

**Associated Bank Kazakhstan – Ziraat International Bank
Joint Stock Company**

**International Financial Reporting Standards
Separate Financial Statements and
Independent Auditor's Report**

For the year ended 31 December 2023

Contents

INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report

To the Shareholder and Management of Associated Bank Kazakhstan – Ziraat International Bank JSC:

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Associated Bank Kazakhstan – Ziraat International Bank JSC (the "Bank") as at 31 December 2023, and the Bank's financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Bank's financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Republic of Kazakhstan that are relevant to our audit of the financial statements.

Responsibilities of management and those charged with governance for the financial statements

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



Independent auditor's report (Continued)

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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



Independent auditor's report (Continued)

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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.

On behalf of PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Approved by:

A. Konratbayev

Azamat Konratbayev
Managing Director
PricewaterhouseCoopers LLP
(General State License of the Ministry of Finance of the Republic of Kazakhstan №0000005 dated 21 October 1999)

Signed by:

A. Akhmetova

Aigul Akhmetova
Audit Partner
Auditor in charge
(Qualified Auditor's Certificate №0000083 dated 27 August 2012)

29 March 2024

Almaty, Kazakhstan

Associated Bank Kazakhstan – Ziraat International Bank JSC
Separate Statement of Financial Position as at 31 December 2023

<i>In thousands of Kazakhstani Tenge</i>	Note	31 December 2023	31 December 2022
ASSETS			
Cash and cash equivalents	8	105,227,639	73,608,146
Due from other banks	9	1,140,673	1,209,370
Investment securities carried at amortized cost	10	1,032,340	-
Loans to customers	11	106,391,744	75,501,612
Property and equipment	12	5,226,699	12,032,537
Non-current assets held for sale	15	9,983,461	-
Intangible assets	12	729,750	321,308
Investments	13	554,379	554,379
Corporate income tax prepayment		26,278	185,770
Other assets	14	1,795,102	4,950,901
TOTAL ASSETS		232,108,125	168,364,023
LIABILITIES			
Due to credit institutions	16	3,884,065	5,108,357
Customer accounts	17	153,321,204	103,266,804
Deferred corporate income tax liability	25	207,692	214,864
Lease liabilities	18	383,080	403,105
Other liabilities	19	508,582	478,734
TOTAL LIABILITIES		158,304,623	109,471,864
EQUITY			
Share capital	20	48,500,000	48,500,000
Retained earnings		23,347,151	8,264,238
Reserve funds	20	1,177,175	1,177,175
Revaluation reserve for property and equipment		779,176	950,746
TOTAL EQUITY		73,803,502	58,892,159
TOTAL LIABILITIES AND EQUITY		232,108,125	168,364,023

Signed and authorized for issue on behalf of the Management Board of the Bank on 29 March 2024


 Galiya Massenova
 Active Chairman of the Management
 Board


 Alma Maxutova
 Chief Accountant

Associated Bank Kazakhstan – Ziraat International Bank JSC
Separate Statement of Comprehensive Income for the year ended 31 December 2023

<i>In thousands of Kazakhstani Tenge</i>	Note	31 December 2023	31 December 2022
Interest income calculated using effective interest rate	21	21,074,525	11,990,180
Interest expense	21	(4,460,284)	(2,830,557)
Net interest income		16,614,241	9,159,623
Expected credit losses income/(expense)	22	1,282,013	(21,362,019)
Net interest income after expected credit losses expense		17,896,254	(12,202,396)
Fee and commission income	23	1,547,640	1,257,924
Fee and commission expense	23	(296,538)	(285,299)
Net gains from transactions in foreign currencies:			
- dealing		2,400,247	3,104,629
- translation differences		12,528	43,755
Other income		390,935	176,368
Administrative and other operating expenses	24	(4,938,606)	(2,763,369)
Profit/(loss) before corporate income tax expense		17,012,460	(10,668,388)
Corporate income tax (expense)/economy	25	(1,952,496)	15,921
Profit/(loss) for the year		15,059,964	(10,652,467)
Other comprehensive (loss)/income			
<i>Items that will not be subsequently reclassified to profit or loss:</i>			
Revaluation of land and buildings (net of deferred corporate income tax)		(148,621)	255,709
Other comprehensive (loss)/income for the year		(148,621)	255,709
Total comprehensive income/(loss) for the year		14,911,343	(10,396,758)
Basic and diluted earnings/(loss) per share (in Tenge)	20	310.51	(356.81)

Signed and authorized for issue on behalf of the Management Board of the Bank on 29 March 2024



 Galiya Massenova
 Active Chairman of the Management Board



 Alma Maxutova
 Chief Accountant

Associated Bank Kazakhstan – Ziraat International Bank JSC
Separate Statement of Changes in Equity for the year ended 31 December 2023

<i>In thousands of Kazakhstani Tenge</i>	Note	Share capital	Reserve funds	Revaluation reserve for property and equipment	Retained earnings	Total equity
As at 31 December 2021	20	15,000,000	1,177,175	695,037	18,916,705	35,788,917
Loss for the year		-	-	-	(10,652,467)	(10,652,467)
Other comprehensive income		-	-	255,709	-	255,709
Total comprehensive income for 2022		-	-	255,709	(10,652,467)	(10,396,758)
Share issue		33,500,000	-	-	-	33,500,000
As at 31 December 2022	20	48,500,000	1,177,175	950,746	8,264,238	58,892,159
Profit for the year		-	-	-	15,059,964	15,059,964
Other comprehensive loss		-	-	(148,621)	-	(148,621)
Total comprehensive income/(loss) for 2023		-	-	(148,621)	15,059,964	14,911,343
Transfer from the revaluation reserve for property and equipment		-	-	(22,949)	22,949	-
As at 31 December 2023	20	48,500,000	1,177,175	779,176	23,347,151	73,803,502

Signed and authorized for issue on behalf of the Management Board of the Bank on 29 March 2024:


Galiya Massenova
 Active Chairman of the Management Board



 Alma Maxutova
 Chief Accountant

Associated Bank Kazakhstan – Ziraat International Bank JSC
Separate Statement of Cash Flows for the year ended 31 December 2023

