

2024-2025

CONTENTS

INDEPENDENT

CONSULTANTS

Company Name

Company Name

Company Name

Company Name

Company Name

Company Name

Agrarian Credit Corporation Joint Stock Company

Consolidated Financial Statements

for 2024

CONTENTS

INDEPENDENT AUDITORS' REPORT

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position.....	8
Consolidated Statement of Profit or Loss	9
Consolidated Statement of Comprehensive Income.....	10
Consolidated Statement of Changes in Equity	11
Consolidated Statement of Cash Flows	12
Explanatory Notes to the Consolidated Financial Statements	13-71



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180 Dostyk Avenue, Almaty,
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Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Agrarian Credit Corporation Joint Stock Company and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

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

Key Audit Matters

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

Expected credit losses (ECL) for loans to customers and finance lease receivables

Please refer to the Notes 3, 4, 8, 9, 20 and 24 in the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
<p>Loans to customers and finance lease receivables represent 70% 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.</p> <p>The Group uses ECL valuation model, which requires management to apply professional judgement and to make assumptions related to the following key areas:</p> <ul style="list-style-type: none"> — timely identification of significant increase in credit risk and default events (allocation between stages 1, 2 and 3 in accordance with the IFRS 9 <i>Financial Instruments</i>); — 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; — expected cash flows forecast for loans to customers and finance lease receivables, which are credit-impaired. <p>Due to the significant volume of loans to customers and finance lease receivables and the related estimation uncertainty of expected credit losses thereon, this area is a key audit matter.</p>	<p>We analysed the key aspects of the Group's methodology and policies related to ECL estimate for compliance with the requirements of IFRS 9, including involvement of our own specialists in financial risk management. We tested the principle of operation of the respective models used by the Group.</p> <p>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:</p> <ul style="list-style-type: none"> — We tested design and operating effectiveness of controls over timely reflection of overdue days 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 consolidated financial statements, and for sample of finance lease receivables we tested whether stages are correctly assigned by the Group by analysing financial and non-financial information, as well as assumptions and professional judgements, applied by the Group. — For a sample of loans to customers and finance lease receivables, we tested the correctness of data inputs for PD, LGD and EAD calculations by agreeing to underlying documents and publicly available market information. — For a sample of the Stage 3 loans and finance lease receivables, and POCI loans where ECL allowances are assessed individually, we critically assessed assumptions used by the Company to forecast future cash flows, including estimated proceeds from realisable collateral and their expected realization period based on our understanding of historical experience and publicly available market information. — 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



	<p>into account the current and future economic situation.</p> <p>— We checked the mathematical accuracy of formulas used to calculate ECL and perform procedures for ECL recalculation as a whole.</p> <p>We also assessed whether the consolidated financial statements disclosures appropriately reflect the Group's exposure to credit risk.</p>
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Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report for the year 2024, but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report for the year 2024 is expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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



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

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

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

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

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





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




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

30 April 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

000 KZT

	<i>Note</i>	<i>31 December 2024</i>	<i>31 December 2023</i>
Assets			
Cash and cash equivalents	6	430,783,789	168,988,929
Amounts due from credit institutions		2,433,970	–
Loans to banks	7	78,341,329	29,575,908
Loans to customers	8	832,619,650	718,043,963
Finance lease receivables	9	553,719,699	457,464,211
Assets classified as held for sale		977,094	726,309
Investments in associates		–	434,037
Investment property		–	2,599,511
Receivables from the Government of the Republic of Kazakhstan	15,18	37,615,232	–
Property, plant and equipment		2,045,605	2,348,540
Intangible assets		790,858	874,935
VAT and other taxes recoverable		10,820,302	10,500,129
Current corporate income tax assets	17	134,115	2,270,712
Coupon prepayments on debt securities issued	15	25,836,773	–
Other assets	10	15,122,011	18,274,132
Total assets		1,991,240,427	1,412,101,316
Liabilities			
Amounts due to the Shareholder	11	84,563,613	93,516,543
Amounts due to the Government of the Republic of Kazakhstan	12	62,631,531	77,340,798
Amounts due to state and budget organisations	13	169,595,336	188,524,346
Amounts due to credit institutions	14	82,680,223	114,583,545
Debt securities issued	15	976,678,478	380,425,744
Current estimated liabilities		2,497,881	1,719,345
Current corporate income tax liabilities	17	2,364,381	–
Deferred corporate income tax liabilities	17	10,354,033	19,163,222
Government grants	18	94,400,466	66,252,890
Other liabilities	16	14,960,349	19,726,341
Total liabilities		1,500,726,291	961,252,774
Equity			
Share capital	19	428,284,724	428,284,724
Reserve capital	19	28,568,552	19,704,422
Retained earnings		33,660,860	2,859,396
Total equity		490,514,136	450,848,542
Total liabilities and equity		1,991,240,427	1,412,101,316
Carrying value of one ordinary share (KZT)	19	1,146.73	1,053.66

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

Sapulatov Kairat Kaertarovich

Deputy Chairperson of the Management Board,
member of the Management Board

Kussainova Galiya Dairovna

Acting Chief Accountant

30 April 2025

The selected explanatory notes set out on pages 13 to 71 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2024

000 KZT

	<i>Note</i>	<i>2024</i>	<i>2023</i>
Interest income calculated using effective interest method			
Cash and cash equivalents		46,294,237	24,450,073
Amounts due from credit institutions		7,519	–
Loans to banks		7,541,383	7,047,156
Loans to customers		145,812,114	119,667,366
Investment securities		14	17
		199,655,267	151,164,612
Other interest income			
Finance lease receivables		79,507,812	65,867,500
		279,163,079	217,032,112
Interest expense			
Amounts due to the Shareholder		(8,606,694)	(9,061,224)
Amounts due to the Government of the Republic of Kazakhstan		(25,266,956)	(27,286,933)
Amounts due to state and budget organisations		(16,816,884)	(17,489,341)
Amounts due to credit institutions		(16,214,003)	(12,216,465)
Debt securities issued		(77,109,197)	(46,165,696)
		(144,013,734)	(112,219,659)
Net interest income		135,149,345	104,812,453
Expenses on credit losses	20	(54,508,859)	(51,374,566)
Net interest income net of expenses on credit losses		80,640,486	53,437,887
Net foreign exchange gain/(loss)		167,389	(440,393)
Personnel expenses	21	(14,942,833)	(12,588,498)
Other administrative expenses	21	(8,569,691)	(6,984,629)
Net losses from modification of financial assets measured at amortised cost		(3,924,661)	(4,255,656)
Other income, net	22	16,472,315	11,874,444
Non-interest expense		(10,797,481)	(12,394,732)
Profit before income tax		69,843,005	41,043,155
Corporate income tax expense	17	(9,486,399)	(11,488,013)
Profit for the year		60,356,606	29,555,142

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

Sapulatov Kairat Kaertarovich

Deputy Chairperson of the Management Board,
member of the Management Board

Kussainova Galiya Dairovna

Acting Chief Accountant

30 April 2025

The selected explanatory notes set out on pages 13 to 71 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2024

000 KZT

	<u>2024</u>	<u>2023</u>
Profit for the year	60,356,606	29,555,142
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>60,356,606</u>	<u>29,555,142</u>

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

Sapulatov Kairat Kaertarovich

Deputy Chairperson of the Management Board,
member of the Management Board

Kussainova Galiya Dairovna

Acting Chief Accountant

30 April 2025

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2024**

'000 KZT

	Note	Share capital	Reserve capital	Retained earnings/ (accumulated losses)	Total
At 1 January 2023		408,284,724	13,846,278	(7,160,417)	414,970,585
Total comprehensive income for the year		–	–	29,555,142	29,555,142
Increase in share capital	19	20,000,000	–	–	20,000,000
Increase in reserve capital	19	–	5,858,144	(5,858,144)	–
Dividends paid	19	–	–	(13,677,185)	(13,677,185)
At 31 December 2023		428,284,724	19,704,422	2,859,396	450,848,542
At 1 January 2024		428,284,724	19,704,422	2,859,396	450,848,542
Total comprehensive income for the year		–	–	60,356,606	60,356,606
Increase in share capital	19	–	–	–	–
Increase in reserve capital	19	–	8,864,130	(8,864,130)	–
Dividends paid	19	–	–	(20,691,012)	(20,691,012)
At 31 December 2024		428,284,724	28,568,552	33,660,860	490,514,136

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

Sapulatov Kairat Kaerzhanovich

Deputy Chairperson of the Management Board,
member of the Management Board

Kussainova Galiya Dairovna

Acting Chief Accountant

30 April 2025



CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2024

'000 KZT

	2024	2023
Cash flows from operating activities		
Interest received	204,882,767	153,944,299
Interest paid	(104,236,043)	(56,144,263)
Personnel expenses paid	(14,321,185)	(12,435,532)
Other operating expense, net	(8,394,170)	(4,165,095)
Cash flows from operating activities before changes in operating assets and liabilities	77,931,369	81,199,409
<i>Net (increase)/ decrease in operating assets</i>		
Loans to banks	(53,243,146)	(19,509,208)
Amounts due from credit institutions	(2,371,587)	–
Loans to customers	(135,484,742)	(26,576,388)
Finance lease	(118,991,973)	(73,490,703)
Coupon prepayments on debt securities issued	(25,836,773)	–
Other assets	36,782,785	(4,715,292)
<i>Net increase/ (decrease) in operating liabilities</i>		
Government grants	17,876,165	(24,702)
Other liabilities	388,700	903,274
Net cash used in operating activities before corporate income tax paid	(202,949,202)	(42,213,610)
Corporate income tax paid	(13,797,860)	(4,963,974)
Net cash used in operating activities	(216,747,062)	(47,177,584)
Cash flows from investing activities		
Acquisition of property, plant and equipment, intangible assets	(789,063)	(430,140)
Proceeds from sale of property, plant and equipment, intangible assets	23,839	11,636
Proceeds from repayment of investment securities	54,825	4,065
Proceeds from sale of investment property (Note 22)	9,355,862	–
Net cash from/(used in) investing activities	8,645,463	(414,439)
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 (Notes 12, 25)	140,000,000	140,000,000
Repayment of loans from the Government of the Republic of Kazakhstan (Note 25)	(160,000,000)	(120,000,000)
Proceeds from loans from credit institutions (Notes 14, 25)	12,100,000	85,967,000
Repayment of loans from credit institutions (Note 25)	(46,562,533)	(34,723,201)
Repayment of loans from the Shareholder (Note 25)	(15,480,923)	(14,314,148)
Debt securities issued (Notes 15, 25)	639,533,580	30,278,337
Repayment of debt securities issued (Note 25)	(43,933,000)	(38,373,610)
Proceeds from loans from state and budget organisations (Notes 13, 25)	480,000	1,500,000
Repayment of loans from state and budget organisations (Note 25)	(35,969,449)	(12,442,228)
Dividends paid (Note 19)	(20,691,012)	(13,677,185)
Net cash from financing activities	469,476,663	44,214,965
Effect of expected credit losses on cash and cash equivalents	(6,597)	1,115
Effect of movements in exchange rates on cash and cash equivalents	426,393	(119,434)
Net change in cash and cash equivalents	261,794,860	(3,495,377)
Cash and cash equivalents at beginning of year	168,988,929	172,484,306
Cash and cash equivalents at the end of year (Note 6)	430,783,789	168,988,929

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

Sapulatov Kairat Kaertarovich

Deputy Chairperson of the Management Board,
member of the Management Board

Kussainova Galiya Dairovna

Acting Chief Accountant

30 April 2025

The selected explanatory notes set out on pages 13 to 71 form an integral part of these consolidated financial statements.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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1. Reporting entity

These consolidated financial statements comprise the financial statements of Agrarian Credit Corporation Joint Stock Company (the “Company”) and financial statements of its subsidiary (the “Group”).

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 2024, the Company had 19 registered branches (31 December 2023 - 19 branches) in the Republic of Kazakhstan.

As at 31 December 2024 the Company owns a 100% interest in KazAgroFinance JSC (the “subsidiary”); 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 2024, Baiterek National Managing Holding JSC (“Baiterek” or “Shareholder”) owns 100% of the Group’s shares.

The Group’s ultimate owner is the Government of the Republic of Kazakhstan.

The Group’s registered office is 11 Imanov Street, Astana, Republic of Kazakhstan.

Business environment

The Group’s operations are located in Kazakhstan. Consequently, the Group 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. Volatility of the Kazakhstani Tenge, the fluctuation of the global price of oil and the ongoing military conflict between the Russian Federation and Ukraine have also increased the level of uncertainty in the business environment.

In addition, new tariffs on imports of certain categories of goods introduced by the United States of America (Trump administration) in April 2025 created additional risks for the state of the global economy and international trade. These changes in foreign trade policy may have an impact on the macroeconomic situation in Kazakhstan and on the Group’s operations.

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

2. Basis of preparation

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

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

The consolidated 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.

The accompanying consolidated 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 Group’s ability to sell its assets and its future operations may be significantly affected by the current and future economic environment in Kazakhstan.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except for judgements about measurement of expected credit losses on loans to customers as updated in 2024 (Note 24).

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, 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 consolidated 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 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 consolidated financial statements on a recurring basis, the Group 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 Group 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 Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

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

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

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

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Group’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 Group'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 Group’s original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

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

As a second step of its classification process, the Group 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 Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

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

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. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Credit related commitments

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

The Group 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.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*000 KZT***Reclassification of financial assets and liabilities**

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

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 Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity instruments. Such instruments include amounts due to the 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 consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or 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 master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Renegotiated loans

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

The Group 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 Group 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 Group records a modification gain or loss that is presented within other income or losses in the consolidated statement of profit or loss.

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

Modification of the terms of financial liabilities

The Group 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 Group 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 Group 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).

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

The Group performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors. The Group concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial liability;
- change in collateral or other credit enhancement;
- inclusion of conversion feature;
- 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% 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 consolidated statement of financial position where:

- The rights to receive cash flows from the asset have expired;
- The Group 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 Group either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group 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 Group’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 Group could be required to repay.

Write-off

Financial assets are written-off in part or in full, only when the Group 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.

Impairment***Non-derivative financial assets***

See also Notes 4 and 24.

The Group 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.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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No impairment loss is recognised on equity investments.

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

- 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-months 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-months 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 Group in accordance with the contract and the cash flows that the Group expects to receive);
- *financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount 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 Group 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 results 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 Group 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 Group on terms that the Group would not consider otherwise;
- 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.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*000 KZT*

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 the purposes of consolidated financial statements.

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

- The Group 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 Group's operations. These taxes are included in other operating expenses.

Share capital*Charter capital*

Contributions to charter 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 Group's Shareholder. Under the Group'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 in the consolidated financial statements when they are proposed before the reporting date or proposed or declared after the reporting date but before the consolidated financial statements are authorised for issue.

Contingent liabilities

Contingent liabilities are not recognised in the consolidated 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 Group has issued no loan commitments that are measured at FVTPL. For other loan commitments the Group 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 Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest and similar income and expenses

The Group 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 Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

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

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*000 KZT*

For purchased or originated credit-impaired (POCI) financial assets, the Group 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 consolidated statement of profit or loss includes interest income on financial assets measured at amortised cost.

“Other interest income” item presented in the consolidated statement of profit or loss includes interest income on finance lease receivables.

Interest expense presented in the consolidated 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 Group in return for past or future compliance with certain conditions relating to the operating activities of the Group. Government grants are not recognised until there is reasonable assurance that the Group 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 Group 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.

When funds are received to finance the finance lease transactions, the government grant is recognised as income on a systematic basis and compensates the negative effect of interest accrued at the market rate on a loan received at a below market rate. Such government grant income reduces the related interest expense in the consolidated statement of profit or loss and other comprehensive income.

Presentation of the consolidated statement of financial position in order of liquidity

The Group does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the consolidated statement of financial position. Instead, analysis of assets and liabilities by their expected maturities are presented in *Note 27*.

Transactions eliminated on consolidation

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

Lease*Right-of-use asset*

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

Lease liabilities

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

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Short-term leases and leases of low-value assets

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

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Finance lease – Group as a lessor

The Group recognises lease payment receivables in the amount equal to net investments in lease from commencement of the lease term. Finance income is calculated based on a pattern reflecting a constant periodic rate of return on the carrying amount of net investments. Initial direct costs are recorded within initial amount of lease payment receivables.

Leases which assume transfer of substantially all the risks and rewards of ownership are classified as finance leases (leasing).

Whether a lease is a finance lease depends on the substance of the transaction rather than the form. Examples of situations that individually or in combination would normally lead to a lease being classified as a finance lease are:

- 1) The lease transfers ownership of the asset to the lessee by the end of the lease term;
- 2) The lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain at the inception of the lease, that the option will be exercised;
- 3) The lease term is for a major part of the economic life of the asset even if title is not transferred;
- 4) At the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the underlying asset, or
- 5) The underlying asset is of such a specialised nature that only the lessee can use them without major modifications being made.

IFRS 16 also identifies characteristics that, individually or in combination, can lead to a lease being classified as a finance lease:

- 1) if the lessee is entitled to cancel the lease early, the lessor's losses associated with the cancellation are borne by the lessee;
- 2) gains or losses from fluctuations in the fair value of the residual fall to the lessee (for example, by means of a rebate of lease payments equal to the majority of the proceeds from the sale at the end of the lease term); and
- 3) the lessee has the ability to continue to lease for a secondary period at a rent that is substantially lower than market rent.

