Agrarian Credit Corporation Joint Stock Company

Unconsolidated Financial Statements

for 2023

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INDEPENDENT AUDITORS' REPORT

UNCONSOLIDATED FINANCIAL STATEMENTS

KPMG

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Independent Auditors' Report

To the Shareholder and the Board of Directors of Agrarian Credit Corporation Joint Stock Company

Qualified Opinion

We have audited the unconsolidated financial statements of Agrarian Credit Corporation Joint Stock Company (the "Company"), which comprise the unconsolidated statement of financial position as at 31 December 2023, the unconsolidated statements of profit or loss, 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, except for the effects on the corresponding figures as at and for the year ended 31 December 2022 of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at 31 December 2023, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Qualified Opinion

As described in Note 8 to the separate financial statements, as at 31 December 2021, with regard to loans issued to corporate customers, classified in Stage 3 of credit risk, with the gross carrying amount of KZT 304,221,793 thousand, the Company recognised an allowance for expected credit losses in the amount of KZT 62,564,653 thousand, respectively. IFRS 9 *Financial Instruments* requires entities to use reasonable and supportable information on which assumptions and expectations are based when measuring expected credit losses. We disagree with certain assumptions used to estimate the expected cash flows from the collateral realisation for credit-impaired loans to corporate customers and believe that the allowance for expected credit losses is significantly understated as at 31 December 2021. During 2022, the Company reassessed the fair value of collateral for loans issued to corporate customers and recalculated the corresponding allowance for expected credit losses as at 31 December 2022, having recognised a part of the impairment losses on loans to customers directly in the Company's equity in 2022. The effects of this departure from IFRS on the corresponding figures in the unconsolidated statements of profit or loss, comprehensive income and changes in equity for the year ended 31 December 2022 have not been determined. Our opinion on the unconsolidated financial statements as at and for the year ended 31 December 2022 dated 23 May 2023 was modified accordingly.

Our opinion on the current year's unconsolidated financial statements is also modified because of the effects of this matter on the comparability of the current year's figures and the corresponding figures.

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 Unconsolidated Financial Statements* section of our report. We are independent of the Company 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 unconsolidated financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* section we have determined the matters described below to be the key audit matters to be communicated in our report.

Expected credit losses (ECL) for loans to customers

Please refer to the Notes 3, 4, 8, 21 and 25 in the unconsolidated financial statements.

Key audit matter	*How the matter was addressed in our audit*
Loans to customers represent a significant portion of total assets and are stated net of an allowance for expected credit losses (ECL) that is estimated on a regular basis and is sensitive to assumptions used. The Company uses 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 (allocation between stages 1, 2 and 3 in accordance with the IFRS 9 *Financial Instruments*); — assessment of probability of default (PD) and loss given default (LGD); — assessment of add-on adjustment to account for different scenarios and forward-looking information;	We analysed the key aspects of the Company'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 We tested the principle of operation of the respective models used by the Company. To analyse the adequacy of professional judgement and assumptions made by the management in relation to the allowance for ECL estimate, our audit procedures included the following: — We tested design and operating effectiveness of controls over timely reflection of delinquency events related to loans to customers. — For a sample of loans to customers, for which the potential changes in ECL estimate may have a significant impact on the unconsolidated financial statements, we tested whether stages are correctly assigned by the Company by analysing financial and non-financial information, as well as

— expected cash flows forecast for loans to customers, which are credit-impaired. Due to the significant volume of loans to customers and the related estimation uncertainty of expected credit losses thereon, this area is a key audit matter.	assumptions and professional judgements, applied by the Company. — For a sample of loans to customers we tested the correctness of data inputs for PD and LGD calculations by agreeing to underlying documents as well as by verifying the assessment of value of collateral and expected timing of its realisation used to estimate ECL. — We also analysed the overall adequacy of the adjustment to account for various scenarios and forward-looking information and compared it with our estimates taking into account the current and future economic situation. — We also assessed whether the unconsolidated financial statements disclosures appropriately reflect the Company'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 for the year 2023 but does not include the unconsolidated financial statements and our auditors' report thereon. The Annual Report for the year 2023 is expected to be made available to us after the date of this auditors' report.

Our opinion on the unconsolidated 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 unconsolidated 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 unconsolidated 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 Unconsolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

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

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

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

— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated 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 Company to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated 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:

Assel Urdabayeva
Certified Auditor
of the Republic of Kazakhstan
Auditor's Qualification Certificate
No. МФ-0000096 of 27 August 2012

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

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

5 April 2024

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

'000 KZT

	Note	31 December 2023	31 December 2022*
Assets			
Cash and cash equivalents	6	125,187,941	107,720,283
Loans to banks	7	29,575,908	10,456,354
Loans to customers	8	726,810,986	722,917,368
Finance lease receivables	9	9,040,648	10,205,360
Investments in subsidiary	10	167,470,014	147,470,014
Assets classified as held for sale		726,309	1,024,785
Investment securities		–	592,637
Investment property		2,599,511	2,899,093
Property, plant and equipment		1,476,063	1,344,905
Intangible assets		462,081	530,705
Current corporate income tax assets	18	2,136,597	1,816,694
Other assets	11	7,264,603	6,612,320
Total assets		**1,072,750,661**	**1,013,590,518**
Liabilities			
Amounts due to the Shareholder	12	81,093,012	89,417,496
Amounts due to credit institutions	13	80,502,822	48,884,037
Amounts due to the Government of the Republic of Kazakhstan	14	77,340,798	60,747,873
Debt securities issued	15	170,157,456	178,599,494
Amounts due to state and budget organisations	16	188,524,346	182,850,442
Current estimated liabilities		1,719,345	1,403,575
Deferred corporate income tax liabilities	18	12,030,660	4,763,872
Government grants	19	22,734,825	37,797,142
Other liabilities	17	7,055,711	4,794,370
Total liabilities		**641,158,975**	**609,258,301**
Equity			
Share capital	20	428,284,724	408,284,724
Reserve capital	20	19,704,422	13,846,278
(Accumulated losses)		(16,397,460)	(17,798,785)
Total equity		**431,591,686**	**404,332,217**
Total liabilities and equity		**1,072,750,661**	**1,013,590,518**
Carrying value of one ordinary share (KZT)*	20	**1,009.53**	**992.00**

**Certain amounts are not consistent with the financial statements for the year ended 31 December 2022 as they reflect the reclassifications detailed in Note 20. These reclassifications resulted in restatement of carrying amount of one ordinary share.*

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

Sapulatov Kairat Kaertarovich — Deputy Chairperson of the Management Board, member of the Management Board

Zaitullayeva Irina Nikolayevna — Chief Accountant

5 April 2024

The selected explanatory notes set out on pages 13 to 65 form an integral part of these unconsolidated financial statements.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2023

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	Note	*2023*	*2022*
Interest income calculated using effective interest method			
Cash and cash equivalents		17,547,205	8,407,439
Loans to banks		7,047,156	4,298,744
Loans to customers		122,047,616	105,459,942
Investment securities		54,833	65,748
		146,696,810	**118,231,873**
Other interest income			
Finance lease receivables		787,076	871,473
		147,483,886	**119,103,346**
Interest expense			
Amounts due to the Shareholder		(7,711,933)	(8,018,449)
Amounts due to the Government of the Republic of Kazakhstan		(27,286,933)	(12,087,824)
Amounts due to state and budget organisations		(17,489,341)	(18,939,624)
Amounts due to credit institutions		(8,766,065)	(1,543,202)
Debt securities issued		(18,752,994)	(20,944,021)
Other liabilities		–	(8,195)
		(80,007,266)	**(61,541,315)**
Net interest income		**67,476,620**	**57,562,031**
Expenses on credit losses	21	(39,305,353)	(32,003,445)
Net interest income net of expenses on credit losses		**28,171,267**	**25,558,586**
Dividend income	10	10,309,687	–
Net foreign exchange gain/(loss)		379	(4,129)
Personnel expenses	22	(8,623,822)	(7,126,518)
Other administrative expenses	22	(5,281,257)	(3,925,076)
Net losses from modification of financial assets measured at amortised cost		(3,662,934)	(794,422)
Other income, net	23	11,509,399	347,847
Non-interest expense		**4,251,452**	**(11,502,298)**
Profit before income tax		**32,422,719**	**14,056,288**
Corporate income tax expense	18	(11,486,065)	(2,568,117)
Profit for the year		**20,936,654**	**11,488,171**

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

Sapulatov Kairat Kaertarovich — Deputy Chairperson of the Management Board, member of the Management Board

Zaitullayeva Irina Nikolayevna — Chief Accountant

5 April 2024

The selected explanatory notes set out on pages 13 to 65 form an integral part of these unconsolidated financial statements.

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

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	2023	*2022*
Profit for the year	**20,936,654**	**11,488,171**
Other comprehensive income for the year	–	–
Total comprehensive income for the year	**20,936,654**	**11,488,171**

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

Sapulatov Kairat Kaertaevich — Deputy Chairperson of the Management Board, member of the Management Board

Zaitullayeva Irina Nikolayevna — Chief Accountant

5 April 2024

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UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

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	Note	*Share capital*	*Reserve capital*	*(Accumulated losses)/retained earnings*	*Total*
Balance at 1 January 2022		**254,366,870**	**11,237,766**	**5,084,805**	**270,689,441**
Reclassification*		6,447,840	–	(6,447,840)	–
At 1 January 2022 *(as reclassified)*		**260,814,710**	**11,237,766**	**(1,363,035)**	**270,689,441**
Total comprehensive income for the year		–	–	11,488,171	11,488,171
Increase in share capital	20	147,470,014	–	–	147,470,014
Increase in reserve capital	20	–	2,608,512	(2,608,512)	–
Dividends paid	20	–	–	(6,086,528)	(6,086,528)
Impairment losses on loans to customers incurred in prior reporting periods	25	–	–	(19,228,881)	(19,228,881)
At 31 December 2022		**408,284,724**	**13,846,278**	**(17,798,785)**	**404,332,217**
Balance at 1 January 2023		**408,284,724**	**13,846,278**	**(17,798,785)**	**404,332,217**
Total comprehensive income for the year		–	–	20,936,654	20,936,654
Increase in share capital	20	20,000,000	–	–	20,000,000
Increase in reserve capital	20	–	5,858,144	(5,858,144)	–
Dividends paid	20	–	–	(13,677,185)	(13,677,185)
At 31 December 2023		**428,284,724**	**19,704,422**	**(16,397,460)**	**431,591,686**

**Reclassification is detailed in Note 20.*

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

Sapulatov Kairat Kaertarovich — Deputy Chairperson of the Management Board, member of the Management Board

Zaitullayeva Irina Nikolayevna — Chief Accountant

5 April 2024

The selected explanatory notes set out on pages 13 to 65 form an integral part of these unconsolidated financial statements.

UNCONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

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	2023	*2022*
Cash flows from operating activities		
Interest received	89,470,275	67,047,542
Interest paid	(27,848,660)	(25,446,574)
Personnel expenses paid	(8,497,624)	(6,909,353)
Other operating expense, net	(3,058,700)	(570,067)
Cash flows from operating activities before changes in operating assets and liabilities	**50,065,291**	**34,121,548**
Net (increase)/decrease in operating assets		
Loans to banks	(19,510,208)	(8,169,830)
Loans to customers	(23,982,790)	(97,617,384)
Finance lease	188,939	323,108
Other assets	1,007,206	1,494,749
Net increase/(decrease) in operating liabilities		
Government grants	(24,702)	(3,672,642)
Other liabilities	841,353	1,049,299
Net cash from/(used in) operating activities before corporate income tax paid	**8,585,089**	**(72,471,152)**
Corporate income tax paid	(4,510,063)	(3,881,680)
Net cash from/(used in) operating activities	**4,075,026**	**(76,352,832)**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(259,974)	(152,189)
Acquisition of intangible assets	(28,290)	(36,591)
Proceeds from repayment of investment securities	582,705	233,393
Investments in subsidiary *(Note 10)*	(20,000,000)	–
Dividends received *(Note 10)*	10,309,687	–
Net cash (used in)/from investing activities	**(9,395,872)**	**44,613**
Cash flows from financing activities		
Proceeds from issue of share capital and other financial instruments	20,000,000	–
Proceeds from loans from the Government of the Republic of Kazakhstan *(Note 26)*	140,000,000	140,000,000
Repayment of loans from the Government of the Republic of Kazakhstan *(Note 26)*	(120,000,000)	(70,000,000)
Proceeds from external loans *(Note 26)*	55,967,000	48,277,000
Repayment of external loans *(Note 26)*	(24,244,000)	–
Proceeds from loans from the Shareholder *(Note 26)*	–	8,300,000
Repayment of loans from the Shareholder *(Note 26)*	(14,314,148)	(14,392,846)
Repayment of debt securities issued *(Note 26)*	(10,000,000)	(40,330,000)
Proceeds from loans from state and budget organisations *(Note 26)*	1,500,000	31,428,726
Repayment of loans from state and budget organisations *(Note 26)*	(12,442,228)	(16,021,061)
Dividends paid *(Note 20)*	(13,677,185)	(6,086,528)
Net cash from financing activities	**22,789,439**	**81,175,291**
Effect of expected credit losses on cash and cash equivalents	(935)	38
Net change in cash and cash equivalents	**17,467,658**	**4,867,110**
Cash and cash equivalents at beginning of year	**107,720,283**	102,853,173
Cash and cash equivalents as at the end of the year *(Note 6)*	**125,187,941**	**107,720,283**

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

Sapulatov Kairat Kaertaevich — Deputy Chairperson of the Management Board, member of the Management Board

Zaitullayeva Irina Nikolayevna — Chief Accountant

5 April 2024

The selected explanatory notes set out on pages 13 to 65 form an integral part of these unconsolidated financial statements.

EXPLANATORY NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2023

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1. Reporting entity

Agrarian Credit Corporation Joint Stock Company (hereinafter, the "Company") was established by the Decree of the Government of the Republic of Kazakhstan No. 137 dated 25 January 2001 *"On the Issues of the Agricultural Sector Lending"* as a joint stock company in accordance with the legislation of the Republic of Kazakhstan. The Company is operating on the basis of a license to carry out operations provided for by the banking legislation of the Republic of Kazakhstan, No. 5.2.24 dated 5 November 2013, issued by the Committee for Regulation and Supervision of the Financial Market and Financial Institutions under the National Bank of the Republic of Kazakhstan ("NBRK"). The activities of the Company are regulated by the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan.

The Company's principal activity is promotion of industrialisation and diversification of the agricultural sector through development of the affordable lending system for agro-industrial complex entities, performance of bank borrowing operations on the basis of the relevant license, participation in the implementation of the government programmes to support the agricultural sector through lending, attraction of the domestic and foreign investments, participation in the development and implementation of the projects in the agro-industrial complex, leasing activities, funding of financial institutions, financing of legal entities using Islamic financial instruments to provide Islamic finance to agro-industrial complex entities, and other activities not prohibited by the legislative acts that meet the goals and objectives of the Company provided for by its Charter.

The Company's financing activities stipulate specific requirements and restrictions on the use of funds. The interest rate on loans provided is lower than the market rate due to implementation of the agricultural development programmes in the Republic of Kazakhstan.

As at and 31 December 2023, the Company has 19 registered branches (31 December 2022 – 19 branches) in the Republic of Kazakhstan.

As at 31 December 2023 the Company owns a 100% interest in KazAgroFinance JSC; the principal activity of KazAgroFinance JSC is leasing activity in the agro-industrial complex, lending of entities operating in the agro-industrial complex, participation in the implementation of the programmes funded from the national budget and other programmes aimed at development of the agro-industrial complex.

As at 31 December 2023, Baiterek National Managing Holding JSC ("Baiterek" or "Shareholder") owns 100% of the Company's shares.

The Company's ultimate owner is the Government of the Republic of Kazakhstan.

The Company's registered office is: 11 Imanov Street, Astana, Republic of Kazakhstan.

Business environment

The Company's operations are located in Kazakhstan. Consequently, the Company is exposed to the economic and financial markets of Kazakhstan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Kazakhstan. Depreciation of the Kazakhstan tenge 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.

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

2. Basis of preparation

The accompanying unconsolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

The unconsolidated financial statements have been prepared on the historical cost basis, except as mentioned in the *Significant accounting policies*.

The unconsolidated financial statements are presented in thousands of Kazakhstani tenge ('KZT thousand'), except for the data used in calculation of common share carrying amounts or unless otherwise indicated.

EXPLANATORY NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2023

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The Company has also prepared the consolidated financial statements for the year ended 31 December 2023 in accordance with IFRS that can be obtained from the Company's registered office.

The accompanying unconsolidated financial statements have been prepared on a going concern basis, which provides for asset sales and settlement of obligations in the ordinary course of business. The Company's ability to sell its assets and its future operations may be significantly affected by the current and future economic environment in Kazakhstan.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these unconsolidated financial statements, except for judgements about measurement of expected credit losses on loans to customers as updated in 2023 *(Note 25)*.

Fair value measurement

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

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

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

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

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: valuation models, in which significant assessment of fair value are based on inputs related to the lowest level of hierarchy and are observable in the market either directly or indirectly.
- Level 3: valuation model for which the lowest level input that is significant to the fair value measurement is unobservable.

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

Financial assets and liabilities

Initial recognition

Date of recognition

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

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

Measurement categories of financial assets and liabilities

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

- amortised cost:
- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL).

EXPLANATORY NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2023

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

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

Amounts due from banks loans to customers, investment securities measured at amortised cost

The Company only measures amounts due from banks, loans to customers and other financial investments at amortised cost if both of the following conditions are met:

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

These terms are detailed below.

Business model assessment

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

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

- how the performance of the business model and the financial assets held within that business model is evaluated and how this information is reported 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 business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;
- the expected frequency, volume and timing of sales are also important aspects of the Company's business model assessment.

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

"Solely payments of principal and interest on the principal amount outstanding" test (SPPI test)

As a second step of its classification process, the Company assesses the contractual terms of the financial asset to identify whether the contractual cash flows on an asset are 'solely payments of principal and interest on the principal amount outstanding' (i.e. whether they meet the SPPI test).

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

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

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

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

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Credit related commitments

Credit related commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. These contracts are in the scope of the ECL requirements.

The Company occasionally issues commitments to provide loans at below-market interest rates. Such commitments are initially recognised at fair value and subsequently measured at the higher of an ECL allowance and the amount initially recognised less cumulative income, where appropriate.

Reclassification of financial assets and liabilities

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

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and amounts due from credit institutions that mature within not more than ninety days of the date of origination and are free from contractual encumbrances.

