	15.60	-	-	-	-	-
Current accounts and deposits from customers						
- Corporate	10.90	1.03	1.33	9.56	0.50	0.37
- Retail	12.72	0.99	0.12	11.53	1.14	0.21
Debt securities issued	10.91	-	-	12.77	-	-
Subordinated debt securities issued	16.86	-	-	17.15	-	-
Other borrowed funds						
- Loans from government financial institutions	1.35	-	-	1.39	-	-
- Loans from the Ministry of Finance of the Republic of Kazakhstan	-	-	-	16.00	1.96	-

Interest rate sensitivity analysis

The management of interest rate risk based on interest rate gap analysis is supplemented by monitoring the sensitivity of financial assets and liabilities. An analysis of the sensitivity of profit or loss and equity (net of taxes) to changes in interest rates (repricing risk), based on a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves and positions of interest-bearing assets and liabilities existing as at 31 December 2023 and 2022 is as follows:

	2023		2022	
KZT'000	**Profit or loss**	**Equity**	**Profit or loss**	**Equity**
100 bp parallel fall	427,938	427,938	(484,836)	(484,836)
100 bp parallel rise	(427,938)	(427,938)	484,836	484,836

An analysis of the sensitivity of net profit or loss and equity as a result of changes in the fair value of financial assets at FVOCI due to changes in the interest rates, based on positions existing as at 31 December 2023 and 31 December 2022, and a simplified scenario of a 100 bp symmetrical fall or rise in all yield curves, is as follows:

	2023		**2022**	
KZT'000	**Profit or loss**	**Equity**	**Profit or loss**	**Equity**
100 bp parallel fall	-	9,282,827	-	2,314,111
100 bp parallel rise	-	(8,811,869)	-	(2,377,554)

(ii) Currency risk

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

Currency risk is the probability of financial loss to the Group because of changes in foreign currency exchange rates. The Group hedges its exposure to currency risk. The Group manages its foreign currency position through the limits established for each currency and net foreign currency position limits.

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2023:

KZT'000	**USD**	**RUB**	**EUR**	**Other currencies**	**Total**
ASSETS					
Cash and cash equivalents	282,865,454	97,662,130	25,091,803	66,320,020	471,939,407
Financial assets at fair value through other comprehensive income	100,378,897	-	147,556,146	5,752,292	253,687,335
Deposits and balances with banks	126,226,949	50,600	-	-	126,277,549
Loans to customers	99,712,490	753,154	8,775,495	-	109,241,139
Investments at amortised cost	129,161,773	-	-	-	129,161,773
Other financial assets	361,514	30,445	85,603	7,460	485,022
Total assets	**738,707,077**	**98,496,329**	**181,509,047**	**72,079,772**	**1,090,792,225**
LIABILITIES					
Deposits and balances from banks	10,958,324	3,329,741	4,069,218	864,519	19,221,802
Current accounts and deposits from customers	755,324,189	110,875,542	133,099,254	63,951,360	1,063,250,345
Other financial liabilities	1,326,162	150,202	1,047,097	89,796	2,613,257
Total liabilities	**767,608,675**	**114,355,485**	**138,215,569**	**64,905,675**	**1,085,085,404**
Net position as at 31 December 2023	**(28,901,598)**	**(15,859,156)**	**43,293,478**	**7,174,097**	**5,706,821**
The effect of derivative financial instruments held for risk management purposes**	22,344,897	14,942,423	(43,192,640)	-	(5,905,320)
Net position as at 31 December 2023 with the effect of derivatives held for risk management purposes	**(6,556,701)**	**(916,733)**	**100,838**	**7,174,097**	**(198,499)**

** including SPOT transactions.

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2022:

KZT'000	USD	RUB	EUR	Other currencies	Total
ASSETS					
Cash and cash equivalents	655,377,568	26,963,785	117,839,330	59,438,598	859,619,281
Financial assets at fair value through other comprehensive income	45,697,369	-	1,531,073	-	47,228,442
Deposits and balances with banks	7,728,076	64,300	-	-	7,792,376
Loans to customers	59,708,911	19,033,928	5,223,428	-	83,966,267
Investments at amortised cost	170,778,262	-	-	-	170,778,262
Other financial assets	2,216,960	92,660	98,526	21,268	2,429,414
Total assets	**941,507,146**	**46,154,673**	**124,692,357**	**59,459,866**	**1,171,814,042**
LIABILITIES					
Deposits and balances from banks	19,465,861	1,309,208	662,983	728	21,438,780
Current accounts and deposits from customers	864,203,583	28,073,335	122,474,377	58,105,827	1,072,857,122
Other borrowed funds	100,606	-	-	-	100,606
Other financial liabilities	2,198,625	648,113	1,199,742	306,800	4,353,280
Total liabilities	**885,968,675**	**30,030,656**	**124,337,102**	**58,413,355**	**1,098,749,788**
Net position at 31 December 2022	**55,538,471**	**16,124,017**	**355,255**	**1,046,511**	**73,064,254**
The effect of derivative financial instruments held for risk management purposes**	(53,791,164)	(15,168,626)	(492,860)	33,365	(69,419,285)
Net position as at 31 December 2022 with the effect of derivatives held for risk management purposes	**1,747,307**	**955,391**	**(137,605)**	**1,079,876**	**3,644,969**

*** including spot transactions.*

A weakening of the KZT, as indicated below, against the following currencies at 31 December 2023 and 2022 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis is on a net of tax basis and is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2023		**2022**	
KZT'000	**Profit or loss**	**Equity**	**Profit or loss**	**Equity**
20% appreciation of USD against KZT	(1,049,072)	(1,049,072)	279,569	279,569
20% appreciation of RUR against KZT	(146,677)	(146,677)	152,863	152,863
20% appreciation of EUR against KZT	16,134	16,134	(22,017)	(22,017)
20% appreciation of other currencies against KZT	1,147,856	1,147,856	172,780	172,780

A strengthening of the KZT against the above currencies at 31 December 2023 and 31 December 2022 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(iii) Other price risk

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

(iv) Value at Risk estimates

The Group also utilises Value-at-Risk ("VaR") methodology to monitor market risk its currency positions.