Initial measurement

Upon lease commencement, the Group shall recognise assets held under a finance lease as a receivable at an amount equal to the net investment in the lease.

Initial recognition is made on the date of signing of the act of transfer/acceptance of the leasing item with the lessee. The net investment in the lease is the gross investment in the lease discounted at the interest rate implicit in the lease.

Initial direct costs associated with the acquisition of the leasing item are included in the initial measurement of financial lease receivables.

Lease payments are made by lessees on a regular basis in accordance with finance leases. Lease payments are allocated in accordance with the terms of concluded finance leases.

The recognition of finance income should be based on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding in respect of the finance lease. The accrual of interest begins at commencement of the lease term, unless otherwise is stipulated by the terms of the finance lease.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The commencement date of a lease is the date on which the lessor makes an asset available for use by a lessee. This is the date of initial recognition of the lease (i.e. recognition by the lessee of the relevant assets, liabilities, income or expenses arising from the lease).

Derecognition

Writing off the principal, fees and other receivables on finance lease at the expense of the established provisions is made in the following cases:

- a) declaring the debtor bankrupt and/or excluding the debtor from the national registers of identification numbers;
- b) the Group has received an act of the bailiff to terminate the enforcement proceedings and return the writ of execution to the claimant due to the debtor's lack of property that can be foreclosed. At the same time, debt cancellation is made only if the bankruptcy proceedings cannot be applied due to legal restrictions.

Fees may be charged under finance leases. If the fee is an integral part of the effective interest rate for a finance lease such fee is recognised as a discount to the principal amount of the finance lease and is credited to income using the effective interest method. The fee is payable within the terms stipulated by the contract.

The Group records a modification of finance lease as a lease if the following two conditions are met:

- 1) assets increase under the lease agreement; and
- 2) consideration for the lease is increased by an amount commensurate with the stand-alone selling price to increase the scope, and by appropriate adjustments to that stand-alone selling price to reflect the circumstances of the particular contract.

If the modification to a finance lease is not recorded as a separate lease, the Group accounts for the modification under IFRS 9.

In the event of a finance lease in which the Group acts as a lessee, the Group, for recognition and measurement of transactions, will be guided by the relevant provisions of IFRS 16 *Leases*.

Segment reporting

The Group's business and geographical segments were not presented separately in these consolidated 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 Group's resources and assessment of the Group's performance by the management making operating decisions are based on the IFRS consolidated financial statements.

New standards and interpretations not yet adopted

A number of new standards and interpretations are effective for annual periods beginning after 1 January 2025 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

IFRS 18 *Presentation and Disclosure in Financial Statements*

IFRS 18 will replace IAS 1 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the consolidated financial statements, including for items currently labelled as "other".

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

- *Lack of Exchangeability (Amendments to IAS 21)*.
- *Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4. Significant accounting judgments and estimates**Estimation uncertainty**

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

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Further details are provided in *Note 26*.

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 Group'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 Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a 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 24*.

Collateral assessment

The Group's management 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 *Note 8*.

Government grants

Management of the Group 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 Group recognises a government grant liability. Further details are provided in *Notes 7,8,11,12,13,15 and 18*.

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

Basis of measurement

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

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5. Comparative information adjustments

The Group has revised the classification of income related to compensation for lost profits under contracts for the supply of assets intended for transfer under finance lease agreements. Historically, such income was presented within other income. Taking into account the underlying economic substance, the Group has resolved to classify income related to compensation for lost profits within interest income on finance lease receivables.

The following table summarises the impacts on the Group’s consolidated financial statements.

	<i>As previously reported</i>	<i>Restatement</i>	<i>As restated</i>
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2023			
Other interest income			
Finance lease receivables	65,116,320	751,180	65,867,500
Total other interest income	216,280,932	751,180	217,032,112
Net interest income	104,061,273	751,180	104,812,453
Net interest income net of expenses on credit losses	52,686,707	751,180	53,437,887
Other income, net	12,625,624	(751,180)	11,874,444
Non-interest expense	(11,643,552)	(751,180)	(12,394,732)
	<i>As previously reported</i>	<i>Restatement</i>	<i>As restated</i>
Consolidated Statement of Cash Flows for the year ended 31 December 2023			
Cash flows from operating activities			
Interest received	153,193,119	751,180	153,944,299
Other operating expenses, net	(3,413,915)	(751,180)	(4,165,095)

6. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	<i>31 December 2024</i>	<i>31 December 2023</i>
Reverse repurchase agreement	341,926,703	72,478,190
Cash on current bank accounts	69,188,200	84,454,127
Overnight deposits with other banks	19,660,083	8,198,620
Cash on current bank accounts with the Republican State Enterprise (RSE) “The Treasury Committee of the Ministry of Finance of the Republic of Kazakhstan”	19,652	3,862,244
	430,794,638	168,993,181
Allowance for expected credit losses	(10,849)	(4,252)
Cash and cash equivalents	430,783,789	168,988,929

As at 31 December 2024, cash and cash equivalents are not past due and categorised into Stage 1 (31 December 2023: cash and cash equivalents are not past due and categorised into Stage 1).

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

'000 KZT

As at 31 December 2024 and 31 December 2023, 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:

	<i>31 December 2024</i>				
	<i>Current accounts</i>	<i>Current account with RSE "The Treasury Committee of the Ministry of Finance of the Republic of Kazakhstan"</i>	<i>Overnight deposits with other banks</i>	<i>Reverse repurchase agreements</i>	<i>Total</i>
Not overdue					
- Cash on current account with RSE "The Treasury Committee of the Ministry of Finance of the Republic of Kazakhstan" (not rated)	–	19,652	–	–	19,652
- rated from BBB- to BBB+	25,825,830	–	527,448	–	26,353,278
- rated from BB- to BB+	39,857,531	–	19,132,405	–	58,989,936
- rated from B- to B+	1,740	–	–	–	1,740
- not rated	3,503,099	–	230	341,926,703	345,430,032
Total cash and cash equivalents, net of cash before deduction of impairment allowance	69,188,200	19,652	19,660,083	341,926,703	430,794,638
Allowance for expected credit losses	(2,937)	–	(813)	(7,099)	(10,849)
Total cash and cash equivalents, net of cash	69,185,263	19,652	19,659,270	341,919,604	430,783,789

	<i>31 December 2023</i>				
	<i>Current accounts</i>	<i>Current account with RSE "The Treasury Committee of the Ministry of Finance of the Republic of Kazakhstan"</i>	<i>Overnight deposits with other banks</i>	<i>Reverse repurchase agreements</i>	<i>Total</i>
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
- NBRK	5,000,000	–	–	–	5,000,000
- rated from BBB- to BBB+	38,579,378	–	2,060,634	–	40,640,012
- rated from BB- to BB+	40,874,285	–	6,137,237	–	47,011,522
- not rated	464	–	749	72,478,190	72,479,403
Total cash and cash equivalents, net of cash before deduction of impairment allowance	84,454,127	3,862,244	8,198,620	72,478,190	168,993,181
Allowance for expected credit losses	(2,460)	(42)	(307)	(1,443)	(4,252)
Total cash and cash equivalents, net of cash	84,451,667	3,862,202	8,198,313	72,476,747	168,988,929

As at 31 December 2024 the balance of not rated cash and cash equivalents includes the balances with Citibank Kazakhstan JSC and Kazpost JSC (31 December 2023: Citibank Kazakhstan JSC and Kazpost JSC).

As at 31 December 2024, the Group 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 bonds of Kazakhstan Sustainability Fund JSC and Eurasian Development Bank, notes of the National Bank of the Republic of Kazakhstan. The fair value of the above financial instruments was KZT 341,847,107 thousand. The carrying amount under reverse repo agreements as at the reporting date was KZT 341,919,604 thousand (31 December 2023: the fair value was KZT 72,467,012 thousand; the carrying amount – KZT 72,476,747 thousand). The carrying amount under these agreements as at 31 December 2024 and 31 December 2023 exceeds 10.00% of the Group's equity.

The Group does not have any accounts with bank, whose total balances of cash and cash equivalents exceed 10.00% of the Group's equity (31 December 2023: none).

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

‘000 KZT

7. Loans to banks

	<u>31 December 2024</u>	<u>31 December 2023</u>
Loans to second-tier banks	78,507,796	29,586,359
Allowance for expected credit losses	(166,467)	(10,451)
Due from banks	78,341,329	29,575,908

As at 31 December 2024, loans to second-tier banks are not overdue and are categorised into Stage 1 (31 December 2023: loans to second-tier banks are not overdue and categorised into Stage 1).

As at 31 December 2024 and 31 December 2023, 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:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Not overdue		
- rated from BBB- to BBB+	61,164,090	27,209,261
- rated from BB- to BB+	7,939,818	2,377,098
- rated from B- to B+	9,403,888	-
	78,507,796	29,586,359
Allowance for expected credit losses	(166,467)	(10,451)
Loans to banks	78,341,329	29,575,908

During 2024, as part of the Ken-Dala annual government programme for support of the spring field works, the Group provided loans to Halyk Bank of Kazakhstan JSC for the total amount of KZT 52,177,500 thousand and Bank CenterCredit JSC for the total amount of KZT 4,000,000 thousand, at below market interest rate of 1.50% p.a. and maturity on 1 March 2025. The loans are payable in equal instalments. The Group recognised discount of KZT 4,630,496 thousand (*Note 18*) as loss on initial recognition of loans at below-market interest rates and interest income on amortisation of discount of KZT 4,156,770 thousand in the consolidated statement of profit or loss within other expenses and interest income on loans to banks, respectively. The Group applied estimated market interest rates from 12.98% – 15.15% p.a. to measure the fair value of the above-mentioned loans on initial recognition by discounting their future contractual cash flows.

During 2024, as part of Ken-Dala 2 annual government programme for support of the spring field works, the Group provided loans to Halyk Bank of Kazakhstan JSC for the total amount of KZT 49,322,500 thousand, Bank CenterCredit JSC for the total amount of KZT 4,350,000 thousand and Freedom Bank Kazakhstan JSC for the total amount of KZT 11,900,000 thousand, at below market interest rate of 1.50% p.a. and maturing on 1 March 2025, 1 March 2026 and 10 March 2026. The loans are payable in equal instalments. The Group recognised discount of KZT 5,992,000 thousand (*Note 18*) as loss on initial recognition of loans at below-market interest rates and interest income on amortisation of discount of KZT 1,775,237 thousand in the consolidated statement of profit or loss within other expenses and interest income on loans to banks, respectively. The Group applied estimated market interest rates from 13.66% - 15.97% p.a. to measure the fair value of the above-mentioned loans on initial recognition by discounting their future contractual cash flows.

In December 2024, as part of the Agribusiness (bonds) annual government programme for support of the food production and/or processing industry (processing of agricultural produce), the Group provided loans to Bereke Bank JSC for the total amount of KZT 3,000,000 thousand and Bank CenterCredit JSC for the total amount of KZT 3,833,750 thousand, at below market interest rate of 1.50% p.a. and maturity on 10 August 2025. The loans are payable in equal instalments. The Group recognised discount of KZT 349,504 thousand (*Note 18*) as loss on initial recognition of loans at below-market interest rates and interest income on amortisation of discount of KZT 2,082 thousand in the consolidated statement of profit or loss within other expenses and interest income on loans to banks, respectively. The Group applied estimated market interest rates from 13.92% - 14.62% p.a. to measure the fair value of the above-mentioned loans on initial recognition by discounting their future contractual cash flows.

During 2023, as part of the Ken-Dala annual government programme for support of the spring field works, the Group provided loans to Halyk Bank of Kazakhstan JSC for the total amount of KZT 56,000,000 thousand and 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 Group recognised discount of KZT 6,765,769 thousand (*Note 18*) 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 consolidated statement of profit or loss within other expenses and interest income on loans to banks, respectively. The Group 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.

As at 31 December 2024 and 31 December 2023 the Group had no balances with banks with total balance exceeding 10.00% of equity.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

000 KZT

8. Loans to customers

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

	<i>31 December 2024</i>	<i>31 December 2023</i>
Loans to legal entities-credit partnerships	465,714,649	327,752,769
Loans to legal entities for investment projects	92,346,326	106,452,355
Loans to other legal entities	212,608,134	204,523,899
Loans to individuals	269,153,447	271,072,649
	1,039,822,556	909,801,672
Allowance for expected credit losses	(207,202,906)	(191,757,709)
Loans to customers	832,619,650	718,043,963

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 2024:

Loans to legal entities-credit partnerships

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Gross carrying amount at 1 January 2024	143,895,979	107,063,120	73,422,262	3,371,408	327,752,769
New assets originated or purchased	303,367,451	–	–	–	303,367,451
Assets repaid, including changes due to partial repayment or increase in gross carrying amount	(95,427,623)	(51,665,060)	(20,080,643)	(391,998)	(167,565,324)
Transfers to Stage 1	29,096,637	(28,561,652)	(534,985)	–	–
Transfers to Stage 2	(42,870,211)	61,866,792	(18,996,581)	–	–
Transfers to Stage 3	(11,261,458)	(12,479,737)	23,741,195	–	–
Changes provided for by agreement of cash flows from modification that does not result in derecognition	–	–	(1,273,539)	–	(1,273,539)
Changes in interest accrued	1,658,256	1,152,162	907,944	(5,786)	3,712,576
Write-off	–	–	(279,284)	–	(279,284)
At 31 December 2024	328,459,031	77,375,625	56,906,369	2,973,624	465,714,649

Loans to legal entities-credit partnerships

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL allowance as at 1 January 2024	1,507,919	7,093,376	11,819,121	141,792	20,562,208
New assets originated or purchased	4,197,543	–	–	–	4,197,543
Assets repaid	(986,264)	(3,241,311)	(3,391,456)	(47,715)	(7,666,746)
Transfers to Stage 1	1,795,132	(1,773,776)	(21,356)	–	–
Transfers to Stage 2	(723,939)	2,850,140	(2,126,201)	–	–
Transfers to Stage 3	(107,302)	(949,218)	1,056,520	–	–
Movements in ECLs for the year as a result of transfer from stage to stage and changes in inputs	(2,002,451)	593,831	7,921,378	176,700	6,689,458
Unwinding of discount	–	–	950,317	80,405	1,030,722
Write-off	–	–	(279,284)	–	(279,284)
At 31 December 2024	3,680,638	4,573,042	15,929,039	351,182	24,533,901

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

'000 KZT

Loans to legal entities for investment projects

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Gross carrying amount at 1 January 2024	29,073,160	16,422	76,055,551	1,307,222	106,452,355
New assets originated or purchased	3,260,070	–	–	–	3,260,070
Assets repaid, including changes due to partial repayment or increase in gross carrying amount	(10,104,617)	(142,138)	(3,738,466)	(1,062,247)	(15,047,468)
Transfers to Stage 1	4,481,012	–	(4,481,012)	–	–
Transfers to Stage 2	(620,406)	2,714,688	(2,094,282)	–	–
Transfers to Stage 3	(4,313,247)	–	4,313,247	–	–
Changes provided for by agreement of cash flows from modification that does not result in derecognition	–	–	(2,128,861)	–	(2,128,861)
Changes in interest accrued	(237,392)	208,703	2,438,688	–	2,409,999
Write-off	–	–	(2,591,807)	(7,962)	(2,599,769)
At 31 December 2024	21,538,580	2,797,675	67,773,058	237,013	92,346,326

Loans to legal entities for investment projects

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL allowance as at 1 January 2024	4,492,396	2,571	36,812,775	925,766	42,233,508
New assets originated or purchased	247,861	–	–	–	247,861
Assets repaid	(1,395,147)	–	(1,739,003)	(593,344)	(3,727,494)
Transfers to Stage 1	1,698,482	–	(1,698,482)	–	–
Transfers to Stage 2	(73,226)	444,484	(371,258)	–	–
Transfers to Stage 3	(1,030,659)	–	1,030,659	–	–
Movements in ECLs for the year as a result of transfer from stage to stage and changes in inputs	(2,071,104)	662,842	16,143,208	(157,111)	14,577,835
Unwinding of discount	–	–	2,935,003	46,792	2,981,795
Write-off	–	–	(2,591,807)	(7,962)	(2,599,769)
At 31 December 2024	1,868,603	1,109,897	50,521,095	214,141	53,713,736

Loans to other legal entities

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Gross carrying amount at 1 January 2024	63,270,485	15,979,895	116,002,484	9,271,035	204,523,899
New assets originated or purchased	91,815,903	–	–	234,873	92,050,776
Assets repaid, including changes due to partial repayment or increase in gross carrying amount	(56,063,711)	(430,078)	(21,691,542)	(389,178)	(78,574,509)
Transfers to Stage 1	13,777,775	(362,459)	(13,415,316)	–	–
Transfers to Stage 2	(4,086,085)	8,445,874	(4,359,789)	–	–
Transfers to Stage 3	(8,358,061)	(15,346,097)	23,704,158	–	–
Changes provided for by agreement of cash flows from modification that does not result in derecognition	–	–	(8,407,994)	–	(8,407,994)
Changes in interest accrued	2,295,507	(799,032)	4,164,967	1,041,909	6,703,351
Write-off	–	–	(3,683,704)	(3,685)	(3,687,389)
At 31 December 2024	102,651,813	7,488,103	92,313,264	10,154,954	212,608,134