Borrowings

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

Offsetting of financial instruments

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

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

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

Renegotiated loans

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

The Company derecognises a financial asset, e.g. a loan to a customer, if the related contractual terms are renegotiated to the extent that it in fact becomes a new loan, and records the difference as gains or losses arising from derecognition before impairment loss is recognised. Upon initial recognition the loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI. When assessing, whether the loan to customer should be derecognised, the Company considers the following:

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

If the modification does not imply a substantial change in cash flows, such modification does not result in a derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss that is presented within other income or losses in the unconsolidated statement of profit or loss.

If the modification does not result in derecognition, the Company also reassesses the significant increase in credit risk or the need to classify assets as credit-impaired.

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Modification of the terms of financial liabilities

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

If a modification (or exchange) does not result in the derecognition of the financial liability the Company applies accounting policy consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification does not result in the derecognition of the financial asset, i.e. the Company recognises any adjustment to the amortised cost of the financial liability arising from such a modification (or exchange) in profit or loss at the date of the modification (or exchange).

Changes in cash flows on existing financial liabilities are not considered as modification, if they result from existing contractual terms.

Changes in cash flows on existing financial liabilities are not considered as modification, if they result from existing contractual terms. The Company concludes that the modification is substantial as a result of the following qualitative factors:

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

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised from the unconsolidated statement of financial position where:

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

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

Write off

Financial assets are written off in part or in full, only when the Company does not expect to recover their value. If the amount to be written off is higher than the accumulated impairment allowance, the difference is at first recorded as the increase in the allowance that is subsequently applied to the gross carrying amount. All the subsequent reversals are recognised as credit loss expenses. The write-off relates to the derecognition event.

Financial liabilities

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

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

EXPLANATORY NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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Impairment

Non-derivative financial assets

See also Notes 4 and 27.

The Company recognises allowances for expected credit losses (ECL) on the following financial instruments that are not measured at fair value through profit or loss:

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

No impairment loss is recognised on equity investments.

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

debt investment securities that are determined to have moderate credit risk at the reporting date; and

- other financial instruments on which credit risk has not increased significantly since their initial recognition.

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

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

Measurement of expected credit losses (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 all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive);
- *financial assets that are credit-impaired at the reporting date*: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- *financial guarantee contracts*: the present value of expected payments to reimburse the holder less any amounts that the Company expects to recover.

Restructured financial assets

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

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

Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;

EXPLANATORY NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

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

Taxation

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

Deferred corporate income tax assets and liabilities are calculated in respect of all temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

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

The Company performs offsetting of deferred tax assets and deferred tax liabilities and records them in the unconsolidated statement of financial position on a net basis, when:

- The Company has a legally enforced right to offset current tax assets against current tax liabilities, and
- Deferred tax assets and deferred tax liabilities refer to corporate income tax charged by the same tax body from the same taxpayer.

In addition, the Republic of Kazakhstan has various operating taxes applicable to the Company's operations. These taxes are included in other operating expenses.

Share capital

Charter capital

Contributions to charter share capital are recognised at historical cost, less direct costs to issue shares.

Reserve capital

Reserve capital may be increased by transferring funds from retained earnings based on a decision of the Company's Shareholder. Under the Company's policy the reserve capital is formed to cover the general risks including future losses and other contingent risks and circumstances. Reserve capital is distributable based on the Shareholder's decision.

Dividends

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

Contingent liabilities

Contingent liabilities are not recognised in the unconsolidated statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote.

Loan commitments

Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

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

The Company has issued no loan commitments that are measured at FVTPL. For other loan commitments the Company recognises loss allowance. Financial liabilities arising from loan commitments are included in other liabilities.

Recognition of income and expenses

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

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Interest and similar income and expenses

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

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

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

Presentation

Interest income calculated using the effective interest rate method presented in the unconsolidated statement of profit or loss includes interest income on financial assets measured at amortised cost.

"Other interest income" item presented in the unconsolidated statement of profit or loss includes interest income on finance lease receivables.

Interest expense presented in the unconsolidated statement of profit or loss includes interest expense on financial liabilities measured at amortised cost.

Government grants

Government grants are assistance by the Government, Government agencies and state-owned entities in the form of transfers of resources to the Company in return for past or future compliance with certain conditions relating to the operating activities of the Company. Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. If there are conditions that may require repayment, the grant is recognised in liabilities.

The benefit of a government loan at a below-market rate of interest is treated as a government grant where the government does not act as a shareholder. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan and the proceeds received.

Government grants that compensate the Company for expenses incurred are recognised in profit or loss as expenses on a systematic basis in the same periods in which the expenses are recognised.

Investments in subsidiary

The Company's investments in subsidiaries are entities, in which the Company owns, directly or indirectly, more than 50% of the voting power or interests in their charter capital, and such entities are controlled by the Company.

The Company controls an entity even if it holds less than 50% of the voting power, where a parent possesses all components of control.

In these unconsolidated financial statements, investments of the Company in subsidiaries are recognised at cost, net impairment losses.

Carrying amount of investments in subsidiaries, which are recognised at cost, is not adjusted for subsequent change in fair value in the unconsolidated financial statements, however, investments in subsidiaries are subsequently tested for impairment.

Acquisition of investment

In the acquisition of investments in subsidiaries under common control, the Company uses the following approach to recognise this transaction in its unconsolidated financial statements, namely recognition, which is based on the amount transferred in exchange. The basis for the approach is that the parties to the transaction are independent entities, acting on their own behalf, and that the accounting procedure reflects the actual terms of the transaction.

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Loss of control

Upon the loss of control, the Company derecognises its investment. Any remaining interest continues to be recognised in the statement of financial position in accordance with applicable IFRS. Any surplus or deficit arising on the loss of control is recognised in profit or loss or as accumulated loss in equity if control over the subsidiary has been transferred to a related party.

Impairment of investments in subsidiaries

The Company assesses at each reporting date whether there is any indication that investments in subsidiaries may be impaired. If any indication exists, or when annual impairment testing for investment is required, the Company estimates the investment's recoverable amount. The recoverable amount of investment is the higher of an asset's fair value less costs to sell and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate, which, in the opinion of management, reflects current market assessments of the time value of money and the risks specific to the assets. In determining fair value less costs of disposal, recent market transactions are taken into account. In their absence the relevant valuation model is applied. These calculations are corroborated by valuation multiples, quoted prices for publicly traded shares or other available fair value indicators. The Company estimates the impairment amount based on detailed budgets and forecast calculations which are prepared separately for each of the cash generating units to which individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. A long term growth rate is determined and applied to future cash flows expected after the fifth year.

Impairment losses on investments in subsidiaries are recognised in the unconsolidated statement of profit or loss and other comprehensive income in the 'Impairment losses on investments in subsidiaries' line item. For investments an assessment is made by the Company at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the recoverable amount of investments. A previously recognised impairment loss is reversed only if there has been a change in the assumption used to determine the investments' recoverable amount since when the last impairment loss was recognised. Any impairment loss is only reversed to the extent that the investment's carrying amount does not exceed its recoverable amount and also does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised. Such reversal is recognised in the unconsolidated statement of profit or loss and other comprehensive income.

Foreign currency translation

The unconsolidated financial statements are presented in Kazakhstani tenge, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recognised in the functional currency of the Company at exchange rate at the date 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. Gains and losses resulting from the translation of foreign currency transactions are recognised in the unconsolidated statement of profit or loss as foreign exchange net gain/loss. 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. Non-monetary items that are measured in terms of fair value in a foreign currency are translated using the exchange rates as at the dates of fair value measurement.

The difference between the contractual exchange rate of a transaction in a foreign currency and the official (Kazakhstan Stock Exchange (KASE) exchange rate as at the date of the transaction are included in gains less losses from translation difference. Below are the exchange rates used by the Company in preparation of these financial statements:

	31 December 2023	*31 December 2022*
KZT/USD	454.56	462.65

Segment reporting

The Company's business and geographical segments were not presented separately in these financial statements as management believes that the main operating segment of lending and finance leasing is agricultural organisations in the Republic of Kazakhstan, for which the risks and level of return are considered similar throughout the country. Making decisions on the allocation of the Company's resources and assessment of the Company's performance by the management making operating decisions are based on the IFRS financial statements.

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New standards and interpretations not yet adopted

A number of new standards and interpretations are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these unconsolidated financial statements.

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

- *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).*
- *Classification of Liabilities as Current or Non-current Liabilities and Non-current Liabilities with Covenants (Amendments to IAS 1).*
- *Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).*
- *Lack of Exchangeability – Amendments to IAS 21.*

Amendments to the Standards effective from 1 January 2023 have not had an effect on the Company's unconsolidated financial statements.

4. Significant accounting judgments and estimates

Estimation uncertainty

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

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the unconsolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Further details are provided in *Note 27*.

Expected credit losses on financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgment, in particular, the estimation of the ECL and timing of future cash flows and collateral values when assessing a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:

The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;

- Grouping of financial assets, when their ECLs are assessed on a group basis;
- Development of the ECL calculation models, including various formulas and choice of input data;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as effect on probabilities of default (PD), exposures at default (EAD) and losses given default (LGD);
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL assessment models.

Further details are provided in *Note 25*.

Collateral assessment

The Company's monitors the collaterals on a regular basis, using its judgments based on experience or independent estimates to adjust the value of collateral to reflect current market conditions. Further details are provided in *Notes 8 and 25*.

Government grants

Management of the Company analyses all borrowing terms from the Government of the Republic of Kazakhstan and local executive bodies, as well as other government-related entities granted at below-market interest rates in order to comply with such requirements as issuing loans to ultimate borrowers at a specific nominal rate, for a specified period and to a particular segment of borrowers. Under these circumstances, the Company recognises a government grant liability. Further details are provided in *Notes 7,8,12,14,15,16 and 19*.

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Taxation

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

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

Basis of measurement

The unconsolidated financial statements are prepared on the historical cost basis.

5. Comparative information adjustments

The impact from adjustments to previously reported data on the corresponding figures may be as follows:

	As previously reported	Reclassification	As reclassified
Other interest income			
Other receivables (cession)	88,095	(88,095)	–
Other income	259,752	88,095	347,847

6. Cash and cash equivalents

	31 December 2023	*31 December 2022*
Reverse repurchase agreements	72,478,190	69,114,656
Cash on current bank accounts	48,850,260	28,256,373
Cash on current bank accounts with the Republican State Enterprise (RSE) "The Treasury Committee of the Ministry of Finance of the Republic of Kazakhstan"	3,862,244	10,351,066
Overnight deposits with other banks	749	741
Cash on hand	–	14
	125,191,443	**107,722,850**
Allowance for expected credit losses	(3,502)	(2,567)
Cash and cash equivalents	**125,187,941**	**107,720,283**

As at 31 December 2023, cash and cash equivalents are not past due and categorised into Stage 1 (31 December 2022: cash and cash equivalents are not past due and categorised into Stage 1).

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As at 31 December 2023 and 31 December 2022, the credit quality of cash and cash equivalents balances may be summarised based on Standard and Poor's or other agencies converted into Standard & Poor's scale as follows:

	31 December 2023				
	Current accounts	*Current account with RSE "The Treasury Committee of the Ministry of Finance of the Republic of Kazakhstan"*	*Overnight deposits with other banks*	*Reverse repurchase agreements*	*Total*
Not overdue					
- Cash on current account with RSE "The Treasury Committee of the Ministry of Finance of the Republic of Kazakhstan" (not rated)	–	3,862,244	–	–	3,862,244
- rated from BBB– to BBB+	8,801,313	–	–	–	8,801,313
- rated from BB– to BB+	40,048,483	–	–	–	40,048,483
- not rated	464	–	749	72,478,190	72,479,403
Total cash and cash equivalents, net of cash before deduction of impairment allowance	**48,850,260**	**3,862,244**	**749**	**72,478,190**	**125,191,443**
Allowance for expected credit losses	(2,017)	(42)	–	(1,443)	(3,502)
Total cash and cash equivalents, net of cash	**48,848,243**	**3,862,202**	**749**	**72,476,747**	**125,187,941**

	31 December 2022				
	Current accounts	*Current account with RSE "The Treasury Committee of the Ministry of Finance of the Republic of Kazakhstan"*	*Overnight deposits with other banks*	*Reverse repurchase agreements*	*Total*
Not overdue					
- Cash on current account with RSE "The Treasury Committee of the Ministry of Finance of the Republic of Kazakhstan" (not rated)	–	10,351,066	–	–	10,351,066
- rated from BBB– to BBB+	20,146,053	–	–	–	20,146,053
- rated from BB– to BB+	73,439	–	–	–	73,439
- rated from B– to B+	4,407,450	–	–	–	4,407,450
- not rated	3,629,431	–	741	69,114,656	72,744,828
Total cash and cash equivalents, net of cash before deduction of impairment allowance	**28,256,373**	**10,351,066**	**741**	**69,114,656**	**107,722,836**
Allowance for expected credit losses	(835)	(124)	–	(1,608)	(2,567)
Total cash and cash equivalents, net of cash	**28,255,538**	**10,350,942**	**741**	**69,113,048**	**107,720,269**

As at 31 December 2023 the balance of not rated cash and cash equivalents includes the balances with Citibank Kazakhstan JSC and Kazpost JSC (31 December 2022: Citibank Kazakhstan JSC and Bereke Bank JSC).

As at 31 December 2023, the Company entered into reverse repo agreements at Kazakhstan Stock Exchange, which were secured by the treasury bills of the Ministry of Finance of the Republic of Kazakhstan and Kazakhstan Sustainability Fund JSC. The fair value of the above financial instruments was KZT 72,467,012 thousand. The carrying amount under reverse repo agreements as at the reporting date was KZT 72,476,747 thousand (31 December 2022: the fair value was KZT 69,312,849 thousand; the carrying amount – KZT 69,113,04 thousand). The carrying amount under these agreements as at 31 December 2023 and 31 December 2022 exceeds 10.00% of the Company's equity.

The Company does not have any accounts with bank, whose total balances of cash and cash equivalents exceed 10.00% of the Company's equity (31 December 2022: none).

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7. Loans to banks

	31 December 2023	*31 December 2022*
Loans to second-tier banks	29,586,359	10,463,976
Allowance for expected credit losses	(10,451)	(7,622)
Due from banks	**29,575,908**	**10,456,354**

As at 31 December 2023, loans to second-tier banks are not overdue and are categorised into Stage 1 (31 December 2022: loans to second-tier banks are not overdue and categorised into Stage 1).

As at 31 December 2023 and 31 December 2022, the credit quality of loans to banks may be summarised based on Standard and Poor's or other agencies converted into Standard & Poor's scale as follows:

	31 December 2023	*31 December 2022*
Not overdue:		
- rated from BBB– to BBB+	27,209,261	9,406,581
- rated from BB– to BB+	2,377,098	–
- rated from B– to B+	–	1,057,395
	29,586,359	**10,463,976**
Allowance for expected credit losses	(10,451)	(7,622)
Loans to banks	**29,575,908**	**10,456,354**

During 2023, as part of Ken-Dala annual government programme for support of the spring field works, the Company provided loans to Halyk Bank of Kazakhstan JSC for the total amount of KZT 56,000,000 thousand and to Bank CenterCredit JSC for the total amount of KZT 4,861,311 thousand, at below market interest rate of 1.50% p.a. and maturity on 24-27 November 2023 and 1 March 2024. The loans are payable in equal instalments. The Company recognised discount of KZT 6,765,769 thousand as loss on initial recognition of loans at below-market interest rates and interest income on amortisation of discount of KZT 6,038,656 thousand in the unconsolidated statement of profit or loss within other expenses and interest income on loans to banks, respectively. The Company applied estimated market interest rates from 16.28% to 18.42% p.a. to measure the fair value of the above-mentioned loans on initial recognition by discounting their future contractual cash flows.

During 2022, as part of the Ken-Dala annual government programme for support of the spring field works, the Company provided loans to Halyk Bank of Kazakhstan JSC for the total amount of KZT 38,664,184 thousand, First Heartland Jusan Bank JSC for the total amount of KZT 3,099,228 thousand, Bank CenterCredit JSC for the total amount of KZT 996,567 thousand at the below-market interest rate of 1.50% p.a. and maturity before 1 December 2022 - for loans issued for the total amount of KZT 32,957,000 thousand, maturity before 1 March 2023 - for loans issued for the total amount of KZT 9,802,979 thousand. The Company recognised discount of KZT 3,539,813 thousand as loss on initial recognition of loans at below-market interest rates and interest income on amortisation of discount of KZT 3,318,027 thousand in the unconsolidated statement of profit or loss within other expenses and interest income on loans to banks, respectively. The Company applied estimated market interest rates from 14.91% to 18.76% p.a. to measure the fair value of the above-mentioned loans on initial recognition by discounting their future contractual cash flows.

As at 31 December 2023 and 31 December 2022 the Company had no balances with banks with total balance exceeding 10.00% of equity.