<i>In thousands of Kazakhstani Tenge</i>	Note	31 December 2023	31 December 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		20,517,225	10,866,569
Interest paid		(4,435,340)	(2,903,861)
Fees and commissions received		1,559,301	1,255,583
Fees and commissions paid		(296,538)	(285,299)
Net gains from dealing in foreign currencies		2,400,247	3,104,629
Other operating income received		169,325	176,009
Personnel expenses paid		(1,459,727)	(1,048,051)
Administrative and other operating expenses paid		(2,792,773)	(1,365,699)
Corporate income tax paid		(1,740,508)	(295,780)
Cash flows from operating activities before changes in operating assets and liabilities		13,921,212	9,504,100
<i>Net (increase)/decrease in operating assets</i>			
Due from other banks		165,743	54,418
Receivables under reverse repurchase agreements		-	(22,328)
Loans to customers		(29,127,135)	(17,310,395)
Other assets		2,425,107	1,247,599
<i>Net increase/(decrease) in operating liabilities</i>			
Due to credit institutions		(1,200,000)	-
Due to other banks		-	(1,454,037)
Customer accounts		52,039,913	8,238,527
Other liabilities		77,155	784,409
Net cash from operating activities		38,301,995	1,042,293
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities		(1,076,271)	-
Purchase of property and equipment, intangible assets and non-current assets held for sale		(5,136,260)	(1,212,672)
Proceeds from sale of property and equipment		1,365,468	358
Net cash flows used in investing activities		(4,847,063)	(1,212,314)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of ordinary shares		-	33,500,000
Repayment of the principal amount of the lease debt		(209,377)	(176,373)
Net cash from/(used in) financing activities		(209,377)	33,323,627
Effect of expected credit losses on cash and cash equivalents	8	(2,018)	(3,263)
Effect of exchange rate changes on cash and cash equivalents		(1,624,044)	2,712,380
Net increase/(decrease) in cash and cash equivalents		31,619,493	35,862,723
Cash and cash equivalents as at beginning of the year		73,608,146	37,745,423
Cash and cash equivalents as at the end of the year	8	105,227,639	73,608,146

Signed and authorized for issue on behalf of the Management Board of the Bank on 29 March 2024:


Galiya Massenova
Chairman of the Management Board


Alma Maxutova
Chief Accountant

1 Organizational structure and description of activities

Associated Bank Kazakhstan – Ziraat International Bank Joint Stock Company (the “Bank”) was registered in 1993 in accordance with the legislation of the Republic of Kazakhstan. The Bank conducts its activities under the general bank license No. 1.2.67/241 issued by the Agency of the Republic of Kazakhstan for regulation and development of financial market (the “Agency”) on 3 February 2020.

The Bank accepts deposits from the public and extends loans and perform transfers of cash in Kazakhstan and abroad, exchanges currencies and provides other banking services to its commercial and retail customers.

The Bank is a member of the obligatory deposit insurance system. The system operates under the Law of the Republic of Kazakhstan on “Obligatory Insurance of Second Tier Banks Deposits” dated 7 July 2006 and is governed by the National Bank of the Republic of Kazakhstan (hereinafter - NBRK). The insurance covers the Bank’s obligations: up to 20 million Tenge on savings deposits in the national currency, up to 10 million Tenge on cards, accounts and other deposits in the national currency, and up to 5 million Tenge on guaranteed deposits in foreign currency to each individual depositor in case of bankruptcy and revocation of the NBK license to carry out banking activities. Since 1993, the Bank has been a member of the Kazakhstan Stock Exchange (hereinafter referred to as the “KSE”) and has been involved in foreign exchange transactions.

As of 31 December 2023, the Bank’s branch network includes 7 branches and 1 banking service center located in the Republic of Kazakhstan (as of 31 December 2022: 7 branches, 1 banking service center).

Registered address of the Bank’s head office: Republic of Kazakhstan, A05F8G3, Almaty, st. Nauryzbay Batyr, building 17A, 3rd floor.

As of 31 December 2023 and 2022, the controlling shareholder of the Bank is T.S. Ziraat Bankasi AS (Turkey) (hereinafter referred to as the “Parent Organization” or “Controlling Shareholder”).

As at 31 December 2022 and 2023, the shareholders of the Bank were as follows:

Shareholder	31 December 2023, %	31 December 2022, %
T.C. Ziraat Bankasi A.S.	99.92	99.92
Emlak Pazarlama Insaat Proje Yonetimi ve Ticaret A.S.	0.08	0.08
Total	100.00	100.00

2 Operating Environment of the Bank

On 24 February 2022, Russia launched a military invasion of Ukraine. In response to the invasion, the United States, the European Union and several other countries imposed wide-ranging sanctions on Russia, including banning certain Russian banks from using the Swift system. Russia is Kazakhstan’s largest trading partner. Kazakhstan is also heavily dependent on the Caspian Pipeline Consortium (CPC), which transports up to 80% of its oil exports.

Military actions in Ukraine and anti-Russian sanctions have affected commodity prices and increased the volatility of the tenge exchange rate. The annualized inflation rate stood at 9.8% in December 2023 after peaking at 21.3% in February 2023. Economic growth in 2023 amounted to 4.8%, and, according to analysts, the growth rate of the national economy in the next three years will average just under 4% per year. As of the date of this report, the official exchange rate of the National Bank of the Republic of Kazakhstan was 448.15 tenge per US dollar, compared to 454.56 tenge per US dollar as at 31 December 2023 (31 December 2022: 462.65 tenge for 1 US dollar).

In general, the economy of the Republic of Kazakhstan continues to exhibit some characteristic features inherent in developing markets. In addition, the Bank remains exposed to political, legislative, financial and regulatory changes in the country. Uncertainty remains regarding the tenge exchange rate and commodity prices.

The economic environment has a significant impact on the Bank’s operations and financial position. Management is taking the necessary measures to ensure the Bank’s sustainable operations, however, the future consequences of the current economic situation are difficult to predict. Management’s current expectations and estimates may differ from actual results. The prospects for future economic stability in the Republic of Kazakhstan depend largely on the effectiveness of economic measures taken by the Government of the Republic of Kazakhstan, as well as legal and political developments that are beyond the Bank’s control.