VaR is a technique that estimates the potential losses that could occur on risk positions as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence. The VaR model used by the Group is based on a 99 percent confidence level and assumes a 1-day holding period depending on the type of positions. The VaR model used is mainly based on historical simulation. The model derives plausible future scenarios based on historical market rate time series, taking into account inter-relationships between different markets and rates. Potential market price movements are determined with reference to market data from at least the most recent 12 months.

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

- the use of historical data as a basis for determining future events may not encompass all possible scenarios, particularly those that are of an extreme nature;
- a 1-day holding period assumes that all positions can be liquidated or hedged within that period. This is considered to be a realistic assumption in almost all cases, but may not be the case in situations in which there is severe market illiquidity for an extended period;
- the use of a 99% confidence level does not take into account losses that may occur beyond this level. There is a one percent probability that the loss could exceed the VaR estimate.
- VaR is only calculated on the end-of-day balances and does not necessarily reflect exposures that may arise on positions during the trading day;
- the VaR measure is dependent on the position and the volatility of market prices. The VaR of an unchanged position reduces if market volatility declines and vice versa.

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

A summary of the VaR estimates in respect of foreign currency risk of the Group at 31 December is as follows:

	31 December 2023 KZT'000	**31 December 2022 KZT'000**
Foreign exchange risk	158,915	66,904

(c) Credit risk management

Credit risk is the risk of financial loss occurring as a result of default by a borrower or counterparty on their obligation according to the contract terms (contract). The Group has policies and procedures in place to manage credit exposures (both for recognised financial assets and unrecognised contractual commitments), including guidelines to limit portfolio concentration. The Group has also established a system of authorised collegial bodies having a certain limit of authority, whose functions include decision-making related to credit risk and credit risk management.

In addition, the Bank has internal regulatory documents in place that govern all processes related to the acceptance of credit risk by the Bank, which are approved by the Management Board and/or the Board of Directors of the Bank in order to control the level of credit risk. The Group has also developed processes to monitor compliance of each employee/business unit with the IRD requirements.

The credit policy establishes:

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

Prior to making a credit risk decision, the bank's customer applications are examined by the bank services engaged in analysis of the borrower's financial performance (analysis reports are based on a structural analysis focusing on the customer's business and financial performance), the customer's legal standing (legal examination of the legal documents, legal validity of signatories, correctness of registration of corporate customer decisions and other aspects of legal risks is carried out as part of the credit risk), assessment of the customer's reliability and business reputation, as well as examination of the collateral value.

After reviewing all aspects related to the customer's application that were mentioned above, the Risk Management Block carries out an independent risk examination, which results in a report, including risks inherent in the borrower's business and proposed deal structure, as well as provides recommendations to minimise the risks of the bank. In addition, the Risk Management Block carries out examination of the Bank's customer application for its compliance with the requirements specified in the Bank's Credit Policy and the requirements of the legislation of the Republic of Kazakhstan.

The authorised collegial body takes decisions based on opinions provided by the Bank's business units.

In order to minimise credit risks throughout the entire period of customer financing, the Group carries out continuous monitoring of the loans status and completes reassessment of its borrowers' ability to make payments on a regular basis. The review is based on the customer's most recent financial statements and/or other information submitted by the borrower, or otherwise obtained by the Bank. The current market value of collateral is regularly assessed by either independent appraisal companies, whose reports are reviewed by the Group's specialists or assessed by internal specialists, taking into account all legislative requirements related to valuation, and in the event of negative movements in market prices the borrower is usually requested to put up additional security.

Retail loan credit applications are reviewed through the use of the Bank's decision-making system (ABS), which includes scoring models and other credit application data verification procedures developed by the Risk Management Block together with other business units of the Bank.

Apart from individual customer analysis by the Bank's Credit Risk and Collateral Valuation Department, the credit portfolio is assessed also by the Risk Management Block as a whole, including assessment of the credit portfolio concentration.

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

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

	31 December 2023 KZT'000	31 December 2022 KZT'000
ASSETS		
Cash and cash equivalents	466,620,550	836,822,545
Financial instruments measured at fair value through profit or loss	285,199	500,923
Financial assets measured at fair value through other comprehensive income	462,928,893	111,821,826
Deposits and balances with banks	134,264,929	11,991,072
Loans to customers	1,359,163,796	1,059,257,085
Investments measured at amortised cost	162,975,687	224,912,211
Other financial assets	13,639,090	10,252,562
Total maximum exposure	**2,599,878,144**	**2,255,558,224**

For the analysis of concentration of credit risk in respect of loans to customers refer to Note 15.

The maximum exposure to credit risk from unrecognised contractual commitments at the reporting date is presented in Note 30.

As at 31 December 2023 the Group has no debtors (31 December 2022: one debtor (the NBRK)), where credit risk exposure exceeded 10% maximum credit risk exposure. The gross value of this balance as at 31 December 2022 is KZT 655,140,510 thousand.

(d) Liquidity risk management

Liquidity risk is a probability of financial losses if the Bank is unable to meet its financial liabilities when they fall due. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to liquidity management. It is unusual for financial institutions ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The Bank maintains liquidity management with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due.

The Bank seeks to support a diversified and stable funding base comprising debt securities in issue, long- and short-term loans from other banks, core corporate and retail customer deposits, accompanied by diversified portfolios of highly liquid assets, in order to be able to respond quickly and efficiently to unforeseen liquidity requirements.

The daily liquidity position is monitored by the ALM unit and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Risk Management Block. The ALM unit receives information from business units regarding the liquidity structure of their financial assets and liabilities and projected cash flows arising from projected future business. Forecasting is performed on a short-term and medium-term horizon, and tactical steps are stipulated at each planning interval, subject to possibility of using various sources of funding, including external borrowings and different ways of placing temporarily free funds. Based on the forecast of expected inflows and outflows of funds, the ALM estimates the deficit/excess of liquidity and provides an operational forecast of liquidity ratios.

The Bank's management regularly receives information on the liquidity position. Frequency of information submission depends on the Bank's liquidity position at each specific point of time. Under normal market conditions, liquidity reports covering the liquidity position are presented to senior management on a weekly basis. The information submitted is sufficient to assess adequately the Bank's liquidity position as a whole and in individual areas (currencies, customers, etc.) that also enables the Bank's collective bodies and business units to make informed decision on the Bank's ability to satisfy its liquidity needs and perform its obligations in time and in full scope.