8. Loans to customers

Loans to customers are represented by loans to the borrowers operating in the agricultural sector and include the following positions:

	31 December 2023	*31 December 2022*
Loans to legal entities-credit partnerships	327,752,769	277,797,806
Loans to legal entities for investment projects	106,452,355	115,230,483
Loans to other legal entities	196,266,196	194,415,893
Loans to individuals	268,404,726	273,482,237
	898,876,046	**860,926,419**
Allowance for expected credit losses	(172,065,060)	(138,009,051)
Loans to customers	**726,810,986**	**722,917,368**

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Impairment allowance for loans to customers

The table below provides analysis of movements in the gross book value and the ECL allowance for loans to legal entities and individuals for the twelve months ended 31 December 2023:

Loans to legal entities-credit partnerships	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Gross carrying amount at 1 January 2023	**205,930,373**	**40,554,189**	**30,571,154**	**742,090**	**277,797,806**
New assets originated or purchased	161,806,404	–	–	2,805,507	164,611,911
Assets repaid, including changes due to partial repayment or increase in gross carrying amount	(74,229,025)	(32,789,324)	(9,770,301)	(63,407)	(116,852,057)
Transfers to Stage 1	8,418,407	(6,804,408)	(1,613,999)	–	–
Transfers to Stage 2	(113,318,591)	117,991,548	(4,672,957)	–	–
Transfers to Stage 3	(44,557,080)	(13,730,769)	58,287,849	–	–
Changes provided for by agreement of cash flows from modification that does not result in derecognition	–	–	(799,329)	(143,195)	(942,524)
Changes in interest accrued	(154,509)	1,841,884	2,021,869	30,419	3,739,663
Write-off	–	–	(602,024)	(6)	(602,030)
At 31 December 2023	**143,895,979**	**107,063,120**	**73,422,262**	**3,371,408**	**327,752,769**

Loans to legal entities-credit partnerships	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
ECL allowance as at 1 January 2023	**592,991**	**349,827**	**4,082,514**	**–**	**5,025,332**
New assets originated or purchased	1,440,151	–	–	–	1,440,151
Assets repaid	(254,508)	(320,941)	(137,752)	(7,551)	(720,752)
Transfers to Stage 1	63,444	(48,107)	(15,337)	–	–
Transfers to Stage 2	(625,596)	640,449	(14,853)	–	–
Transfers to Stage 3	(353,981)	(223,621)	577,602	–	–
Movements in ECLs for the year as a result of transfer from stage to stage and changes in inputs	645,418	6,695,769	5,553,334	149,578	13,044,099
Unwinding of discount	–	–	2,375,637	(229)	2,375,408
Write-off	–	–	(602,024)	(6)	(602,030)
At 31 December 2023	**1,507,919**	**7,093,376**	**11,819,121**	**141,792**	**20,562,208**

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Loans to legal entities for investment projects	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Gross carrying amount at 1 January 2023	**36,483,317**	**1,311,751**	**75,235,230**	**2,200,185**	**115,230,483**
New assets originated or purchased	3,931,277	–	–	–	3,931,277
Assets repaid, including changes due to partial repayment or increase in gross carrying amount	(5,294,708)	90,936	(4,793,253)	(402,373)	(10,399,398)
Transfers to Stage 1	3,906,280	(511,605)	(3,394,675)	–	–
Transfers to Stage 2	–	23,353	(23,353)	–	–
Transfers to Stage 3	(9,770,313)	(800,146)	10,570,459	–	–
Changes provided for by agreement of cash flows from modification that does not result in derecognition	–	–	(3,424,676)	–	(3,424,676)
Changes in interest accrued	(182,693)	(97,867)	3,470,330	–	3,189,770
Write-off	–	–	(1,584,511)	(490,590)	(2,075,101)
At 31 December 2023	**29,073,160**	**16,422**	**76,055,551**	**1,307,222**	**106,452,355**

Loans to legal entities for investment projects	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
ECL allowance as at 1 January 2023	**5,872,890**	**234,729**	**37,559,536**	**1,698,605**	**45,365,760**
New assets originated or purchased	307,716	–	–	–	307,716
Assets repaid	(5,420)	–	(112,906)	–	(118,326)
Transfers to Stage 1	613,129	(5,116)	(608,013)	–	–
Transfers to Stage 2	–	4,050	(4,050)	–	–
Transfers to Stage 3	(2,020,032)	(229,613)	2,249,645	–	–
Movements in ECLs for the year as a result of transfer from stage to stage and changes in inputs	(275,887)	(1,479)	(6,518,982)	(147,925)	(6,944,273)
Unwinding of discount	–	–	5,832,056	(134,324)	5,697,732
Write-off	–	–	(1,584,511)	(490,590)	(2,075,101)
At 31 December 2023	**4,492,396**	**2,571**	**36,812,775**	**925,766**	**42,233,508**

Loans to other legal entities	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Gross carrying amount at 1 January 2023	**99,692,260**	**4,842,841**	**84,389,736**	**5,491,056**	**194,415,893**
New assets originated or purchased	55,959,826	–	116,500	3,968,372	60,044,698
Assets repaid, including changes due to partial repayment or increase in gross carrying amount	(47,245,535)	(3,060,250)	(6,715,490)	(363,254)	(57,384,529)
Transfers to Stage 1	4,656,071	(139,394)	(4,516,677)	–	–
Transfers to Stage 2	(14,518,451)	14,640,365	(121,914)	–	–
Transfers to Stage 3	(18,606,331)	(1,411,823)	20,018,154	–	–
Changes provided for by agreement of cash flows from modification that does not result in derecognition	–	–	(5,889,472)	(418,126)	(6,307,598)
Changes in interest accrued	157,084	969,776	7,229,023	601,954	8,957,837
Write-off	–	–	(3,451,138)	(8,967)	(3,460,105)
At 31 December 2023	**80,094,924**	**15,841,515**	**91,058,722**	**9,271,035**	**196,266,196**

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Loans to other legal entities	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
ECL allowance as at 1 January 2023	**2,864,726**	**1,144,217**	**42,295,872**	**25,265**	**46,330,080**
New assets originated or purchased	3,859,781	–	57,121	–	**3,916,902**
Assets repaid	(406,446)	(536,463)	(585,946)	(288,255)	(1,817,110)
Transfers to Stage 1	1,697,838	(25,318)	(1,672,520)	–	–
Transfers to Stage 2	(1,196,010)	1,270,974	(74,964)	–	–
Transfers to Stage 3	(1,239,624)	(335,898)	1,575,522	–	–
Movements in ECLs for the year as a result of transfer from stage to stage and changes in inputs	1,395,684	3,854,594	10,518,036	4,338,894	20,107,208
Unwinding of discount	–	–	6,196,532	(2,411)	6,194,121
Recovery	–	–	588	–	588
Write-off	–	–	(3,451,138)	(8,967)	(3,460,105)
At 31 December 2023	**6,975,949**	**5,372,106**	**54,859,103**	**4,064,526**	**71,271,684**

The table below provides analysis of movements in the gross carrying amount and the ECL allowance for loans to individuals for the twelve months ended 31 December 2023:

Loans to individuals	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Gross carrying amount at 1 January 2023	**200,941,961**	**6,093,861**	**64,228,427**	**2,217,988**	**273,482,237**
New assets originated or purchased	55,935,346	19,361	–	156,230	56,110,937
Assets repaid, including changes due to partial repayment or increase in gross carrying amount	(51,067,629)	(1,356,997)	(10,836,958)	183,644	(63,077,940)
Transfers to Stage 1	12,662,661	(1,554,415)	(11,108,246)	–	–
Transfers to Stage 2	(6,656,863)	8,442,429	(1,785,566)	–	–
Transfers to Stage 3	(19,451,814)	(3,948,688)	23,400,502	–	–
Changes provided for by agreement of cash flows from modification that does not result in derecognition	–	–	(1,558,644)	(201,230)	(1,759,874)
Changes in interest accrued	1,896,473	790,771	2,378,471	11,445	5,077,160
Write-off	–	–	(1,425,409)	(2,385)	(1,427,794)
At 31 December 2023	**194,260,135**	**8,486,322**	**63,292,577**	**2,365,692**	**268,404,726**

Loans to individuals	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
ECL allowance as at 1 January 2023	**7,337,245**	**1,156,098**	**32,276,102**	**518,434**	**41,287,879**
New assets originated or purchased	948,625	3,259	–	–	951,884
Assets repaid	(378,324)	(47,779)	(1,703,400)	(14,696)	(2,144,199)
Transfers to Stage 1	4,431,174	(288,950)	(4,142,224)	–	–
Transfers to Stage 2	(359,195)	951,486	(592,291)	–	–
Transfers to Stage 3	(678,105)	(740,144)	1,418,249	–	–
Movements in ECLs for the year as a result of transfer from stage to stage and changes in inputs	(6,603,200)	823,756	839,552	(121,215)	(5,061,107)
Unwinding of discount	–	–	4,393,423	(3,470)	4,389,953
Recovery	–	–	1,044	–	1,044
Write-off	–	–	(1,425,409)	(2,385)	(1,427,794)
At 31 December 2023	**4,698,220**	**1,857,726**	**31,065,046**	**376,668**	**37,997,660**

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The table below provides analysis of movements in GCA and ECL allowance for loans to legal entities for the twelve months ended 31 December 2022:

Loans to legal entities-credit partnerships	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Gross carrying amount at 1 January 2022	**68,500,768**	**1,475,804**	**151,331,710**	**–**	**221,308,282**
New assets originated or purchased	153,407,057	–	–	742,090	154,149,147
Assets repaid, including changes due to partial repayment or increase in gross carrying amount	(70,762,998)	(12,952,188)	(14,660,240)	–	(98,375,426)
Transfers to Stage 1	81,845,585	–	(81,845,585)	–	–
Transfers to Stage 2	(27,154,016)	51,398,865	(24,244,849)	–	–
Transfers to Stage 3	(2,242,373)	(253,129)	2,495,502	–	–
Changes provided for by agreement of cash flows from modification that does not result in derecognition	–	–	(1,218,251)	–	(1,218,251)
Changes in interest accrued	2,336,350	884,837	(1,287,133)	–	1,934,054
At 31 December 2022	**205,930,373**	**40,554,189**	**30,571,154**	**742,090**	**277,797,806**

Loans to legal entities-credit partnerships	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
ECL allowance as at 1 January 2022	**5,436**	**1,533**	**5,302,701**	**–**	**5,309,670**
New assets originated or purchased	192,662	–	–	–	192,662
Assets repaid	(7,837)	–	(1,270,725)	–	(1,278,562)
Transfers to Stage 1	596,159	–	(596,159)	–	–
Transfers to Stage 2	(654)	506,775	(506,121)	–	–
Transfers to Stage 3	–	(104)	104	–	–
Movements in ECLs for the year as a result of transfer from stage to stage and changes in inputs	(192,775)	(158,377)	(411,818)	–	(762,970)
Unwinding of discount	–	–	1,564,532	–	1,564,532
At 31 December 2022	**592,991**	**349,827**	**4,082,514**	**–**	**5,025,332**

Loans to legal entities for investment projects	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Gross carrying amount at 1 January 2022	**32,334,402**	**–**	**78,840,817**	**2,132,085**	**113,307,304**
New assets originated or purchased	14,044,735	–	–	48,097	14,092,832
Assets repaid, including changes due to partial repayment or increase in gross carrying amount	(6,713,997)	(36,516)	(4,447,645)	16,459	(11,181,699)
Transfers to Stage 1	2,130,546	–	(2,130,546)	–	–
Transfers to Stage 2	(723,593)	1,315,160	(591,567)	–	–
Transfers to Stage 3	(5,766,906)	–	5,766,906	–	–
Changes provided for by agreement of cash flows from modification that does not result in derecognition	–	–	(3,364,063)	–	(3,364,063)
Changes in interest accrued	1,178,130	33,107	1,161,328	3,544	2,376,109
At 31 December 2022	**36,483,317**	**1,311,751**	**75,235,230**	**2,200,185**	**115,230,483**

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Loans to legal entities for investment projects	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
ECL allowance as at 1 January 2022	**589,112**	**–**	**25,780,617**	**638,387**	**27,008,116**
New assets originated or purchased	905,562	–	–	–	905,562
Assets repaid	(793)	–	(3,240,880)	–	(3,241,673)
Transfers to Stage 1	–	–	–	–	–
Transfers to Stage 2	(48,327)	48,327	–	–	–
Transfers to Stage 3	(126,888)	–	126,888	–	–
Movements in ECLs for the year as a result of transfer from stage to stage and changes in inputs	4,505,731	186,402	5,367,753	1,060,218	11,120,104
Unwinding of discount	–	–	5,571,768	–	5,571,768
Other changes relating to restatement of prior period provisions recognised directly in equity	48,493	–	7,504,953	–	7,553,446
Other changes	–	–	(3,551,563)	–	(3,551,563)
At 31 December 2022	**5,872,890**	**234,729**	**37,559,536**	**1,698,605**	**45,365,760**

Loans to other legal entities	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Gross carrying amount at 1 January 2022	**77,476,761**	**1,919,000**	**74,049,266**	**28,610**	**153,473,637**
New assets originated or purchased	81,354,030	2,625,694	–	5,459,855	89,439,579
Assets repaid, including changes due to partial repayment or increase in gross carrying amount	(42,456,175)	(308,963)	(7,591,719)	2,591	(50,354,266)
Transfers to Stage 1	1,087,362	–	(1,087,362)	–	–
Transfers to Stage 2	(1,894,118)	2,065,269	(171,151)	–	–
Transfers to Stage 3	(16,703,283)	(1,714,872)	18,418,155	–	–
Changes provided for by agreement of cash flows from modification that does not result in derecognition	–	–	(5,103,347)	–	(5,103,347)
Changes in interest accrued	827,683	256,713	7,354,503	–	8,438,899
Write-off	–	–	(1,478,609)	–	(1,478,609)
At 31 December 2022	**99,692,260**	**4,842,841**	**84,389,736**	**5,491,056**	**194,415,893**

Loans to other legal entities	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
ECL allowance as at 1 January 2022	**1,731,620**	**187,323**	**31,481,335**	**9,043**	**33,409,321**
New assets originated or purchased	1,490,259	651	–	–	1,490,910
Assets repaid	(141,267)	(5,312)	(2,493,675)	–	(2,640,254)
Transfers to Stage 1	280,101	–	(280,101)	–	–
Transfers to Stage 2	(13,473)	77,872	(64,399)	–	–
Transfers to Stage 3	(13,113)	(184,985)	198,098	–	–
Movements in ECLs for the year as a result of transfer from stage to stage and changes in inputs	(469,401)	1,068,668	(106,682)	16,222	508,807
Unwinding of discount	–	–	3,364,470	–	3,364,470
Write-off	–	–	(1,478,609)	–	(1,478,609)
Other changes relating to restatement of prior period provisions recognised directly in equity	–	–	11,675,435	–	11,675,435
At 31 December 2022	**2,864,726**	**1,144,217**	**42,295,872**	**25,265**	**46,330,080**

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The table below provides analysis of movements in the gross carrying amount and the ECL allowance for loans to individuals for the twelve months ended 31 December 2022:

Loans to individuals	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Gross carrying amount at 1 January 2022	**226,411,760**	**4,836,939**	**33,893,903**	**824,438**	**265,967,040**
New assets originated or purchased	65,001,763	644,875	–	1,331,319	66,977,957
Assets repaid, including changes due to partial repayment or increase in gross carrying amount	(49,828,259)	(1,023,786)	(11,984,466)	(320,121)	(63,156,632)
Transfers to Stage 1	337,759	(235,566)	(102,193)	–	–
Transfers to Stage 2	(4,610,062)	5,857,008	(1,246,946)	–	–
Transfers to Stage 3	(35,659,908)	(4,005,197)	39,665,105	–	–
Changes provided for by agreement of cash flows from modification that does not result in derecognition	–	–	(129,655)	–	(129,655)
Changes in interest accrued	(711,092)	19,588	4,149,693	382,352	3,840,541
Write-off	–	–	(17,014)	–	(17,014)
At 31 December 2022	**200,941,961**	**6,093,861**	**64,228,427**	**2,217,988**	**273,482,237**

Loans to individuals	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
ECL allowance as at 1 January 2022	**913,163**	**30,247**	**21,829,545**	**539,974**	**23,312,929**
New assets originated or purchased	361,785	10,874	–	–	372,659
Assets repaid	(253,079)	(24,557)	(1,433,101)	–	(1,710,737)
Transfers to Stage 1	14,047	(1,490)	(12,557)	–	–
Transfers to Stage 2	(55,636)	921,911	(866,275)	–	–
Transfers to Stage 3	(257,698)	(25,516)	283,214	–	–
Movements in ECLs for the year as a result of transfer from stage to stage and changes in inputs	6,614,663	244,629	10,886,702	(21,540)	17,724,454
Unwinding of discount	–	–	1,608,645	–	1,608,645
Recovery	–	–	(3,057)	–	(3,057)
Write-off	–	–	(17,014)	–	(17,014)
At 31 December 2022	**7,337,245**	**1,156,098**	**32,276,102**	**518,434**	**41,287,879**

The following table provides information on the credit quality of the loans to customers as at 31 December 2023 and 31 December 2022:

	At 31 December 2023				
Loans to legal entities-credit partnerships	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL on assets not credit-impaired**	**Stage 3 Lifetime ECL on assets not credit-impaired**	**POCI**	**Total**
- not overdue	134,753,828	98,607,577	61,480,872	2,790,043	297,632,320
- overdue less than 30 days	9,142,151	4,252,114	2,661,211	436,931	16,492,407
- overdue more than 31 days and les than 60 days	–	4,203,429	1,141,569	130,208	5,475,206
- overdue more than 61 days and les than 90 days	–	–	2,065,824	14,154	2,079,978
- overdue more than 91 days and les than 360 days	–	–	1,118,175	72	1,118,247
- overdue more than 1 year	–	–	4,954,611	–	4,954,611
	143,895,979	**107,063,120**	**73,422,262**	**3,371,408**	**327,752,769**
Allowance for expected credit losses	(1,507,919)	(7,093,376)	(11,819,121)	(141,792)	(20,562,208)
	142,388,060	**99,969,744**	**61,603,141**	**3,229,616**	**307,190,561**

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	At 31 December 2023				
Loans to legal entities for investment projects	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL on assets not credit-impaired**	**Stage 3 Lifetime ECL on assets not credit-impaired**	**POCI**	**Total**
- not overdue	28,240,760	–	38,235,955	669,181	67,145,896
- overdue less than 30 days	832,400	–	9,441,329	638,041	10,911,770
- overdue more than 31 days and less than 60 days	–	16,422	8,726	–	25,148
- overdue more than 61 days and less than 90 days	–	–	4,160,824	–	4,160,824
- overdue more than 91 days and less than 360 days	–	–	4,730,454	–	4,730,454
- overdue more than 1 year	–	–	19,478,263	–	19,478,263
	29,073,160	**16,422**	**76,055,551**	**1,307,222**	**106,452,355**
Allowance for expected credit losses	(4,492,396)	(2,571)	(36,812,775)	(925,766)	(42,233,508)
	24,580,764	**13,851**	**39,242,776**	**381,456**	**64,218,847**

	At 31 December 2023				
Loans to other legal entities	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL on assets not credit-impaired**	**Stage 3 Lifetime ECL on assets not credit-impaired**	**POCI**	**Total**
- not overdue	76,758,835	–	43,671,382	9,153,091	129,583,308
- overdue less than 30 days	3,336,089	3,480,884	15,773,862	109,366	22,700,201
- overdue more than 31 days and less than 60 days	–	12,360,631	2,502,894	–	14,863,525
- overdue more than 61 days and less than 90 days	–	–	6,070,437	–	6,070,437
- overdue more than 91 days and less than 360 days	–	–	7,266,540	8,578	7,275,118
- overdue more than 1 year	–	–	15,773,607	–	15,773,607
	80,094,924	**15,841,515**	**91,058,722**	**9,271,035**	**196,266,196**
Allowance for expected credit losses	(6,975,949)	(5,372,106)	(54,859,103)	(4,064,526)	(71,271,684)
	73,118,975	**10,469,409**	**36,199,619**	**5,206,509**	**124,994,512**

	At 31 December 2023				
Loans to individuals	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL on assets not credit-impaired**	**Stage 3 Lifetime ECL on assets not credit-impaired**	**POCI**	**Total**
- not overdue	181,475,686	1,106,457	20,876,490	771,893	204,230,526
- overdue less than 30 days	12,784,449	1,268,605	7,137,530	851,366	22,041,950
- overdue more than 31 days and less than 60 days	–	6,111,260	3,555,426	602,878	10,269,564
- overdue more than 61 days and less than 90 days	–	–	4,361,921	23,264	4,385,185
- overdue more than 91 days and less than 360 days	–	–	8,395,363	90,500	8,485,863
- overdue more than 1 year	–	–	18,965,847	25,791	18,991,638
	194,260,135	**8,486,322**	**63,292,577**	**2,365,692**	**268,404,726**
Allowance for expected credit losses	(4,698,220)	(1,857,726)	(31,065,046)	(376,668)	(37,997,660)
	189,561,915	**6,628,596**	**32,227,531**	**1,989,024**	**230,407,066**