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

'000 KZT

<i>Loans to other legal entities</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL allowance as at 1 January 2024	6,928,409	5,386,197	72,714,274	4,064,526	89,093,406
New assets originated or purchased	2,711,470	–	–	–	2,711,470
Assets repaid	(4,250,236)	(250,884)	(10,135,682)	(213,757)	(14,850,559)
Transfers to Stage 1	7,828,663	(100,127)	(7,728,536)	–	–
Transfers to Stage 2	(273,247)	2,881,115	(2,607,868)	–	–
Transfers to Stage 3	(802,419)	(5,197,410)	5,999,829	–	–
Movements in ECLs for the year as a result of transfer from stage to stage and changes in inputs	(8,097,813)	(1,113,412)	5,626,869	3,286,782	(297,574)
Unwinding of discount	–	–	4,375,244	1,819,481	6,194,725
Write-off	–	–	(3,683,704)	(3,685)	(3,687,389)
At 31 December 2024	4,044,827	1,605,479	64,560,426	8,953,347	79,164,079

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 2024:

<i>Loans to individuals</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Gross carrying amount at 1 January 2024	194,265,091	9,291,098	65,150,768	2,365,692	271,072,649
New assets originated or purchased	67,032,949	–	–	461,659	67,494,608
Assets repaid, including changes due to partial repayment or increase in gross carrying amount	(56,093,725)	138,790	(13,143,075)	(297,913)	(69,395,923)
Transfers to Stage 1	5,887,383	(1,035,435)	(4,851,948)	–	–
Transfers to Stage 2	(4,166,666)	10,561,191	(6,394,525)	–	–
Transfers to Stage 3	(22,175,637)	(6,993,057)	29,168,694	–	–
Changes provided for by agreement of cash flows from modification that does not result in derecognition	–	–	(1,238,030)	–	(1,238,030)
Changes in interest accrued	(185,398)	(86,963)	3,506,053	10,227	3,243,919
Write-off	–	–	(2,001,877)	(21,899)	(2,023,776)
At 31 December 2024	184,563,997	11,875,624	70,196,060	2,517,766	269,153,447

<i>Loans to individuals</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL allowance as at 1 January 2024	4,698,220	2,347,385	32,446,314	376,668	39,868,587
New assets originated or purchased	1,041,445	–	–	–	1,041,445
Assets repaid	(1,335,552)	(78,035)	(2,159,452)	(30,379)	(3,603,418)
Transfers to Stage 1	1,647,303	(168,071)	(1,479,232)	–	–
Transfers to Stage 2	(103,412)	2,129,416	(2,026,004)	–	–
Transfers to Stage 3	(532,119)	(1,939,619)	2,471,738	–	–
Movements in ECLs for the year as a result of transfer from stage to stage and changes in inputs	(2,470,971)	(320,104)	14,279,636	685,167	12,173,728
Unwinding of discount	–	–	2,228,790	105,834	2,334,624
Write-off	–	–	(2,001,877)	(21,899)	(2,023,776)
At 31 December 2024	2,944,914	1,970,972	43,759,913	1,115,391	49,791,190

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

000 KZT

The table below provides analysis of movements in the gross carrying amount and the ECL allowance for loans to legal entities for 2023:

Loans to legal entities-credit partnerships

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
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

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
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

Loans to legal entities for investment projects

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
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

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

'000 KZT

Loans to legal entities for investment projects

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
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

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Gross carrying amount at 1 January 2023	80,786,222	4,879,688	109,765,374	5,491,056	200,922,340
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	(43,709,979)	(3,060,250)	(8,161,938)	(363,254)	(55,295,421)
Transfers to Stage 1	4,780,934	(176,241)	(4,604,693)	–	–
Transfers to Stage 2	(16,047,014)	16,270,792	(223,778)	–	–
Transfers to Stage 3	(18,656,560)	(2,909,912)	21,566,472	–	–
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	157,056	975,818	7,333,442	601,954	9,068,270
Write-off	–	–	(3,899,423)	(8,967)	(3,908,390)
At 31 December 2023	63,270,485	15,979,895	116,002,484	9,271,035	204,523,899

Loans to other legal entities

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL allowance as at 1 January 2023	2,965,231	1,144,217	57,739,584	25,265	61,874,297
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	1,705,054	(25,318)	(1,679,736)	–	–
Transfers to Stage 2	(1,337,297)	1,458,718	(121,421)	–	–
Transfers to Stage 3	(1,239,624)	(963,104)	2,202,728	–	–
Movements in ECLs for the year as a result of transfer from stage to stage and changes in inputs	1,381,710	4,308,147	12,590,908	4,338,894	22,619,659
Unwinding of discount	–	–	6,409,871	(2,411)	6,407,460
Recovery	–	–	588	–	588
Write-off	–	–	(3,899,423)	(8,967)	(3,908,390)
At 31 December 2023	6,928,409	5,386,197	72,714,274	4,064,526	89,093,406

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

'000 KZT

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

<i>Loans to individuals</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Gross carrying amount at 1 January 2023	201,117,628	6,093,861	67,451,892	2,217,988	276,881,369
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	(51,071,707)	(1,444,737)	(11,231,525)	183,644	(63,564,325)
Transfers to Stage 1	12,662,661	(1,554,415)	(11,108,246)	–	–
Transfers to Stage 2	(6,807,601)	9,531,324	(2,723,723)	–	–
Transfers to Stage 3	(19,467,681)	(4,100,631)	23,568,312	–	–
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	1,896,445	746,335	2,366,827	11,445	5,021,052
Write-off	–	–	(1,614,125)	(2,385)	(1,616,510)
At 31 December 2023	194,265,091	9,291,098	65,150,768	2,365,692	271,072,649

<i>Loans to individuals</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL allowance as at 1 January 2023	7,337,245	1,156,098	34,250,132	518,434	43,261,909
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)	1,570,657	(1,211,462)	–	–
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)	694,244	1,004,809	(121,215)	(5,025,362)
Unwinding of discount	–	–	4,443,291	(3,470)	4,439,821
Recovery	–	–	1,044	–	1,044
Write-off	–	–	(1,614,125)	(2,385)	(1,616,510)
At 31 December 2023	4,698,220	2,347,385	32,446,314	376,668	39,868,587

The following table provides information on the credit quality of the loans to customers as at 31 December 2024 and 31 December 2023:

<i>Loans to legal entities-credit partnerships</i>	<i>At 31 December 2024</i>				
	<i>Stage 1 12-month ECL</i>	<i>Stage 2 Lifetime ECL on assets not credit- impaired</i>	<i>Stage 3 Lifetime ECL on assets not credit- impaired</i>	<i>POCI</i>	<i>Total</i>
- not overdue	322,030,338	66,573,854	31,275,617	2,776,647	422,656,456
- overdue less than 30 days	6,428,693	6,450,666	7,994,511	–	20,873,870
- overdue more than 31 days and less than 60 days	–	4,351,105	6,637,126	151,006	11,139,237
- overdue more than 61 days and less than 90 days	–	–	5,007,159	45,971	5,053,130
- overdue more than 91 days and less than 360 days	–	–	731,830	–	731,830
- overdue more than 1 year	–	–	5,260,126	–	5,260,126
	328,459,031	77,375,625	56,906,369	2,973,624	465,714,649
Allowance for expected credit losses	(3,680,638)	(4,573,042)	(15,929,039)	(351,182)	(24,533,901)
	324,778,393	72,802,583	40,977,330	2,622,442	441,180,748

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

000 KZT

	<i>At 31 December 2024</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
	<i>12-month ECL</i>	<i>Lifetime ECL on assets not credit-impaired</i>	<i>Lifetime ECL on assets not credit-impaired</i>		
<i>Loans to legal entities for investment projects</i>					
- not overdue	20,971,942	1,576,252	17,369,932	222,089	40,140,215
- overdue less than 30 days	566,638	976,726	6,403,905	–	7,947,269
- overdue more than 31 days and less than 60 days	–	244,697	–	–	244,697
- overdue more than 61 days and less than 90 days	–	–	2,963,354	–	2,963,354
- overdue more than 91 days and less than 360 days	–	–	14,488,287	14,924	14,503,211
- overdue more than 1 year	–	–	26,547,580	–	26,547,580
	21,538,580	2,797,675	67,773,058	237,013	92,346,326
Allowance for expected credit losses	(1,868,603)	(1,109,897)	(50,521,095)	(214,141)	(53,713,736)
	19,669,977	1,687,778	17,251,963	22,872	38,632,590

	<i>At 31 December 2024</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
	<i>12-month ECL</i>	<i>Lifetime ECL on assets not credit-impaired</i>	<i>Lifetime ECL on assets not credit-impaired</i>		
<i>Loans to other legal entities</i>					
- not overdue	100,599,773	4,717,930	28,383,673	7,552,894	141,254,270
overdue less than 30 days	2,052,040	41,547	12,856,186	–	14,949,773
- overdue more than 31 days and less than 60 days	–	2,728,626	2,165,264	18,478	4,912,368
- overdue more than 61 days and less than 90 days	–	–	3,927,068	2,184,425	6,111,493
- overdue more than 91 days and less than 360 days	–	–	5,080,417	399,157	5,479,574
- overdue more than 1 year	–	–	39,900,656	–	39,900,656
	102,651,813	7,488,103	92,313,264	10,154,954	212,608,134
Allowance for expected credit losses	(4,044,827)	(1,605,479)	(64,560,426)	(8,953,347)	(79,164,079)
	98,606,986	5,882,624	27,752,838	1,201,607	133,444,055

	<i>At 31 December 2024</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
	<i>12-month ECL</i>	<i>Lifetime ECL on assets not credit-impaired</i>	<i>Lifetime ECL on assets not credit-impaired</i>		
<i>Loans to individuals</i>					
- not overdue	175,124,851	5,220,075	22,646,840	1,730,567	204,722,333
overdue less than 30 days	9,439,146	1,068,277	5,201,616	110,920	15,819,959
- overdue more than 31 days and less than 60 days	–	5,587,272	3,340,710	42,194	8,970,176
- overdue more than 61 days and less than 90 days	–	–	3,829,381	–	3,829,381
- overdue more than 91 days and less than 360 days	–	–	10,263,938	522,747	10,786,685
- overdue more than 1 year	–	–	24,913,575	111,338	25,024,913
	184,563,997	11,875,624	70,196,060	2,517,766	269,153,447
Allowance for expected credit losses	(2,944,914)	(1,970,972)	(43,759,913)	(1,115,391)	(49,791,190)
	181,619,083	9,904,652	26,436,147	1,402,375	219,362,257

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

'000 KZT

	<i>At 31 December 2023</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>		
	<i>12-month</i>	<i>Lifetime ECL</i>	<i>Lifetime ECL</i>		
<i>Loans to legal entities-credit partnerships</i>	<i>ECL</i>	<i>on assets not credit-impaired</i>	<i>on assets not credit-impaired</i>	<i>POCI</i>	<i>Total</i>
- 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 less than 60 days	–	4,203,429	1,141,569	130,208	5,475,206
- overdue more than 61 days and less than 90 days	–	–	2,065,824	14,154	2,079,978
- overdue more than 91 days and less 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

	<i>At 31 December 2023</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>		
	<i>12-month</i>	<i>Lifetime ECL</i>	<i>Lifetime ECL</i>		
<i>Loans to legal entities for investment projects</i>	<i>ECL</i>	<i>on assets not credit-impaired</i>	<i>on assets not credit-impaired</i>	<i>POCI</i>	<i>Total</i>
- 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

	<i>At 31 December 2023</i>				
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>		
	<i>12-month</i>	<i>Lifetime ECL</i>	<i>Lifetime ECL</i>		
<i>Loans to other legal entities</i>	<i>ECL</i>	<i>on assets not credit-impaired</i>	<i>on assets not credit-impaired</i>	<i>POCI</i>	<i>Total</i>
- not overdue	59,934,396	99,562	49,199,572	9,153,091	118,386,621
overdue less than 30 days	3,336,089	3,480,884	16,228,532	109,366	23,154,871
- overdue more than 31 days and less than 60 days	–	12,399,449	2,532,979	–	14,932,428
- 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	–	–	7,476,452	8,578	7,485,030
- overdue more than 1 year	–	–	34,494,512	–	34,494,512
	63,270,485	15,979,895	116,002,484	9,271,035	204,523,899
Allowance for expected credit losses	(6,928,409)	(5,386,197)	(72,714,274)	(4,064,526)	(89,093,406)
	56,342,076	10,593,698	43,288,210	5,206,509	115,430,493

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

000 KZT

	<i>At 31 December 2023</i>				
	<i>Stage 1 12-month ECL</i>	<i>Stage 2 Lifetime ECL on assets not credit- impaired</i>	<i>Stage 3 Lifetime ECL on assets not credit- impaired</i>	<i>POCI</i>	<i>Total</i>
<i>Loans to individuals</i>					
- not overdue	181,480,642	1,911,233	20,876,490	771,893	205,040,258
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	–	–	8,533,259	90,500	8,623,759
- overdue more than 1 year	–	–	20,686,142	25,791	20,711,933
	194,265,091	9,291,098	65,150,768	2,365,692	271,072,649
Allowance for expected credit losses	(4,698,220)	(2,347,385)	(32,446,314)	(376,668)	(39,868,587)
	189,566,871	6,943,713	32,704,454	1,989,024	231,204,062

During 2024, as part of the Ken-Dala annual government programme for lending of the agro-industrial complex entities to support the spring field works, the Group provided loans for the total amount of KZT 83,822,500 thousand (2023: KZT 79,138,689 thousand) at the below-market interest rate of 1.50 % p.a. (2023: 1.50% p.a.) and maturity before March 2025 (2023: before December 2024). The Group recognised discount of KZT 11,285,940 thousand (2023: KZT 13,431,629 thousand) on initial recognition and interest income on unwinding of discount of KZT 10,056,450 thousand (2023: KZT 9,532,289 thousand) in the consolidated statement of profit or loss within other expenses and interest income on loans to customers, respectively. The loss of KZT 11,285,940 thousand on initial recognition of loans at below-market interest rates (2023: KZT 13,431,629 thousand) was fully compensated through receipt of a government grant (*Note 18*). The Group applied estimated market interest rates from 17.20% to 21.60% p.a. (2023: from 21.20% to 21.80% p.a.) to measure the fair value of the above-mentioned loans on initial recognition by discounting their future contractual cash flows.

During 2024 the Group 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 3,567,975 thousand (2023: KZT 12,053,018 thousand). The Group applied estimated market interest rates from 17.20% to 25.20% p.a. (2023: from 19.70% to 23.20% 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 1,162,301 thousand on initial recognition of these loans issued at below market interest rate (2023: KZT 4,210,928 thousand) was recognised within other expenses and was fully compensated at the expense of a government grant (*Note 18*).

During 2024 the Group continued issuing and servicing the loans of KZT 8,526,216 thousand provided under Enbek and Employment Roadmap 2020 government programmes (2023: KZT 10,228,639 thousand). The Group applied estimated market interest rates from 17.20% to 25.20% p.a. (2023: from 19.70% to 23.20% 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 2,191,895 thousand on initial recognition of these loans issued at below market interest rate (2023: KZT 2,750,618 thousand) was recognised within other expenses and was fully compensated at the expense of a government grant received (*Note 18*).

During 2024, 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 Group did not issue new loans (2023: KZT 4,798,818 thousand). The loss on modification of the previously issued loans amounted to KZT 718 thousand (2023: KZT 2,478,012 thousand) was recognised within other expenses and was fully compensated at the expense of a government grant (*Note 18*).

During 2024, as part of the Ken-Dala 2 annual government programme for lending of the agro-industrial complex entities to support the spring field works, the Group provided loans for the total amount of KZT 214,012,808 thousand and also reinvested KZT 1,965,123 thousand (2023: none) at the below-market interest rate of 1.50%-5.0% p.a. and maturity before March 2026. The Group recognised discount of KZT 26,770,262 thousand (2023: none) on initial recognition and interest income on unwinding of discount of KZT 11,798,829 thousand (2023: none) in the consolidated statement of profit or loss within other expenses and interest income on loans to customers, respectively. The loss of KZT 26,770,262 thousand on initial recognition of loans at below-market interest rates (2023: none) was fully compensated through receipt of a government grant. The Group applied estimated market interest rates from 21.0% to 25.20% p.a. to measure the fair value of the above-mentioned loans on initial recognition by discounting their future contractual cash flows.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

'000 KZT

During 2024, as part of the Agribusiness (bonds) annual government programme for lending of the agro-industrial complex entities to support the food production and/or processing industry (processing of agricultural produce), the Group provided loans for the total amount of KZT 14,713,855 thousand under the above mentioned government programme (2023: none), at below market interest rate of 1.50-5.0% p.a. (2023: none) and maturity before September 2025. The Group recognised discount of KZT 1,812,718 thousand (2023: none) on initial recognition and interest income on unwinding of discount of KZT 238,980 thousand (2023: none) in the consolidated statement of profit or loss within other expenses and interest income on loans to customers, respectively. The loss of KZT 1,812,718 thousand on initial recognition of loans at below-market interest rates (2023: none) was fully compensated through receipt of a government grant (*Note 18*). The Group applied estimated market interest rates from 21.00% to 25.20% p.a. to measure the fair value of the above-mentioned loans on initial recognition by discounting their future contractual cash flows.