The following tables show the undiscounted cash flows on financial liabilities and unrecognised credit-related commitments on the basis of their earliest possible contractual maturity. The total gross inflow and outflow disclosed in the tables is the contractual, undiscounted cash flow on the financial asset, liability or commitment.

The maturity analysis for financial liabilities as at 31 December 2023 was as follows:

KZT'000	**Demand and less than 1 month**	**From 1 to 3 months**	**From 3 to 6 months**	**From 6 to 12 months**	**More than 1 year**	**Total gross amount outflow/ (inflow)**	**Carrying amount**
Non-derivative financial liabilities							
Deposits and balances from banks	20,316,541	-	-	-	-	20,316,541	20,316,541
Accounts payable under repurchase agreements	32,351,980	-	-	-	-	32,351,980	32,226,575
Current accounts and deposits from customers	921,499,219	255,230,674	393,499,790	468,040,514	176,576,208	2,214,846,405	2,143,732,900
Debt securities issued	-	434,705	-	434,705	9,678,644	10,548,054	8,273,979
Subordinated debt securities issued	3,085,049	-	-	6,000,000	198,000,000	207,085,049	64,644,603
Other borrowed funds	66	548,150	696,993	791,704	85,222,793	87,259,706	72,984,547
Lease liabilities	146,521	279,245	391,953	617,544	1,259,486	2,694,749	2,671,354
Other financial liabilities	16,183,269	-	-	216,593	-	16,399,862	16,399,862
Derivative financial liabilities *							
- Inflow	(201,438,016)	-	-	-	-	(201,438,016)	(206,418)
- Outflow	201,231,598	-	-	-	-	201,231,598	-
Total liabilities	**993,376,227**	**256,492,774**	**394,588,736**	**476,101,060**	**470,737,131**	**2,591,295,928**	**2,361,043,943**
Credit related commitments	242,377,942	-	-	-	-	242,377,942	242,377,942

** including spot transactions.*

The maturity analysis for financial liabilities as at 31 December 2022 was as follows:

KZT'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total gross amount outflow/ (inflow)	Carrying amount
Non-derivative financial liabilities							
Deposits and balances from banks	22,051,481	-	-	-	-	22,051,481	22,051,481
Current accounts and deposits from customers	843,785,720	131,698,276	264,525,645	595,795,675	170,733,580	2,006,538,896	1,930,978,745
Debt securities issued	-	962,433	-	9,081,323	10,548,055	20,591,811	16,667,144
Subordinated debt securities issued	112,275	-	973,346	22,060,171	206,607,275	229,753,067	74,685,514
Other borrowed funds	97	581,389	557,371	806,225	82,769,217	84,714,299	70,058,378
Lease liabilities	140,569	280,214	392,638	673,393	1,946,883	3,433,697	3,175,407
Other financial liabilities	15,415,569	-	-	189,193	-	15,604,762	15,604,762
Derivative financial liabilities *							
- Inflow	(88,707,137)	-	-	-	-	(88,707,137)	(190,953)
- Outflow	88,516,184	-	-	-	-	88,516,184	-
Total liabilities	**881,314,758**	**133,522,312**	**266,449,000**	**628,605,980**	**472,605,010**	**2,382,497,060**	**2,133,030,478**
Credit related commitments	182,064,822	-	-	-	-	182,064,822	182,064,822

** including spot transactions.*

In accordance with legislation of the Republic of Kazakhstan, legal entities and individuals can withdraw their term deposits at any time, losing in most of the cases the accrued interest. These deposits are classified in accordance with their stated maturity dates. The maturities of the total amount of term deposits are as follows:

- KZT 201,519,806 thousand are categorised to "demand deposits" and those which mature within less than one month (31 December 2022: KZT 35,513,640 thousand);
- KZT 255,159,070 thousand are categorised to deposits, which mature within one to three months (31 December 2022: KZT 131,383,671 thousand);
- KZT 393,200,820 thousand are categorised to deposits, which mature within three to six months (31 December 2022: KZT 264,464,291 thousand);
- KZT 466,715,341 thousand are categorised to deposits, which mature within six to twelve months (31 December 2022: KZT 595,774,642 thousand);
- KZT 158,283,718 thousand are categorised to deposits, which mature within the period of more than one year (31 December 2022: KZT 169,517,763 thousand).

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

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

The table below shows an analysis, by expected maturities, of the amounts recognised in the consolidated statement of financial position, excluding derivative instruments, as at 31 December 2023:

KZT'000	**Demand and less than 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**More than 5 years**	**No maturity**	**Overdue**	**Total**
Cash and cash equivalents	519,666,758	-	-	-	-	-	-	519,666,758
Financial assets measured at fair value through other comprehensive income	81,909,373	66,887,605	40,565,154	189,969,488	82,678,478	-	918,795	462,928,893
Deposits and balances with banks	7,993,582	553,280	114,568,064	-	11,142,646	-	7,357	134,264,929
Loans to customers	69,839,624	113,278,553	307,766,561	736,999,122	119,195,754	-	12,084,182	1,359,163,796
Investments measured at amortised cost	763,835	1,408,469	84,969,936	73,925,043	-	-	1,908,404	162,975,687
Current tax asset	75,813	-	-	-	-	-	-	75,813
Property, plant and equipment and intangible assets	-	-	-	-	-	26,514,415	-	26,514,415
Right-of-use assets	-	-	-	-	-	2,116,849	-	2,116,849
Other assets	9,584,945	1,214,800	2,633,607	1,946,189	2,941,121	10,490,915	2,887	28,814,464
Total assets	**689,833,930**	**183,342,707**	**550,503,322**	**1,002,839,842**	**215,957,999**	**39,122,179**	**14,921,625**	**2,696,521,604**
Deposits and balances from banks	20,316,541	-	-	-	-	-	-	20,316,541
Accounts payable under repurchase agreements	32,226,575	-	-	-	-	-	-	32,226,575
Current accounts and deposits from customers	910,925,912	239,352,169	834,912,699	126,101,197	32,440,923	-	-	2,143,732,900
Debt securities issued	-	326,029	-	7,947,950	-	-	-	8,273,979
Subordinated debt securities issued	3,073,112	-	1,200,000	-	60,371,491	-	-	64,644,603
Other borrowed funds	72	503,014	955,734	2,515,922	69,009,805	-	-	72,984,547
Lease liabilities	9,707	54,087	285,890	2,321,670	-	-	-	2,671,354
Deferred tax liabilities	-	-	-	-	-	14,509,077	-	14,509,077
Other liabilities	22,244,743	1,252,163	9,355,532	127,539	260,043	-	-	33,240,020
Total liabilities	988,796,662	241,487,462	846,709,855	139,014,278	162,082,262	14,509,077	-	2,392,599,596
Net position	**(298,962,732)**	**(58,144,755)**	**(296,206,533)**	**863,825,564**	**53,875,737**	**24,613,102**	**14,921,625**	**303,922,008**
Accumulated net position	**(298,962,732)**	**(357,107,487)**	**(653,314,020)**	**210,511,544**	**264,387,281**	**289,000,383**	**303,922,008**	