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Loans to legal entities-credit partnerships	*At 31 December 2022* Stage 1 12-month ECL	Stage 2 Lifetime ECL on assets not credit-impaired	Stage 3 Lifetime ECL on assets not credit-impaired	POCI	Total
- not overdue	204,719,661	37,748,598	19,839,458	742,090	263,049,807
- overdue less than 30 days	1,210,712	1,719,769	2,213,974	–	5,144,455
- overdue more than 31 days and les than 60 days	–	1,085,822	1,887,951	–	2,973,773
- overdue more than 61 days and les than 90 days	–	–	378,679	–	378,679
- overdue more than 91 days and les than 360 days	–	–	1,900,975	–	1,900,975
- overdue more than 1 year	–	–	4,350,117	–	4,350,117
	205,930,373	**40,554,189**	**30,571,154**	**742,090**	**277,797,806**
Allowance for expected credit losses	(592,991)	(349,827)	(4,082,514)	–	(5,025,332)
	205,337,382	**40,204,362**	**26,488,640**	**742,090**	**272,772,474**

Loans to legal entities for investment projects	*At 31 December 2022* Stage 1 12-month ECL	Stage 2 Lifetime ECL on assets not credit-impaired	Stage 3 Lifetime ECL on assets not credit-impaired	POCI	Total
- not overdue	34,872,896	872,809	38,396,379	2,200,185	76,342,269
- overdue less than 30 days	1,610,421	–	10,012,265	–	11,622,686
- overdue more than 31 days and less than 60 days	–	438,942	11,394,748	–	11,833,690
- overdue more than 61 days and less than 90 days	–	–	179,843	–	179,843
- overdue more than 91 days and less than 360 days	–	–	5,734,752	–	5,734,752
- overdue more than 1 year	–	–	9,517,243	–	9,517,243
	36,483,317	**1,311,751**	**75,235,230**	**2,200,185**	**115,230,483**
Allowance for expected credit losses	(5,872,890)	(234,729)	(37,559,536)	(1,698,605)	(45,365,760)
	30,610,427	**1,077,022**	**37,675,694**	**501,580**	**69,864,723**

Loans to other legal entities	*At 31 December 2022* Stage 1 12-month ECL	Stage 2 Lifetime ECL on assets not credit-impaired	Stage 3 Lifetime ECL on assets not credit-impaired	POCI	Total
- not overdue	98,545,098	2,548,723	44,768,489	5,491,056	151,353,366
- overdue less than 30 days	1,147,162	2,169,972	7,848,942	–	11,166,076
- overdue more than 31 days and less than 60 days	–	124,146	6,498,681	–	6,622,827
- overdue more than 61 days and less than 90 days	–	–	495,418	–	495,418
- overdue more than 91 days and less than 360 days	–	–	4,232,704	–	4,232,704
- overdue more than 1 year	–	–	20,545,502	–	20,545,502
	99,692,260	**4,842,841**	**84,389,736**	**5,491,056**	**194,415,893**
Allowance for expected credit losses	(2,864,726)	(1,144,217)	(42,295,872)	(25,265)	(46,330,080)
	96,827,534	**3,698,624**	**42,093,864**	**5,465,791**	**148,085,813**

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	At 31 December 2022				
Loans to individuals	*Stage 1 12-month ECL*	*Stage 2 Lifetime ECL on assets not credit-impaired*	*Stage 3 Lifetime ECL on assets not credit-impaired*	*POCI*	*Total*
- not overdue	192,161,825	2,101,874	25,360,120	1,254,651	220,878,470
- overdue less than 30 days	8,780,136	193,066	5,767,197	1,909	14,742,308
- overdue more than 31 days and less than 60 days	–	3,798,921	4,114,936	–	7,913,857
- overdue more than 61 days and less than 90 days	–	–	3,845,655	62,457	3,908,112
- overdue more than 91 days and less than 360 days	–	–	8,931,686	12,303	8,943,989
- overdue more than 1 year	–	–	16,208,833	886,668	17,095,501
	200,941,961	**6,093,861**	**64,228,427**	**2,217,988**	**273,482,237**
Allowance for expected credit losses	(7,337,245)	(1,156,098)	(32,276,102)	(518,434)	(41,287,879)
	193,604,716	**4,937,763**	**31,952,325**	**1,699,554**	**232,194,358**

During 2023, as part of the Ken-Dala annual government programme for lending of the agro-industrial complex entities to support the spring field works, the Company provided loans for the total amount of KZT 79,138,689 thousand and also reinvested KZT 1,200,000 thousand received from customers on loans issued under the above mentioned state programme (2022: KZT 97,240,021 thousand) at the below-market interest rate of 1.50 % p.a. (2022: 1.50% p.a.) and maturity before December 2024 (2022: before November 2023). The Company recognised discount of KZT 13,431,629 thousand (2022: KZT 9,230,104 thousand) on initial recognition and interest income on unwinding of discount of KZT 9,532,289 thousand (2022: KZT 4,836,609 thousand) in the unconsolidated statement of profit or loss within other expenses and interest income on loans to customers, respectively. The loss of KZT 13,431,629 thousand on initial recognition of loans at below-market interest rates (2022: KZT 9,230,104 thousand) was fully compensated through receipt of a government grant *(Note 19)*. The Company applied estimated market interest rates of 21.20% - 21.80% p.a. (2022: 15.40% - 21.90% p.a.) to measure the fair value of the above-mentioned loans on initial recognition by discounting their future contractual cash flows.

During 2023 the Company continued issuing and servicing the loans provided under the Government Programme for the Development of Productive Employment and Mass Entrepreneurship for 2017-2021 ("Isker"); new loans were issued for the amount of KZT 12,053,018 thousand (2022: KZT 31,464,550 thousand). The Company applied estimated market interest rates of 19.70% - 23.20% p.a. (2022: 15.40% - 21.90% p.a.) to measure the fair value of the above-mentioned loans on initial recognition by discounting their future contractual cash flows. The loss of KZT 4,210,928 thousand on initial recognition of these loans issued at below market interest rate (2022: KZT 10,911,036 thousand) was recognised within other expenses and fully compensated at the expense of a government grant *(Note 19)*.

During 2023 the Company continued issuing and servicing the loans of KZT 10,228,639 thousand provided under Enbek and Employment Roadmap 2020 government programmes (2022: KZT 13,718,157 thousand). The Company applied estimated market interest rates of 19.70% - 23.20% p.a. (2022: 15.40% - 21.90% p.a.) to measure the fair value of the above-mentioned loans on initial recognition by discounting their future contractual cash flows. The loss of KZT 2,750,618 thousand on initial recognition of these loans issued at below market interest rate (2022: KZT 2,833,242 thousand) was recognised within other expenses and was fully compensated at the expense of a government grant.

During 2023, as part of a loan received from the Shareholder for lending to agro-industrial complex entities to finance the construction of commercial dairy farms and implementation of the investment projects for production and processing of agricultural products, the Company issued new loans for a total amount of KZT 4,798,818 thousand (2022: KZT 3,501,188 thousand). The Company used estimated market interest rates of 21.30% - 21.50% p.a. (2022: 15.40% - 21.90% p.a.) to measure the fair value of the above-mentioned loans on initial recognition by discounting their future contractual cash flows. The loss of KZT 2,478,012 thousand on initial recognition of these loans issued at below market interest rate (2022: KZT 1,651,777 thousand) was recognised within other expenses and was fully compensated at the expense of a government grant *(Note 19)*.

In the normal course of business, the Company provides loans at below market rates to borrowers operating in the agricultural industry. Loss of KZT 8,961,245 thousand on initial recognition of loans at below market interest rates *(Note 23)* was recognised within other expenses for the year ended 31 December 2023 (2022: KZT 19,661,739 thousand). During 2023 the Company used estimated market interest rates of 19.70% - 23.20% p.a. (2022: 15.40% - 21.90% p.a.) to measure the fair value of the above-mentioned loans on initial recognition by discounting their future contractual cash flows.

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During 2022 the Company incurred expected credit losses on loans issued as part of the state programme of agro-industrial complex development for a total amount of KZT 8,732,054 thousand on previously issued loans during 2018-2020. Expected credit losses are compensated through receipt of government grants *(Note 19)*.

As at 31 December 2023 the Company had no borrowers whose total balance exceeded 10% of equity (31 December 2022: no borrowers).

Collateral and other instruments that reduce credit risk

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

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement during the review of the adequacy of the allowance for impairment losses.

The following table provides information on collateral and other credit enhancements securing loans to customers, net of loss allowance, by types of collateral as at 31 December 2023:

	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 of loan inception date
Stage 1 (12-month expected credit losses)			
Cash and deposits	4,082,448	4,082,448	–
Bank guarantees and sureties received from legal entities (rated from B– to BBB+)	1,908,978	1,908,978	–
Vehicles	32,309,406	32,309,406	–
Real estate	180,069,737	38,385,842	141,683,895
Equipment	6,366,149	–	6,366,149
Goods in turnover	10,751,348	10,751,348	–
Land plots	20,646,892	–	20,646,892
No collateral or other credit enhancement	173,514,756	–	–
Total Stage 1	**429,649,714**	**87,438,022**	**168,696,936**
Stage 2 (Lifetime expected credit losses on assets not credit-impaired)			
Cash and deposits	2,302,450	2,302,450	–
Vehicles	36,633,677	36,633,677	–
Real estate	33,938,266	7,986,175	25,952,091
Equipment	5,276,257	–	5,276,257
Goods in turnover	3,905,309	3,905,309	–
Land plots	26,618,388	–	26,618,388
No collateral or other credit enhancement	8,407,253	–	–
Total Stage 2	**117,081,600**	**50,827,611**	**57,846,736**
Stage 3 (Lifetime expected credit losses on credit-impaired assets)			
Cash and deposits	1,716,360	1,716,360	–
Vehicles	24,554,264	24,554,264	–
Real estate	78,778,469	42,723,109	36,055,360
Equipment	8,690,755	–	8,690,755
Goods in turnover	9,068,055	9,068,055	–
Land plots	26,852,104	–	26,852,104
No collateral or other credit enhancement	19,613,060	–	–
Total Stage 3	**169,273,067**	**78,061,788**	**71,598,219**
POCI-assets			
Cash and deposits	77,837	77,837	–
Vehicles	1,234,724	1,234,724	–
Real estate	7,012,277	4,956,380	2,055,897
Equipment	517,215	–	517,215
Goods in turnover	129,200	129,200	–
Land plots	1,056,200	–	1,056,200
No collateral or other credit enhancement	779,152	–	–
Total POCI-assets	**10,806,605**	**6,398,141**	**3,629,312**
Total loans to customers	**726,810,986**	**222,725,562**	**301,771,203**

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The following table provides information on collateral and other credit enhancements securing loans to customers, net of loss allowance, by types of collateral as at 31 December 2022:

	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 of loan inception date
Stage 1 (12-month expected credit losses)			
Cash and deposits	4,555,551	4,555,551	–
Bank guarantees and sureties received from legal entities (rated from B– to BBB+)	1,258,473	1,258,473	–
Vehicles	61,842,676	–	61,842,676
Real estate	207,065,722	48,561,064	158,504,658
Equipment	10,548,285	328,591	10,219,694
Goods in turnover	13,971,652	–	13,971,652
Land plots	40,112,383	–	40,112,383
No collateral or other credit enhancement	187,025,317	–	–
Total Stage 1	**526,380,059**	**54,703,679**	**284,651,063**
Stage 2 (Lifetime expected credit losses on assets not credit-impaired)			
Cash and deposits	985,848	985,848	–
Vehicles	10,670,960	–	10,670,960
Real estate	20,975,939	6,925,619	14,050,320
Equipment	3,108,433	–	3,108,433
Goods in turnover	3,491,167	–	3,491,167
Land plots	4,501,762	–	4,501,762
No collateral or other credit enhancement	6,183,662	–	–
Total Stage 2	**49,917,771**	**7,911,467**	**35,822,642**
Stage 3 (Lifetime expected credit losses on credit-impaired assets)			
Cash and deposits	926,484	926,484	–
Bank guarantees and sureties received from legal entities (rated from B– to BBB+)	388,679	388,679	–
Vehicles	4,629,771	–	4,629,771
Real estate	80,839,268	49,828,326	31,010,942
Equipment	5,877,720	1,987,594	3,890,126
Goods in turnover	8,809,564	–	8,809,564
Land plots	17,509,708	–	17,509,708
No collateral or other credit enhancement	19,229,329	–	–
Total Stage 3	**138,210,523**	**53,131,083**	**65,850,111**
POCI-assets			
Cash and deposits	13,251	13,251	–
Bank guarantees and sureties received from legal entities (rated from B– BBB+)	10,319	10,319	–
Vehicles	398,600	–	398,600
Real estate	6,539,346	5,308,778	1,230,568
Equipment	323,234	147,941	175,293
Goods in turnover	34,144	–	34,144
Land plots	518,419	–	518,419
No collateral or other credit enhancement	571,702	–	–
Total POCI–assets	**8,409,015**	**5,480,289**	**2,357,024**
Total loans to customers	**722,917,368**	**121,226,518**	**388,680,840**

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Change in estimates used to calculate expected credit losses on loans to customers (*Note 25*) may impact the amount of 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, ECL allowance for loans to customers as at 31 December 2023 would KZT 7,268,110 thousand lower/higher (31 December 2022: KZT 7,229,174 thousand lower/higher).

Significant credit exposures

As at 31 December 2023, the concentration of net carrying amount of loans issued by the Company to ten major independent parties amounted to KZT 72,722,733 thousand or 10.01% of the aggregate loan portfolio (31 December 2022: KZT 69,772,285 thousand or 9.65% of the aggregate loan portfolio).

9. Finance lease receivables

The analysis of finance lease receivables at 31 December 2023 is as follows:

	31 December 2023			
	Up to 1 year	*From 1 to 5 years*	*More than 5 years*	*Total*
Gross investments in finance lease	1,797,907	8,809,078	6,898,736	17,505,721
Unearned deferred finance income from finance lease	(247,150)	(920,778)	(804,467)	(1,972,395)
Investments in finance lease	**1,550,757**	**7,888,300**	**6,094,269**	**15,533,326**
ECL allowance	(666,824)	(3,267,189)	(2,558,665)	(6,492,678)
Finance lease receivables	**883,933**	**4,621,111**	**3,535,604**	**9,040,648**

The analysis of finance lease receivables at 31 December 2022 is as follows:

	31 December 2022			
	Up to 1 year	*From 1 to 5 years*	*More than 5 years*	*Total*
Gross investments in finance lease	1,684,188	9,708,924	8,506,648	19,899,760
Unearned deferred finance income from finance lease	(94,804)	(409,587)	(3,399,912)	(3,904,303)
Investments in finance lease	**1,589,384**	**9,299,337**	**5,106,736**	**15,995,457**
ECL allowance	(490,037)	(2,824,939)	(2,475,121)	(5,790,097)
Finance lease receivables	**1,099,347**	**6,474,398**	**2,631,615**	**10,205,360**

Credit quality of finance lease portfolio

The following table provides information on the credit quality of the finance lease portfolio as at 31 December 2023:

	31 December 2023			
	Stage 1 12-month ECL	*Stage 2 Lifetime ECL on assets not credit-impaired*	*Stage 3 Lifetime ECL on credit-impaired assets*	*Total*
- not overdue	219,838	783,097	4,160,184	5,163,119
- overdue up to 30 days	327,874	2,422,688	2,670,752	5,421,314
- overdue more than 91 days and less than 180 days	–	–	255,497	255,497
- overdue more than 181 days and less than 360 days	–	–	407,095	407,095
- overdue more than 1 year	–	–	4,286,301	4,286,301
	547,712	**3,205,785**	**11,779,829**	**15,533,326**
Loss allowance	(3,858)	(532,701)	(5,956,119)	(6,492,678)
Total finance lease receivables	**543,854**	**2,673,084**	**5,823,710**	**9,040,648**

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The following table sets out information about the credit quality of the finance lease portfolio as at 31 December 2022:

	31 December 2022			
	Stage 1* *12-month ECL	***Stage 2* *Lifetime ECL on assets not credit-impaired***	***Stage 3* *Lifetime ECL on credit-impaired assets***	***Total***
- not overdue	274,852	4,988,829	4,602,964	9,866,645
- overdue up to 30 days	–	–	547,612	547,612
- overdue more than 31 days and less than 90 days	–	–	2,704,231	2,704,231
- overdue more than 1 year	–	–	2,876,969	2,876,969
	274,852	**4,988,829**	**10,731,776**	**15,995,457**
Loss allowance	–	(883,821)	(4,906,276)	(5,790,097)
Total finance lease receivables	**274,852**	**4,105,008**	**5,825,500**	**10,205,360**

The following tables provides information on collateral, leased assets and other credit enhancements related to finance lease receivables (net of loss allowance) as at 31 December 2023 and 31 December 2022, by types of collateral:

	31 December 2023		**31 December 2022**	
	Carrying amount of finance lease receivables	**Fair value of collateral - for collateral assessed as of finance lease receivables incep tion date**	**Carrying amount of finance lease receivables**	**Fair value of collateral - for collateral assessed as of finance lease receivables incept ion date**
Stage 1 (12–month expected credit losses)				
Real estate	471,460	471,460	274,852	274,852
Other collateral	72,394	72,394	–	–
Total Stage 1	**543,854**	**543,854**	**274,852**	**274,852**
Stage 2 (Lifetime expected credit losses on assets not credit-impaired)				
Real estate	–	–	940,996	940,996
Land plots	–	–	513,214	513,214
Other collateral	2,673,084	2,673,084	2,650,798	2,650,798
Total Stage 2	**2,673,084**	**2,673,084**	**4,105,008**	**4,105,008**
Stage 3 (Lifetime expected credit losses on credit–impaired assets)				
Bank guarantees and sureties received from legal entities (not rated)	265,608	265,608	292,222	292,222
Vehicles	46,201	46,201	67,593	67,593
Real estate	2,230,086	2,230,086	2,133,992	2,133,992
Land plots	381,976	381,976	–	–
Other collateral	2,469,876	2,469,876	2,790,720	2,790,720
No collateral or other credit enhancement	429,963	–	540,973	–
Total Stage 3	**5,823,710**	**5,393,747**	**5,825,500**	**5,284,527**
Total finance lease receivables	**9,040,648**	**8,610,685**	**10,205,360**	**9,664,387**

10. Investments in subsidiaries

In accordance with the Resolution of the Board of Directors of the Shareholder dated 15 July 2022, No.05/22, a decision was made to dispose 100% of ordinary shares of KazAgroFinance JSC belonging to the Shareholder in the amount of KZT 147,470,014 thousand to pay for 147,470,014 ordinary shares placed by the Company in 2022 at the offering price of KZT 1,000 per one ordinary share.