3 Significant Accounting Policies

Basis of preparation. These separate financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

These separate financial statements have been prepared under the historical cost convention, except for financial instruments initially recognized at fair value, investment property at fair value through profit or loss and land and buildings included in property, plant and equipment. Funds measured at fair value. The significant accounting policies applied in the preparation of these separated financial statements are set out below. These principles have been applied consistently to all periods presented in the separated financial statements, unless otherwise stated.

These separate financial statements are addressed to the primary users, which are the Shareholder, the Agency and the Bank’s customers. These Separate financial statements assume that key users have reasonable knowledge of the business and economic activities of the Bank and have appropriately verified and evaluated the information. On occasion, even knowledgeable and careful users may require the assistance of an advisor to understand complex economic information reflected in these Separate financial statements.

The objective of these separate financial statements is to disclose information that management considers to be material to its principal users. Management is careful not to impair the understandability of these financial statements by obscuring material information by immaterial information. The Separate financial statements disclose only significant accounting policies, where appropriate, in the related disclosure notes.

As of 31 December 2023 and 2022, the Bank has 100% ownership in two subsidiaries engaged in the management of distressed assets, details of which are presented in Note 13.

Controlled entities have not been consolidated into these separate financial statements. Investments in controlled entities were accounted for at cost. These separate financial statements are to be read in conjunction with the consolidated financial statements, which were authorized for issue by management of the Bank on 29 March 2024. The consolidated financial statements for the year ended 31 December 2023, prepared in accordance with IFRS and issued on 29 March 2024, are available from the Bank’s head office at the address indicated above.

These separate financial statements are presented in thousands of Kazakhstani tenge (hereinafter referred to as “tenge”), unless otherwise stated.

Going concern basis. Management prepared these separate financial statements on a going concern basis. Refer to Note 4 for uncertainties relating to events and conditions that may cast a significant doubt upon the Bank’s ability to continue as a going concern.

Foreign currency translation. These separate financial statements are presented in Tenge, which is the Bank’s functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate established and published by KASE ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Gains and losses resulting from the translation of foreign currency transactions are recognized in the Separate statement of comprehensive income as net gains from foreign currencies – translation differences. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the official exchange rates at the date when the fair value was determined.

Differences between the contractual exchange rate of a transaction in a foreign currency and the official KASE exchange rate on the date of the transaction are included in net gains from dealing in foreign currencies. The KASE market exchange rates on 31 December 2022 and 2023, were 462.65 Tenge and 454.56 Tenge to 1 US Dollar, respectively.

4 Significant Accounting Judgements and Estimates

The Bank makes accounting estimates and assumptions that affect the amounts recognized in the financial statements and the carrying amounts of assets and liabilities in the next financial year. Accounting estimates and judgments are subject to ongoing review and are based on management’s past experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying accounting policies, management also makes judgments other than those related to accounting estimates. Judgments that have the most significant effect on the amounts recognized in the financial statements and accounting estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include the following:

4 Significant Accounting Judgements and Estimates (Continued)

Expected credit losses/impairment losses on financial assets. The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular the timing of future cash flows and the value of collateral must be assessed when determining ECL/impairment losses and assessing 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 Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- the Bank's criteria for assessing if there has been a significant increase in credit risk and as a result allowances for financial assets should be measured on a life time ECL basis and the qualitative assessment;
- the segmentation of financial assets when their ECL is assessed on a collective basis;
- development of ECL models, including the various formulas and the choice of inputs;
- determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PD, EAD and LGD;
- selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL model.

More details are provided in Notes 11 and 27.

A 10% increase or decrease in the probability of default as at 31 December 2023 would have increased or decreased the total allowance for expected credit losses by KZT 171,678 thousand (31 December 2022: increase or decrease by KZT 131,982 thousand). A 10% increase or decrease in loss in case of default as at 31 December 2023 would have increased or decreased the total allowance for expected credit losses by KZT 71,637 thousand (31 December 2022: increase or decrease by 64,053 thousand Tenge).

Significant increase in credit risk. To determine whether there has been a significant increase in credit risk, the Bank compares the risk of default occurring over the life of a financial instrument at the reporting date with the risk of default occurring at the date of initial recognition. The assessment process considers the relative increase in credit risk rather than the specific level of credit risk at the reporting date. The Bank takes into account all reasonable and supportable forward-looking information that is available without undue cost and effort, including a number of factors, including the behavioral aspects of specific client portfolios. The Bank determines behavioral indications of an increase in credit risk prior to default and includes relevant forward-looking information in credit risk assessments at the individual instrument or portfolio level. If the ECL on all loans to customers were measured as lifetime ECL (i.e., including those currently in Stage 1 and measured as 12-month ECL), the allowance for expected credit losses as at 31 December 2023 would have been Tenge 464,349 thousand more (31 December 2022: Tenge 266,490 thousand more).

5 Adoption of New or Revised Standards and Interpretations

A number of new standards and amendments to standards became effective for annual periods beginning after January 1, 2023, with earlier adoption possible. However, the Bank did not early adopt new and amended standards in preparing these Separate financial statements.

The following revised standards and amendments became mandatory for the Company effective January 1, 2023:

- IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).
- Transition option to insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023) (the amendments resulted in changes in the presentation of these financial statements, primarily by eliminating significant accounting policies that do not provide significant information about the accounting policies)
- Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).

5 Adoption of New or Revised Standards and Interpretations (Continued)

- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023).

Unless otherwise stated, the adoption of the above amendments did not have a material impact on the Company's financial statements.

6 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2024 or later, and which the Bank has not early adopted.

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).
- Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023).

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Bank's financial statements.

7 Segment Information

Operating segments are components of the Bank that engage in business activities that may earn revenue or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker and for which discrete financial information is available. Management Board of the Bank is the operating decision maker of the Bank.

Description of products and services from which each reportable segment derives its revenue.

The Bank is established based on one major business segment – corporate banking, representing direct debit instruments, current accounts, deposits, overdrafts, loans and other credit instruments and foreign exchange products. The Bank also conducts retail banking transactions that represent private banking services, private customer current accounts, savings, deposits, consumer loans.