The table below shows an analysis, by expected maturities, of the amounts recognised in the consolidated statement of financial position, excluding derivative instruments, as at 31 December 2022:

KZT'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Overdue	Total
Cash and cash equivalents	906,893,391	-	-	-	-	-	-	906,893,391
Securities measured at fair value through other comprehensive income	1,666,870	1,702,116	20,355,232	87,543,165	490,805	-	63,638	111,821,826
Deposits and balances with banks	4,120,696	-	-	-	7,870,376	-	-	11,991,072
Loans to customers	72,165,640	82,470,762	270,440,359	543,830,200	73,632,840	-	16,717,284	1,059,257,085
Securities measured at amortised cost	8,789,293	10,895,674	38,028,186	164,979,971	-	-	2,219,087	224,912,211
Current tax asset	8,235	-	-	-	-	-	-	8,235
Property, plant and equipment and intangible assets	-	-	-	-	-	20,779,004	-	20,779,004
Right-of-use assets	-	-	-	-	-	2,668,639	-	2,668,639
Other assets	9,814,127	265,764	323,770	14,868	3,035,716	3,880,748	13,271	17,348,264
Total assets	**1,003,458,252**	**95,334,316**	**329,147,547**	**796,368,204**	**85,029,737**	**27,328,391**	**19,013,280**	**2,355,679,727**
Deposits and balances from banks	22,051,481	-	-	-	-	-	-	22,051,481
Current accounts and deposits from customers	836,050,946	117,360,058	822,511,769	125,565,744	29,490,228	-	-	1,930,978,745
Debt securities issued	-	674,916	8,040,458	7,951,770	-	-	-	16,667,144
Subordinated debt securities issued	106,038	-	15,966,031	2,383,412	56,230,033	-	-	74,685,514
Other borrowed funds	96	528,956	847,957	3,715,569	64,965,800	-	-	70,058,378
Lease liabilities	3,765	31,281	238,204	2,876,626	25,531	-	-	3,175,407
Deferred tax liabilities	-	-	-	-	-	17,647,683	-	17,647,683
Other liabilities	23,260,576	-	235,193	-	-	-	-	23,495,769
Total liabilities	881,472,902	118,595,211	847,839,612	142,493,121	150,711,592	17,647,683	-	2,158,760,121
Net position	**121,985,350**	**(23,260,895)**	**(518,692,065)**	**653,875,083**	**(65,681,855)**	**9,680,708**	**19,013,280**	**196,919,606**
Accumulated net position	**121,985,350**	**98,724,455**	**(419,967,610)**	**233,907,473**	**168,225,618**	**177,906,326**	**196,919,606**	

Management believes that the following factors provide decrease in the liquidity gap up to 1 year:

- Management's analysis of behaviour of holders of term deposits during the past three years indicates that offering of competitive interest rates provides for high level of renewals.
- As at 31 December 2023 the balance of accounts and deposits from related parties, which fall due within 1 year, is KZT 280,740,092 thousand (2022: KZT 309,400,468 thousand). Management believes that the term deposits will be extended when they fall due and withdrawals of significant customer accounts, if required, will be coordinated with the Group's liquidity management objectives.

(e) Operational risk

Operational risk is the probability of loss resulting from inadequate or failed internal processes, people and systems or from external events, except for strategic and reputational risk.

The goal of the Group's operational risk management is to ensure that the accepted risk be maintained at an acceptable level in accordance with the strategic objectives as well as to ensure the maximum soundness of assets and capital by reducing (excluding) possible losses, and it is measured using qualitative and quantitative systems of operational risk assessment.

The operational risk management process is an integral part of the business management process and represents a group of tools established by the Rules No.188 of the NBRK, which provides a mechanism of interaction between internal procedures, processes, policies, business units of the bank, developed and governed by the Group, enabling to identify, measure, evaluate, monitor and control the level of operational risk, thus minimising the impact of significant risks for the Group, as well as to ensure its financial stability and stable operation.

29 Capital management

The NBRK sets and monitors capital requirements for the Bank.

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

Tier 1 capital is a total of basic and additional capital. Basic capital comprises paid-in ordinary share capital, share premium, current and prior periods' retained earnings and reserves created thereof, less treasury share capital, intangible assets including goodwill, and current and prior periods losses, deferred tax asset net of deferred tax liability, excluding deferred tax assets recognised in relation to deductible temporary differences, other revaluation reserves, gains from sales related to asset securitisation transactions, gains or losses from revaluation of financial liabilities at fair value related to change in own credit risk, regulatory adjustments to be deducted from the additional capital, but due to insufficient levels of it deducted from basic capital, and investments in financial instruments of investees not consolidated in the Bank with certain limitations.

Additional capital comprises of perpetual contracts and paid-in preference share capital less adjustments for the Bank's investment in its own perpetual financial instruments, treasury preference shares, investments in financial instruments of investees not consolidated in the Bank with certain limitations and regulatory adjustments to be deducted from the tier 2 capital, but due to insufficient levels of it deducted from additional capital.