In the normal course of business, the Group provides loans at below market rates to borrowers operating in the agricultural industry. Loss of KZT 7,081,283 thousand on initial recognition of loans at below market interest rates (*Note 22*) was recognised within other expenses for the year ended 31 December 2024 (2023: KZT 8,961,245 thousand). During 2024 the Group applied estimated market interest rates from 17.20% to 25.20% p.a. (2023: from 19.70% to 23.20% 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 2024 the Group had no borrowers whose total balance exceeded 10% of equity (31 December 2023: no borrowers).

Collateral and other instruments that reduce credit risk

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

The 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 2024:

	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
<i>Stage 3 (Lifetime expected credit losses on credit-impaired assets)</i>			
Cash and deposits	908,323	908,323	–
Bank guarantees and sureties received from legal entities (rated from B– to BBB+)	172,049	172,049	–
Vehicles	10,803,492	10,704,567	98,925
Real estate	59,975,478	41,476,637	18,498,841
Equipment	4,299,682	3,342,988	956,694
Goods in turnover	8,792,902	8,701,742	91,160
Land plots	22,539,898	22,303,609	236,289
Other collateral	74,405	74,405	–
No collateral or other credit enhancement	4,852,049	–	–
Total Stage 3	112,418,278	87,684,320	19,881,909
<i>POCI-assets</i>			
Cash and deposits	47,069	47,069	–
Bank guarantees and sureties received from legal entities (rated from B– to BBB+)	221,234	205,175	16,059
Vehicles	812,309	812,309	–
Real estate	2,417,088	1,446,955	970,133
Equipment	362,918	292,002	70,916
Goods in turnover	105,944	105,819	125
Land plots	1,191,898	1,187,278	4,620
Other collateral	–	–	–
No collateral or other credit enhancement	90,836	–	–
Total POCI-assets	5,249,296	4,096,607	1,061,853
Total loans to customers	117,667,574	91,780,927	20,943,762

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

000 KZT

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
<i>Stage 3 (Lifetime expected credit losses on credit-impaired assets)</i>			
Cash and deposits	1,716,360	1,716,360	–
Vehicles	24,573,855	24,573,855	–
Real estate	86,220,060	50,164,700	36,055,360
Equipment	8,691,004	249	8,690,755
Goods in turnover	9,068,055	9,068,055	–
Land plots	26,857,508	5,404	26,852,104
Other assets	66,386	66,386	–
No collateral or other credit enhancement	19,645,353	–	–
Total Stage 3	176,838,581	85,595,009	71,598,219
<i>POCI-assets</i>			
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	187,645,186	91,993,150	75,227,531

Change in estimates used to calculate expected credit losses on loans to customers (*Note 24*) 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 2024 would be KZT 8,326,197 thousand lower/higher (31 December 2023: KZT 7,180,440 thousand lower/higher).

Significant credit exposures

As at 31 December 2024, the concentration of net carrying amount of loans issued by the Company to ten major independent parties amounted to KZT 139,095,950 thousand or 16.71% of the aggregate loan portfolio (31 December 2023: KZT 72,722,733 thousand or 10.13% of the aggregate loan portfolio), of which 65% are represented by government-related social entrepreneurship corporations (31 December 2023: no loans issued to social entrepreneurship corporations). In addition, KZT 122,742,878 thousand is categorised into Stage 1, KZT 15,206,461 thousand and KZT 1,146,611 thousand - into Stages 2 and 3 of credit impairment, respectively; all loans are not overdue (31 December 2023: KZT 14,936,651 thousand is categorised into Stage 1, KZT 29,008,426 thousand and KZT 27,777,657 thousand - into Stages 2 and 3 of credit impairment, respectively). Loans in the amount of KZT 50,851,224 thousand are not overdue, KZT 7,808,711 thousand are overdue less than 30 days, KZT 7,308,958 thousand are overdue more than 31 days and less than 60 days and KZT 6,753,840 thousand are overdue more than 91 days and less than 360 days).

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

‘000 KZT

9. Finance lease receivables

Analysis of finance lease receivables as at 31 December 2024 and 2023 is as follows:

	<i>31 December 2024</i>	<i>31 December 2023</i>
Less than 1 year	167,738,288	128,851,657
From 1 to 2 years	114,796,496	90,700,921
From 2 to 3 years	118,570,314	97,111,806
From 3 to 4 years	120,329,433	97,719,533
From 4 to 5 years	112,965,372	96,203,386
More than 5 years	297,208,530	291,556,102
Minimum lease payments	931,608,433	802,143,405
Less unearned finance income		
Less than 1 year	(9,160,415)	(7,442,660)
From 1 to 5 years	(143,783,352)	(129,386,960)
More than 5 years	(152,387,604)	(163,730,776)
Less unearned finance income, total	(305,331,371)	(300,560,396)
Allowance for expected credit losses	(72,557,363)	(44,118,798)
Finance lease receivables	553,719,699	457,464,211

In determining the ECL allowance for finance lease receivables as at 31 December 2024, management made the following key assumptions:

- PD value for finance lease receivables allocated to Stage 1 of credit quality ranges from 0.61% to 6.6%, allocated to Stage 2 of credit quality ranges from 14.14% to 56%, depending on the segment and number of years remaining to repayment of a borrower's loan;
- LGD value for finance lease receivables allocated to Stage 1 is 14% in average, to Stage 2 is 18.5% in average and to Stage 3 is 28.6% in average.

In determining the ECL allowance for finance lease receivables as at 31 December 2023, management made the following key assumptions:

- PD value for finance lease receivables allocated to Stage 1 of credit quality ranges from 4.4% to 22.7%, allocated to Stage 2 of credit quality ranges from 24.7% to 65.0%, depending on the segment and number of years remaining to repayment of a borrower's loan;
- LGD value for finance lease receivables allocated to Stage 1 is 10% in average, to Stage 2 is 9.5% in average and to Stage 3 is 25.5% in average.

Changes in the above estimates could affect the allowance for expected credit losses on finance lease receivables. For example, to the extent that the net present value of the estimated cash flows differs by plus/minus one percent, the ECL allowance for finance lease receivables as at 31 December 2024 would be KZT 5,537,197 thousand lower/higher (31 December 2023: KZT 4,574,642 thousand lower/higher).

The above facts affected the quality of the loan portfolio as the borrowers were provided the restructuring and extension with deferred payment of principal and interest.

It should be noted that the Group holds ongoing activities to reduce the risk of deterioration of asset quality, including monitoring the financial position of the borrowers/lessees, monitoring and insuring the leased items and collateral, and improving the methodology for asset impairment.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

'000 KZT

The table below provides an analysis of the changes in ECL allowance for 2024:

	2024				Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL on assets not credit- impaired	Stage 3 Lifetime ECL for assets credit- impaired	POCI Purchased or originated credit- impaired	
ECL allowance at 1 January 2024	3,057,317	3,955,479	37,097,795	8,207	44,118,798
New assets originated or purchased	6,477,294	–	–	11,004	6,488,298
Transfers to Stage 1	2,495,175	(2,301,558)	(193,617)	–	–
Transfers to Stage 2	(1,327,942)	4,213,182	(2,885,240)	–	–
Transfers to Stage 3	(690,956)	(5,770,049)	6,461,005	–	–
Net (reversal)/charge	(5,777,070)	3,912,409	23,912,520	9,658	22,057,517
Amounts written off	–	–	(107,250)	–	(107,250)
At 31 December 2024	4,233,818	4,009,463	64,285,213	28,869	72,557,363

The table below provides analysis of movements in the ECL allowance for the year ended 31 December 2023:

	2023				Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL on assets not credit- impaired	Stage 3 Lifetime ECL for assets credit- impaired	POCI Purchased or originated credit- impaired	
ECL allowance at 1 January 2023	4,096,307	1,477,365	29,281,534	10,975	34,866,181
New assets originated or purchased	1,847,904	–	–	–	1,847,904
Transfers to Stage 1	1,473,675	(1,293,313)	(180,362)	–	–
Transfers to Stage 2	(988,716)	4,575,361	(3,586,645)	–	–
Transfers to Stage 3	(322,883)	(4,162,469)	4,485,352	–	–
Net (reversal)/charge	(3,048,970)	3,358,535	8,022,168	(2,768)	8,328,965
Amounts written off	–	–	(924,252)	–	(924,252)
At 31 December 2023	3,057,317	3,955,479	37,097,795	8,207	44,118,798

Credit quality of finance lease portfolio

The following table sets out information about the credit quality of the finance lease portfolio as at 31 December 2024:

	31 December 2024				Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL on assets not credit- impaired	Stage 3 Lifetime ECL on credit- impaired assets	POCI Purchased or originated credit- impaired	
– not overdue	386,152,147	16,981,968	78,312,937	26,109	481,473,161
– overdue less than 30 days	18,668,740	4,076,425	26,063,952	3,219	48,812,336
– overdue more than 31 days and less than 90 days	–	21,327,037	22,941,048	18,134	44,286,219
– overdue more than 91 days and less than 180 days	–	–	9,882,361	25,572	9,907,933
– overdue more than 181 days and less than 1 year	–	–	6,117,345	–	6,117,345
– overdue more than 1 year	–	–	35,680,068	–	35,680,068
	404,820,887	42,385,430	178,997,711	73,034	626,277,062
Loss allowance	(4,233,818)	(4,009,463)	(64,285,213)	(28,869)	(72,557,363)
Total finance lease receivables	400,587,069	38,375,967	114,712,498	44,165	553,719,699

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

000 KZT

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

	31 December 2023				Total
	Stage 1	Stage 2	Stage 3	POCI	
	12-month ECL	Lifetime ECL on assets not credit-impaired	Lifetime ECL on credit- impaired assets	Purchased or originated - credit-impaired	
- not overdue	342,744,619	9,069,658	42,035,279	23,627	393,873,183
- overdue up to 30 days	23,718,616	6,213,690	15,194,337	–	45,126,643
- overdue more than 31 days and less than 90 days	–	14,301,047	7,258,120	–	21,559,167
- overdue more than 91 days and less than 180 days	–	–	6,004,521	–	6,004,521
- overdue more than 181 days and less than 1 year	–	–	4,374,881	–	4,374,881
- overdue more than 1 year	–	–	30,644,614	–	30,644,614
	366,463,235	29,584,395	105,511,752	23,627	501,583,009
Loss allowance	(3,057,317)	(3,955,479)	(37,097,795)	(8,207)	(44,118,798)
Total finance lease receivables	363,405,918	25,628,916	68,413,957	15,420	457,464,211

Analysis of movements in the gross carrying amounts

Increased funding secured for leases in 2024 caused the gross carrying value of the portfolio to grow by KZT 207,893,160 thousand (31 December 2023: KZT 140,575,098 thousand) and resulted in related increase in the portfolio loss allowance totalling KZT 6,477,294 thousand (31 December 2023: KZT 1,847,904 thousand).

Repayment of finance lease receivables classified into Stage 3 totalling KZT 10,697,356 thousand (31 December 2023: KZT 5,445,608 thousand) resulted in a decrease in ECL allowance of KZT 2,527,650 thousand (31 December 2023: KZT 2,004,089 thousand).

Transfer of finance lease receivables to Stage 3 totalling KZT 96,433,957 thousand (31 December 2023: KZT 62,430,047 thousand) resulted in an increase in ECL allowance of KZT 9,575,821 thousand (31 December 2023: KZT 7,112,847 thousand).

Transfer of finance lease receivables classified into Stage 3 to Stage 2 totalling KZT 20,826,796 thousand (31 December 2023: KZT 12,060,094 thousand) resulted in a decrease in ECL allowance of KZT 1,401,140 thousand (31 December 2023: KZT 1,489,955 thousand).

Transfer of finance lease receivables classified into Stage 1 to Stage 2 totalling KZT 72,688,740 thousand (31 December 2023: KZT 49,009,423 thousand) resulted in an increase in ECL allowance of KZT 2,142,530 thousand (31 December 2023: KZT 2,291,324 thousand).

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 2024 and 2023, by types of collateral:

	31 December 2024			31 December 2023		
	Carrying amount of finance lease receivables	Fair value of collateral - for collateral assessed during reporting date	Fair value of collateral - for collateral assessed as of finance lease receivables inception date	Carrying amount of finance lease receivables	Fair value of collateral - for collateral assessed as of finance lease receivables inception date	Fair value of collateral - for collateral assessed as of finance lease receivables inception date
<i>Stage 3</i>						
<i>(Lifetime expected credit losses on credit-impaired assets)</i>						
Bank guarantees and sureties received from legal entities (not rated)	90,354	–	90,354	265,608	–	265,608
Vehicles	94,051,673	94,051,029	644	53,396,634	53,350,433	46,201
Equipment	1,749,866	1,749,866	–	6,959,977	6,959,977	–
Real estate	16,830,713	16,370,304	460,409	2,603,256	373,170	2,230,086
Land plots	198,817	–	198,817	381,976	–	381,976
Other collateral	1,679,218	121,413	1,557,805	4,376,543	1,906,667	2,469,876
No collateral or other credit enhancement	111,857	–	–	429,963	–	–
Total Stage 3	114,712,498	112,292,612	2,308,029	68,413,957	62,590,247	5,393,747
POCI-assets						
Vehicles	44,165	44,165	–	15,420	15,420	–
Total POCI-assets	44,165	44,165	–	15,420	15,420	–
Total finance lease receivables	114,756,663	112,336,777	2,308,029	68,429,377	62,605,667	5,393,747

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

'000 KZT

10. Other assets

As at 31 December 2024 and 2023 other assets include the following items:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Inventories	4,041,870	4,085,980
Advances paid	4,039,951	6,411,765
Other	2,453,994	1,692,786
Other non-financial assets	10,535,815	12,190,531

Inventories

As at 31 December 2024 and 2023, inventories include the following items:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Equipment held for finance lease	3,347,859	3,434,581
Other materials	1,091,011	1,068,332
Collateral transferred to ownership	–	10,622
	4,438,870	4,513,535
Impairment allowance	(397,000)	(427,555)
Inventories	4,041,870	4,085,980

During 2024 and 2023, the Company took ownership of a number of assets obtained to repay borrowers' outstanding debts. The Group is planning to transfer these properties under finance lease agreements.

Advances paid

As at 31 December 2024 and 2023, advances paid comprise the following:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Advances paid for agricultural machinery	4,004,431	6,371,174
Advances paid for equipment	10,770	10,770
Other advances paid	36,033	41,104
	4,051,234	6,423,048
Impairment allowance	(11,283)	(11,283)
Advances paid	4,039,951	6,411,765

As at 31 December 2024 and 2023, advances comprised prepayments for supply of agricultural machinery, equipment and cattle to be subsequently leased out under a finance lease.

Other financial assets comprise the following items:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Accounts receivable:		
Receivables from KazAgroProduct JSC	8,583,317	8,604,856
Receivables under instalment sales contracts	5,349,448	5,506,686
Other receivables	6,159,368	5,785,409
	20,092,133	19,896,951
Less: ECL allowance	(15,505,937)	(13,813,350)
Other financial assets	4,586,196	6,083,601

As at 31 December 2024 other financial assets of KZT 5,028,679 thousand are categorised into Stage 2, other financial assets of KZT 15,063,454 thousand are categorised into Stage 3 (31 December 2023: other financial assets of KZT 5,031,721 thousand are categorised into Stage 2, other financial assets of KZT 14,865,230 thousand are categorised into Stage 3).

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

'000 KZT

Reconciliation of the ECL allowance for accounts receivable for the year ended 31 December 2024 is presented below:

	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
ECL allowance at 1 January 2024	447,434	13,365,916	13,813,350
New assets originated or purchased	1,580	–	1,580
Provision recovery during the year	(28,045)	–	(28,045)
Movements in ECLs for the year as a result of transfer from stage to stage and changes in inputs	22,394	1,831,372	1,853,766
Amounts written-off	–	(134,714)	(134,714)
At 31 December 2024	443,363	15,062,574	15,505,937

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

	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
ECL allowance at 1 January 2023	392,032	13,636,175	14,028,207
Recognised as a result of merger	12,303	–	12,303
New assets originated or purchased	(22,731)	(5,329)	(28,060)
Provision recovery during the year	–	–	–
Transfers to Stage 3	(5,533)	5,533	–
Movements in ECLs for the year as a result of transfer from stage to state and changes in inputs	–	(181,055)	(181,055)
Amounts written-off	–	(2,003,439)	(2,003,439)
At 31 December 2023	447,434	13,365,916	13,813,350

The following table provides information on the credit quality of other assets as at 31 December 2024 and 31 December 2023:

	<i>At 31 December 2024</i>			<i>Total</i>
	<i>Stage 1 12-month ECL</i>	<i>Stage 2 Lifetime ECL on assets not credit-impaired</i>	<i>Stage 3 Lifetime ECL on assets not credit-impaired</i>	
- not overdue	–	2,002,416	–	2,002,416
- overdue more than 1 year	–	411,437	15,063,454	15,474,891
	–	2,413,853	15,063,454	17,477,307
Allowance for expected credit losses	–	(443,363)	(15,062,574)	(15,505,937)
	–	1,970,490	880	1,971,370
	<i>At 31 December 2023</i>			<i>Total</i>
	<i>Stage 1 12-month ECL</i>	<i>Stage 2 Lifetime ECL on assets not credit- impaired</i>	<i>Stage 3 Lifetime ECL on assets not credit- impaired</i>	
Not overdue	–	2,020,112	–	2,020,112
- overdue more than 181 days and less than 360 days	–	19,589	–	19,589
- overdue more than 1 year	–	377,194	14,865,230	15,242,424
	–	2,416,895	14,865,230	17,282,125
Allowance for expected credit losses	–	(447,434)	(13,365,916)	(13,813,350)
	–	1,969,461	1,499,314	3,468,775

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 2023: KZT 2,614,826 thousand, not overdue).