7 Segment Information (Continued)

Segment information for the reportable segments as at 31 December 2023 and for the year ended on that date is set out below:

<i>In thousands of Kazakhstani Tenge</i>	Corporate banking	Retail banking	Total
As at 31 December 2023			
Assets			
Cash and cash equivalents	105,227,639	–	105,227,639
Due from other banks	1,140,673	–	1,140,673
Investment securities carried at amortized cost	1,032,340	–	1,032,340
Loans to clients	104,876,840	1,514,904	106,391,744
Total assets of reportable segments	212,277,492	1,514,904	213,792,396
Unallocated amounts			18,315,729
Total assets			232,108,125
Liabilities			
Due to credit institutions	3,884,065	–	3,884,065
Customer accounts	125,862,433	27,458,771	153,321,204
Total liabilities of reportable segments	129,746,498	27,458,771	157,205,269
Unallocated amounts			1,099,354
Total liabilities			158,304,623

<i>In thousands of Kazakhstani Tenge</i>	Corporate banking	Retail banking	Total
2023			
Interest income calculated using effective interest rate	20,516,366	558,159	21,074,525
Interest expense	(3,284,796)	(1,175,488)	(4,460,284)
Net interest income	17,231,570	(617,329)	16,614,241
Income from credit losses	1,271,888	10,125	1,282,013
Net interest income after expected credit losses	18,503,458	(607,204)	17,896,254
Fee and commission income	1,310,692	236,948	1,547,640
Fee and commission expense	(296,538)	–	(296,538)
Net gains from transactions in foreign currencies:			
- dealing	2,400,247	–	2,400,247
- revaluation of currency items	12,528	–	12,528
Other Income	390,935	–	390,935
Administrative and other operating expenses	(4,786,038)	(152,568)	(4,938,606)
Segment results	17,535,284	(522,824)	17,012,460
Corporate income tax expense			(1,952,496)
Profit for the year			15,059,964

7 Segment Information (Continued)

Segment information for the reportable segments as at 31 December 2022 and for the year ended on that date is set out below:

<i>In thousands of Tenge</i>	Corporate banking	Retail banking	Total
As at 31 December 2022			
Assets			
Cash and cash equivalents	73,608,146	-	73,608,146
Due from other banks	1,209,370	-	1,209,370
Loans to customers	74,248,904	1,252,708	75,501,612
Total assets of reportable segments	149,066,420	1,252,708	150,319,128
Unallocated amounts			18,044,895
Total assets			168,364,023
Liabilities			
Due to credit institutions	5,108,357	-	5,108,357
Customer accounts	84,714,683	18,552,121	103,266,804
Total liabilities of reportable segments	89,823,040	18,552,121	108,375,161
Unallocated amounts			1,096,703
Total liabilities			109,471,864

<i>In thousands of Kazakhstani Tenge</i>	Corporate banking	Retail banking	Total
2022			
Interest income calculated using effective interest rate	11,226,388	763,792	11,990,180
Interest expense	(2,638,096)	(192,461)	(2,830,557)
Net interest income	8,588,292	571,331	9,159,623
Expected credit losses expense	(21,289,901)	(/2,118)	(21,362,019)
Net interest income after expected credit losses	(12,701,609)	499,213	(12,202,396)
Fee and commission income	938,788	319,136	1,257,924
Fee and commission expense	(285,299)	-	(285,299)
Net gains from transactions in foreign currencies:			
- dealing	3,104,629	-	3,104,629
- revaluation of currency items	43,755	-	43,755
Other income	176,368	-	176,368
Administrative and other operating expenses	(2,763,369)	-	(2,763,369)
Segment results	(11,486,737)	818,349	(10,668,388)
Corporate income tax expense			15,921
Loss for the year			(10,652,467)

7 Segment Information (Continued)

Income of the Bank other than interest income from deposits with other banks, is generated in the Republic of Kazakhstan. Geographic areas of the Bank's activities are presented in Note 27 to these separate financial statements on the basis of the actual location of the counterparty, i.e., on the basis of economic risk rather than legal risk of the counterparty. The Bank has no customers, which would bring more than ten percent of the total income earned in 2022 and 2023.

8 Cash and Cash Equivalents

Cash and cash equivalents comprise of the following:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023	31 December 2022
Current accounts with the NBRK	1,452,768	683,353
Current accounts with other banks	2,101,878	12,493,062
Time deposits with NBRK up to 90 days	79,135,947	48,279,218
Time deposits with Credit Institutions up to 90 days	20,242,156	10,182,528
Cash on hand	2,300,984	1,973,972
Total cash and cash equivalents	105,233,733	73,612,133
Less ECL allowance	(6,094)	(3,987)
Total cash and cash equivalents	105,227,639	73,608,146

All balances of cash and cash equivalents are allocated to Stage 1. An analysis of changes in the ECL allowances during the year is, as follows:

<i>In thousands of Kazakhstani Tenge</i>	Stage 1
As at 31 December 2021	(747)
Change in ECL for the year (Note 22)	(3,263)
Foreign exchange differences	23
As at 31 December 2022	(3,987)
Change in ECL for the year (Note 22)	(2,018)
Foreign exchange differences	(89)
As at 31 December 2023	(6,094)

8 Cash and Cash Equivalents (Continued)

The table below provides an analysis of cash and cash equivalents by credit quality as at 31 December 2023*:

<i>In thousands of Kazakhstani Tenge</i>	Cash balances with the NBRK, including mandatory reserves	Time deposits with Other Banks	Correspondent accounts with other banks	Total
<i>Neither past due nor impaired</i>				
- NBRK (BBB- rated)	80,588,715	-	-	80,588,715
- BBB- to BBB+ rated	-	-	1,143,921	1,143,921
- BB- to BB+ rated	-	13,639,783	24,001	13,663,784
- B- to B+ rated	-	5,134,878	933,956	6,068,834
-not rated	-	1,467,495	-	1,467,495
Gross carrying amount	80,588,715	20,242,156	2,101,878	102,932,749
ECL allowance	-	(6,069)	(25)	(6,094)
Total cash and cash equivalents, excluding cash on hand	80,588,715	20,236,087	2,101,853	102,926,655