Tier 2 capital comprises subordinated debt in KZT less investments in subordinated debt of financial institutions which the Bank holds 10% and more issued shares in, not consolidated in the Group with certain limitations.

As at 31 December 2023 and 31 December 2022 total capital is the sum of tier 1 and tier 2 capital.

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

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

– a ratio of basic capital to the sum of credit risk-weighted assets and contingent liabilities, market risk-weighted assets and contingent assets and liabilities, and quantified operational risk (k1);

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

– a ratio of total capital to the sum of credit risk-weighted assets and contingent liabilities, market risk-weighted assets and contingent assets and liabilities, and quantified operational risk (k2).

As at 31 December 2023 and 2022, the minimum level of ratios as applicable to the Bank are as follows:

	Including capital conservation buffer		**Net of capital conservation buffer**	
	2023	**2022**	**2023**	**2022**
k1 – not less than	0.075	0.075	0.055	0.055
k1-2 – not less than	0.085	0.085	0.065	0.065
k2 – not less than	0.100	0.100	0.080	0.080

The Bank complied with all prudential capital adequacy ratios k1, k1-2 and k2 as at 31 December 2023. The Bank's actual coefficients are as follows: k1 – 0.143, k1-2 – 0.143 and k2 – 0.217 (31 December 2022: k1 – 0.132, k1-2 – 0.132 and k2 – 0.241).

The Bank's capital position as at 31 December 2023 calculated in accordance with the requirements established by the Resolution of the Board of the National Bank of the Republic of Kazakhstan of 13 September 2017, No. 170 "On establishment of normative values and techniques of calculations of prudential standard rates and other regulations, obligatory to observance, and limits of the size of the capital of the Bank and Rules of calculation and limits of the open foreign exchange position of bank" amounted to KZT 440,898,148 thousand (31 December 2022: KZT 334,568,877 thousand). Tier 1 capital as at 31 December 2023 amounted to KZT 290,422,151 thousand (31 December 2022: KZT 183,639,837 thousand).

30 Credit related commitments

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

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

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

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

	31 December 2023 KZT'000	**31 December 2022 KZT'000**
Contracted amount		
Loan and credit line commitments	197,291,968	146,580,721
Financial guarantees	44,748,402	25,923,385
Letters of credit	337,572	9,560,716
Total	**242,377,942**	**182,064,822**
Loss allowance	**(2,301,055)**	**(199,371)**

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

These commitments do not necessarily represent future cash requirements, as these credit related commitments may expire or terminate without being funded. Almost all credit lines may be revoked at the Bank's discretion.

The table below provides information on the quality of credit related commitments as at 31 December 2023 and 31 December 2022:

	31 December 2023 KZT'000	**31 December 2022 KZT'000**
Standard	45,158,173	53,139,135
Low risk	38,913,927	45,442,524
Medium risk	124,350,303	61,373,396
Not rated (secured with cash)	8,229,387	5,389,776
Not rated	6,360,254	896,042
Increased risk	2,670,477	-
Problem with high risk	34,711	-
Contingent liabilities on credit card limits	16,660,710	15,823,949
Total	**242,377,942**	**182,064,822**
Loss allowance	**(2,301,055)**	**(199,371)**

As at 31 December 2023, loan and credit line commitments of KZT 189,577,434 thousand are categorised into Stage 1, KZT 7,164,355 thousand are categorised into Stage 2, and KZT 550,179 thousand are categorised into Stage 3 (31 December 2022: KZT 145,534,201 thousand are categorised into Stage 1, KZT 437,704 thousand are categorised into Stage 2, and KZT 608,816 thousand are categorised into Stage 3).

As at 31 December 2023 the Group has 1 customer whose balances exceed 10% of total commitments (31 December 2022: none). The value of these commitments as at 31 December 2023 amounted to KZT 25,000,000 thousand (31 December 2022: KZT 0).

The table below shows movement in loss allowance on credit related commitments for the year ended 31 December 2023.

KZT'000

Credit related commitments	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Allowance for expected credit losses at the beginning of the year	197,217	470	1,684	199,371
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(6,895)	6,895	-	-
Transfer to Stage 3	(3,540)	(10,786)	14,326	-
Net remeasurement of loss allowance	(423,050)	475	1,411,622	989,047
New financial assets originated or purchased	1,025,524	4,243	73,964	1,103,731
Foreign exchange and other movements	(2,012)	10,918	-	8,906
Allowance for expected credit losses at the end of the year	**787,244**	**12,215**	**1,501,596**	**2,301,055**

The table below shows movement in loss allowance on credit related commitments for the year ended 31 December 2022.

KZT'000 **Credit related commitments**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Allowance for expected credit losses at the beginning of the year	167,231	2,591	2,055	171,877
Transfer to Stage 1	6,369	(1,899)	(4,470)	-
Transfer to Stage 2	(542)	542	-	-
Transfer to Stage 3	(714)	-	714	-
Net remeasurement of loss allowance	(294,361)	(5,587)	(1,130)	(301,078)
New financial assets originated or purchased	302,965	4,823	4,471	312,259
Foreign exchange and other movements	16,269	-	44	16,313
Allowance for expected credit losses at the end of the year	**197,217**	**470**	**1,684**	**199,371**

During 2023, the Group issued guarantees for the total amount of KZT 56,431,790 thousand (in 2022: KZT 21,112,964 thousand), including those that were subsequently categorised into Stage 1 of credit quality in the amount of KZT 53,761,832 thousand, to Stage 2 - of KZT 0, to Stage 3 - of KZT 2,669,958 thousand (in 2022: to Stage 1 of credit quality in the amount of KZT 20,636,339 thousand, to Stage 2 - of KZT 400,061 thousand, to Stage 3 - of KZT 76,564 thousand). During 2023, the Group derecognised credit related commitments on guarantees for the total amount of KZT 37,144,628 thousand (in 2022: KZT 20,407,993 thousand), including those that were classified to Stage 1 of credit quality in the amount of KZT 36,948,848 thousand, to Stage 2 - of KZT 0, to Stage 3 - of KZT 195,780 thousand (in 2022: to Stage 1 of credit quality in the amount of KZT 19,561,362 thousand, to Stage 2 - of KZT 801,204 thousand and to Stage 3 - of KZT 45,427 thousand).