Therefore, acquisition of the investment in the subsidiary took place under common control.

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According to the Resolution of the Board of Directors of the Company dated 10 July 2023, No.7, a decision was made to increase the charter capital of the Company's Subsidiary - KazAgroFinance JSC by the amount of KZT 20,000,000 thousand to finance purchase of agricultural machinery, forage machinery and mobile irrigation systems for subsequent transfer under lease agreements at the expense of targeted transfer from the National Funds of the Republic of Kazakhstan.

As at 31 December 2023, the Company owns a 100% interest in one subsidiary - KazAgroFinance JSC (31 December 2022: 100% interest). As at 31 December 2023 the carrying amount of the investment in the subsidiary is KZT 167,470,014 thousand (31 December 2022: KZT 147,470,014 thousand).

On 30 July 2023 the Company received dividends of KZT 10,309,687 thousand from KazAgroFinance JSC.

Management considered whether there were any indicators that the investment in the subsidiary was impaired as at 31 December 2023 and 31 December 2022 by assessing its financial position at those dates. Management did not identify any indicators of impairment as at 31 December 2023 and 31 December 2022.

11. Other assets

	31 December 2023	*31 December 2022*
Advances paid	40,737	45,194
Inventories	1,043,103	426,981
Other	160,397	586,047
Total other non-financial assets	**1,244,237**	**1,058,222**
Receivables from KazAgroProduct JSC	8,604,856	8,711,590
Receivables under instalment sales contracts	5,506,686	5,224,881
Other receivables	4,898,280	2,829,508
Allowance for expected credit losses	(12,989,456)	(11,211,881)
Total other financial assets	**6,020,366**	**5,554,098**
Total other assets	**7,264,603**	**6,612,320**

As at 31 December 2023 other financial assets of KZT 4,604,399 thousand are categorised into Stage 2, other financial assets of KZT 14,405,423 thousand are categorised into Stage 3 (31 December 2022: other financial assets of KZT 3,716,013 thousand are categorised into Stage 2, other financial assets of KZT 13,049,966 thousand are categorised into Stage 3).

Reconciliation of the ECL allowance for accounts receivable for the year ended 31 December 2023 is presented below:

	Stage 2	*Stage 3*	*Total*
ECL allowance at 1 January	**40,798**	**11,171,083**	**11,211,881**
New assets originated or purchased	12,303	–	12,303
Provision recovery during the year	(22,731)	(5,329)	(28,060)
Transfers to Stage 3	(5,533)	5,533	–
Movements in ECLs for the year as a result of transfer from stage to stage and changes in inputs	58,511	1,827,460	1,885,971
Write-off	–	(92,639)	(92,639)
At 31 December 2023	**83,348**	**12,906,108**	**12,989,456**

Reconciliation of the ECL allowance for accounts receivable for the year ended 31 December 2022 is presented below:

	Stage 2	*Stage 3*	*Total*
ECL allowance at 1 January	**127,103**	**11,207,575**	**11,334,678**
New assets originated or purchased	13,711	219,227	232,938
Reversal of allowance during the year	(589)	(250,670)	(251,259)
Transfers to Stage 3	(5,727)	5,727	–
Movements in ECLs for the year as a result of transfer from stage to stage and changes in inputs	(93,700)	17,779	(75,921)
Write-off	–	(28,555)	(28,555)
At 31 December 2019	**40,798**	**11,171,083**	**11,211,881**

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The following table provides information on the credit quality of other assets as at 31 December 2023 and 31 December 2022:

	At 31 December 2023			
Other assets	***Stage 1 12-month ECL***	***Stage 2 Lifetime ECL on assets not credit-impaired***	***Stage 3 Lifetime ECL on assets not credit-impaired***	***Total***
- not overdue	–	1,989,573	–	1,989,573
- overdue more than 1 year	–	–	14,405,423	14,405,423
	–	**1,989,573**	**14,405,423**	**16,394,996**
Allowance for expected credit losses	–	(83,348)	(12,906,108)	(12,989,456)
	–	**1,906,225**	**1,499,315**	**3,405,540**

	At 31 December 2022			
Other assets	***Stage 1 12-month ECL***	***Stage 2 Lifetime ECL on assets not credit-impaired***	***Stage 3 Lifetime ECL on assets not credit-impaired***	***Total***
- not overdue	–	3,116,691	–	3,116,691
- overdue up to 30 days	–	73,616	–	73,616
- overdue more than 31 days and less than 90 days	–	7,571	–	7,571
- overdue more than 91 days and less than 180 days	–	–	48,187	48,187
- overdue more than 181 days and less than 360 days	–	–	939,978	939,978
- overdue more than 1 year	–	–	12,061,801	12,061,801
	–	**3,197,878**	**13,049,966**	**16,247,844**
Allowance for expected credit losses	–	(40,798)	(11,171,083)	(11,211,881)
	–	**3,157,080**	**1,878,883**	**5,035,963**

Other financial assets comprise receivables overdue up to 30 days measured at fair value through profit or loss in the amount of KZT 2,614,826 thousand (31 December 2022: KZT 518,135 thousand, not overdue).

12. Amounts due to the Shareholder

	Maturity date	*Nominal interest rate, %*	*Currency*	*31 December 2023*	*31 December 2022*
Loan under Agreement No.32	14 December 2032	1.00%	KZT	13,197,512	14,266,721
Loan under Agreement No.26	10 February 2041	1.02%	KZT	16,881,537	15,761,242
Loan under Agreement No.101	14 December 2033	1.00%	KZT	10,256,549	10,981,812
Loan under Agreement No.76	14 December 2025	1.00%	KZT	5,216,488	7,591,082
Loan under Agreement No.85	14 December 2025	1.00%	KZT	3,942,714	5,735,842
Loan under Agreement No.122	14 December 2025	1.00%	KZT	3,917,510	5,700,884
Loan under Agreement No.135	14 December 2032	1.00%	KZT	7,098,813	7,673,224
Loan under Agreement No.136	14 December 2032	1.00%	KZT	7,098,813	7,673,105
Loan under Agreement No.20	31 January 2034	1.00%	KZT	5,812,653	6,173,952
Loan under Agreement No.34	28 September 2034	1.00%	KZT	2,480,009	2,640,059
Amount payable under assignment contract of 3 July 2018	20 December 2024	5.00%	KZT	758,401	1,121,866
Amount payable under debt transfer agreement of 3 July 2018	9 December 2024	3.00%	KZT	220,160	431,405
Loan under Agreement No.43	21 June 2034	0.28%	KZT	4,211,853	3,666,302
				81,093,012	**89,417,496**

During 2023 the Company did not raise finds from the Shareholder.

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During 2022, as part of the Adjusted Financial and Economic Feasibility Study ("AFEFS") of budget investments to increase the charter capital of NMH KazAgro JSC for implementing the state policy to stimulate the development of the agro-industrial complex, approved by the Order of the Minister of Agriculture of the Republic of Kazakhstan dated 24 August 2020, No. 265, as amended by the Order of the Minister of Agriculture of the Republic of Kazakhstan dated 8 April 2022, No.102, the Company received a loan for the total amount of KZT 8,300,000 thousand, which matures on 21 June 2034 and bears a nominal interest rate of 0.28% p.a., with a market interest rate being equal to 15.54%. The purpose of the loan is to finance the agro-industrial complex, namely construction of dairy farms and implementation of the investment projects for production and processing of vegetables and sugar beets using sprinklers and drip irrigation systems; in this case the interest rate for the end-use borrower should be 6% p.a. Discount on initial recognition of the loan amounted to KZT 4,891,183thousand and was recognised as a government grant liability. As at 31 December 2023, the carrying amount of the loan was KZT 4,211,853 thousand (31 December 2022: KZT 3,666,302 thousand).

As at 31 December 2023 and 31 December 2022, the Company was in compliance with the requirements related to the restrictive covenants related to the amounts due to the Shareholder.

13. Amounts due to credit institutions

As at 31 December 2023 and 31 December 2022, amounts due to credit institutions comprise:

	Currency	*Nominal interest rate, %*	*Maturity*	*31 December 2023*	*31 December 2022*
Halyk Bank of Kazakhstan JSC					
АБЗ № KD 02–22–51–02 dated 28 December 2023	KZT	17.75%	2029	35,953,102	–
АБЗ № KD 02–22–51–01 dated 2 December 2022	KZT	18.00%	2027	32,432,000	40,600,000
Citibank Kazakhstan JSC					
Tranches received in 2023	KZT	17.70–18.46%	2024	12,117,720	–
Tranches received in 2022	KZT	16.80%	2023	–	8,284,037
Amounts due to credit institutions				**80,502,822**	**48,884,037**

On 28 December 2023, borrowed funds were raised from Halyk Bank of Kazakhstan JSC in the amount of KZT 35,900,000 thousand, to replenish the working capital of the Company, for a term of 6 years and with a nominal interest rate of 17.75% per annum.

During 2023 the Company raised borrowed funds from Citibank Kazakhstan JSC in the total amount of KZT 20,067,000 thousand to replenish working capital, for a term of 1 year and at a nominal interest rate of 17.70–18.46% per annum.

On 2 December 2022, borrowed funds were raised from Halyk Bank of Kazakhstan JSC in the amount of KZT 40,000,000 thousand, to replenish the working capital of the Company, for a term of 5 years and with a nominal interest rate of 18.00% per annum.

During 2022, the Company also raised borrowings from Citibank Kazakhstan JSC in the total amount of KZT 8,277,000 thousand to replenish working capital with a maturity in January 2023 and a nominal interest rate of 16.80% per annum.

During 2023, the Company repaid, according to the schedule, the principal amount of borrowed funds from credit institutions in the amount of KZT 24,244,000 thousand (during 2022: none).

14. Amounts due to the Government of the Republic of Kazakhstan

During 2023 the Company received two equal tranches of a loan from the Ministry of Finance of the Republic of Kazakhstan in the total amount of KZT 140,000,000 thousand bearing a nominal interest rate of 0.01% and maturing on 15 December 2023 and 30 November 2024. The loan was received as part of the Ken-Dala state programme aimed at supporting enterprises in their spring field and harvesting works. The total amount of the loan received was transferred to Halyk Bank of Kazakhstan JSC and Bank CenterCredit JSC, with KZT 60,861,311 thousand (*Note 7*) to be used further for intended purpose stipulated by the afore-mentioned programme, and KZT 79,138,689 thousand to be provided directly to the customers (*Note 8*).

The discount of KZT 27,620,548 thousand on initial recognition of loans received was recognised as a government grant liability with its partial use during 2023. Unwinding of the discount of KZT 18,016,573 thousand was recorded in interest expense on amounts due to the Government of the Republic of Kazakhstan. The Company applied the estimated market interest rates varying from 17.71% to 18.25% per annum to measure the fair value of the loan on initial recognition by discounting future contractual cash flows.

EXPLANATORY NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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On 29 November 2023 the Company signed an addendum to prolong the due date of the first tranche received in the amount of KZT 20,000,000 thousand till 15 December 2023. The term was prolonged till 30 November 2024. As a result of prolongation of the initial repayment date the Company recognised additional discount of KZT 3,061,822 thousand, and recorded it as an additional government grant liability. To measure the fair value of the loan at the time of its modification, the Company applied an estimated market rate of 17.98% per annum. The due date of the second tranche received in the amount of KZT 70,000,000 thousand remained unchanged - 30 November 2024.

On 17 February 2022, the Company entered into a loan agreement with the Ministry of Finance of the Republic of Kazakhstan for the total nominal amount of KZT 140,000,000 thousand bearing a nominal interest rate of 0.01% p.a. and maturing on 30 March 2023. The loan was received as part of the Ken-Dala annual government programme aimed at supporting enterprises in their spring field and harvesting works. The total amount of the loan received was transferred to Halyk Bank of Kazakhstan JSC, First Heartland Jusan Bank JSC and Bank CenterCredit JSC, with KZT 42,759,979 thousand (*Note 7*) to be used further for intended purpose stipulated by the afore-mentioned programme, and KZT 97,240,021 thousand to be provided directly to the customers (*Note 8*).

The discount of KZT 14,420,694 thousand on initial recognition of loans received was recognised as a government grant liability with its partial use during the twelve months ended 31 December 2022. Unwinding of the discount of KZT 12,079,148 thousand was recorded in interest expense on amounts due to the Government of the Republic of Kazakhstan. The Company applied the estimated market interest rates varying from 12.30% to 16.74% p.a. to measure the fair value of the loan on initial recognition by discounting future contractual cash flows.

On 30 November 2022 the Company signed an addendum to prolong the due date of the then outstanding part of the loan received till 30 November 2023. The outstanding part of the loan received was KZT 70,000,000 thousand as at the prolongation date. As a result of prolongation of the initial repayment date the Company recognised additional discount of KZT 6,910,697 thousand, and recorded it as an additional government grant liability. To measure the fair value of the loan at the time of its modification, the Company applied an estimated market rate of 16.77% p.a.

As at 31 December 2023 the carrying amount of the loans received totalled KZT 77,340,798 thousand, including interest accrued of KZT 6,594 thousand (31 December 2022: KZT 60,747,873 thousand, including interest accrued of KZT 117 thousand).

15. Debt securities issued

KZT-denominated debt securities issued comprise the following captions:

				Nominal value		*Carrying amount*	
	Placement date	*Maturity date*	*Interest rate per annum, %*	*31 December 2023*	*31 December 2022*	*31 December 2023*	*31 December 2022*
Fixed income bonds (1st issue of the 4th bond programme)	10 October 2019	10 October 2026	10.75%	39,475,017	39,475,017	40,413,755	40,411,419
Fixed income bonds (6th issue of the 4th bond programme)	30 June 2021	10 December 2031	15.0%	35,000,000	35,000,000	39,817,201	40,385,211
Fixed income bonds (2nd issue of the 4th bond programme)	26 August 2020	26 August 2030	10.75%	30,496,202	30,496,202	31,582,622	31,583,999
Fixed income bonds (9th issue of the 4th bond programme)	21 December 2021	21 December 2031	11.50%	30,000,000	30,000,000	31,820,833	30,095,834
Fixed income bonds (4th issue of the 3rd bond programme)	27 May 2021	27 May 2026	11.50%	9,350,000	9,350,000	9,451,552	9,451,551
Fixed income bonds (1st issue of the 1st bond programme) recognised as a result of merger	30 December 2014	30 March 2026	10.07%	5,189,000	5,189,000	5,450,266	5,189,000
Fixed income bonds (2nd issue of the 3rd bond programme)	22 December 2016	22 June 2026	14.00%	5,000,000	5,000,000	5,366,910	5,016,674
Fixed income bonds (7th issue of the 4th bond programme)	27 October 2021	27 October 2031	7.10%	5,000,000	5,000,000	3,909,282	3,821,911
Fixed income bonds (2nd issue of the 1st bond programme) recognised as a result of merger	21 October 2015	21 April 2026	10.07%	2,300,000	2,300,000	2,345,035	2,345,035
Fixed income bonds (1st issue of the 2nd bond programme)	20 August 2014	20 February 2023	8.50%	–	10,000,000	–	10,298,860
Debt securities issued				**161,810,219**	**171,810,219**	**170,157,456**	**178,599,494**

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During 2023 and 2022 the Company raised no bond issues.

In 2023, the Company fully repaid bonds of the 1st issued as part of the 2nd bond programme (KZ2C00002731) of nominal value of KZT 10,000,000 thousand in accordance with the set up schedule (in 2022: the Company repaid bonds of the 2nd issued of the 2nd bond programme of nominal value of KZT 17,390,000 in accordance with the set up schedule).

16. Amounts due to state and budget organisations

	Year of maturity	*Nominal interest rate, %*	*Currency*	*31 December 2023*	*31 December 2022*
Loans repayable to state and budget organisations	2024–2033	0.01%	KZT	187,590,651	182,541,555
Loans repayable to state and budget organisations	2027–2028	1.00%	KZT	933,695	308,887
				188,524,346	**182,850,442**

During 2023 the Company received a loan of KZT 1,500,000 thousand. Part of this amount, KZT 1,000,000 thousand were raised for the purpose of providing loans to the end borrowers (support for small and medium-sized businesses in rural areas through lending of the end borrowers, including lending of startup projects in Atyrau Region). The loan bears an interest rate of 1% per annum and matures in 2028. The remaining KZT 500,000 thousand were raised for the purpose of lending of the entities operating in the agro-industrial complex of the Ulytau Region for purchase of new agricultural machinery and equipment. The interest rate on remaining KZT 500,000 is 0.01% per annum and a maturity date is in 2033. For all loans received the Company recognised a discount in the amount of KZT 823,769 thousand on initial recognition in the unconsolidated statement of financial position as a liability for government grant (*Note 19*), which was partially used in the respective periods. The Company applied estimated market interest rates of 14.74% – 15.56% per annum to measure the fair value of the above loans on initial recognition by discounting future contractual cash flows.

During 2022 the Company received loans of KZT 30,928,726 thousand under the Budget Programme 006 "Lending of Oblast Budgets to Issue Microloans in Rural Settlements and Towns" to grant microloans to the Programme participants to implement business projects in rural settlements and towns and finance MFO/LP for issuing microloans to the participants at a nominal interest rate of 0.01% p.a. and maturity in 7 years; the Company also received KZT 500,000 thousand from Akimat of Atyrau Region as part of support of small and medium-sized enterprises in the countryside, bearing a nominal interest rate of 1.00% and maturity in 5 years. The Company recognised discount of KZT 18,274,080 thousand on all loans received on initial recognition in the unconsolidated statement of financial position as a liability related to the government grant which was partially utilised in the relevant periods. The Company applied the estimated market interest rates of 14.12%-15.20% p.a. to measure the fair value of the above-mentioned loans on initial recognition by discounting their future contractual cash flows.

As at 31 December 2023 and 31 December 2022, the Company complied with restrictive covenants under the agreements with creditors.