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

000 KZT

11. Amounts due to the Shareholder

	<i>Maturity date</i>	<i>Nominal interest rate, %</i>	<i>Currency</i>	<i>31 December 2024</i>	<i>31 December 2023</i>
Loan under Agreement No.26	10 February 2041	1.02%	KZT	18,141,783	16,881,537
Loan under Agreement No.32	14 December 2032	1.00%	KZT	12,066,785	13,197,512
Loan under Agreement No.25	10 February 2041	1.02%	KZT	13,367,595	12,423,531
Loan under Agreement No.101	14 December 2033	1.00%	KZT	9,490,406	10,256,549
Loan under Agreement No.135	14 December 2032	1.00%	KZT	6,491,267	7,098,813
Loan under Agreement No.136	14 December 2032	1.00%	KZT	6,491,267	7,098,813
Loan under Agreement No.20	31 January 2034	1.00%	KZT	5,431,133	5,812,653
Loan under Agreement No.43	21 June 2034	0.28%	KZT	4,021,183	4,211,853
Loan under Agreement No.76	14 December 2025	1.00%	KZT	2,690,594	5,216,488
Loan under Agreement No.85	14 December 2025	1.00%	KZT	2,036,834	3,942,714
Loan under Agreement No.122	14 December 2025	1.00%	KZT	2,022,904	3,917,510
Loan under Agreement No.34	28 September 2034	1.00%	KZT	2,311,862	2,480,009
Amount payable under assignment contract of 3 July 2018	20 December 2024	5.00%	KZT	–	758,401
Amount payable under debt transfer agreement of 3 July 2018	9 December 2024	3.00%	KZT	–	220,160
				84,563,613	93,516,543

During 2024 the Group did not raise funds from the Shareholder.

As at 31 December 2024 and 31 December 2023, the Group was in compliance with restrictive financial covenants under agreements with the Shareholder.

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

During 2024 the Group received five 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 2024 and 30 November 2025. The loan was received as part of the Ken-Dala 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 in the total amount of KZT 52,177,500 thousand and Bank CenterCredit JSC in the total amount of KZT 4,000,000 thousand (*Note 7*) under condition to be used further for intended purpose stipulated by the afore-mentioned programme, and KZT 83,822,500 thousand to be provided directly to the customers (*Note 8*).

The discount of KZT 19,955,981 thousand on initial recognition of loans received was recognised as a government grant liability with its partial use during 2024. Unwinding of the discount of KZT 12,582,304 thousand was recorded in interest expense on amounts due to the Government of the Republic of Kazakhstan. The Group applied the estimated market interest rates varying from 12.89% to 14.10% per annum to measure the fair value of the loan on initial recognition by discounting future contractual cash flows.

During 2023 the Group 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 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 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*).

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

'000 KZT

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 Group 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.

On 29 November 2023 the Group 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 Group 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 Group 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.

As at 31 December 2024 the carrying amount of the loans received totalled KZT 62,631,531 thousand, including interest accrued of KZT 5,208 thousand (31 December 2023: KZT 77,340,798 thousand, including interest accrued of KZT 6,594 thousand).

13. Amounts due to state and budget organisations

	<i>Year of maturity</i>	<i>Nominal interest rate, %</i>	<i>Currency</i>	<i>31 December 2024</i>	<i>31 December 2023</i>
Loans from state and budget organisations	2024-2033	0.01%	KZT	168,265,309	187,590,651
Loans from state and budget organisations	2027-2029	1.00%	KZT	1,330,027	933,695
				169,595,336	188,524,346

During 2024 the Group received a loan of KZT 480,000 for the purpose of providing loans to the end borrowers (development of entrepreneurship in rural areas of Atyrau Region). The loan bears an interest rate of 1% per annum and mature in 2029. The Group recognised discount of KZT 203,740 thousand on this loan on initial recognition in the consolidated statement of financial position as a liability related to the government grant (*Note 18*) which was partially utilised in the relevant periods. The Group applied an estimated market interest rate of 13.44% per annum to estimate the fair value of the above loan on initial recognition by discounting future contractual cash flows.

During 2023 the Group 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 is 0.01% per annum and a maturity date is in 2033. For all loans received the Group recognised a discount in the amount of KZT 823,769 thousand on initial recognition in the consolidated statement of financial position as a liability for government grant (*Note 18*), which was partially used in the respective periods. The Group 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.

As at 31 December 2024 and 31 December 2023, the Group complied with restrictive covenants under the agreements with creditors.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

000 KZT

14. Amounts due to credit institutions

As at 31 December 2024 and 2023, amounts due to credit institutions comprise:

	<i>Currency</i>	<i>Nominal interest rate, %</i>	<i>Maturity</i>	<i>31 December 2024</i>	<i>31 December 2023</i>
Halyk Bank of Kazakhstan JSC					
ДБЗ № KD 02–22–51–02 dated 28.12.2023	KZT	17.75%	2029	30,078,923	35,953,102
ДБЗ № KD 02–22–51–01 dated 02.12.2022	KZT	18.00%	2027	24,312,000	32,432,000
ДБЗ № KD 02-19-16-26 dated 05.10.2023	KZT	18.00%	2024	–	10,440,000
ДБЗ № KD 02-19-16-02/ДБЗ № KD 02-19-16-25 of 2020-2021	KZT	12.00%	2025	6,548,053	17,109,404
Citibank Kazakhstan JSC					
Tranches received in 2024	KZT	15.72-16.70%	2025	12,105,423	–
Tranches received in 2023	KZT	17.70–18.46%	2024	–	12,117,720
Damu Entrepreneurship JSC					
№9-А3 dated 01.11.2023	KZT	0.35%	2038	3,594,913	3,205,442
№ 5-А3 dated 13.08.2022	KZT	0.35%	2038	6,040,911	3,325,877
Amounts due to credit institutions				82,680,223	114,583,545

During 2024 the Group raised borrowed funds from Citibank Kazakhstan JSC in the total amount of KZT 12,100,000 thousand to replenish working capital, for a term of 1 year and at a nominal interest rate of 15.72–16.70% per annum.

During 2024, the Group repaid, according to the schedule, the principal amount of borrowed funds from credit institutions in the amount of KZT 26,083,333 thousand (during 2023: KZT 24,244,000 thousand).

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 Group, for a term of 6 years and with a nominal interest rate of 17.75% per annum.

During 2023 the Group 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.

As part of providing the financing for projects implemented in processing and agro-industrial sector, aimed at improving the environment, in a manner and under the terms established by the Decree of the Government of the Republic of Kazakhstan of 2 September 2021 No.604, on the Group signed the following agreements with Industrial Development Fund JSC.

On 13 August 2022, a loan agreement No.5-А3. was signed. The loan amount is KZT 30,000,000 thousand; the loan term is until 7 August 2042, and a nominal interest rate is 0.35% p.a. Market interest rates used to calculate the fair value of the loan at initial recognition ranged from 13.8% to 14.19% p.a. Income from the loan received at the below-market interest rate was recognised as government grant, which at the loan recognition date totalled KZT 27,097,318 thousand.

Due to amendments made to the Decree of the Government dated 2 September 2021, No.604, in January 2024, the Group signed an addendum to the contract No.5-А3 dated 13 August 2022 concluded with Industrial Development Fund JSC, to shorten the loan term to the year 2038 (previous loan term was until 2042). Due to substantial modification of the terms of the contract, the Group derecognised an old loan and recognised a new financial liability at fair value. The market rate used to measure the fair value of the loan on initial recognition was 14.55% p.a. The amount of discount and income from the loan issued at the below-market interest rate decreased by KZT 2,074,623 thousand and was included into the adjustment for the government grant previously recognised (*Note 18*).

On 1 November 2023, a loan agreement No.9-А3 was signed with Industrial Development Fund JSC. The loan amount is KZT 20,000,000 thousand; the loan term is until 25 October 2038, and a nominal interest rate is 0.35% p.a. The market interest rate used to calculate the fair value of the loan at initial recognition was 14.25% p.a. Income from the loan received at the below-market interest rate was recognised as government grant, which at the loan recognition date totalled KZT 16,846,775 thousand (*Note 18*).

The purpose of the loan is purchase of locally manufactured self-propelled agricultural machinery for its further transfer under a finance lease.

The Group used the following assumptions to determine market interest rates on the dates of initial recognition of loans from Industrial Development Fund JSC:

- risk-free interest rates were determined based on the yield of long-term bonds issued by the Ministry of Finance of the Republic of Kazakhstan;

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

'000 KZT

- the Group's premium paid for credit risk.

Financial covenants

Under the terms of loan agreements with credit institutions, the Group is obliged to comply with certain financial covenants, including prudential standards established by the NBRK for organisations, in which 100% of the voting shares are owned, directly or indirectly, by the national managing holding. As at 31 December 2024 and 31 December 2023 the Group was in compliance with the restrictive covenants under the agreements with the creditors.

15. Debt securities issued

KZT-denominated debt securities issued comprise the following captions:

	Placement date	Maturity date	Interest rate per annum, %	Nominal value		Carrying amount	
				31 December 2024	31 December 2023	31 December 2024	31 December 2023
Fixed income bonds (KZ2C000013001, AGKKpp6)	26 December 2024	26 March 2026	15.50%	100,000,000	–	100,172,222	–
Fixed income bonds (KZ2C000011302, AGKKpp1)	16 May 2024	16 May 2025	15.00%	100,000,000	–	100,000,000	–
Fixed income bonds (KZ2C000012615, AGKKpp5)	28 November 2024	28 March 2026	15.00%	100,000,000	–	100,000,000	–
Issue of coupon bonds	22 July 2024	22 July 2031	15.75%	100,000,000	–	99,971,539	–
Fixed income bonds (KZ2C000011344, AGKKpp2)	23 May 2024	23 May 2029	13.96%	50,000,000	–	50,717,389	–
Fixed income bonds	28 July 2022	28 July 2029	16.85%	50,000,000	50,000,000	52,635,248	52,514,871
Issue of coupon bonds	23 May 2024	23 May 2029	13.96%	50,000,000	–	50,420,528	–
Fixed income bonds (KZ2C000011435, AGKKpp3)	21 June 2024	21 June 2025	15.00%	50,000,000	–	50,000,000	–
Fixed income bonds	20 August 2021	20 August 2028	11.90%	40,000,000	40,000,000	41,618,434	41,594,821
Fixed income bonds (1st issue of the 4th bond programme)	10 October 2019	10 October 2026	10.75%	39,475,017	39,475,017	40,417,043	40,413,755
Fixed income bonds (6th issue of the 4th bond programme)	30 June 2021	10 December 2031	15.00%	35,000,000	35,000,000	39,978,870	39,817,201
Fixed income bonds (KZ2C000011823, AGKKpp4)	10 September 2024	10 September 2025	15.00%	35,000,000	–	35,000,000	–
Fixed income bonds (2nd issue of the 4th bond programme)	26 August 2020	26 August 2030	10.75%	30,496,202	30,496,202	31,582,572	31,582,622
Fixed income bonds (9th issue of the 4th bond programme)	21 December 2021	21 December 2031	11.50%	30,000,000	30,000,000	30,095,833	31,820,833
Fixed income bonds (KZ2C000011435, AGKKpp3 tranche 2)	30 July 2024	21 June 2025	15.00%	29,533,580	–	29,533,580	–
Fixed income bonds	21 December 2021	21 December 2031	11.50%	25,000,000	25,000,000	25,079,216	25,079,159
Fixed income bonds (2 issue of the 3rd bond programme)	12 July 2023	12 July 2030	19.25%	20,000,000	20,000,000	21,755,843	21,774,763
Issue of coupon bonds	30 January 2024	30 January 2028	15.75%	15,000,000	–	15,987,857	–
Issue of coupon bonds	27 June 2022	30 April 2025	13.00%	15,000,000	15,000,000	14,911,594	15,550,084
Issue of coupon bonds	30 January 2024	30 January 2028	15.75%	10,000,000	–	10,658,571	–
Fixed income bonds	28 November 2022	30 April 2025	14.50%	10,000,000	10,000,000	10,132,480	10,131,260
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	9,451,552
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	5,189,000	5,450,266
Fixed income bonds (2nd issue of the 3rd bond programme)	22 December 2016	22 June 2026	14.00%	5,000,000	5,000,000	5,017,146	5,366,910
Fixed income bonds (7th issue of the 4th bond programme)	27 October 2021	27 October 2031	7.10%	5,000,000	5,000,000	4,006,926	3,909,282
Fixed income bonds (2nd issue of the 1st bond program) 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 (3rd issued of the 2nd bond programme)	24 December 2019	24 December 2024	12.00%	–	19,983,000	–	19,789,366
Fixed income bonds (4th issued of the 2nd bond programme)	17 June 2020	24 December 2024	12.00%	–	20,000,000	–	19,868,067
Fixed income bonds	12 June 2015	12 June 2024	8.50%	–	3,950,000	–	3,965,897
				961,343,799	365,743,219	976,678,478	380,425,744

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

'000 KZT

During 2024, the Group issued bonds with the aggregate face amount of KZT 639,533,580 thousand:

- unsecured commercial bonds with an aggregate face value of KZT 100,000,000 thousand (KZ2C00011302), bearing a coupon rate of 15.00% p.a. and maturing before 16 May 2025. Proceeds from the bond issue were used to finance entities operating in the agro-industrial complex, for carrying out spring field and harvesting works.
- unsecured commercial bonds with an aggregate face value of KZT 50,000,000 thousand (KZ2C00011435), bearing a coupon rate of 15.00% p.a. and maturing before 21 June 2025. Proceeds from the bond issue were used to finance entities operating in the agro-industrial complex, for carrying out spring field and harvesting works.
- unsecured commercial bonds with an aggregate face value of KZT 29,533,580 thousand (KZ2C00011435, 2nd tranche), bearing a coupon rate of 15.00% p.a. and maturing before 21 June 2025. Proceeds from the bond issue were used to finance entities operating in the agro-industrial complex, for carrying out spring field and harvesting works.
- unsecured commercial bonds with an aggregate face value of KZT 35,000,000 thousand (KZ2C00011823), bearing a coupon rate of 15.00% p.a. and maturing before 10 September 2025. Proceeds from the bond issue were used to finance entities operating in the agro-industrial complex to replenish working capital.

In accordance with the Rules on Subsidising Coupon Rates on Bonds, approved by the Order of the Minister of Agriculture of the Republic of Kazakhstan of 24 December 2019, No. 457, the coupon rate on the bond issues mentioned above is to be subsidised at 100%, by funds from the reserve of the Government of the Republic of Kazakhstan, in accordance with the Decree of the Government of the Republic of Kazakhstan of 11 May 2024, No.363. The total amount of subsidies is KZT 31,698,311 thousand: KZT 15,000,000 thousand on coupon bonds AGKKpp1, KZT 11,448,311 thousand on coupon bonds AGKKpp3 and KZT 5,250,000 thousand on coupon bonds AGKKpp4, respectively. However, subsidies are provided subject to certain conditions. Specifically, the Group shall provide loans at preferential rates, financed with bonds issued by the conclusion of a loan agreement. At that, it is allowed to replace credit facilities provided earlier under loan agreements concluded from 1 January 2024, for carrying out spring field and harvesting works, by these bonds. A preferential rate financed with bonds issued, applied to borrowers, except credit unions, second-tier banks, social and entrepreneurship corporations, regional investment centres, and microfinance organisations, and to ultimate borrowers is set at up to 5.00% p.a.; and that applied to credit unions, second-tier banks, social and entrepreneurship corporations, regional investment centres, and microfinance organisations is set at up to 3.00% p.a.

- unsecured commercial bonds with total face value of KZT 100,000,000 thousand (KZ2C000012615) issued at coupon rate of 15.00% p.a., maturing on 28 March 2026. Proceeds from the bond issue were used to finance, at an early stage, entities operating in the agro-industrial complex, for carrying out spring field and harvesting works of 2025.
- unsecured commercial bonds with total face value of KZT 100,000,000 thousand (KZ2C000013001) issued at coupon rate of 15.50% p.a., maturing on 26 March 2026. Proceeds from the bond issue were used to finance, at an early stage, entities operating in the agro-industrial complex, for carrying out spring field and harvesting works of 2025.

In accordance with the Rules on Subsidising Coupon Rates on Bonds, approved by the Order of the Minister of Agriculture of the Republic of Kazakhstan of 24 December 2019, No.457, the coupon rate on the bond issues mentioned above is to be subsidised at 100%, by funds from the reserve of the Government of the Republic of Kazakhstan, in accordance with the Decree of the Government of the Republic of Kazakhstan of 11 May 2024, No.363, in the amount of KZT 1,759,768 thousand. The remaining part of coupon interest of KZT 37,615,232 thousand is subsidised at the expense of the funds provided for in the Republican budget for 2025 and is stated in the consolidated statement of financial position of the Group. The total amount of subsidies is KZT 39,375,000 thousand: KZT 20,000,000 thousand on coupon bonds AGKKpp5 and KZT 19,375,000 thousand on coupon bonds AGKKpp6, respectively.