31 Contingencies

(a) Insurance

The insurance industry in the Republic of Kazakhstan is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group does not have full coverage for its premises and equipment, business interruption, or third party liability in respect of property or environmental damage arising from accidents on its property or relating to operations. Until the Group 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 consolidated financial position.

(b) Litigation

In the ordinary course of business, the Group 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 results of future operations.

(c) Taxation contingencies

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

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

32 Related party transactions

(a) Control relationships

The Group's parent company as at 31 December 2023 and 31 December 2022 is Eurasian Financial Company JSC (the "Parent company"). The Parent Company is controlled by the group of individuals, Mr A.A. Mashkevich, Mr P.K. Chodiyev, Mrs M.N. Ibragimova, each one owns 33.3%. Publicly available consolidated financial statements are produced by the Bank's Parent Company.

(b) Transactions with members of the Board of Directors, the Management Board and other key management personnel

Total remuneration included in personnel expenses for the year ended 31 December is as follows:

	2023 KZT'000	2022 KZT'000
Members of the Board of Directors	780,774	415,543
Members of the Management Board	1,494,168	1,270,018
Other key management personnel	2,964,116	2,777,203
	5,239,058	**4,462,764**

These amounts include non-cash benefits in respect of members of the Board of Directors, the Management Board and other key management personnel.

The outstanding balances and average interest rates as at 31 December 2023 and 2022 for transactions with members of the Board of Directors, the Management Board and other key management personnel are as follows:

	31 December 2023 KZT'000	Average effective interest rate, %	31 December 2022 KZT'000	Average effective interest rate, %
Consolidated statement of financial position				
ASSETS				
Loans to customers	212,513	5.68	236,221	6.18
Loans to customers (allowance for expected credit losses)	(3,984)	-	(3,374)	-
LIABILITIES				
Current accounts and deposits from customers	20,488,981	7.00	27,745,477	6.80

Amounts included in profit or loss in relation to transactions with the members of the Board of Directors, the Management Board and other key management personnel for the year ended 31 December are as follows:

	2023 KZT'000	2022 KZT'000
Profit or loss		
Interest income calculated using the effective interest method	15,828	10,145
Interest expense	(1,927,600)	(2,062,951)
Fee and commission income	73	332
Impairment losses on debt financial assets	2,318	(1,214)

(c) Transactions with other related parties

The outstanding balances and the related average contractual interest rates as at 31 December 2023 and related profit or loss amounts of transactions for the year ended 31 December 2023 with other related parties are as follows:

	Parent Company		Other subsidiaries of the Parent Company		Other related parties*		
31 December 2023	**KZT'000**	**Average contractual interest rate, %**	**KZT'000**	**Average contractual interest rate, %**	**KZT'000**	**Average contractual interest rate, %**	**Total KZT'000**
Consolidated statement of financial position							
ASSETS							
Loans to customers							
- in KZT	-	-	-	-	2,683,638	18.48	2,683,638
- in USD	-	-	-	-	24,940,829	4.16	24,940,829
Loans to customers (allowance for expected credit losses)	-	-	-	-	(9,255,155)	-	(9,255,155)
Other assets							
- in KZT	-	-	68,840	-	25,104	-	93,944
- in USD	-	-	-	-	50,660	-	50,660
LIABILITIES							
Current accounts and deposits from customers							
- in KZT	133,345	14.50	12,078,619	15.40	32,010,927	13.84	44,222,891
- in USD	-	-	8,262,682	1.80	205,076,955	1.75	213,339,637
- in other currencies	-	-	3,634,287	4.50	16,525,786	3.00	20,160,073
Other liabilities							
- in KZT	-	-	587,210	-	206,891	-	794,101
- in USD	-	-	-	-	91,401	-	91,401

	Parent Company		Other subsidiaries of the Parent Company		Other related parties*		
31 December 2023	**KZT'000**	**Average contractual interest rate, %**	**KZT'000**	**Average contractual interest rate, %**	**KZT'000**	**Average contractual interest rate, %**	**Total KZT'000**
Items not recognised in the consolidated statement of financial position							
Loan and credit line commitments	-	-	-	-	127,961	-	127,961
Guarantees issued	-	-	-	-	1,922,396	-	1,922,396
Guarantees received	-	-	-	-	3,102,599	-	3,102,599
Profit/(loss)							
Interest income under the effective interest method	-	-	-	-	261,792	-	261,792
Interest expense	(89,213)	-	(3,366,590)	-	(5,912,390)	-	(9,368,193)
Fee and commission income	655	-	22,269,750	-	987,108	-	23,257,513
Fee and commission expense	-	-	(2,040)	-	(163,333)	-	(165,373)
Net foreign exchange gain/(loss)	9	-	(143,329)	-	4,708,807	-	4,565,487
- including dealing operations, net	9	-	11,453	-	3,941,489	-	3,952,951
- including translation differences, net	-	-	(154,782)	-	767,318	-	612,536
Other operating expenses	-	-	-	-	(187,366)	-	(187,366)
Reversal of impairment losses on debt financial assets	-	-	-	-	1,967,720		1,967,720
Other general and administrative expenses	-	-	(108,147)	-	(250,616)	-	(358,763)

**Other related parties are the entities that are controlled by the Parent Company's shareholders.*

The outstanding balances and the related average contractual interest rates as at 31 December 2022 and related profit or loss amounts of transactions for the year ended 31 December 2022 with other related parties are as follows:

	Parent Company		**Other subsidiaries of the Parent Company**		**Other related parties***		
31 December 2022	**KZT'000**	**Average contractual interest rate, %**	**KZT'000**	**Average contractual interest rate, %**	**KZT'000**	**Average contractual interest rate, %**	**Total KZT'000**
Consolidated statement of financial position							
ASSETS							
Loans to customers							
- in KZT	-	-	-	-	3,166,837	16.93	3,166,837
- in USD	-	-	-	-	33,361,050	4.17	33,361,050
Loans to customers (allowance for expected credit losses)	-	-	-	-	(11,003,120)	-	(11,003,120)
Other assets							
- in KZT	-	-	546,312	-	2,815	-	549,127
- in USD	-	-	-	-	29,121	-	29,121
LIABILITIES							
Current accounts and deposits from customers							
- in KZT	453,827	14.88	6,676,500	14.88	76,630,485	12.03	83,760,812
- in USD	-	-	7,081,628	1.47	188,449,925	1.32	195,531,553
- in other currencies	-	-	1,288,037	0.02	24,738,392	2.99	26,026,429
Debt securities issued							
- in KZT	-	-	52,462	13.00	-	-	52,462
Subordinated debt securities issued							
- in KZT	-	-	822,843	13.00	-	-	822,843
Other liabilities							
- in KZT	-	-	393,347	-	169,477	-	562,824
- in USD	-	-	-	-	38,877	-	38,877