The table below provides an analysis of cash and cash equivalents by credit quality as at 31 December 2022:

<i>In thousands of Kazakhstani Tenge</i>	Cash balances with the NBRK, including mandatory reserves	Time deposits with Other Banks	Correspondent accounts with other banks	Total
<i>Neither past due nor impaired</i>				
- NBRK (BBB- rated)	48,962,571	-	-	48,962,571
- BBB- to BBB+ rated	-	-	407,812	407,812
- BB- to BB+ rated	-	7,865,924	9,385,304	17,251,228
- not rated	-	2,316,604	2,699,946	5,016,550
Gross carrying amount	48,962,571	10,182,528	12,493,062	71,638,161
ECL allowance	-	(92)	(3,895)	(3,987)
Total cash and cash equivalents, excluding cash on hand	48,962,571	10,182,436	12,489,167	71,634,174

The Bank assesses the credit quality of cash and cash equivalents based on external ratings assigned to banks by independent international rating agencies: S&P, Moody's and Fitch.

For purposes of measuring expected credit losses, cash and cash equivalent balances are included in Stage 1 as of 31 December 2022 and 31 December 2023. The approach to measuring expected credit losses is described in Note 27.

8 Cash and Cash Equivalents (Continued)

Minimum reserve requirements

Under Kazakh legislation, the Bank is required to maintain reserve assets, which are computed as a percentage of certain liabilities of the Bank. Such reserves must be held on the current account with the NBRK or physical cash computed based on average monthly balances of the aggregate of cash balances on current account with the NBRK and/or physical cash in national currency during the period of reserve creation. As at 31 December 2023, obligatory reserves amounted to 4,263,587 thousand Tenge (as at 31 December 2022: 2,949,732 thousand Tenge).

9 Due from Other Banks

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023	31 December 2022
Due from other banks	1,143,622	1,209,685
Less ECL allowance	(2,949)	(315)
Total due from other banks	1,140,673	1,209,370

As at 31 December 2023, the Bank had a deposit in ZIRAAT Bank Uzbekistan JSC in the amount of 2,500,000 US Dollars or in the equivalent amounted to 1,136,400 thousand Tenge (as at 31 December 2022 the balance was 2,500,000 US Dollars or 1,156,625 thousand Tenge).

<i>In thousands of Kazakhstani Tenge</i>	Stage 1
ECL allowance as at 31 December 2021	(3,069)
Change in ECL during the year	2,969
Foreign exchange differences	(215)
ECL allowance as at 31 December 2022	(315)
Change in ECL during the year	(2,579)
Foreign exchange differences	(55)
ECL allowance as at 31 December 2023	(2,949)

The table below provides an analysis of deposits with banks by credit quality as at 31 December 2023:

<i>In thousands of Kazakhstani Tenge</i>	Deposits with banks	Total
Neither past due nor impaired B- rated	1,140,673	1,140,673
Total amount due from Other Banks	1,140,673	1,140,673

The table below provides an analysis of deposits with banks by credit quality as at 31 December 2022:

<i>In thousands of Kazakhstani Tenge</i>	Deposits with banks	Total
Neither past due nor impaired B- rated	1,209,370	1,209,370
Total amount due from Other Banks	1,209,370	1,209,370

The Bank assesses the credit quality of deposits in banks based on external ratings assigned to banks by independent international rating agencies: S&P, Moody's and Fitch.

9 Due from Other Banks (Continued)

For the purposes of measuring expected credit losses, bank balances are included in Stage 1 as at 31 December 2022 and 31 December 2023. The Bank creates a credit loss allowance for deposits with banks.

See Note 28 for fair value measurements of deposits with banks.

10 Investment securities carried at amortized cost

Investment securities carried at amortized cost include:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023	31 December 2022
Treasury bonds of the Ministry of Finance of the RK	1,032,939	-
Expected credit losses	(599)	-
Total carrying amount of investment securities carried at amortized cost	1,032,340	-

<i>In thousands of Kazakhstani Tenge</i>	Stage 1
ECL allowance as at 31 December 2022	-
Change in ECL during the year	(599)
ECL allowance as at 31 December 2023	(599)

The securities in the Bank's portfolio are represented by government securities of the Republic of Kazakhstan and are rated BBB-.

Purchase and sale of financial assets that must be delivered within the time limits required by law or customary business practices for a given market ("regular purchase and sale") are recorded at the trade date, that is, the date the Bank commits to buy or sell financial asset.

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

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

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

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Bank's original expectations, the Bank 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.

Purchases or sales of financial assets and liabilities on standard terms are recognized at the trade date, which is the date the Bank commits to purchase the asset or liability. A purchase or sale on standard terms refers to the purchase or sale of financial assets and liabilities under a contract that requires delivery of the assets and liabilities within a time limit specified by rules or conventions accepted in the market.

The fair value of investment securities carried at amortized cost is presented in Note 28.

11 Loans and advances to clients

Loans to customers comprise of the following:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023	31 December 2022
Loans to small and medium businesses	77,836,437	56,073,297
Loans to major customers	32,516,502	25,496,046
Mortgage loans	754,911	1,222,860
Consumer loans	970,382	239,860
Total carrying amount of loans to customers measured at amortized cost before ECL	112,070,232	83,032,063
Less ECL allowance	(5,686,488)	(7,530,451)
Total loans to customers	106,391,744	75,501,612

As of 31 December 2022 and 2023, the Bank classifies loans to customers with an average annual number of employees of more than two hundred and fifty people and (or) an average annual income of more than three million monthly calculation index as of the loan issuance date as "loans issued to large customers"; customers with an average annual number of employees of no more than two hundred and fifty people and (or) an average annual income of no more than three million monthly calculated indicators as of the date of issuance of the loan, as "loans issued to small and medium-sized businesses." The monthly calculation index as at 31 December 2023 was KZT 3,450 (31 December 2022: KZT 3,180). Loans granted to individuals secured by real estate are classified by the Bank as "mortgage loans". All other loans to individuals are classified by the Bank as "consumer loans".