- unsecured coupon bonds with total face value of KZT 50,000,000 thousand (KZ2C00011344) issued at coupon rate of 13.96% p.a., maturing within 5 years. Proceeds from issue of bonds were used to finance projects in the agro-industrial complex;
- coupon bonds with total face value of KZT 15,000,000 thousand issued at coupon rate of 15.75% p.a. and maturing before 30 January 2028. Debt securities were issued to finance purchase of various agricultural equipment for further transfer under lease agreements;
- coupon bonds with total face value of KZT 10,000,000 thousand issued at coupon rate of 15.75% p.a. and maturing before 30 January 2028. Debt securities were issued for general corporate purposes;
- coupon bonds with total face value of KZT 50,000,000 thousand issued at coupon rate of 13.96% p.a. and maturing before 23 May 2029. Debt securities were issued to finance purchase of various agricultural equipment for further transfer under lease agreements;
- coupon bonds with total face value of KZT 100,000,000 thousand issued at coupon rate of 15.75% p.a. and maturing before 22 July 2031. Debt securities were issued to finance the purchase of domestically manufactured agricultural equipment for further transfer under lease agreements.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

000 KZT

Due to maturity of the bonds the Group repaid:

- On 24 June 2024 – bonds KZ2C00003267 (KAFIb4) in the amount of KZT 4,117,875 thousand, including the face value of KZT 3,950,000 thousand and coupon interest of KZT 167,875 thousand;
- On 25 December 2024 – bonds KZ2C00006385 (KAFIb9) in the amount of KZT 21,181,980 thousand, including the face value of KZT 19,983,000 thousand and coupon interest of KZT 1,198,980 thousand;
- On 26 December 2024 – bonds KZ2C00006781 (KAFIb10) in the amount of KZT 21,246,667 thousand, including the face value of KZT 20,000,000 thousand and coupon interest of KZT 1,246,667 thousand;

During 2023, the Group issued coupon bonds KZ2C00009843 (KAFIb13) in the total face value of KZT 20,000,000 thousand and maturity before 12 July 2030. Debt securities were issued to finance harvesting works under the finance lease agreements signed.

To cover the funding needs, on 16 June 2023 additional bonds KZ2C00008514 (KAFIb12) with the face value of KZT 9,832,756 thousand were placed among a wide range of market investors.

Due to maturity of the bonds the Group repaid:

- On 24 January 2023 – bonds KZ2C00002749 (KAFIb3) in the amount of KZT 17,630,340 thousand, including the face value of KZT 16,952,250 thousand and coupon interest of KZT 678,090 thousand;
- On 21 February 2023 – bonds KZ2C00002731 (AGKKb4) in the amount of KZT 10,425,000 thousand, including the face value of KZT 10,000,000 thousand and coupon interest of KZT 425,000 thousand;
- On 13 November 2023 – bonds KZ2C00003747 (KAFIb7) in the amount of KZT 12,720,000 thousand, including the face value of KZT 12,000,000 thousand and coupon interest of KZT 720,000 thousand.

During 2024, the Group made a prepayment for the total amount of the subsidised coupon rate on the above debt securities issued. The prepaid amount was offset as soon as an interest expense on related debt securities issued had been recognised. As at 31 December 2024, the prepaid amount is KZT 25,836,773 thousand.

As at 31 December 2024 and 31 December 2023 the Group is in compliance with the requirements related to the restrictive covenants for debt securities issued.

16. Other liabilities

Other non-financial assets comprise the following items:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Advances received	5,131,334	5,013,679
Accrued employee benefit costs	548,932	497,755
Other taxes payable	230,169	190,002
Other	752,018	654,767
Other non-financial liabilities	6,662,453	6,356,203

Advances received

As at 31 December 2024, advance received of KZT 5,131,334 thousand (31 December 2023: KZT 5,013,679 thousand) comprised prepayment from clients for property held for finance lease that was acquired under finance lease agreements but not transferred to the lessee, as well as prepayments made under finance lease agreements and other advances received.

Other non-financial liabilities comprise the following items:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Investment grants to customers	1,888,444	–
ECL allowance for contingent liabilities (<i>Note 23</i>)	1,635,507	2,149,547
Deferred interest income	1,607,057	1,521,644
Payables to suppliers	1,592,951	5,793,364
Micro-loans to young people	891,218	3,502,034
Subsidies payable to customers	550,114	179,780
Rural mortgages	70,276	196,501
Amount payable under an assignment contract	62,329	20,385
Loans received from the UN	–	6,883
Other financial liabilities	8,297,896	13,370,138

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

‘000 KZT

Payables to suppliers

As at 31 December 2024 and 2023, accounts payable to suppliers comprise mostly the Group’s payables to suppliers for property to be subsequently transferred under a finance lease, as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Agricultural machinery	505,515	3,295,074
Equipment	365,798	1,674,452
Cattle stock	828	761
Other	720,810	823,077
Payables to suppliers	<u>1,592,951</u>	<u>5,793,364</u>

17. Taxation

The corporate income tax expense comprises:

	<u>2024</u>	<u>2023</u>
Current income tax expense	(18,295,588)	(4,673,188)
Deferred corporate income tax benefit/(expense) - origination and reversal of temporary differences	8,809,189	(6,814,825)
Corporate income tax expense	<u>(9,486,399)</u>	<u>(11,488,013)</u>

	<u>2024</u>	<u>2023</u>
Deferred corporate income tax recognised in the consolidated statement of profit or loss	8,809,189	(6,814,825)
Movements in deferred corporate income tax	<u>8,809,189</u>	<u>(6,814,825)</u>

As at 31 December 2024, the Group’s current corporate income tax liabilities totalled KZT 134,115 thousand (31 December 2023: KZT 2,270,712 thousand). As at 31 December 2024, the Group’s current corporate income tax liabilities totalled KZT 2,364,381 thousand (31 December 2023: none). The corporate income tax rate for the Group was 20.0% in 2024 and 2023.

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 consolidated the financial statements:

	<u>2024</u>	<u>2023</u>
Profit before corporate income tax	69,843,005	41,043,155
Statutory corporate income tax rate	20%	20%
Theoretical corporate income tax expense at the statutory rate	<u>(13,968,601)</u>	<u>(8,208,631)</u>
Non-taxable income from government securities	23,952	207,005
Non-deductible modification expenses	(70,762)	(5,968,800)
Non-deductible expenses on credit losses	(4,994,037)	(3,471,106)
Non-taxable interest income on finance lease receivables	11,077,675	6,822,955
Withholding CIT expenses	(961,592)	(453,911)
Other non-deductible expenses	(593,034)	(415,525)
Corporate income tax expense	<u>(9,486,399)</u>	<u>(11,488,013)</u>

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

'000 KZT

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		
	In the consolidated statement of profit or loss			In the consolidated statement of profit or loss		
	2022	Within equity	2023	2023	Within equity	2024
Tax effect of deductible temporary differences						
Loans to customers	21,455,166	–	13,394,864	634,290	–	14,029,154
Loans to banks	59,640	–	145,423	862,159	–	1,007,582
Other assets	996,757	–	915,176	(104,620)	–	810,556
Current estimated liabilities	350,939	–	412,711	72,543	–	485,254
Government grants	12,329,877	–	12,629,424	395,218	–	13,024,642
Debt securities issued	612,455	–	582,876	118,597	–	701,473
Finance lease receivables	89,371	–	151,460	411,754	–	563,214
Deferred corporate income tax assets	35,894,205	–	28,231,934	2,389,941	–	30,621,875
Tax effect of taxable temporary differences						
Amounts due to the Shareholder	(24,300,202)	(53,951)	(22,852,818)	1,375,654	–	(21,477,164)
Amounts due to state and budget organisations, the Government of RK	(18,422,108)	–	(15,781,687)	4,371,007	–	(11,410,680)
Property, plant and equipment and intangible assets	(182,128)	–	(186,120)	166,089	–	(20,031)
Amounts due to credit institutions	(5,338,164)	–	(8,574,531)	506,498	–	(8,068,033)
Deferred corporate income tax liabilities	(48,242,602)	(53,951)	(47,395,156)	6,419,248	–	(40,975,908)
Net deferred income tax assets/(liabilities)	(12,348,397)	(53,951)	(19,163,222)	8,809,189	–	(10,354,033)

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.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

000 KZT

18. Government grants

	<u>31 December 2024</u>	<u>31 December 2023</u>
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	91,960,531	63,147,121
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	2,439,935	3,105,769
Government grants	94,400,466	66,252,890

Government grants received from the Government

The Group 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.

	<u>2024</u>	<u>2023</u>
At 1 January	63,147,121	61,649,385
Government grants received from the Government of the Republic in the form of a loan from the Ministry of Finance (Note 12)	19,955,981	27,620,548
Government grants received from the Government of the Republic of Kazakhstan to reimburse interest expenses on debt securities issued (Note 15)	89,615,311	–
Utilisation of government grants to issue loans to eligible customer-borrowers under the Ken-Dala 2 government programme (Note 8)	(26,770,262)	–
Utilisation of government grants to issue loans to eligible banks under the Ken-Dala 2 government programme (Note 7)	(5,992,000)	–
Utilisation of government grants to issue loans to eligible customer-borrowers under the Ken-Dala government programme (Note 8) (the compensable portion)	(11,285,940)	(13,431,629)
Utilisation of government grants to issue loans to eligible banks under the Ken-Dala government programme (Note 7)	(4,630,496)	(6,765,769)
Utilisation of government grant to reimburse interest expenses on debt securities issued (Note 15)	(8,603,211)	–
Government grants received from the Industrial Development Fund JSC in the form of modification of terms (Note 14)	(2,074,623)	–
Utilisation of a government grant to issue loans to eligible customers-borrowers under the Employment Roadmap for 2020-2021 government programme and Enbek government programme (Note 8)	(2,191,895)	(2,750,618)
Utilisation of government grants to issue loans to eligible customer-borrowers under the Agribusiness government programme (Note 8)	(1,812,718)	–
Utilisation of government grants to issue loans to borrowers under the State Programme for the Development of Productive Employment and Mass Entrepreneurship for 2017-2021 (“Isker”) (Note 8)	(1,162,301)	(4,210,928)
Government grants received from the Government of the Republic of Kazakhstan in the form of a loan from local executive bodies (Note 13)	203,740	823,769
Government grants received from funds of credit institutions (Note 14)	–	16,846,775
Government grants received from the Government of the Republic of Kazakhstan in the form of modification of loans from the Ministry of Finance (Note 12)	–	3,061,822
Utilisation of government grants to issue loans to eligible customer banks borrowers under the Agribusiness government programme (Note 7)	(349,504)	–
Utilisation of a government grant to issue loans to eligible customers-borrowers as part of loans from the Holding (Note 8)	(718)	(2,478,012)
Amortisation for the period of loans from Industrial Development Fund JSC	(1,027,148)	(354,661)
Amortisation for the period (Note 22)	(15,060,806)	(16,863,561)
Government grants	91,960,531	63,147,121

Government grants received from the Government of the Republic in the form of a loan from the Ministry of Finance

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

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

‘000 KZT

During 2024, government grants transferred to profit or loss (*Note 22*) amounted to KZT 69,256,640 thousand and were included in ‘other income/expenses (during 2023: KZT 46,500,517 thousand). The remaining part of KZT 11,704,982 thousand was recognised by reducing related interest expenses in the consolidated statement of profit or loss and other comprehensive income (during 2023: KZT 354,661 thousand).

In 2023, the Group recognised as government grants the benefit of KZT 16,846,775 thousand, received as the result of receiving loans from Industrial Development Fund JSC at a low interest rate (the contractual interest rate of 0.35% p.a.) for the purpose of financing the preferential leasing programme for locally manufactured self-propelled agricultural equipment.

The benefits are to be allocated to the Group’s lessees by providing finance leases at favourable rates. The amortisation of subsidies for loans received from Industrial Development Fund JSC is recognised by reducing related interest expenses, in the consolidated statement of profit or loss and other comprehensive income.

In January 2024, the Group signed an addendum as to shorten the loan term, wherefore the amount of government grant reduced by KZT 2,074,623 thousand (*Note 14*).

As at 31 December 2024 the Group has receivables of KZT 37,615,232 thousand related to government grants from the Government of the Republic of Kazakhstan to cover expenses on coupon interest on debt securities issued that were recognised in accordance with the Rules on Subsidising Coupon Rates on Bonds approved by the Ministry of Agriculture of the Republic of Kazakhstan.

Government grants received from the Ministry of Agriculture

	<i>2024</i>	<i>2023</i>
At 1 January	3,105,769	3,173,708
Received for the period	21,108,754	16,381,165
Returned to the Ministry of Agriculture/transferred to particular borrowers that have met special conditions	(9,235,989)	(6,606,995)
Utilisation of grant through offset against accrued interest payable of particular borrowers that have met special conditions	(12,538,599)	(9,842,109)
At 31 December	2,439,935	3,105,769

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

19. Equity

Share capital

As at 31 December 2024 and 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.

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 Group 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 Group 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, 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 Fund of the Republic of Kazakhstan.

Reserve capital

During 2024, the Group increased reserve capital by KZT 8,864,130 thousand (during 2023: reserve capital increased by KZT 5,858,144 thousand). In accordance with the Group’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 2024, in accordance with the decision of the Shareholder of 30 May 2024, the Group declared dividends of KZT 20,691,012 thousand or KZT 48.45 per ordinary share for the year ended 31 December 2023. Dividends were paid on 20 June 2024.

During 2023, in accordance with the decision of the Shareholder of 31 May 2023, the Group declared 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.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

000 KZT

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

	<i>31 December 2024</i>	<i>31 December 2023</i>
Assets	1,991,240,427	1,412,101,316
Less intangible assets	(790,858)	(874,935)
Less liabilities	(1,500,726,291)	(961,252,774)
Net assets	489,723,278	449,973,607
Number of ordinary shares	427,059,079	427,059,079
Carrying amount of one ordinary share (KZT)	1,146.73	1,053.66

20. Expenses on credit losses

The table below presents the ECL expense for financial instruments recognised in the consolidated statement of profit or loss for the year ended 31 December 2024:

	<i>Note</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Cash and cash equivalents	6	6,597	–	–	–	6,597
Amounts due to credit institutions		22	–	–	–	22
Loans to banks	7	156,016	–	–	–	156,016
Loans to customers	8	(14,411,219)	(3,747,073)	26,545,498	3,106,343	11,493,549
Investment securities		(54,825)	–	–	–	(54,825)
Other financial assets	10	–	(4,071)	1,831,372	–	1,827,301
Finance lease receivables	9	700,224	3,912,409	23,912,520	20,662	28,545,815
Credit related commitments	23	(514,040)	–	–	–	(514,040)
Total expenses on credit losses*		(14,117,225)	161,265	52,289,390	3,127,005	41,460,435

*The amount of expenses on credit losses differs from the total amount of expenses on credit losses recognised in the consolidated statement of profit or loss by the amount of losses on modification of Stage 3 assets in the total amount of KZT 13,048,424 thousand that adjusts the gross carrying amount of loans to customers as their repayment is not expected (Note 8).

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

	<i>Note</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Cash and cash equivalents		(1,115)	–	–	–	(1,115)
Loans to banks		(5,872)	–	–	–	(5,872)
Loans to customers	8	659,616	10,794,757	10,147,186	3,908,830	25,510,389
Investment securities		(4,064)	–	–	–	(4,064)
Other financial assets	11	–	60,935	1,908,702	–	1,969,637
Finance lease receivables	9	(1,201,066)	3,358,535	8,022,168	(2,768)	10,176,869
Credit related commitments	23	1,294,050	–	–	–	1,294,050
Total expenses on credit losses		741,549	14,214,227	20,078,056	3,906,062	38,939,894

*The amount of expenses on credit losses differs from the total amount of expenses on credit losses recognised in the consolidated statement of profit or loss by the amount of losses on modification of Stage 3 assets in the total amount of KZT 12,434,672 thousand that adjusts the gross carrying amount of loans to customers as their repayment is not expected (Note 8).