17. Other liabilities

	31 December 2023	*31 December 2022*
Other taxes payable	151,140	239,097
Other	253,528	246,011
Total other non-financial liabilities	**404,668**	**485,108**
Micro-loans to young people	3,502,034	–
ECL allowance for contingent liabilities (*Note 24*)	2,024,597	679,282
Accounts payable	900,643	577,760
Rural mortgages	196,501	3,015,774
Amount payable under an assignment contract	20,385	20,385
Loans received from the UN	6,883	16,061
Total other financial liabilities	**6,651,043**	**4,309,262**
Total other liabilities	**7,055,711**	**4,794,370**

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Micro-loans to young people

On 30 December 2022, the Minister of Labour and Social Protection of the Population of the Republic of Kazakhstan introduced amendments and additions to the "Rules of the organisation and financing of measures for assistance to entrepreneurial initiative" No.47 dated 7 February 2022. In accordance with the amendments introduced, a new mechanism was established to grant micro-loans to young people through an agent - the Company. For these purposes, in March 2023 the Company received KZT 28,980,000 thousand for its subsequent distribution as loans to young people, following the decision made by the state employment and social welfare department of a related region. Financing is expected to be provided to about 5,800 business entities set up by young people. Micro-loans are expected to be granted to persons of 21-35 years of age; loans bear a nominal interest rate of 2.50% and mature in 5-7 years. The Company, in its turn, will receive the agreed commission percentage for the agency services it is set to provide. For the period ended 31 December 2023, the Company's commission fee for granting microloans to young people amounted to KZT 219,139 thousand (2022: none, as the function of the Authorised Agent was introduced in 2023.)

As at 31 December 2023, the amount of other financial liabilities related to micro-loans to young people includes primarily the amount of funds received from local executive bodies, but not yet transferred to the end users.

Rural mortgages

The Company acts as an Authorised Agent in the government programme for financing mortgages in rural areas and receives a fee for managing funds, which is 2.5% of the amount of debt on loans issued to customers. For the year ended 31 December 2023, the Company's commissions on rural mortgages were KZT 517,328 thousand (for the year ended 31 December 2022: KZT 2,118,776 thousand).

On 31 March 2023, the functions of the Authorised Agent in the government programme for financing mortgages in rural areas were transferred to Otbasy Bank JSC, except for the function of the Authorised Agent in relation of mortgage loans issued as part of the housing certificates.

18. Taxation

The corporate income tax expense comprises:

	2023	*2022*
Current corporate income tax expense	(4,219,277)	(4,418,696)
Deferred corporate income tax expense - origination and reversal of temporary differences	(7,266,788)	1,850,579
Corporate income tax expense	**(11,486,065)**	**(2,568,117)**

	2023	*2022*
Deferred corporate income tax recognised in the unconsolidated statement of profit or loss	(7,266,788)	1,850,579
Deferred corporate income tax recognised in equity	–	–
Movements in deferred corporate income tax	**(7,266,788)**	**1,850,579**

As at 31 December 2023, the Company's current corporate income tax liabilities totalled KZT 2,136,597 thousand (31 December 2022: assets in the amount of KZT 1,816,694 thousand). The corporate income tax rate for the Company was 20.0% in 2023 and 2022.

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The effective CIT rate differs from the statutory CIT rates. Below is the reconciliation of corporate income tax expense based on the statutory rate with corporate income tax expense recorded in the financial statements:

	2023	*2022*
Profit before corporate income tax	32,422,719	14,056,288
Statutory corporate income tax rate	20%	20%
Theoretical corporate income tax expense at the statutory rate	**(6,484,544)**	**(2,811,258)**
Non-taxable income from government securities	207,005	120,265
Non-taxable income on dividends	2,061,937	–
Non-deductible modification expenses	(5,968,800)	–
(Non-deductible expenses on credit losses)/non-taxable expenses on write-back of allowance for credit losses	(1,055,952)	86,471
Non-deductible expenses	(245,711)	36,405
Corporate income tax expense	**(11,486,065)**	**(2,568,117)**

Deferred income tax assets and liabilities and their movement for the respective years comprised the following at 31 December:

		Origination and reversal of temporary differences			*Origination and reversal of temporary differences*	
	2021	*In the unconsolidated statement of profit or loss*	*Within equity*	*2022*	*In the unconsolidated statement of profit or loss*	*2023*
Tax effect of deductible temporary differences						
Loans to customers	18,087,022	3,368,338	–	21,455,360	(8,069,032)	13,386,328
Loans to banks	392,355	(332,715)	–	59,640	85,783	145,423
Other assets	728,962	(84,619)	–	644,343	(60,567)	583,776
Current estimated liabilities	230,884	30,073	–	260,957	55,161	316,118
Government grants	6,728,365	196,322	–	6,924,687	(2,998,876)	3,925,811
Debt securities issued	865,519	(97,967)	–	767,552	(96,128)	671,424
Deferred corporate income tax assets	**27,033,107**	**3,079,432**	**–**	**30,112,539**	**(11,083,659)**	**19,028,880**
Tax effect of taxable temporary differences						
Amounts due to the Shareholder	(16,561,412)	256,450	–	(16,304,962)	1,204,380	(15,100,582)
Amounts due to state and budget organisations	(16,696,324)	124,666	–	(16,571,658)	3,323,131	(13,248,527)
Amounts due to the Government of the Republic of Kazakhstan	–	(1,850,450)	–	(1,850,450)	(682,710)	(2,533,160)
Property, plant and equipment and intangible assets	(389,822)	240,481	–	(149,341)	(27,930)	(177,271)
Deferred corporate income tax liabilities	**(33,647,558)**	**(1,228,853)**	**–**	**(34,876,411)**	**3,816,871**	**(31,059,540)**
Net deferred corporate income tax (liabilities)/assets	**(6,614,451)**	**1,850,579**	**–**	**(4,763,872)**	**(7,266,788)**	**(12,030,660)**

Deferred corporate income tax assets are recognised only to the extent that it is probable that the future taxable profit will be available against which an asset can be utilised.

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'000 KZT

19. Government grants

	31 December 2023	*31 December 2022*
Government grants received from the Government of the Republic of Kazakhstan in the form of a loan from state and budget organisations and Shareholder under Agribusiness Development Programme	19,629,056	34,623,434
Government grants received from the Ministry of Agriculture of the Republic of Kazakhstan to partially subsidise the repayment of principal and interest on loans issued to the borrowers	3,105,769	3,173,708
Government grants	**22,734,825**	**37,797,142**

Government grants received from the Government of the Republic of Kazakhstan

The Company recorded as government grants the amount of benefits received in the form of loans at low interest rates extended by the state and budget organisations.

	2023	*2022*
At 1 January	**34,623,434**	**33,641,832**
Government grants received from the Government of the Republic of Kazakhstan in the form of a loan from the Ministry of Finance (*Note 14*)	27,620,548	14,420,694
Government grants received from the Government of the Republic in the form of modification of loans from the Ministry of Finance (*Note 14*)	3,061,822	6,910,697
Government grants received from the Government of the Republic of Kazakhstan in the form of a loan from local executive bodies (*Note 16*)	823,769	18,274,080
Government grants received in the form of loans from the Shareholder (*Note 12)*	–	4,891,183
Utilisation of government grants to issue loans to borrowers under the Government Programme for Development of Productive Employment and Mass Entrepreneurship for 2017-2021 ("Isker") (*Note 8*)	(4,210,928)	(10,911,036)
Utilisation of government grants to issue loans to eligible banks under the Ken-Dala annual government programme *(Note 7)*	(6,765,769)	(3,539,813)
Utilisation of government grants to issue loans to eligible customers-borrowers under the Ken-Dala annual government programme *(Note 8)*	(13,431,629)	(9,230,104)
Utilisation of government grants to issue loans to eligible customers-borrowers under the Employment Roadmap for 2020-2021 state programme and Enbek government programme (*Note 8*)	(2,750,618)	(2,833,242)
Utilisation of government grants to issue loans to eligible customers-borrowers as part of the loans received from the Holding (*Note 8*)	(2,478,012)	(1,651,777)
Utilisation of government grants to cover impairment losses (*Note 8*)	–	(8,732,054)
Amortisation for the period *(Note 23)*	(16,863,561)	(6,617,026)
	19,629,056	**34,623,434**

Subsequent to initial recognition of a government grant liability, the Company recorded in profit or loss an amount corresponding to the renegotiated loan on preferential terms for borrowers, once the Company met government programme conditions (*Notes 7 and 8*). The Company is obligated to distribute benefits to end borrowers by means of setting low interest rate on loans.

During 2023, government grants transferred to profit or loss (*Note 23)*, amounting to KZT 46,500,517 thousand and were included in 'other income/expenses' (during2022: KZT 43,515,052 thousand).

Government grants received from the Ministry of Agriculture

	2023	*2022*
At 1 January	**3,173,708**	**6,873,178**
Received for the period	16,381,165	18,595,885
Returned to the Ministry of Agriculture/transferred to particular borrowers which have met special conditions	(6,606,995)	(13,417,800)
Utilisation of grant through offset against accrued interest payable of particular borrowers which have met special conditions	(9,842,109)	(8,877,555)
At 31 December	**3,105,769**	**3,173,708**

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Government grants received from the Ministry of Agriculture are utilised to partially repay principal and interest owed by borrowers that have received loans for investment projects and purchase of new or previously unused machinery and equipment. To be eligible to receive these grants, borrowers must meet certain conditions.

20. Equity

Share capital

In June 2023, according to the Resolution of the Shareholder dated 14 June 2023, No.23/23, a number of authorised ordinary shares of the Company increased through additional issue of 20,000,000 ordinary shares. Therefore, in July 2023, according to the Resolution of the Board of Directors of the Company dated 10 July 2023, No.7, the Company placed 20,000,000 ordinary shares at the offering price of KZT 1,000 per ordinary share through sale to the Shareholder that has a pre-emptive right to buy shares of the Company, with subsequent increase of the charter capital of the Subsidiary to finance purchase of agricultural machinery, forage machinery and mobile irrigation systems for subsequent transfer under lease agreements at the expense of targeted transfer from the National Funds of the Republic of Kazakhstan.

In June 2022, according to the Resolution of the Shareholder dated 8 June 2022, No.25/22, a number of authorised ordinary shares of the Company increased through additional issue of 144,964,639 ordinary shares. In accordance with the Resolution of the Board of Directors of the Shareholder dated 15 July 2022, No.05/22, a decision was made to dispose 100.00% of ordinary shares of KazAgroFinance JSC owned by the Shareholder in the amount of KZT 147,470,014 thousand to pay for 147,470,014 ordinary shares of the Company at the offering price of KZT 1,000 per share through sale to the Sole Shareholder that has a pre-emptive right to buy the Company's shares.

In accordance with the Resolution of the Management Board of KazAgro National Management Holding JSC (ex-Shareholder) No. 9 of 4 March 2021, the Company issued 12,633,932 ordinary shares at the offering price of KZT 1,000 (one thousand) per ordinary share. These shares were paid by means of transferring property of ex-Shareholder, with the fair value of KZT 6,186,092 thousand on initial recognition; in September 2021, KZT 6,447,840 thousand were recognised as unpaid capital. The Company's management made a corporate decision to restore the amount of KZT 6,447,840 thousand as payment of share capital from the Company's provision for retained earnings.

As at 31 December 2023, the number of registered and issued ordinary shares of the Company is 427,059,079, which are fully paid by the Sole Shareholder (31 December 2022: 407,059,079 ordinary shares).

Reserve capital

During 2023, the Company increased reserve capital by KZT 5,858,144 thousand (during 2022: reserve capital increased by KZT 2,608,512 thousand). In accordance with the Company's policy, reserve capital is established to cover general risks including future losses and other contingent risks and circumstances. Reserve capital is subject to distribution based on the decision of the Shareholder.

Dividends

During 2023, in accordance with the decision of the Shareholder of 31 May 2023, the Company declared and paid dividends of KZT 13,677,185 thousand or KZT 33.60 per ordinary share for the year ended 31 December 2022. Dividends were paid on 31 July 2023 (during 2022: in accordance with the decision of the Sole Shareholder of 26 May 2022, the Company declared and paid dividends of KZT 6,086,528 thousand or KZT 24.04 per ordinary share for the year ended 31 December 2021. Dividends were paid on 16 June 2022).

The book value per ordinary share calculated in accordance with the methodology of Kazakhstan Stock Exchange is as follows:

	31 December 2023	*31 December 2022*
Assets	1,072,750,661	1,013,590,518
Less intangible assets	(462,081)	(530,705)
Less liabilities	(641,158,975)	(609,258,301)
Net assets	**431,129,605**	**403,801,512**
Number of ordinary shares	427,059,079	407,059,079
Carrying value of one ordinary share (KZT)	**1,009.53**	**992.00**

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21. Expenses on credit losses

The table below presents the ECL expense for financial instruments recognised in the unconsolidated statement of profit or loss for the year ended 31 December 2023:

	Note	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Cash and cash equivalents		935	–	–	–	935
Loans to banks		(5,869)	–	–	–	(5,869)
Loans to customers	8	673,590	10,470,716	7,909,057	3,908,830	22,962,193
Finance lease receivables		(12,891)	159,748	555,724	–	702,581
Investment securities		(4,688)	–	–	–	(4,688)
Other financial assets	11	–	48,083	1,822,131	–	1,870,214
Credit related commitments	24	1,345,315	–	–	–	1,345,315
Total expenses on credit losses*		**1,996,392**	**10,678,547**	**10,286,912**	**3,908,830**	**26,870,681**

**The amount of expenses on credit losses differs from the total amount of expenses on credit losses recognised in the unconsolidated statement of profit or loss by the amount of losses on modification in the total amount of KZT 12,434,672 thousand and is included in the movement in the gross carrying amount of loans to customers (Note 8).*

The table below presents the ECL expense for financial instruments recognised in the unconsolidated statement of profit or loss for the year ended 31 December 2022:

	Note	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
Cash and cash equivalents		(37)	–	–	–	(37)
Loans to banks		(11,617)	–	–	–	(11,617)
Loans to customers	8	13,005,510	1,322,978	7,297,574	1,054,900	22,680,962
Finance lease receivables		(36,250)	(170,543)	234,433		27,640
Investment securities		(1,664)	–	–	–	(1,664)
Other financial assets	11	–	(80,578)	(13,664)	–	(94,242)
Credit related commitments	24	(412,913)	–	–	–	(412,913)
Total expenses on credit losses*		**12,543,029**	**1,071,857**	**7,518,343**	**1,054,900**	**22,188,129**

**The amount of expenses on credit losses differs from the total amount of expenses on credit losses recognised in the unconsolidated statement of profit or loss by the amount of losses on modification in the total amount of KZT 9,815,316 thousand and is included in the movement in the gross carrying amount of loans to customers (Note 8)*

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22. Personnel expenses and other administrative expenses

Personnel expenses and other operating expenses comprise the following items:

	2023	*2022*
Personnel expenses and other payments	(7,753,350)	(6,369,704)
Social security contributions	(870,472)	(756,814)
Personnel expenses	**(8,623,822)**	**(7,126,518)**
Outsourcing costs	(1,537,009)	(997,566)
Office rent and maintenance	(810,986)	(740,739)
Depreciation and amortisation	(491,461)	(498,250)
Taxes and other mandatory payments to budget	(477,704)	(348,588)
Technical maintenance of property, plant and equipment and intangible assets	(298,065)	(229,911)
Business travel expenses	(212,466)	(136,755)
Transportation costs	(211,352)	(155,331)
Communication services	(160,901)	(120,492)
Consulting expenses	(138,969)	(131,214)
Audit expenses *(including conducting of review, and non-audit services related to translation of the financial statements into English, formatting and proofreading)*	(132,000)	(121,434)
Stationary and printing	(121,231)	(59,907)
Marketing and advertising	(110,049)	(110,150)
Personnel training	(87,194)	(26,362)
Materials	(46,621)	(27,614)
Security services	(41,675)	(42,202)
Information services	(40,190)	(31,266)
Administrative expenses of the Board of Directors	(20,577)	(34,936)
Bank services	(13,322)	(16,503)
Insurance expenses	(5,314)	(14,697)
Other	(324,171)	(81,159)
Other operating expenses	**(5,281,257)**	**(3,925,076)**

including:

	2023	*2022*
General administrative expenses	(5,097,013)	(4,322,813)
Selling expenses	(8,808,066)	(6,728,781)
Total	**(13,905,079)**	**(11,051,594)**

Consulting expenses include the cost of non-audit services provided by the companies related to the Company's auditor for the year ended 31 December 2023, in the amount of KZT 14,560 thousand, including VAT.

23. Other income, net

	2023	*2022*
Other income from utilisation of government grants *(Note 19)*	29,636,956	36,898,026
Amortisation of government grant *(Note 19)*	16,863,561	6,617,026
Loss on initial recognition of loans to banks under the Ken-Dala annual government programme *(Note 7)*	(6,765,769)	(3,539,813)
Loss on initial recognition of loans to customers under the Ken-Dala annual government programme *(Note 8)*	(13,431,629)	(9,230,104)
Loss on initial recognition of loans to customers under the Isker programme *(Note 8)*	(4,210,928)	(10,911,036)
Loss on initial recognition of loans to customers under the Employment Roadmap for 2020-2021programme and Enbek government programme *(Note 8)*	(2,750,618)	(2,833,242)
Loss on initial recognition of other loans to customers *(Note 8)*	(8,961,245)	(19,661,739)
Loss on initial recognition of loans to customers provided as part of the loan received from the Holding *(Note 8)*	(2,478,012)	(1,651,777)
Agency fees on rural mortgages *(Note 17)*	517,328	2,118,776
Agency fees on micro-loans to young people *(Note 17)*	219,139	–
Other income	2,870,616	2,541,730
Other income, net	**11,509,399**	**347,847**

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Other income from utilisation of government grants was recognised as income based on the results of compliance with the terms of the relevant government programmes (*Note 19*).

24. Commitments and contingencies

Taxation

Kazakhstani commercial, and in particular, tax legislation contains regulations, interpretation of which could vary, and in certain cases, the legislation could be amended with indirect retrospective impact. Also, the Company's management's interpretation of the legislation may differ from that of tax authorities, and as a result, transactions carried out by the Company could be estimated by tax authorities in another way, and this could result in an additional charge of taxes, fines and penalties. The Company's management believes that all necessary tax accruals were fulfilled and, correspondingly, there were no allowances charged in the statements. Tax periods remain open for 5 (five) years. Management believes that its interpretation of the legislation as at 31 December 2023 and 31 December 2022 is appropriate and the Company's positions in terms of taxes, currency legislation and customs duties will be confirmed.

Legal matters

In the normal course of business, the Company is the subject of legal actions and claims. Management believes that the potential liabilities, if any, resulting from such actions and claims will not have a material adverse effect on the Company's future financial position or performance.

Management is unaware of any significant, pending or threatened claims against the Company.

Credit related commitments

Commitments and contingent liabilities of the Company comprise the following items:

	31 December 2023	*31 December 2022*
Credit related commitments		
Loan commitments	156,028,243	118,827,146
Allowance for expected credit losses	(2,024,597)	(679,282)
	154,003,646	**118,147,864**
Operating lease liabilities		
Up to 1 year	51,919	62,978
Commitments and contingent liabilities	**154,055,565**	**118,210,842**

Credit related commitments

The total outstanding contractual commitments above do not necessarily represent future cash requirements, as these credit related commitments may expire or terminate without being funded.