Restructured loans. Where possible, the Bank 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 Bank derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

The newly recognized loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI. When assessing whether or not to derecognize a loan to a customer, amongst others, the Bank considers the following factors:

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

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, presented within loss from modification of financial assets measured at amortized cost as a part of profit or loss that are presented as a part of interest revenue calculated using the effective interest rate in the consolidated statement of profit or loss before an impairment loss is recognized.

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

11 Loans and advances to clients (Continued)

Assessment of impairment of financial assets. The Bank calculates ECL based on several probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are as follows:

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

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

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

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

Definition of default and cure. The Bank considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. The Bank considers amounts due from banks defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements.

As a part of a qualitative assessment of whether a customer is in default, the Bank also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Bank 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:

- restructuring of the loan due to deterioration of financial position of the borrower;
- a material decrease in the underlying collateral value more than 50% during 6 month period;
- death of the borrower; the borrower is deceased: loss or unsuitability of the underlying collateral during 6 month period.

It is the Bank's policy to consider a financial instrument as 'improved' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least three consecutive months. In order for the restructured loan to be reclassified out of Stage 3, impairment indicators should be eliminated and at least three subsequent payments have been made in accordance with the modified payment schedule.

11 Loans and advances to clients (Continued)

Allowance for impairment of loans to customers measured at amortized cost.

Below is an analysis of changes in gross carrying amount and related ECL for loans issued to large customers for the year ended 31 December 2023:

<i>In thousands of Kazakhstani Tenge</i>	Stage 1	Stage 2	Stage 3	Total
Loans to major customers				
Gross carrying amount as at 1 January 2023	25,320,667	175,379	-	25,496,046
<i>Changes affecting credit loss allowance charges for the period:</i>				
New originated or purchased	22,246,543	-	-	22,246,543
Derecognition during the period	(14,889,185)	(168,923)	-	(15,058,108)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Net change in accrued interest	124,727	(6,456)	-	118,271
Total changes affecting credit loss allowance charge for the period	7,482,085	(175,379)	-	7,306,706
<i>Changes that do not affect credit loss allowance charges for the period:</i>				
Write-offs	-	-	-	-
Positive and negative foreign exchange differences	(286,250)	-	-	(286,250)
As at 31 December 2023	32,516,502	-	-	32,516,502

<i>In thousands of Kazakhstani Tenge</i>	Stage 1	Stage 2	Stage 3	Total
Loans to major customers				
ECL as at 1 January 2023	(149,757)	(1,078)	-	(150,835)
<i>Changes affecting credit loss allowance charges for the period:</i>				
New originated or purchased	(205,799)	-	-	(205,799)
Derecognition during the period	88,061	1,038	-	89,099
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Change in ECL as a result of transfers between Stages or changes in source data	73,941	40	-	73,981
Total changes affecting credit loss allowance charge for the period	(43,797)	1,078	-	(42,719)
<i>Changes that do not affect credit loss allowance charges for the period:</i>				
Write-offs	-	-	-	-
Positive and negative foreign exchange differences	(881)	-	-	(881)
As at 31 December 2023	(194,435)	-	-	(194,435)

11 Loans and advances to clients (Continued)

An analysis of changes in the gross carrying value and corresponding ECL in relation to lending to small and medium businesses during the year ended 31 December 2023 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	Stage 1	Stage 2	Stage 3	Total
Loans to small and medium businesses				
Gross carrying amount as at 1 January 2023	36,269,502	8,345,509	11,458,286	56,073,297
<i>Changes affecting credit loss allowance charges for the period:</i>				
New originated or purchased	74,367,638	-	-	74,367,638
Derecognition during the period	(43,773,459)	(7,914,301)	(941,428)	(52,629,188)
Transfers to Stage 1	2,157,229	(2,157,229)	-	-
Transfers to Stage 2	(3,267,669)	12,694,852	(9,427,183)	-
Transfers to Stage 3	(15,717)	(1,155,870)	1,171,587	-
Net change in accrued interest	575,414	(201,698)	(49,478)	324,238
Total changes affecting credit loss allowance charge for the period	30,043,436	1,265,754	(9,246,502)	22,062,688
<i>Changes that do not affect credit loss allowance charges for the period:</i>				
Write-offs	-	-	(4,998)	(4,998)
Compensations	-	-	578	578
Positive and negative foreign exchange differences	(193,938)	(66,022)	(35,168)	(295,128)
As at 31 December 2023	66,119,000	9,545,241	2,172,196	77,836,437

<i>In thousands of Kazakhstani Tenge</i>	Stage 1	Stage 2	Stage 3	Total
Loans to small and medium businesses				
ECL as at 1 January 2023	(687,244)	(487,612)	(5,994,748)	(7,169,604)
<i>Changes affecting credit loss allowance charges for the period:</i>				
New originated or purchased	(1,310,233)	-	-	(1,310,233)
Derecognition during the period	829,431	462,417	492,536	1,784,384
Transfers to Stage 1	(26,101)	26,101	-	-
Transfers to Stage 2	20,228	(4,607,573)	4,587,345	-
Transfers to Stage 3	1,950	368,374	(370,324)	-
Change in ECL as a result of transfers between Stages or changes in source data	(236,212)	2,047,282	(474,719)	1,336,351
Total changes affecting credit loss allowance charge for the period	(720,937)	(1,703,399)	4,234,838	1,810,502
<i>Changes that do not affect credit loss allowance charges for the period:</i>				
Write-offs	-	-	4,998	4,998
Compensations	-	-	(578)	(578)
Positive and negative foreign exchange differences	0,950	45,858	18,211	73,019
As at 31 December 2023	(1,399,231)	(2,145,153)	(1,737,279)	(5,281,663)