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

000 KZT

21. Personnel expenses and other administrative expenses

Personnel expenses and other operating expenses comprise the following items:

	<i>2024</i>	<i>2023</i>
Personnel expenses and other payments	(13,283,168)	(11,357,017)
Social security contributions	(1,659,665)	(1,231,481)
Personnel expenses	(14,942,833)	(12,588,498)
Outsourcing costs	(2,548,150)	(1,697,737)
Office rent and maintenance	(1,104,940)	(964,710)
Technical maintenance of property, plant and equipment and intangible assets	(782,122)	(692,880)
Depreciation and amortisation	(680,409)	(768,255)
Taxes and other mandatory payments to budget	(602,247)	(566,594)
Transportation costs	(498,280)	(248,209)
Fee and commission expense	(405,171)	(61,505)
Business travel expenses	(335,632)	(294,559)
Audit expenses	(269,446)	(206,800)
Communication services	(183,690)	(200,214)
Marketing and advertising	(182,487)	(158,862)
Consulting expenses	(153,148)	(157,520)
Information services	(99,935)	(66,000)
Stationary and printing expenses	(89,787)	(142,200)
Personnel training	(75,556)	(103,077)
Materials	(64,824)	(93,223)
Administrative expenses of the Board of Directors	(30,319)	(29,753)
Security services	(56,513)	(41,675)
Expenses on credit rating assignment	(53,429)	(113,904)
Insurance expenses	(18,202)	(9,759)
Bank services	(9,806)	(13,322)
Other	(325,598)	(353,871)
Other operating expenses	(8,569,691)	(6,984,629)
	<i>2024</i>	<i>2023</i>
General administrative expenses	(9,727,440)	(8,092,858)
Selling expenses	(13,785,084)	(11,480,269)
Total	(23,512,524)	(19,573,127)

Consulting expenses include the cost of non-audit services provided by the companies related to the Group auditor for the year ended 31 December 2024, in the amount of KZT 14,560 thousand, including VAT.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

000 KZT

22. Other income, net

	<u>2024</u>	<u>2023</u>
Other income from utilisation of government grants (Note 18)	54,195,834	29,636,956
Amortisation of government grant (Note 18)	15,060,806	16,863,561
Loss on initial recognition of loans to banks under the Ken-Dala government programme (Note 7)	(4,630,496)	(6,765,769)
Loss on initial recognition of loans to customers under the Ken-Dala government programme (Note 8)	(11,285,940)	(13,431,629)
Loss on initial recognition of loans to customers under Isker government programme (Note 8)	(1,162,301)	(4,210,928)
Loss on initial recognition of loans to customers under the Employment Roadmap for 2020-2021 programme and Enbek programme (Note 8)	(2,191,895)	(2,750,618)
Loss on initial recognition on loans to banks under the Ken-Dala 2 government programme (Note 7)	(5,992,000)	–
Loss on initial recognition on loans to customers under the Ken-Dala 2 government programme (Note 8)	(26,770,262)	–
Loss on initial recognition on loans to banks under the Agribusiness (bonds) government programme (Note 7)	(1,812,718)	–
Loss on initial recognition on loans to customers under the Agribusiness (bonds) government programme (Note 8)	(349,504)	–
Loss on initial recognition of other loans to customers (Note 8)	(7,081,283)	(8,961,245)
Loss on initial recognition of loans to customers provided as part of the loan received from the Holding (Note 8)	(718)	(2,478,012)
Income from sale of investment property	5,753,937	–
Agency fees on rural mortgages and micro-loans to young people	539,148	736,467
Other impairment and provision expenses	(154,647)	(476,175)
Other income	2,354,354	3,711,836
Other income, net	16,472,315	11,874,444

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 18).

During 2024 the Group recognised income from sale of investment property in the amount of KZT 5,753,937 thousand, VAT excluding, whose carrying amount as at 31 December 2023 was KZT 2,599,511 thousand.

23. 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 Group's management interpretation of the legislation may differ from that of tax authorities, and as a result, transactions carried out by the Group could be estimated by tax authorities in another way, and this could result in an additional charge of taxes, fines and penalties. The Group'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 years. Management believes that its interpretation of the legislation as at 31 December 2024 and 31 December 2023 is appropriate and the Group's positions in terms of taxes, currency legislation and customs duties will be confirmed.

Legal matters

In the normal course of business, the Group 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 Group's future consolidated financial position or performance.

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

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

000 KZT

Credit related commitments

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

	<u>31 December 2024</u>	<u>31 December 2023</u>
Credit related commitments		
Loan commitments	250,123,578	156,028,243
Finance lease commitments	6,190,406	14,621,791
Allowance for expected credit losses	(1,635,507)	(2,149,547)
	<u>254,678,477</u>	<u>168,500,487</u>
Operating lease liabilities		
Up to 1 year	78,895	51,919
Commitments and contingencies	<u>254,757,372</u>	<u>168,552,406</u>

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 Group to unilaterally withdraw from the agreement if unfavourable conditions arise for the Group, and if no resources for lending are available.

The counterparties on loan commitments as at 31 December 2024 and 2023 are current borrowers of the Group, 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

	<u>2024</u>	<u>2023</u>
	<u>Stage 1</u>	<u>Stage 1</u>
At 1 January	2,149,547	855,497
Movement in ECLs during the year	(514,040)	1,294,050
31 December	<u>1,635,507</u>	<u>2,149,547</u>

24. Risk management**Introduction**

Risk is inherent in the Group's activities. The Group 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 Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit, liquidity and market risk. The Group is also exposed to operating risks.

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

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 Group. The Group's Risk Management Department comprises two separate units: financial risk management and credit risk departments.

Treasury

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

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

'000 KZT

Internal audit

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

Risk measurement and reporting systems

The Group'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 Group.

Excessive risk concentration

In order to avoid excessive concentrations of risks, the Group'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 Group will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to 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 Group's equity has been set. Counterparty-bank limits for interbank transactions are established by the Shareholder.

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

The carrying amount of components of the consolidated 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 further details on the maximum exposure to credit risk for each class of financial instruments, references shall be made to the specific notes.

Impairment assessment

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 Group divided all loans issued into groups as follows.

The Group 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)	<i>The Probability of Default</i> is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period if the facility has not been previously derecognised and is still in the portfolio.
Exposure at Default (EAD)	<i>The Exposure at Default</i> is an estimate of the exposure at a future default date, taking into account expected changes in the exposure (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)	<i>The Loss Given Default</i> 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.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

'000 KZT

The Group 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 Group groups its loans issued as described below:

Stage 1:	When loans are first recognised, the Group 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 Group recognises an allowance at an amount equal to 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 Group recognises an allowance at an amount equal to 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 2024 and 31 December 2023, 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 9.85% (31 December 2023: 12.32%), 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 55.50% (31 December 2023: 58.64%);
 - 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 19.84% (31 December 2023: 20.69%) 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 77.75% (31 December 2023: 77.82%);
 - 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 26.93% (31 December 2023: 57.94%) 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 89.92% (31 December 2023: 78.66%);
 - 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 0.77% – 14.13% (31 December 2023: 0.66% – 57.01%) 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 40.92% – 71.77% (31 December 2023: 54.2% – 75.5%);
 - 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 6.08% – 19.84% (31 December 2023: 6.83% – 20.69%), 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 37.78% – 79.31% (31 December 2023: 52.45% – 81.64%).
- 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 0.038% to 100.00% (31 December 2023: from 0.25% to 100.00%). LGDs for credit-impaired financial assets, with the gross carrying amount of more than 0.2% of the equity, ranged from 0.98% to 100.00% (31 December 2023: from 0.45% 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 0.4–1.00, 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 36 months (31 December 2023: from 20 to 31 months), and liquidity ratios are set at 0.4–1.00, 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;

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

‘000 KZT

- movable property is depreciated at the rate of depreciation of 10 % of the estimated value, annually;
- 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), the pwrite-off coefficient is considered.

During 2024, the Group updated historical data on monthly repayments for all loans issued to customers after the default, in accordance with the default criteria established by the Group. Repayment statistics included the amounts of subsidies received by borrowers from the state and quasi-state organisations as compensation for part of the interest rate, subject to meeting certain conditions. Moreover, in 2024, the Group rebalanced the RR (Cash) component, implementing the ‘LGD outdated’ mechanism for loans for which more 60 months had passed since the default date.

In 2024, the Group revised the method employing collaterals in estimating LGDs (RRCollateral) and excluded from the estimate a significant part of commercial property items. The decision was made in alignment with the Group's strategic objective of supporting the agro-industrial complex, taking into account the low probability that foreclosure proceedings on such collateral will be initiated in the event of a default. Therefore, in calculating LGDs for these loans issued to customers, the focus has shifted towards estimating expected proceeds from operating activities of the borrowers, or cash settlements RR (Cash).

Definition of default and cure

The Group 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 Group is unlikely to receive the outstanding contractual amounts. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- 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 Group's Provision Calculation Methodology.

In accordance with the Group'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 Group'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 Group'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 Group'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.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

'000 KZT

- 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 Group 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 Group assesses each counterparty separately. For counterparties with an external rating provided by international rating agencies or other available sources, the Group uses the probability of default according to the Moody's Investors Service (corporate ratings).

Agribusiness lending

For agribusiness lending, the Group'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 Group 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 Group.

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 Group 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 Group 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 Group 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 Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When making the assessment, the Group 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 Group 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 Group 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 Group 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 Group calculates ECLs either on a collective or on an individual basis. During 2024, the Group revised the grouping of financial assets measured on a collective basis.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

000 KZT

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

- all financial assets with indicators of impairment and/or default with a total debt of more than 0.2% of equity and/or where a credit facility is available with a total debt of more than 0.2% of equity as at the date of initial recognition of the financial asset (31 December 2023: 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) (31 December 2023: the same);
- 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 (31 December 2023: the same).

The Group 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 date of initial recognition of the financial asset (31 December 2023: 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.

Forward-looking information and multiple economic scenarios

In its ECL models, the Group 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 Group 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.

<i>Key drivers</i>	<i>ECL scenario</i>	<i>Assigned probability, %</i>	<i>2025, %</i>
GDP growth	Optimistic	10%	1.92
	Base	70%	0.92
	Pessimistic	20%	0.08

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

Liquidity risk and funding management

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress conditions. To limit this risk, management has 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 Group's financial liabilities at 31 December 2024 and 2023, based on contractual undiscounted payments.

At 31 December 2024	<i>On demand and less than 1 month</i>	<i>From 1 to 3 months</i>	<i>From 3 to 6 months</i>	<i>From 6 to 12 months</i>	<i>More than 1 year</i>	<i>Total</i>
Non-derivative financial liabilities:						
Amounts due to the Government of the Republic of Kazakhstan	500	1,000	1,500	70,008,625	–	70,011,625
Amounts due to the Shareholder	19,643	1,411,066	637,724	14,333,787	196,134,814	212,537,034
Amounts due to credit institutions	8,872,093	5,530,129	9,382,655	19,273,313	107,117,784	150,175,974
Amounts due to the state and budget organisations	–	16,127,570	6,758,375	5,298,283	191,233,798	219,418,026
Debt securities issued	15,981,250	4,019,171	234,963,981	86,890,032	1,044,468,305	1,386,322,739
Government grants	–	–	–	2,439,935	–	2,439,935
Other financial liabilities	3,200,925	820,017	176,788	4,037,837	62,329	8,297,896
Total liabilities	28,074,411	27,908,953	251,921,023	202,281,812	1,539,017,030	2,049,203,229

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

‘000 KZT

At 31 December 2023	<i>On demand and less than 1 month</i>	<i>From 1 to 3 months</i>	<i>From 3 to 6 months</i>	<i>From 6 to 12 months</i>	<i>More than 1 year</i>	<i>Total</i>
Non-derivative financial liabilities:						
Amounts due to the Government of the Republic of Kazakhstan	500	1,000	1,500	90,013,475	–	90,016,475
Amounts due to the Shareholder	49,681	1,459,463	744,794	15,305,686	212,537,034	230,096,658
Amounts due to credit institutions	79,972	14,528,415	16,384,192	31,249,199	138,484,534	200,726,312
Amounts due to the state and budget organisations	–	5,837,561	22,732,459	7,446,789	218,890,559	254,907,368
Debt securities issued	6,137,500	4,019,171	17,390,834	63,814,297	522,814,958	614,176,760
Government grants	–	–	–	3,105,769	–	3,105,769
Other financial liabilities	5,624,759	3,311,169	600,344	1,877,452	1,956,414	13,370,138
Total liabilities	11,892,412	29,156,779	57,854,123	212,812,667	1,094,683,499	1,406,399,480

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

	<i>Less than 3 months</i>	<i>From 3 to 12 months</i>	<i>From 1 to 5 years</i>	<i>More than 5 years</i>	<i>Total</i>
2024	256,313,984	–	–	–	256,313,984
2023	170,650,034	–	–	–	170,650,034

The Group 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 Group 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 following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2024:

	31 December 2024			
	<i>KZT</i>	<i>USD</i>	<i>EUR</i>	<i>Total</i>
Assets				
Cash and cash equivalents	430,256,353	527,436	–	430,783,789
Amounts due from credit institutions	–	2,433,970	–	2,433,970
Loans to banks	78,341,329	–	–	78,341,329
Loans to customers	832,619,650	–	–	832,619,650
Finance lease receivables	553,719,699	–	–	553,719,699
Receivables from the Government of the Republic of Kazakhstan	37,615,232	–	–	37,615,232
Coupon prepayments on debt securities issued	25,836,773	–	–	25,836,773
Other financial assets	4,564,355	6,720	15,121	4,586,196
Total assets	1,962,953,391	2,968,126	15,121	1,965,936,638
Liabilities				
Amounts due to the Shareholder	84,563,613	–	–	84,563,613
Amounts due to the Government of the Republic of Kazakhstan	62,631,531	–	–	62,631,531
Amounts due to the state and budget organisations	169,595,336	–	–	169,595,336
Amounts due to credit institutions	82,680,223	–	–	82,680,223
Debt securities issued	976,678,478	–	–	976,678,478
Other financial liabilities	7,974,464	166,556	156,876	8,297,896
Total liabilities	1,384,123,645	166,556	156,876	1,384,447,077
Net position	578,829,746	2,801,570	(141,755)	581,489,561

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

'000 KZT

	<i>31 December 2023</i>			
	<i>KZT</i>	<i>USD</i>	<i>EUR</i>	<i>Total</i>
Assets				
Cash and cash equivalents	165,481,221	3,507,708	–	168,988,929
Amounts due from credit institutions	29,575,908	–	–	29,575,908
Loans to customers	718,043,963	–	–	718,043,963
Finance lease receivables	457,464,211	–	–	457,464,211
Other financial assets	6,079,108	2,202	2,291	6,083,601
Total assets	1,376,644,411	3,509,910	2,291	1,380,156,612
Liabilities				
Amounts due to the Shareholder	93,516,543	–	–	93,516,543
Amounts due to the Government of the Republic of Kazakhstan	77,340,798	–	–	77,340,798
Amounts due to the state and budget organisations	188,524,346	–	–	188,524,346
Amounts due to credit institutions	114,583,545	–	–	114,583,545
Debt securities issued	380,425,744	–	–	380,425,744
Other liabilities	10,539,518	1,651,742	1,178,878	13,370,138
Total liabilities	864,930,494	1,651,742	1,178,878	867,761,114
Net position	511,713,917	1,858,168	(1,176,587)	512,395,498

Operational risk

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

25. Changes in liabilities arising from financing activities

	<i>Amounts due to the Shareholder</i>	<i>Amounts due to credit institutions</i>	<i>Debt securities issued</i>	<i>Amounts due to the Government of the Republic of Kazakhstan</i>	<i>Amounts due to the state and budget organisations</i>	<i>Total liabilities from financing activities</i>
Carrying amount at 31 December 2022	101,001,736	79,522,517	384,728,108	60,747,873	182,850,442	808,850,676
Additions	–	85,967,000	30,278,337	140,000,000	1,500,000	257,745,337
Repayment	(14,314,148)	(34,723,201)	(38,373,610)	(120,000,000)	(12,442,228)	(219,853,187)
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	839,291	(16,411,372)	493,599	(30,682,370)	(823,769)	(46,584,621)
Other	5,989,664	228,601	3,299,310	27,275,295	17,439,901	54,232,771
Carrying amount at 31 December 2023	93,516,543	114,583,545	380,425,744	77,340,798	188,524,346	854,390,976

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

000 KZT

	<i>Amounts due to the Shareholder</i>	<i>Amounts due to credit institutions</i>	<i>Debt securities issued</i>	<i>Amounts due to the Government of the Republic of Kazakhstan</i>	<i>Amounts due to the state and budget organisations</i>	<i>Total liabilities from financing activities</i>
Carrying amount at 31 December 2023	93,516,543	114,583,545	380,425,744	77,340,798	188,524,346	854,390,976
Additions	–	12,100,000	639,533,580	140,000,000	480,000	792,113,580
Repayment	(15,480,923)	(46,562,533)	(43,933,000)	(160,000,000)	(35,969,449)	(301,945,905)
Dividends declared	20,691,012	–	–	–	–	20,691,012
Dividends paid	(20,691,012)	–	–	–	–	(20,691,012)
Discount/premium on initial recognition of liabilities at fair value	944,063	3,148,896	875,073	(19,955,981)	(203,740)	(15,191,688)
Other	5,583,930	(589,685)	(222,919)	25,246,714	16,764,179	46,782,218
Carrying amount at 31 December 2024	84,563,613	82,680,223	976,678,478	62,631,531	169,595,336	1,376,149,181

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 Group classifies interest paid as cash flows from operating activities.