	Parent Company		**Other subsidiaries of the Parent Company**		**Other related parties***		
31 December 2022	**KZT'000**	**Average contractual interest rate, %**	**KZT'000**	**Average contractual interest rate, %**	**KZT'000**	**Average contractual interest rate, %**	**Total KZT'000**
Items not recognised in the consolidated statement of financial position							
Loan and credit line commitments	-	-	-	-	855,128	-	855,128
Guarantees issued	-	-	19,584	-	1,220,784	-	1,240,368
Guarantees received	-	-	-	-	5,415,838	-	5,415,838
Letters of credit	-	-	-	-	316,916	-	316,916
Profit/(loss)							
Interest income under the effective interest method	-	-	-	-	558,466	-	558,466
Interest expense	(440,862)	-	(882,236)	-	(4,052,044)	-	(5,375,142)
Fee and commission income	604	-	19,670,926	-	949,000	-	20,620,530
Fee and commission expense	-	-	(2,880)	-	(228,795)	-	(231,675)
Net foreign exchange loss	-	-	(98,429)	-	(4,758,836)	-	(4,857,265)
- *including dealing operations, net*	-	-	24,232	-	14,560,989	-	14,585,221
- *including translation differences, net*	-	-	(122,661)	-	(19,319,825)	-	(19,442,486)
Other operating expenses	-	-	-	-	(314,078)	-	(314,078)
Reversal of impairment losses on debt financial assets	-	-	-	-	4,527,109	-	4,527,109
Other general and administrative expenses	-	-	(85,791)	-	(209,663)	-	(295,454)

**Other related parties are the entities that are controlled by the Parent Company's shareholders.*

Loans to related parties with net carrying amount of KZT 18,561,538 thousand (31 December 2022: KZT 20,525,635 thousand) are secured by land plots, real estate, guarantees, movable property and other types of collateral, whose value mostly covers the carrying amount of these loans excluding overcollateralization. The remaining amount of loans to related parties is not secured. The term of expiry of the guarantees received to secure the loans issued is determined by the terms of repayment of these loans.

33 Financial assets and liabilities: fair values and accounting classification

(a) Accounting classifications and fair values

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

KZT'000	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	-	519,666,758	519,666,758	519,666,758
Financial instruments measured at fair value through profit or loss	285,199	-	-	285,199	285,199
Financial assets measured at fair value through other comprehensive income	-	462,928,893	-	462,928,893	462,928,893
Deposits and balances with banks	-	-	134,264,929	134,264,929	134,264,929
Loans to customers			-		-
Loans to corporate customers	-	-	427,895,013	427,895,013	427,864,289
Loans to retail customers	-	-	931,268,783	931,268,783	881,275,731
Investments measured at amortised cost			-		-
Government bonds	-	-	153,977,236	153,977,236	153,357,481
Development bank bonds			4,647,029	4,647,029	4,577,540
Corporate bonds	-	-	4,351,422	4,351,422	4,229,424
Other financial assets	-	-	13,639,090	13,639,090	13,639,090
	285,199	**462,928,893**	**2,189,710,260**	**2,652,924,352**	**2,602,089,334**
Financial instruments measured at fair value through profit or loss	134,362	-	-	134,362	134,362
Deposits and balances from banks	-	-	20,316,541	20,316,541	20,316,541
Accounts payable under repurchase agreements	-	-	32,226,575	32,226,575	31,927,091
Current accounts and deposits from customers	-	-	2,143,732,900	2,143,732,900	2,135,910,940
Debt securities issued	-	-	8,273,979	8,273,979	7,618,221
Subordinated debt securities issued	-	-	64,644,603	64,644,603	74,768,985
Other borrowed funds	-	-	72,984,547	72,984,547	72,984,547
Other financial liabilities	-	-	16,399,862	16,399,862	16,399,862
	134,362	**-**	**2,358,579,007**	**2,358,713,369**	**2,360,060,549**

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2022:

KZT'000	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	-	906,893,391	906,893,391	906,893,391
Financial instruments measured at fair value through profit or loss	500,923	-	-	500,923	500,923
Financial assets measured at fair value through other comprehensive income	-	111,821,826	-	111,821,826	111,821,826
Deposits and balances with banks	-	-	11,991,072	11,991,072	11,991,072
Loans to customers					-
Loans to corporate customers	-	-	338,039,072	338,039,072	331,970,151
Loans to retail customers	-	-	721,218,013	721,218,013	674,103,957
Investments measured at amortised cost					-
Government bonds	-	-	200,584,378	200,584,378	197,651,374
Development bank bonds			4,756,088	4,756,088	4,644,870
Corporate bonds	-	-	19,571,745	19,571,745	21,380,900
Other financial assets	-	-	10,252,562	10,252,562	10,252,562
	500,923	**111,821,826**	**2,213,306,321**	**2,325,629,070**	**2,271,211,026**
Financial instruments measured at fair value through profit or loss	89,853	-	-	89,853	89,853
Deposits and balances from banks	-	-	22,051,481	22,051,481	22,051,481
Current accounts and deposits from customers	-	-	1,930,978,745	1,930,978,745	1,923,795,568
Debt securities issued	-	-	16,667,144	16,667,144	14,611,085
Subordinated debt securities issued	-	-	74,685,514	74,685,514	79,970,288
Other borrowed funds	-	-	70,058,378	70,058,378	70,058,378
Other financial liabilities	-	-	15,605,825	15,605,825	15,605,825
	89,853	**-**	**2,130,047,087**	**2,130,136,940**	**2,126,182,478**

The estimates of fair value are intended to approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However given the uncertainties and the use of subjective judgement, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

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

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

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

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

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

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

- discount rates of 5.67 – 18.73% and 4.04 – 38.72% are used for discounting future cash flows from loans to corporate customers and loans to retail customers, respectively (31 December 2022: 5.73 – 20.65% and 6.15 – 40.96%, respectively);
- discount rates of 2.60 – 14.60% and 0.90 – 13.70% are used for discounting future cash flows from current accounts and deposits of corporate and retail customers, respectively (31 December 2022: 0.90 – 14.44% and 0.87 – 13.27%, respectively);
- quoted market price is used for determining the fair value of debt securities issued;
- the capital strengthening model was used for determining the market value of subordinated bonds, using all observable inputs such as the yield curve of the Kazakhstan stock exchange and the credit spread for the Group’s rating, adjusted for maturity published by Bloomberg.