11 Loans and advances to clients (Continued)

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

<i>In thousands of Kazakhstani Tenge</i>	Stage 1	Stage 2	Stage 3	Total
Consumer loans				
Gross carrying amount as at 1 January 2023	217,661	5,706	16,493	239,860
<i>Changes affecting credit loss allowance charges for the period:</i>				
New originated or purchased	863,676	-	-	863,676
Transfers from other categories	51,017	526	224,440	275,983
Derecognition during the period	(323,363)	(25,142)	(73,706)	(422,211)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(30,006)	30,006	-	-
Transfers to Stage 3	-	-	-	-
Net change in accrued interest	3,934	(4,819)	7,368	6,483
Total changes affecting credit loss allowance charge for the period	565,258	571	158,102	723,931
<i>Changes that do not affect credit loss allowance charges for the period:</i>				
Write-offs	-	-	(8,887)	(8,887)
Compensations	-	-	19,884	19,884
Positive and negative foreign exchange differences	(2,957)	(75)	(1,374)	(4,406)
As at 31 December 2023	779,962	6,202	184,218	970,382

<i>In thousands of Kazakhstani Tenge</i>	Stage 1	Stage 2	Stage 3	Total
Consumer loans				
ECL as at 1 January 2023	(2,543)	(76)	(16,492)	(19,111)
<i>Changes affecting credit loss allowance charges for the period:</i>				
New originated or purchased	(22,074)	-	-	(22,074)
Transfers from other categories	(769)	-	(163,501)	(164,270)
Derecognition during the period	3,779	335	73,706	77,820
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	447	(447)	-	-
Transfers to Stage 3	-	-	-	-
Change in ECL as a result of transfers between Stages or changes in source data	5,767	63	(52,227)	(46,397)
Total changes affecting credit loss allowance charge for the period	(12,850)	(49)	(142,022)	(154,921)
<i>Changes that do not affect credit loss allowance charges for the period:</i>				
Write-offs	-	-	8,887	8,887
Compensations	-	-	(19,884)	(19,884)
Positive and negative foreign exchange differences	57	4	433	494
As at 31 December 2023	(15,336)	(121)	(169,078)	(184,535)

11 Loans and advances to clients (Continued)

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

<i>In thousands of Kazakhstani Tenge</i>	Stage 1	Stage 2	Stage 3	Total
Mortgage loans				
Gross carrying amount as at 1 January 2023	821,447	130,580	270,833	1,222,860
<i>Changes affecting credit loss allowance charges for the period:</i>				
New originated or purchased	188,200	-	-	188,200
Transfers from other categories	(51,017)	(526)	(224,440)	(275,983)
Derecognition during the period	(292,715)	(82,213)	(9,951)	(384,879)
Transfers to Stage 1	29,006	(29,006)	-	-
Transfers to Stage 2	-	47,972	(47,972)	-
Transfers to Stage 3	-	(22,099)	22,099	-
Net change in accrued interest	1,611	(2,132)	5,234	4,713
Total changes affecting credit loss allowance charge for the period	(124,915)	(88,004)	(255,030)	(467,949)
<i>Changes that do not affect credit loss allowance charges for the period:</i>				
Write-offs	-	-	-	-
Positive and negative foreign exchange differences	-	-	-	-
As at 31 December 2023	696,532	42,576	15,803	754,911

<i>In thousands of Kazakhstani Tenge</i>	Stage 1	Stage 2	Stage 3	Total
Mortgage loans				
ECL as at 1 January 2023	(9,846)	(439)	(180,616)	(190,901)
<i>Changes affecting credit loss allowance charges for the period:</i>				
New originated or purchased	(4,637)	-	-	(4,637)
Transfers from other categories	769	-	163,501	164,270
Derecognition during the period	3,509	276	6,636	10,421
Transfers to Stage 1	(320)	320	-	-
Transfers to Stage 2	-	(11,918)	11,918	-
Transfers to Stage 3	-	6	(6)	-
Change in ECL as a result of transfers between Stages or changes in source data	(2,157)	6,496	(9,347)	(5,008)
Total changes affecting credit loss allowance charge for the period	(2,836)	(4,820)	172,702	165,046
<i>Changes that do not affect credit loss allowance charges for the period:</i>				
Write-offs	-	-	-	-
Positive and negative foreign exchange differences	-	-	-	-
As at 31 December 2023	(12,682)	(5,259)	(7,914)	(25,855)

11 Loans and advances to clients (Continued)

An analysis of changes in the gross carrying value and corresponding ECL in relation to lending to major customers during the year ended 31 December 2022 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	Stage 1	Stage 2	Stage 3	Total
Loans to major customers				
Gross carrying amount as at 1 January 2022	3,632,155	3,719,466	7,808,583	15,160,204
<i>Changes affecting credit loss allowance charges for the period:</i>				
New originated or purchased	22,936,270	-	-	22,936,270
Transfers from other categories	7,293,999	(2,680,010)	-	4,613,989
Derecognition during the period	(7,976,549)	(1,229,636)	-	(9,206,185)
Transfers to Stage 1	12,402	(12,402)	-	-
Transfers to Stage 2	(387,603)	387,603	-	-
Transfers to Stage 3	-	-	-	-
Net change in accrued interest	127,659	(9,642)	4,909	122,926
Total changes affecting credit loss allowance charge for the period	22,006,178	(3,544,087)	4,909	18,467,000
<i>Changes that do not affect credit loss allowance charges for the period:</i>				
Write-offs	-	-	(9,176,340)	(9,176,340)
Positive and negative foreign exchange differences	(317,666)	-	1,362,848	1,045,182
As at 31 December 2022	25,320,667	175,379	-	25,496,046

<i>In thousands of Kazakhstani Tenge</i>	Stage 1	Stage 2	Stage 3	Total
Loans to major customers				
ECL as at 1 January 2022	(25,502)	(29,662)	(1,400,315)	(1,455,479)
<i>Changes affecting credit loss allowance charges for the period:</i>				
New originated or purchased	(202,961)	-	-	(202,961)
Transfers from other categories	(54,172)	27,371	-	(26,801)
Derecognition during the period	56,005	9,806	-	65,811
Transfers to Stage 1	(138)	138	-	-
Transfers to Stage 2	2,398	(2,398)	-	-
Change in ECL as a result of transfers between Stages or changes in source data	76,680	(6,333)	(7,571,076)	(7,500,729)
Total changes affecting credit loss allowance charge for the period	(122,188)	28,584	(7,571,076)	(7,664,680)
<i>Changes that do not affect credit loss allowance charges for the period:</i>				
Write-offs	-	-	9,176,340	9,176,340
Positive and negative foreign exchange differences	(2,067)	-	(204,949)	(207,016)
As at 31 December 2022	(149,757)	(1,078)	-	(150,835)