The Loan Commitment Agreement provides for the right of the Company to unilaterally withdraw from the agreement if unfavourable conditions arise for the Company, and if no resources for lending are available.

The counterparties on loan commitments as at 31 December 2023 and 31 December 2022 are current borrowers of the Company, agro-industrial enterprises with no credit rating assigned and classified into Stage 1, that are not past due on principal and interest payments as at the reporting date.

The following is an analysis of movements in ECL allowance:

Loan commitments	*2023*	*2022*
	Stage 1	*Stage 1*
At 1 January	679,282	1,092,195
Movement in ECLs during the year	1,345,315	(412,913)
31 December	**2,024,597**	**679,282**

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25. Risk management

Introduction

Risk is inherent in the Company's activities. The Company manages these risks through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit, liquidity and market risk. It also subjects to operating risks.

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

Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks; however, there are separate independent bodies responsible for managing and monitoring risks.

Board of Directors

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

Management Board

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

Risk control

The Risk Management Department is responsible for implementing and maintaining risk related procedures to ensure an independent control process., and for monitoring compliance with risk principles, policies and limits, across the Company. The Company's Risk Management Department comprises two separate units: financial risk management and credit risk departments.

Treasury

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

Internal Audit

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

Risk measurement and reporting systems

The Company's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models.

Information compiled from all the businesses is examined and processed to analyse, control and early identify risks. This information is presented and explained to the Board, the Board of Directors and the head of each business division. The report includes aggregate credit exposure, credit metric forecasts, hold limit exceptions, liquidity ratios and risk profile changes. On a monthly basis, detailed reporting of industry, customer and geographic risks takes place. The Board of Directors receives a comprehensive risk report once a quarter which is designed to provide all the necessary information to assess and conclude on the risks of the Company.

Excessive risk concentration

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

Credit risk

Credit risk is the risk that the Company will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, and by monitoring exposures for such limits. For example, to avoid concentrations of credit risk with one or a group of affiliated companies, a limit of up to 25.00% of the Company's equity has been set. Counterparty- bank limits for interbank transactions are established by the Shareholder.

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

The carrying amount of components of the unconsolidated statement of financial position without the influence of risk mitigation through the use of master netting agreements and collateral agreements, most accurately reflects the maximum credit exposure on these components.

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

Impairment assessment

In 2022, based on the results of the work carried out to validate and calibrate the components used in calculation of expected credit losses on loans issued to customers, the Company changed the algorithm used to calculate expected credit losses and the order of estimating its components, specifically, the Company applied a more integrated approach to estimating the parameters including Exposure at Default (EAD), Probability of Default (PD), and Loss Given Default (LGD), as well as to estimating the amount of expected credit losses (ECL).

In addition, in 2022, the Company undertook work to change the approach used to determine the market value of collateral, i.e. commercial property.

As a result of these changes, loans to customers with the gross carrying amount of KZT 71,941,719 thousand were transferred from Stage 3 to Stage 1, and with the gross carrying amount of KZT 43,229,060 thousand - from Stage 3 to Stage 2, and it also resulted in the increase in the impairment loss allowance recognised for loans to corporate customers, of KZT 33,360,417 thousand, part of which was recognised in the unconsolidated statement of changes in equity in the amount of KZT 19,228,881 thousand as it mainly relates to the previous reporting periods.

As part of the methodology used for determining at the end of each reporting period whether credit risk on the financial instrument has increased significantly since initial recognition, by assessing the change in the risk of a default occurring over the remaining life of the financial instrument, the Company divided all loans issued into groups as follows.

The Company calculates ECL based on several probability-weighted scenarios, to measure the expected cash shortfalls, discounted using the effective interest rate (EIR). A cash shortfall is a difference between the cash flows that are due to an entity following the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are as follows:

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

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

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

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Stage 1:	When loans are first recognised, the Company recognises an allowance based on 12mECL. Stage 1 also includes loans and other credit lines, where the credit risk has improved and the loan has been reclassified from Stage 2.
Stage 2:	When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the lifetime ECL. Stage 2 also includes loans and other credit lines, where the credit risk has improved and the loan has been reclassified from Stage 3.
Stage 3:	Credit– impaired loans. The Company recognises an allowance for the lifetime ECL.
POCI:	Purchased or originated credit– impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at initial recognition and interest revenue is subsequently recognised based on a credit-adjusted EIR. Loss allowance for ECL is only recognised or released to the extent that there is a subsequent change in the lifetime expected credit losses.

In determining the loss allowance for expected credit losses on loans to customers as at 31 December 2023 and 31 December 2022, management applied the following key assumptions:

- PDs are estimated for appropriate pools, depending on the portfolio segmentation:
  - PDs for loans issued to legal entities– credit co-operatives, for which loss allowance is measured at an amount equal to 12– month expected credit losses (ECL) was 12.32% (31 December 2022: 16.40%) and for loans that are not credit– impaired and for which loss allowance is measured in full, *that is* at an amount equal to lifetime ECL, was 58.64% (31 December 2022: 59.60%);
  - PDs for loans issued to legal entities, intended for funding investment projects, which are not credit– impaired, and for impaired financial assets, with the gross carrying amount of less than 0.2% of the equity, and for which loss allowance is measured at an amount equal to 12– month expected credit losses (ECL) was 20.69% (31 December 2022: 12.30%), and for loans that are not credit– impaired and for which loss allowance is measured in full, *that is* at an amount equal to lifetime ECL, was 77.82% (31 December 2022: 42.62%);
  - PDs for loans issued to legal entities, intended for funding investment projects, which are not credit– impaired, and for impaired financial assets, with the gross carrying amount of more than 0.2% of the equity, and for which loss allowance is measured at an amount equal to 12– month expected credit losses (ECL) was 57.94% (31 December 2022: 60.10%) and for loans that are not credit– impaired and for which loss allowance is measured in full, *that is* at an amount equal to lifetime ECL, was 78.66% (31 December 2022: 79.20%);
  - PDs for loans issued to other legal entities, for which loss allowance is measured at an amount equal to 12– month expected credit losses (ECL) were 0.66%–57.01% (31 December 2022: 10.30–23.30%) and for loans that are not credit– impaired and for which loss allowance is measured in full, *that is* at an amount equal to lifetime ECL, were 54.2%–75.5% (31 December 2022: 54.50–79.60%);
  - PDs for loans issued to the group of individuals, for which loss allowance is measured at an amount equal to 12– month expected credit losses (ECL) were 6.83% – 20.69% (31 December 2022: 8.60–23.30%) and for loans that are not credit– impaired and for which loss allowance is measured in full, *that is* at an amount equal to lifetime ECL, were 52.45% – 81.64% (31 December 2022: 52.60–80.20%).

The LGD is estimated individually, for each loan:

- LGDs for loans that are not credit– impaired and for impaired financial assets, with the gross carrying amount of less than 0.2% of the equity, ranged from 0.25% to 100.00% (31 December 2022: from 0.10% to 100.00%). LGDs for credit– impaired financial assets, with the gross carrying amount of more than 0.2% of the equity, ranged from 0.45% to 100.00% (31 December 2022: from 0.90% to 100.00%);
- The originally appraised value of the property pledged is reduced by the liquidity ratios, used to estimate RR (Collateral) and expected periods for the sale of collateral. For credit– impaired financial assets, with the gross carrying amount of more than 0.2% of the equity, the average period for sale of collateral is set at 24 months, and liquidity ratios are set at 0.40–1.00, depending on the type of collateral (31 December 2022: 0.50– 1.00) depending on the type of collateral. For loans that are not credit– impaired and for impaired financial assets, with the gross carrying amount of less than 0.2% of the equity, the average period for the sale of collateral is set to range from 20 to 31 months, and liquidity ratios are set at 0.4–1.00 (31 December 2022: 0.5–1.00) depending on the type of collateral;
- Property in the form of collateral to be received in future, and collaterals not revaluated during the reporting year, and collaterals for loans overdue for more than 6 years are excluded from collaterals value.
- Movable property is depreciated at the rate of depreciation of 10 % of the estimated value, annually.

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- Management also considers the factor that collateral might not be foreclosed due to restrictions imposed (such as transfer of ownership rights to third parties and other restrictions) and /or whether it would be possible to sell pledged property once collateral is foreclosed (adverse characteristics of the pledged property and other factors).

Definition of default and cure

The Company considers a financial instrument in default and therefore, allocates it to Stage 3 (credit– impaired) for ECL calculations in all cases when one or two events that are considered to be objective evidence of impairment or default of the loans have occurred.

A financial asset is to be in default when the borrower is past due more than 60 calendar days, or when one or two events indicate, as a part of a qualitative assessment of whether a customer is in default, that the Company is unlikely to receive the outstanding contractual amounts. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- the borrower is past due more than 60 calendar days and in a cross– default;
- the borrower restructured the asset once or more times over the past twelve months;
- enforcement in court or bankruptcy proceedings;
- reasonable and supportable information is available that indicates a counterparty is in significant financial difficulties, or that levels of the borrower's income or its solvency significantly deteriorated;
- other evidence of impairment or default considered under the Company's Provision Calculation Methodology.

In accordance with the Company's policy, financial instruments are transferred from Stage 3, when none of the criteria for the occurrence of a default was observed at the reporting date, nor the reclassification criteria defined in the Company's Provision Calculation Methodology have been met. The decision as to whether an asset should be classified as Stage 2 or Stage 1 depends on whether there is an indication of an increase in credit risk at the reporting date since initial recognition, and whether the reclassification criteria defined in the Company's Provision Calculation Methodology have been met. These criteria include the following: A credit-impaired financial asset is transferred to the category of financial assets with indicators of a significant increase in credit risk, provided that the counterparty has repaid the outstanding amounts for a period of at least 12 months which results in the decrease in the gross carrying amount of the financial asset as of the date when allowance for expected credit losses (ECL) was created, to the amount equal to, or lower than, the outstanding amount at the time when the financial asset was transferred to 'credit impaired financial assets', and if events that are considered to be the evidence of the asset to be credit-impaired according to the criteria established by the Company's Provision Calculation Methodology, have not occurred, at the date of assessment. A financial asset with indicators of a significant increase in credit risk is transferred to the category of financial assets for which allowance for expected credit losses is measured at the amount equal to 12-month expected credit losses, provided that the counterparty has repaid the outstanding amounts, which results in the decrease in the gross carrying amount of the financial asset as of the date when allowance for expected credit losses (ECL) was created, to the amount equal to, or lower than, the outstanding amount at the time when the financial asset was transferred to 'the financial assets with indicators of a significant increase in credit risk', and if no significant increase in credit risk occurred on the financial asset as of the date when allowance for expected credit losses (ECL) was created.

Therefore, the criteria to be met for loans to be transferred (reclassified) between the stages of impairment include but not limited to one or more of the following conditions:

- a period from the date of mandatory restructuring, during which the financial condition of the borrower has not deteriorated significantly, is at least 12 months. For loans issued to individuals, assessed on a collective basis, a minimum period of 6 months can be used, based on historical statistics on recovery of restructured loans issued to individuals, that indicates a stabilization of dynamics to hold overdue payments, starting with the seventh payment. For other events, which are objective evidence of impairment, - from the time of exclusion of the event that caused the stage of credit impairment to have deteriorated.
- the aggregate amount of payments made by the borrower after the asset was recognised credit-impaired, is greater or equal to the amount past due earlier.

Treasury and interbank relationships

The treasury and interbank relationships of the Company comprise second-tier banks (STBs), including guaranteed loans provided by STBs, to which external credit ratings are assigned by at least by one of the three international rating agencies (Fitch Ratings, Moody's Investors Service, S&P Global Ratings). For assessment of interbank transactions with counterparties, the Company assesses each counterparty separately. For counterparties with an external rating provided by international rating agencies or other available sources, the Company uses the probability of default according to the Moody's Investors Service (corporate ratings).

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Agribusiness lending

For agribusiness lending, the Company's structural divisions involved in calculating provisions perform work to determine whether there are indicators of a significant increase in credit risk, as well as loan impairment/default. The credit risk assessment is based on various historical, current and forward-looking information such as:

- Historical financial information together with forecasts and budgets prepared by the client. This financial information includes realised and expected results, solvency ratios, liquidity ratios and any other relevant ratios to measure the client's financial performance.
- Macroeconomic information.
- Other reasonable and supportable information about the quality of the client's management and capabilities that is relevant to assess the entity's performance.

Exposure at Default

Exposure at default (EAD) is the gross carrying amount of financial instruments subject to impairment assessment and it reflects both the ability of the client to increase its debt as it approaches default and the possibility of early repayment.

Loss Given Default

To determine the loss given default (LGD), the Company takes into consideration cash repayments from the borrower after default (Post-Default Rate - RR (Cash)) and collateral on the loan. The RR (Cash) is assessed once a quarter. The value of the collateral is reviewed within the approved time frame for the revaluation of collateral assets, agreed by the Company.

As part of determining cash flows, monthly cash repayments on defaulted loans (not including foreclosure amounts) are analysed for at least the last 5 years and monthly cumulative RR (Cash) for five years is calculated.

To estimate the collateral recovery rate (RR(Collateral), the Company considers the fair value of collateral, taking account of a liquidity ratio, discounted during the period from the date of the estimate to expected sale date. Also, when estimating LGD, the Company considers a p-write-off coefficient – the likelihood of that collateral would not be recovered due to limitations, and/or the likelihood of that collateral would not be sold once the Company has foreclosed on it.

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

Significant increase in credit risk

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When making the assessment, the Company considers the change in the risk of a default occurring over the expected life of the financial instrument rather than the change in the amount of expected credit losses. The Company compares the risk of default on a financial instrument as at the reporting date with the risk of default on a financial instrument as at the date of initial recognition, and considers reasonable and supportable information that is available without undue cost or effort, which indicates a significant increase in credit risk from the time of initial recognition of the relevant instrument.

If reasonable and supportable forward-looking information is available without undue cost or effort, the Company does not rely solely on information on overdue payments in determining whether credit risk has increased significantly since initial recognition. However, when such information is not available, the Company uses information on overdue payments and the existence of restructuring of the borrower's debt in determining whether the credit risk has increased significantly since the initial recognition of the asset.

Grouping financial assets measured on a collective basis

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

The Company assesses ECL on an individual basis for the following assets:

- all financial assets with indicators of impairment and/or default with a total debt of more than 0.2% of equity as at the previous reporting date according to the financial statements;
- treasury and interbank relationships (for example, amounts due from banks, cash equivalents and investment securities measured at amortised cost);
- financial assets that were classified as POCI at the time of derecognition of the original loan and recognition of the new loan as a result of debt restructuring.

The Company calculates ECL on a collective basis for financial assets with no indicators of impairment /default and/or debt of less than 0.2% of equity as at the previous reporting date according to the financial statements. When performing an assessment on a collective basis, segmentation of loans with similar risk characteristics for collective impairment evaluation is performed. ECLs for assets assessed on a collective basis are calculated for each segment separately.

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Forward-looking information and multiple economic scenarios

In its ECL models, the Company relies on macroeconomic forecast information on GDP growth rates as economic inputs.

The choice of the macroeconomic factor is due to the fact that it is one of the most general (broad) indicators, in economic terms, that reflects the influence of many other factors.

To obtain forward-looking information, the Company relies on data from external sources (official website of the relevant state authorities, the National Bank of the Republic of Kazakhstan and other external information sources). The table below shows the values of forecast economic variables/assumptions used in each economic scenario to assess ECLs.

Key drivers	*ECL scenario*	*Assigned probability, %*	*2024, %*
GDP growth			
	Optimistic	10%	1.33
	Base	70%	0.33
	Pessimistic	20%	0.67

The Company's financial assets and liabilities are concentrated in the Republic of Kazakhstan.

Liquidity risk and funding management

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress conditions. To limit this risk, management has arranged diversified funding sources. Management manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding if required.

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2023 and 31 December 2022, based on contractual undiscounted payments.

At 31 December 2023	*On 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*
Non-derivative financial liabilities:						
Loans from the RK Government	500	1,000	1,500	90,013,475	–	90,016,475
Loans from the Parent Company	49,681	1,204,463	744,794	15,050,686	154,734,034	171,783,658
Loans and balances from banks and other financial institutions	–	3,474,805	12,291,711	23,534,668	78,727,648	118,028,832
Loans from the state and budget organisations	–	5,837,561	22,732,459	7,446,789	218,890,559	254,907,368
Debt securities issued	–	1,639,171	7,736,479	9,730,650	257,146,486	276,252,786
Government grants	–	–	–	3,105,769	–	3,105,769
Other financial liabilities	4,422,390	83,086	39,807	149,346	1,956,414	6,651,043
Total liabilities	**4,472,571**	**12,240,086**	**43,546,750**	**149,031,383**	**711,455,141**	**920,745,931**

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At 31 December 2022	*On 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*
Non-derivative financial liabilities:						
Loans from the RK Government	986	3,250	3,250	69,999,125	–	70,006,611
Loans from the Parent Company	60,958	1,215,477	399,799	14,360,069	171,783,658	187,819,961
Loans and balances from banks and other financial institutions	8,335,071	1,880,000	1,820,000	11,660,000	46,580,000	70,275,071
Loans from the state and budget organisations	1,000	4,888,766	3,809,361	3,139,528	254,013,032	265,851,687
Debt securities issued	–	12,064,171	6,976,399	8,970,569	271,692,306	299,703,445
Government grants	–	–	–	3,173,708	–	3,173,708
Other financial liabilities	3,548,036	13,632	38,470	68,552	640,572	4,309,262
Total liabilities	**11,946,051**	**20,065,296**	**13,047,279**	**111,371,551**	**744,709,568**	**901,139,745**

The table below shows the contractual maturity of the Company's contractual commitments and contingencies. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down.

	Less than 3 months	*From 3 to 12 months*	*From 1 to 5 years*	*More than 5 years*	*Total*
2023	156,028,243	–	–	–	**156,028,243**
2022	118,827,146	–	–	–	**118,827,146**

The Company expects that not all of the contingent liabilities or commitments will be drawn before the expiry of the commitments.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market variables such as interest rates and foreign exchanges.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The interest rate for assets and liabilities of the Company is fixed.

Currency risk

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

The Company is not exposed to currency risk as all its assets and liabilities are denominated in KZT.