26. Fair value of financial instruments

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

- Level 1: quoted 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.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

'000 KZT

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

	Valuation date	Fair value measurement using			Total
		Input data of Level 1	Input data of Level 2	Input data of Level 3	
At 31 December 2024					
Assets with a disclosed fair value					
Cash and cash equivalents	31 December 2024	–	430,783,789	–	430,783,789
Amounts due from credit institutions	31 December 2024	–	2,433,970	–	2,433,970
Loans to banks	31 December 2024	–	78,779,768	–	78,779,768
Loans to customers	31 December 2024	–	710,358,704	71,829,751	782,188,455
Finance lease receivables	31 December 2024	–	379,634,869	97,673,238	477,308,107
Receivables from the Government of the Republic of Kazakhstan	31 December 2024	–	37,615,232	–	37,615,232
Coupon prepayments on debt securities issued	31 December 2024	–	25,836,773	–	25,836,773
Other financial assets	31 December 2024	–	4,586,196	–	4,586,196
Liabilities whose fair value is disclosed					
Amounts due to the Shareholder	31 December 2024	–	75,636,518	–	75,636,518
Amounts due to credit institutions	31 December 2024	–	84,233,772	–	84,233,772
Amounts due to the state and budget organisations	31 December 2024	–	166,112,826	–	166,112,826
Amounts due to the Government of the Republic of Kazakhstan	31 December 2024	–	62,802,311	–	62,802,311
Debt securities issued	31 December 2024	–	989,227,626	–	989,227,626
Other financial liabilities	31 December 2024	–	8,297,896	–	8,297,896
Assets with a disclosed fair value					
Cash and cash equivalents	31 December 2023	–	168,988,929	–	168,988,929
Loans to banks	31 December 2023	–	28,863,808	–	28,863,808
Loans to customers	31 December 2023	–	528,549,102	120,248,487	648,797,589
Finance lease receivables	31 December 2023	–	359,383,121	57,202,502	416,585,623
Other financial assets	31 December 2023	–	6,083,601	–	6,083,601
Liabilities whose fair value is disclosed					
Amounts due to the Shareholder	31 December 2023	–	76,479,119	–	76,479,119
Amounts due to credit institutions	31 December 2023	–	114,533,682	–	114,533,682
Amounts due to the state and budget organisations	31 December 2023	–	170,268,015	–	170,268,015
Amounts due to the Government of the Republic of Kazakhstan	31 December 2023	–	78,590,490	–	78,590,490
Debt securities issued	31 December 2023	–	354,765,508	–	354,765,508
Other financial liabilities	31 December 2023	–	13,370,138	–	13,370,138

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

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

	31 December 2024		
	Carrying amount	Fair value	Unrecognised profit/(loss)
Financial assets			
Cash and cash equivalents	430,783,789	430,783,789	–
Amounts due from credit institutions	2,433,970	2,433,970	–
Loans to banks	78,341,329	78,779,768	438,439
Loans to customers	832,619,650	782,188,455	(50,431,195)
Finance lease receivables	553,719,699	477,308,107	(76,411,592)
Receivables from the Government of the Republic of Kazakhstan	37,615,232	37,615,232	–
Coupon prepayments on debt securities issued	25,836,773	25,836,773	–
Other financial assets	4,586,196	4,586,196	–

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

'000 KZT

	<i>31 December 2024</i>		
	<i>Carrying amount</i>	<i>Fair value</i>	<i>Unrecognised profit/(loss)</i>
Financial liabilities			
Amounts due to the Shareholder	84,563,613	75,636,518	8,927,095
Amounts due to credit institutions	82,680,223	84,233,772	(1,553,549)
Amounts due to the state and budget organisations	169,595,336	166,112,826	3,482,510
Amounts due to the Government of the Republic of Kazakhstan	62,631,531	62,802,311	(170,780)
Debt securities issued	976,678,478	989,227,626	(12,549,148)
Other financial liabilities	8,297,896	8,297,896	–
Total unrecognised change in unrealised fair value			(128,268,220)
	<i>31 December 2023</i>		
	<i>Carrying amount</i>	<i>Fair value</i>	<i>Unrecognised profit/(loss)</i>
Financial assets			
Cash and cash equivalents	168,988,929	168,988,929	–
Loans to banks	29,575,908	28,863,808	(712,100)
Loans to customers	718,043,963	648,797,589	(69,246,374)
Finance lease receivables	457,464,211	416,585,623	(40,878,588)
Other financial assets	6,083,601	6,083,601	–
Financial liabilities			
Amounts due to the Shareholder	93,516,543	76,479,119	17,037,424
Amounts due to credit institutions	114,583,545	114,533,682	49,863
Amounts due to the state and budget organisations	188,524,346	170,268,015	18,256,331
Amounts due to the Government of the Republic of Kazakhstan	77,340,798	78,590,490	(1,249,692)
Debt securities issued	380,425,744	354,765,508	25,660,236
Other financial liabilities	13,370,138	13,370,138	–
Total unrecognised change in unrealised fair value			(51,082,900)

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 consolidated 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 2024, an average market interest rate was 17.20% - 25.20% p.a. (31 December 2023: 19.70% - 23.20% p.a.).

For liabilities whose fair value is disclosed in the consolidated 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 Group adjusted by maturity, published by Bloomberg. As at 31 December 2024, the market interest rate used to measure the fair value of loans raised was 12.89–14.1% p.a. (31 December 2023: 11.91–18.25% p.a.). Future cash flows include repayment of a principal debt and interest calculated at the contractual interest rate applied to the principal debt.

27. Maturity analysis of assets and liabilities

The following table shows assets and liabilities by expected maturities. See Note 24 *Risk Management* for the Group's contractual undiscounted repayment obligations.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

'000 KZT

31 December 2024	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	69,204,915	352,573,424	9,005,450	—	—	—	—	430,783,789
Amounts due from credit institutions	—	—	—	2,433,970	—	—	—	2,433,970
Loans to banks	—	449,332	41,021,981	19,278,886	17,591,130	—	—	78,341,329
Loans to customers	71,383,294	10,240,325	127,605,473	138,864,427	353,267,617	131,258,514	—	832,619,650
Finance lease receivables	16,633,369	5,209,932	32,604,405	77,058,356	292,628,027	129,585,610	—	553,719,699
Receivables from the Government of the Republic of Kazakhstan	—	—	—	28,740,232	8,875,000	—	—	37,615,232
Assets held for sale	—	—	—	977,094	—	—	—	977,094
Property, plant and equipment	—	—	—	—	—	—	2,045,605	2,045,605
Intangible assets	—	—	—	—	—	—	790,858	790,858
Current corporate income tax assets	—	—	—	134,115	—	—	—	134,115
Total assets	158,272,479	368,805,920	224,916,955	285,995,565	686,223,885	261,204,458	5,821,165	1,991,240,427
Liabilities								
Amounts due to the Shareholder	—	547	570,142	6,965,791	14,943,227	62,083,906	—	84,563,613
Amounts due to the Government of the Republic of Kazakhstan	—	—	—	—	—	—	—	—
Amounts due to credit institutions	—	8,835,352	2,996,866	21,041,983	40,222,315	9,583,707	—	82,680,223
Debt securities issued	—	6,973,560	1,852,952	242,237,571	479,355,265	246,259,130	—	976,678,478
Amounts due to the state and budget organisations	—	—	12,465,056	9,305,643	134,764,143	13,060,494	—	169,595,336
Current estimated liabilities	—	—	—	2,497,881	—	—	—	2,497,881
Deferred corporate income tax liabilities	—	—	—	—	—	10,354,033	—	10,354,033
Current corporate income tax liabilities	—	96,141	4,822,024	15,360,731	32,873,972	41,247,598	—	2,364,381
Government grants	—	—	—	—	—	—	—	94,400,466
Other liabilities	1,510,737	2,192,091	1,162,726	10,032,466	62,329	—	—	14,960,349
Total liabilities	1,510,737	18,098,138	23,870,661	372,436,636	702,221,251	382,588,868	—	1,500,726,291
Net position as at 31 December 2024	156,761,742	350,707,782	201,046,294	(86,441,071)	(15,997,366)	(121,384,410)	5,821,165	490,514,136

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

'000 KZT

31 December 2023	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	96,511,433	72,477,496	—	—	—	—	—	168,988,929
Amounts due from credit institutions	—	—	29,575,908	—	—	—	—	29,575,908
Loans to customers	47,105,504	8,733,434	36,907,098	141,927,913	341,655,121	141,714,893	—	718,043,963
Finance lease receivables	14,455,155	4,329,403	28,917,361	53,266,188	237,192,113	119,303,991	—	457,464,211
Investments in subsidiaries	—	—	—	—	—	—	434,037	434,037
Assets held for sale	—	—	—	726,309	—	—	—	726,309
Investment property	—	—	—	—	—	—	2,599,511	2,599,511
Property, plant and equipment	—	—	—	—	—	—	2,348,540	2,348,540
Intangible assets	—	—	—	—	—	—	874,935	874,935
Current corporate income tax assets	—	—	—	2,270,712	—	—	—	2,270,712
Value added tax and other taxes receivable	—	191,305	901,847	2,254,925	7,152,052	—	—	10,500,129
Other assets	1,509,698	135,225	275,868	2,224,167	9,151,048	1,540,245	3,437,881	18,274,132
Total assets	159,581,790	85,866,863	96,578,082	202,670,214	595,150,334	262,559,129	9,694,904	1,412,101,316
Liabilities								
Amounts due to the Shareholder	—	10,550	599,233	7,628,183	19,031,343	66,247,234	—	93,516,543
Amounts due to the Government of the Republic of Kazakhstan	—	430	859	77,339,509	—	—	—	77,340,798
Amounts due to credit institutions	—	68,340	10,623,019	36,709,566	54,704,167	12,478,453	—	114,583,545
Debt securities issued	—	5,321,997	1,804,567	45,604,868	129,698,139	197,996,173	—	380,425,744
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	—	—	—	—	—	19,163,222	—	19,163,222
Government grants	—	58,941	116,457	3,674,801	4,181,675	58,221,016	—	66,252,890
Other liabilities	3,782,405	2,149,549	4,034,528	7,803,445	26,790	1,929,624	—	19,726,341
Total liabilities	3,782,405	7,609,807	21,488,443	202,791,696	339,175,134	386,405,289	—	961,252,774
Net position as at 31 December 2023	155,799,385	78,257,056	75,089,639	(121,482)	255,975,200	(123,846,160)	9,694,904	450,848,542

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

'000 KZT

28. Segment reporting

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

29. 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 Group'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 2024				31 December 2023			
	<i>Nominal interest rate, %</i>	<i>Shareholder</i>	<i>Entities under common control of the Shareholder</i>	<i>Government-related organisations</i>	<i>Nominal interest rate, %</i>	<i>Shareholder</i>	<i>Entities under common control of the Shareholder</i>	<i>Government-related organisations</i>
Assets								
Cash and cash equivalents	–	–	–	341,939,256	–	–	3,821,063	81,338,875
Loans to customers	1.5-5.00	–	–	114,188,606	–	–	–	–
Allowance for expected credit losses	–	–	–	(2,586,800)	–	–	–	–
Investments in associates	–	–	–	–	–	–	–	434,037
Current corporate income tax assets	–	–	–	134,115	–	–	–	2,270,712
Value added tax and other taxes receivable	–	–	–	10,820,302	–	–	–	10,500,129
Receivables from the Government of the Republic of Kazakhstan	–	–	–	37,615,232	–	–	–	–
Coupon prepayments on debt securities issued	–	25,836,773	–	–	–	–	–	–
Liabilities								
Amounts due to the Shareholder	0.28-5.00	84,563,613	–	–	0.28-5.00	93,516,543	–	–
Amounts due to the Government of the Republic of Kazakhstan	0.01	–	–	62,631,531	0.01	–	–	77,340,798
Amounts due to the state and budget organisations	0.01-1.00	–	–	169,595,336	0.01-1.00	–	–	188,524,346
Amounts due from credit institutions	0.35	–	9,635,824	–	0.35	–	6,531,319	–
Debt securities issued	7.10-15.00	779,217,788	5,202,304	150,044,333	7.10-15.00	151,454,662	5,199,353	120,842,471
Current corporate income tax liabilities	–	–	–	2,364,381	–	–	–	–
Deferred corporate income tax liabilities	–	–	–	10,354,033	–	–	–	19,163,222
Government grants	–	–	–	94,400,466	–	–	–	66,252,890
Other liabilities	–	–	–	5,007,109	–	–	–	5,193,372

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

'000 KZT

	2024			2023		
	Entities under common control of the Shareholder		Government-related organisations	Entities under common control of the Shareholder		Government-related organisations
	Shareholder	Shareholder	Shareholder	Shareholder	Shareholder	Shareholder
Interest income on cash and cash equivalents	–	503,531	36,803,138	–	143,987	17,913,345
Interest income on investment securities	–	–	–	–	–	372,578
Interest income on loans to customers	–	–	660,336	–	–	–
Interest expense on loans received	(8,606,694)	(1,202,148)	(42,083,840)	(9,061,224)	(468,484)	(44,776,274)
Interest expense on debt securities issued	(55,794,694)	(597,951)	(21,126,676)	(18,203,049)	(605,051)	(16,929,911)
Credit loss income/(expenses)	–	227	(2,586,991)	–	227	2,149
Net foreign exchange loss	–	(29,201)	–	–	(10,916)	–
Other income, net	–	–	78,886,999	–	–	46,855,178
Other operating expenses	–	(117,428)	–	–	(2,488)	–
Corporate income tax expense	–	–	(9,486,399)	–	–	(11,488,013)

Key management remuneration

Key management remuneration comprises the following:

	2024	2023
Wages and salaries and other short-term benefits	256,716	180,542
Remuneration of the members of the Board of Directors	18,745	18,721
The Board of Directors administrative expenses	191	–
Social security costs	29,082	18,972
Total key management remuneration	304,734	218,235

30. Capital adequacy

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

As at 31 December 2024, the Company and the Subsidiary were in full compliance with the externally imposed capital requirements (31 December 2023: the Company and the Subsidiary were in full compliance with the externally imposed capital requirements).

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

The Group manages and reviews the structure of the Group'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.

As at 31 December 2024 and 31 December 2023, the Company's capital adequacy ratios calculated in accordance with the requirements of the NBRK were as follows:

	31 December 2024	31 December 2023
Tier 1 capital	410,503,450	410,249,916
Tier 2 capital	53,261,372	20,936,654
Total equity	463,764,822	431,186,570
Risk-weighted assets	1,040,968,369	846,531,479
Commitments and contingencies	125,061,789	78,014,122
Operational risk	71,051,802	40,368,934
Capital adequacy ratio (k1)	26.90%	38.24%
Capital adequacy ratio (k1-2)	35.21%	44.37%
Capital adequacy ratio (k1-3)	23.95%	27.33%

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

000 KZT

As at 31 December 2024 and 31 December 2023, the Subsidiary's capital adequacy ratios calculated in accordance with the requirements of the NBRK were as follows:

	31 December 2024	31 December 2023
Tier 1 capital	172,293,741	166,600,027
Tier 2 capital	20,344,956	18,928,175
Total equity	192,638,697	185,528,202
Total assets	644,247,205	523,303,451
Risk-weighted assets and commitments and contingent liabilities	630,170,421	526,454,152
Operational risk	32,382,987	25,288,297
Capital adequacy ratio (k1)	26.74%	31.84%
Capital adequacy ratio (k1-2)	27.34%	31.65%
Capital adequacy ratio (k1-3)	29.39%	33.55%

31. Subsequent events

During January-April 2025, the Company received loans from the Ministry of Finance of the Republic of Kazakhstan in the amount of KZT 90,000,000 thousand, at 0.01% nominal interest rate and with a maturity in December 2025 and November 2026, intended for financing spring field and harvesting works (unaudited).

During March-April 2025, the Company raised bond-secured loans from the Sole Shareholder, including:

- on 5 March 2025, a loan of CHY 430,000 thousand, at the nominal interest rate of 3.39% and with a 5-year maturity, for the purpose of financing agro-industrial complex projects (unaudited);
- on 7 April 2025, a loan of KZT 100,000,000 thousand, at the nominal interest rate of 17.50% and with a 15-month maturity, for the purpose of financing the spring field works. A coupon rate on these bonds is also to be subsidised by the Government of the Republic of Kazakhstan under the general spring field and harvesting works financing programme (unaudited).
- on 10 April 2025, a loan of KZT 44,300,000 thousand, at the nominal interest rate of 17.20% and with a 12-month maturity, for the purpose of financing processing enterprises in the food industry. It is expected that the Company will receive subsidies from the Ministry of Agriculture of the Republic of Kazakhstan as part of the direct subsidized loan programme, in accordance with the rules for subsidizing interest rates on loans issued to entities, members of the agro-industrial complex No.436, and taking account of which the financing from the funds of the bond-secured loan will be provided on concessional terms.

From the beginning of the year to 1 March 2025, the Company received the scheduled repayment of the principal amount outstanding, for the loans provided by Halyk Bank JSC, Bank CenterCredit JSC, and Freedom Bank Kazakhstan JSC, for a total of KZT 43,244,154 thousand (Note 7) (unaudited).

After the reporting date, the Group paid coupon rates on debt securities issued, for a total of KZT 10,486,250 thousand, (unaudited), including:

- on 22 January 2025, on bonds from the KZ2C00009843 (KAFIb13) issue, for a total of KZT 1,925,000 thousand (unaudited);
- on 3 February 2025, on bonds from the KZ2C00008514 (KAFIb12) issue, for a total of KZT 4,212,500 thousand (unaudited);
- on 7 February 2025, on bonds from the KZ2C00010908 (KAFIpp5) issue, for a total of KZT 787,500 thousand (unaudited);
- on 7 February 2025, on bonds from the KZ2C00010841 (KAFIpp4) issue, for a total of KZT 1,181,250 thousand (unaudited);
- on 26 February 2025, on bonds from the KZ2C00007862 (KAFIb11) issue, for a total of KZT 2,380,000 thousand (unaudited).