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

(b) Fair value hierarchy

The Group measures fair values for financial instruments recorded on the consolidated statement of financial position using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument.

- Level 2: valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: valuation techniques using unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect difference between the instruments.

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

KZT'000	Level 1	Level 2	Level 3	Total
Financial instruments at fair value through profit or loss				
- Derivative assets	93,000	-	-	93,000
- Derivative liabilities	(134,362)	-	-	(134,362)
- Corporate shares	192,199			192,199
Financial assets measured at fair value through other comprehensive income				
- Debt and other fixed-income instruments	153,617,786	308,039,747	1,271,360	462,928,893
	153,768,623	**308,039,747**	**1,271,360**	**463,079,730**

The table below analyses financial instruments measured at fair value at 31 December 2022, by the level in the fair value hierarchy into which the fair value measurement is categorised.

KZT'000	Level 1	Level 2	Level 3	Total
Financial instruments at fair value through profit or loss				
- Derivative assets	500,923	-	-	500,923
- Derivative liabilities	(89,853)	-	-	(89,853)
Financial assets measured at fair value through other comprehensive income				
- Debt and other fixed-income instruments	37,139,456	67,060,800	7,621,570	111,821,826
	37,550,526	**67,060,800**	**7,621,570**	**112,232,896**

Due to low market liquidity, management considers that quoted prices in active markets are not available, including for government securities listed on the Kazakhstan Stock Exchange. Accordingly, as at 31 December 2023 and 2022 the estimated fair value of these financial instruments is based on the results of valuation techniques involving the use of observable market inputs.

Unobservable valuation differences on initial recognition

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

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

	Level 3
	Financial assets measured at fair value through other comprehensive income
	Debt and other fixed-income instruments
KZT'000	**2023**
Balance at the beginning of the year	**7,621,570**
Transfers from Level 3 to Level 2	(405,104)
Net loss on financial instruments measured at fair value through other comprehensive income	(5,908,546)
Interest income accrued	219,521
Coupon redemption	-
Foreign exchange and other movements	(256,081)
Balance at the end of the year	**1,271,360**

The following table shows a reconciliation for the year ended 31 December 2022 for fair value measurements in Level 3 of the fair value hierarchy:

	Level 3
	Financial assets measured at fair value through other comprehensive income
	Debt and other fixed-income instruments
KZT'000	**2022**
Balance at the beginning of the year	**-**
Transfers from Level 1	11,689,278
Net loss on financial instruments measured at fair value through other comprehensive income	(5,118,900)
Interest income accrued	288,939
Coupon redemption	(7,155)
Foreign exchange and other movements	769,408
Balance at the end of the year	**7,621,570**

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

Valuation techniques and significant unobservable inputs

The table below sets out information about the valuation techniques and significant unobservable inputs used in the measuring of financial instruments categorised as Level 3 in the fair value hierarchy:

Financial instruments measured at fair value

Type of financial instrument	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Debt and other fixed-income instruments	Observable parameters, derivatives of similar bonds available on the market	− Discount due to lack of active market 18.80%	The estimated fair value will increase (decrease) if: − Discount due to lack of active market is lower (higher)

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

KZT'000	**Level 1**	**Level 2**	**Level 3**	**Total fair values**	**Total carrying amount**
Assets					
Cash and cash equivalents	-	519,666,758	-	519,666,758	519,666,758
Deposits and balances with banks	-	134,264,929	-	134,264,929	134,264,929
Loans to customers	-	1,268,525,002	40,615,018	1,309,140,020	1,359,163,796
Investments measured at amortised cost	49,985,448	110,161,038	2,017,959	162,164,445	162,975,687
Liabilities					
Deposits and balances from banks	-	20,316,541	-	20,316,541	20,316,541
Accounts payable under repurchase agreements	-	31,927,091	-	31,927,091	32,226,575
Current accounts and deposits from customers	-	2,135,910,940	-	2,135,910,940	2,143,732,900
Debt securities issued	-	7,618,221	-	7,618,221	8,273,979
Subordinated debt securities issued	-	74,768,985	-	74,768,985	64,644,603
Other borrowed funds	-	72,984,547	-	72,984,547	72,984,547

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2022.

KZT'000	**Level 1**	**Level 2**	**Level 3**	**Total fair values**	**Total carrying amount**
Assets					
Cash and cash equivalents	-	906,893,391	-	906,893,391	906,893,391
Deposits and balances with banks	-	11,991,072	-	11,991,072	11,991,072
Loans to customers	-	980,418,497	25,655,611	1,006,074,108	1,059,257,085
Investments measured at amortised cost	153,026,643	57,362,101	13,288,400	223,677,144	224,912,211
Liabilities					
Deposits and balances from banks	-	22,051,481	-	22,051,481	22,051,481
Current accounts and deposits from customers	-	1,923,795,568	-	1,923,795,568	1,930,978,745
Debt securities issued	-	14,611,085	-	14,611,085	16,667,144
Subordinated debt securities issued	-	79,970,288	-	79,970,288	74,685,514
Other borrowed funds	-	70,058,378	-	70,058,378	70,058,378

34 Subsequent events

On 10 April 2024 the deposit in the amount of USD 250,000 thousand was returned. The deposit was previously placed in December 2023 at an interest rate of 5.20% p.a.