Operational risk

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

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26. Changes in liabilities arising from financing activities

	Amounts due to the Shareholder	*Amounts due to credit institutions*	*Debt securities issued*	*Amounts due to the Government of the Republic of Kazakhstan*	*Amounts due to the state and budget organisations*	*Total liabilities from financing activities*
Carrying amount at 1 January 2022	**94,260,422**	**–**	**196,654,238**	**–**	**166,814,395**	**457,729,055**
Additions	8,300,000	48,277,000	–	140,000,000	31,428,726	228,005,726
Repayment	(14,392,846)	–	(17,390,000)*	(70,000,000)	(16,021,061)	(117,803,907)
Dividends declared	6,086,528	–	–	–	–	6,086,528
Dividends paid	(6,086,528)	–	–	–	–	(6,086,528)
Discount/ premium on initial recognition of liabilities at fair value	(4,891,183)	40,817	–	(21,331,391)	(18,274,080)	(44,455,837)
Other	6,141,103	566,220	(664,744)	12,079,264	18,902,462	37,024,305
Carrying amount at 31 December 2022	**89,417,496**	**48,884,037**	**178,599,494**	**60,747,873**	**182,850,442**	**560,499,342**
Carrying amount at 1 January 2023	**89,417,496**	**48,884,037**	**178,599,494**	**60,747,873**	**182,850,442**	**560,499,342**
Additions	–	55,967,000	–	140,000,000	1,500,000	197,467,000
Repayment	(14,314,148)	(24,244,000)	(10,000,000)	(120,000,000)	(12,442,228)	(181,000,376)
Dividends declared	13,677,185	–	–	–	–	13,677,185
Dividends paid	(13,677,185)	–	–	–	–	(13,677,185)
Discount/ premium on initial recognition of liabilities at fair value or recognised as a result of modification of original contractual terms	–	–	–	(30,682,370)	(823,769)	(31,506,139)
Other	5,989,664	(104,215)	1,557,962	27,275,295	17,439,901	52,158,607
Carrying amount at 31 December 2023	**81,093,012**	**80,502,822**	**170,157,456**	**77,340,798**	**188,524,346**	**597,618,434**

* In the unconsolidated statement of cash flows for the year ended 31 December 2022, included in redemptions of debt securities issued is the repaid amount of KZT 22,940,000 thousand, which comprise the principal amount outstanding on securities of the 1st bond issue under the 3rd bond programme, AGKKb6 (NIN KZ2C00003507), with a redemption date on 30 December 2021, reclassified into 'other liabilities' as at 31 December 2021.

The item 'Other' includes, except discount/ premium for the period, the effect of accrued but not paid interest on liabilities arising from financing activities. The Company recognised paid interest as cash flows from operating activities.

27. Fair value of financial instruments

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

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

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The following table provides an analysis of financial instruments whose fair values are disclosed by levels of the hierarchy of sources of fair value:

		Fair value measurement using			
	Valuation date	*Input data of Level 1*	*Input data of Level 2*	*Input data of Level 3*	*Total*
31 December 2023					
Assets with a disclosed fair value					
Cash and cash equivalents	31 December 2023	–	125,187,941	–	125,187,941
Loans to banks	31 December 2023	–	28,863,808	–	28,863,808
Loans to customers	31 December 2023	–	537,009,711	115,741,806	652,751,517
Finance lease receivables	31 December 2023	–	2,205,942	5,811,044	8,016,986
Other financial assets	31 December 2023	–	6,020,366	–	6,020,366
Liabilities whose fair value is disclosed					
Amounts due to the Shareholder	31 December 2023	–	66,367,444	–	66,367,444
Amounts due to credit institution	31 December 2023	–	80,502,822	–	80,502,822
Amounts due to the state and budget organisations	31 December 2023	–	170,268,015	–	170,268,015
Amounts due to the RK Government	31 December 2023	–	78,590,490	–	78,590,490
Debt securities issued	31 December 2023	–	151,178,003	–	151,178,003
Other financial liabilities	31 December 2023	–	6,651,043	–	6,651,043
At 31 December 2022					
Assets with a disclosed fair value					
Cash and cash equivalents	31 December 2022	–	107,720,283	–	107,720,283
Loans to banks	31 December 2022	–	10,062,366	–	10,062,366
Loans to customers	31 December 2022	–	530,922,503	94,189,814	625,112,317
Finance lease receivables	31 December 2022	–	2,884,517	5,881,052	8,765,569
Investment securities	31 December 2022	–	564,492	–	564,492
Other financial assets	31 December 2022	–	5,554,098	–	5,554,098
Liabilities whose fair value is disclosed					
Amounts due to the Shareholder	31 December 2022	–	69,952,622	–	69,952,622
Amounts due to credit institution	31 December 2022	–	50,311,897	–	50,311,897
Amounts due to the state and budget organisations	31 December 2022	–	152,810,376	–	152,810,376
Amounts due to the RK Government	31 December 2022	–	60,336,768	–	60,336,768
Debt securities issued	31 December 2022	–	151,377,550	–	151,377,550
Other financial liabilities	31 December 2022	–	4,309,262	–	4,309,262

Financial instruments not measured at fair value in the unconsolidated statement of financial position

A comparison of the carrying amounts and fair values of the Company's financial instruments presented in the unconsolidated financial statements is provided below. Fair values of non-financial assets and non-financial liabilities are not presented in the table.

	31 December 2023		
	Carrying amount	*Fair value*	*Unrecognised (loss)/profit*
Financial assets			
Cash and cash equivalents	125,187,941	125,187,941	–
Loans to banks	29,575,908	28,863,808	(712,100)
Loans to customers	726,810,986	652,751,517	(74,059,469)
Finance lease receivables	9,040,648	8,016,986	(1,023,662)
Other financial assets	6,020,366	6,020,366	–
Financial liabilities			
Amounts due to the Shareholder	81,093,012	66,367,444	14,725,568
Amounts due to credit institutions	80,502,822	80,502,822	–
Amounts due to the state and budget organisations	188,524,346	170,268,015	18,256,331
Amounts due to the RK Government	77,340,798	78,590,490	(1,249,692)
Debt securities issued	170,157,456	151,178,003	18,979,453
Other financial liabilities	6,651,043	6,651,043	–
Total unrecognised change in unrealised fair value			**(25,083,571)**

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	31 December 2022		
	Carrying amount	*Fair value*	*Unrecognised (loss)/profit*
Financial assets			
Cash and cash equivalents	107,720,283	107,720,283	–
Loans to banks	10,456,354	10,062,366	(393,988)
Loans to customers	722,917,368	625,112,317	(97,805,051)
Finance lease receivables	10,205,360	8,765,569	(1,439,791)
Investment securities	592,637	564,492	(28,145)
Other financial assets	5,554,098	5,554,098	–
Financial liabilities			
Amounts due to the Shareholder	89,417,496	69,952,622	19,464,874
Amounts due to credit institutions	48,884,037	50,311,897	(1,427,860)
Amounts due to the state and budget organisations	182,850,442	152,810,376	30,040,066
Amounts due to the RK Government	60,747,873	60,336,768	411,105
Debt securities issued	178,599,494	151,377,550	27,221,944
Other financial liabilities	4,309,262	4,309,262	–
Total unrecognised change in unrealised fair value			**(23,956,846)**

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

Assets which fair value approximates their present value

For financial assets and financial liabilities that are liquid or have a short maturity (less than three months), it is assumed that their present value approximates fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Fixed rate instruments

For listed debt instruments, the fair value is based on quoted market prices. In case of non-quoted debt instruments, a discounted cash flow model is used using the current interest rate, taking into account the remaining period to maturity for debt instruments with similar terms and credit risk.

For loans to banks and loans to customers future cash flows are discounted using an average market rate of financial instruments with similar maturities, based on statistics published by the NBRK. This approach was used to measure the fair value of loans to customers. As at 31 December 2023, an average market interest rate was 19.70% to 23.20% p.a. (31 December 2022: 15.40–21.90% p.a.).

For liabilities whose fair value is disclosed in the unconsolidated financial statements, future cash flows are discounted using the market interest rates calculated using the build-up model, using all observable inputs such as KASE yield curve and credit spread for the rating of the Company adjusted by maturity, published by Bloomberg. As at 31 December 2023, the market interest rate used to measure the fair value of loans raised was 14.74–18.25% p.a. (31 December 2022: 14.12–17.64% p.a.). Future cash flows include repayment of a principal debt and interest calculated at the contractual interest rate applied to the principal debt.

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28. Maturity analysis of assets and liabilities

The following table shows assets and liabilities by expected maturities. See Note 25 *Risk Management* for the Company's contractual undiscounted repayment obligations.

	On demand	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	No maturity	Total
Assets								
Cash and cash equivalents	52,710,445	72,477,496	–	–	–	–	–	125,187,941
Amounts due from credit institutions	–	–	29,575,908	–	–	–	–	29,575,908
Loans to customers	42,867,158	8,743,562	36,974,570	143,889,265	350,082,427	144,254,004	–	726,810,986
Finance lease receivables	–	137,347	106,080	640,506	4,621,111	3,535,604	–	9,040,648
Assets held for sale	–	–	–	726,309	–	–	–	726,309
Investments in subsidiaries	–	–	–	–	–	–	167,470,014	167,470,014
Investment property	–	–	–	–	–	–	2,599,511	2,599,511
Property, plant and equipment	–	–	–	–	–	–	1,476,063	1,476,063
Intangible assets	–	–	–	–	–	–	462,081	462,081
Current corporate income tax assets	–	–	–	2,136,597	–	–	–	2,136,597
Other assets	474,463	137,983	114,651	2,055,476	2,941,785	1,540,245	–	7,264,603
Total assets	**96,052,066**	**81,496,388**	**66,771,209**	**149,448,153**	**357,645,323**	**149,329,853**	**172,007,669**	**1,072,750,661**
Liabilities								
Amounts due to the Shareholder	–	10,550	400,900	7,628,183	19,031,343	54,022,036	–	81,093,012
Amounts due to the RK Government	–	430	859	77,339,509	–	–	–	77,340,798
Amounts due to credit institutions	–	–	45,944	26,212,157	48,248,203	5,996,518	–	80,502,822
Debt securities issued	–	–	72,456	772,093	65,283,668	104,029,239	–	170,157,456
Amounts due to the state and budget organisations	–	–	4,309,780	22,311,979	131,533,020	30,369,567	–	188,524,346
Current estimated liabilities	–	–	–	1,719,345	–	–	–	1,719,345
Deferred corporate income tax liabilities	–	–	–	–	–	12,030,660	–	12,030,660
Government grants	–	–	–	3,105,769	–	19,629,056	–	22,734,825
Other liabilities	3,782,405	908,308	185,130	223,454	26,790	1,929,624	–	7,055,711
Total liabilities	**3,782,405**	**919,288**	**5,015,069**	**139,312,489**	**264,123,024**	**228,006,700**	**–**	**641,158,975**
Net position as at 31 December 2023	**92,269,661**	**80,577,100**	**61,756,140**	**10,135,664**	**93,522,299**	**(78,676,847)**	**172,007,669**	**431,591,686**

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	On demand	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	No maturity	Total
Assets								
Cash and cash equivalents	38,606,494	69,113,789	–	–	–	–	–	107,720,283
Amounts due from credit institutions	–	127,960	9,527,732	417,214	383,448	–	–	10,456,354
Loans to customers	31,683,009	14,167,360	45,082,213	122,806,712	363,270,744	145,907,330	–	722,917,368
Finance lease receivables	–	224,202	114,334	760,812	6,474,398	2,631,614	–	10,205,360
Assets held for sale	–	–	–	1,024,785	–	–	–	1,024,785
Investments in subsidiaries	–	–	–	–	–	–	147,470,014	147,470,014
Held-to-maturity investment securities	–	–	10,222	469,645	–	112,770	–	592,637
Investment property	–	–	–	–	–	–	2,899,093	2,899,093
Property, plant and equipment	–	–	–	–	–	–	1,344,905	1,344,905
Intangible assets	–	–	–	–	–	–	530,705	530,705
Current corporate income tax assets	–	–	–	1,816,694	–	–	–	1,816,694
Other assets	–	625,862	322,177	2,179,079	1,842,509	1,642,693	–	6,612,320
Total assets	**70,289,503**	**84,259,173**	**55,056,678**	**129,474,941**	**371,971,099**	**150,294,407**	**152,244,717**	**1,013,590,518**
Liabilities								
Amounts due to the Shareholder	–	10,401	416,785	7,508,254	23,326,085	58,155,971	–	89,417,496
Amounts due to the RK Government	–	434	1,302	60,746,137	–	–	–	60,747,873
Amounts due to credit institutions	–	8,585,684	–	8,298,353	32,000,000	–	–	48,884,037
Debt securities issued	–	–	13,021,257	–	62,741,815	102,836,422	–	178,599,494
Amounts due to the state and budget organisations	–	126	613,204	871,267	121,610,220	59,755,625	–	182,850,442
Current estimated liabilities	–	–	–	1,403,575	–	–	–	1,403,575
Deferred corporate income tax liabilities	–	–	–	–	–	4,763,872	–	4,763,872
Government grants	–	–	–	3,173,708	–	34,623,434	–	37,797,142
Other liabilities	3,064,123	723,666	241,749	124,261	47,307	593,264	–	4,794,370
Total liabilities	**3,064,123**	**9,320,311**	**14,294,297**	**82,125,555**	**239,725,427**	**260,728,588**	–	**609,258,301**
Net position as at 31 December 2022	**67,225,380**	**74,938,862**	**40,762,381**	**47,349,386**	**132,245,672**	**(110,434,181)**	**152,244,717**	**404,332,217**

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29. Segment reporting

The Company's operations are highly integrated and constitute a single business segment for the purposes of IFRS 8 *Segment Reporting*. The Company's assets are primarily located in the Republic of Kazakhstan and the Company generates income from operations conducted within and associated with the Republic of Kazakhstan. The Chief Operating Decision Maker, in the case of the Company, the Chairman of the Board, receives and reviews the information on the Company as a whole.

30. Related party transactions

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

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

The Government of the Republic of Kazakhstan controls the Company's operations through the Shareholder.

The outstanding balances of related party transactions as at the end of the reporting period and respective amounts of income and expenses are provided below:

	31 December 2023				*31 December 2022*			
	Nominal interest rate, %	*Shareholder*	*Entities under common control of the Shareholder*	*Government-related organisations*	*Nominal interest rate, %*	*Shareholder*	*Entities under common control of the Shareholder*	*Government-related organisations*
Assets								
Cash and cash equivalents	–	–	175,228	76,338,950	–	–	33	79,463,990
Investment securities	–	–	–	–	12.00	–	592,637	–
Loans to customers	5.00	–	16,877,786	–	5.00	–	20,899,976	–
Current corporate income tax	–	–	–	2,136,597	–	–	–	1,816,694
Investments in subsidiaries	–	–	167,470,014	–	–	–	147,470,014	–
Other assets		–	–	6,659		–	–	327,499
Liabilities								
Amounts due to the Shareholder	0.28–10.00	81,093,012	–	–	0.28–10.00	89,417,496	–	–
Amounts due to the RK Government	0.01	–	–	77,340,798	0.01	–	–	60,747,873
Amounts due to the state and budget organisations	0.01–1.00	–	–	188,524,346	0.01–1.00	–	–	182,850,442
Debt securities issued	7.10–15.00	88,709,527	–	71,996,377	7.10–15.00	97,131,906	–	71,995,418
Deferred corporate income tax liabilities	–	–	–	12,030,660	–	–	–	4,763,872
Government grants	–	–	–	22,734,825	–	–	–	37,797,142
Other liabilities	–	–	–	3,698,535	–	–	–	3,015,774

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	2023			*2022*		
	Shareholder	*Entities under common control of the Shareholder*	*Government-related organisations*	*Shareholder*	*Entities under common control of the Shareholder*	*Government-related organisations*
Interest income on cash and cash equivalents	–	139,794	14,462,417	–	–	431,515
Interest income on investment securities	–	54,816	–	–	64,562	1,168
Interest income on loans to customers	–	2,634,913	–	–	1,851,448	–
Interest expense on loans received	(7,711,933)	–	(44,776,274)	(8,018,449)	–	(31,027,448)
Interest expense on debt securities issued	(10,154,647)	–	(7,522,866)	(12,346,050)	–	(7,521,020)
Dividend income	–	10,309,687	–	–	–	–
Credit loss expenses	–	(6,570)	–	–	1,005,318	–
Other administrative expenses	–	(2,488)	–	–	–	–
Other income	–	–	46,500,517	–	–	43,515,052
Corporate income tax expense	–	–	(11,486,065)	–	–	(2,568,117)

Key management remuneration

Key management remuneration comprises the following:

	2023	*2022*
Wages and salaries and other short-term benefits	180,542	176,823
Remuneration of the members of the Board of Directors	18,721	25,771
The Board of Directors administrative expenses	–	6,710
Social security costs	18,972	19,005
Total key management remuneration	**218,235**	**228,309**

31. Capital adequacy

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

As at 31 December 2023 and 31 December 2022, the Company was in full compliance with the externally imposed capital requirements.

The Company's capital management policy is to ensure the compliance by the Company with externally imposed capital requirements and maintain a credit rating and capital adequacy ratios, which ensure the sustainable operation of the Company and maximize shareholder value.

The Company manages and reviews the structure of the Company's capital given the changes in economic conditions and characteristics of risks of the types of its activities.

The NBRK requires that the organisations engaged in certain types of banking activity to maintain a Tier 1 capital adequacy ratio (k1) of at least 6% of the assets; capital adequacy ratio (k1– 2) in the amount of at least 6% of assets and risk-weighted contingent liabilities and commitments, and a total capital adequacy ratio (k1– 3) of at least 12% of the assets and contingent liabilities and commitments weighted based on risk and operational risk.

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As at 31 December 2023 and 31 December 2022, the Company's capital adequacy ratios calculated in accordance with the requirements of the NBRK were as follows:

	31 December 2023	*31 December 2022*
Tier 1 capital	410,249,916	392,394,568
Tier 2 capital	20,936,654	11,488,171
Total equity	**431,186,570**	**403,882,739**
Risk-weighted assets	846,531,479	791,514,677
Commitments and contingencies	78,014,122	59,413,573
Operational risk	40,368,934	25,887,765
Capital adequacy ratio (k1)	38.24%	38.71%
Capital adequacy ratio (k1– 2)	44.37%	46.11%
Capital adequacy ratio (k1– 3)	27.33%	29.24%

32. Subsequent events

During January-March 2024, the Company received loans in the amount of KZT 110 billion from the Ministry of Finance of the Republic of Kazakhstan, at a 0.01% nominal interest rate and with maturity in November 2024 and December 2025, intended for financing spring field and harvesting works (unaudited).

From the beginning of the year to 1 March 2024, the Company received the scheduled repayment of the principal amount outstanding, for the loans provided by Halyk Bank JSC and Bank CenterCredit JSC, for a total of KZT 30,205,539 thousand *(Note 7)*.