11 Loans and advances to clients (Continued)

An analysis of changes in the gross carrying value and corresponding ECL in relation to lending to small and medium businesses during the year ended 31 December 2022 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	Stage 1	Stage 2	Stage 3	Total
Loans to small and medium businesses				
Gross carrying amount as at 1 January 2022	46,643,715	6,507,933	13,673,075	66,824,723
<i>Changes affecting credit loss allowance charges for the period:</i>				
New originated or purchased	41,391,591	-	-	41,391,591
Transfers to other categories	(7,293,999)	2,680,010	-	(4,613,989)
Derecognition during the period	(32,568,355)	(3,319,057)	(2,781,524)	(38,668,936)
Transfers to Stage 1	4,241,688	(4,241,688)	-	-
Transfers to Stage 2	(8,812,462)	9,219,732	(407,270)	-
Transfers to Stage 3	(9,975,224)	(2,707,734)	12,682,958	-
Net change in accrued interest	1,550,321	85,869	(1,029,633)	606,557
Total changes affecting credit loss allowance charge for the period	(11,466,440)	1,717,132	8,464,531	(1,284,777)
<i>Changes that do not affect credit loss allowance charges for the period:</i>				
Write-offs	-	-	(12,423,120)	(12,423,120)
Compensations	-	-	39,058	39,058
Positive and negative foreign exchange differences	1,092,227	120,444	1,704,742	2,917,413
As at 31 December 2022	36,269,502	8,345,509	11,458,286	56,073,297

<i>In thousands of Kazakhstani Tenge</i>	Stage 1	Stage 2	Stage 3	Total
Loans to small and medium businesses				
ECL as at 1 January 2022	(389,189)	(252,027)	(5,126,652)	(5,767,868)
<i>Changes affecting credit loss allowance charges for the period:</i>				
New originated or purchased	(1,794,235)	-	-	(1,794,235)
Transfers to other categories	54,172	(27,371)	-	26,801
Derecognition during the period	271,746	128,534	1,042,919	1,443,199
Transfers to Stage 1	(58,211)	58,211	-	-
Transfers to Stage 2	96,944	(170,944)	74,000	-
Transfers to Stage 3	351,193	29,227	(380,420)	-
Change in ECL as a result of transfers between Stages or changes in source data	780,648	(246,763)	(13,704,387)	(13,170,502)
Total changes affecting credit loss allowance charge for the period	(297,743)	(229,106)	(12,967,888)	(13,494,737)
<i>Changes that do not affect credit loss allowance charges for the period:</i>				
Write-offs	-	-	12,423,120	12,423,120
Compensations	-	-	(39,058)	(39,058)
Positive and negative foreign exchange differences	(312)	(6,479)	(284,270)	(291,061)
As at 31 December 2022	(687,244)	(487,612)	(5,994,748)	(7,169,604)

11 Loans and advances to clients (Continued)

An analysis of changes in the gross carrying value and corresponding ECL in relation to consumer lending during the year ended 31 December 2022 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	Stage 1	Stage 2	Stage 3	Total
Consumer loans				
Gross carrying amount as at 1 January 2022	60,313	7,706	143,332	211,351
<i>Changes affecting credit loss allowance charges for the period:</i>				
New originated or purchased	427,325	-	-	427,325
Transfers to other categories	-	-	(126,680)	(126,680)
Derecognition during the period	(272,378)	(1,593)	(396)	(274,367)
Transfers to Stage 1	7,387	(7,387)	-	-
Transfers to Stage 2	(10,323)	10,323	-	-
Transfers to Stage 3	-	-	-	-
Net change in accrued interest	4,675	(3,580)	1	1,096
Total changes affecting credit loss allowance charge for the period	156,686	(2,237)	(127,075)	27,374
<i>Changes that do not affect credit loss allowance charges for the period:</i>				
Compensations	-	-	108	108
Positive and negative foreign exchange differences	662	237	128	1,027
As at 31 December 2022	217,661	5,706	16,493	239,860

<i>In thousands of Kazakhstani Tenge</i>	Stage 1	Stage 2	Stage 3	Total
Consumer loans				
ECL as at 1 January 2022	(504)	(70)	(77,357)	(77,931)
<i>Changes affecting credit loss allowance charges for the period:</i>				
New originated or purchased	(3,630)	-	-	(3,630)
Transfers to other categories	-	-	43,921	43,921
Derecognition during the period	2,276	14	214	2,504
Transfers to Stage 1	(68)	68	-	-
Transfers to Stage 2	47	(47)	-	-
Transfers to Stage 3	-	-	-	-
Change in ECL as a result of transfers between Stages or changes in source data	(656)	(38)	16,966	16,272
Total changes affecting credit loss allowance charge for the period	(2,031)	(3)	61,101	59,067
<i>Changes that do not affect credit loss allowance charges for the period:</i>				
Compensations	-	-	(108)	(108)
Positive and negative foreign exchange differences	(8)	(3)	(128)	(139)
As at 31 December 2022	(2,543)	(76)	(16,492)	(19,111)

11 Loans and advances to clients (Continued)

An analysis of changes in the gross carrying value and corresponding ECL in relation to mortgage lending during the year ended 31 December 2022 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	Stage 1	Stage 2	Stage 3	Total
Mortgage loans				
Gross carrying amount as at 1 January 2022	550,812	313,449	96,589	960,850
<i>Changes affecting credit loss allowance charges for the period:</i>				
New originated or purchased	545,750	-	-	545,750
Transfers to other categories	-	-	126,680	126,680
Derecognition during the period	(338,508)	(47,250)	(39,009)	(424,767)
Transfers to Stage 1	99,911	(95,540)	(4,371)	-
Transfers to Stage 2	(45,756)	57,349	(11,593)	-
Transfers to Stage 3	-	(101,884)	101,884	-
Net change in accrued interest	7,712	4,456	(4,897)	7,271
Total changes affecting credit loss allowance charge for the period	269,109	(182,869)	168,694	254,934
<i>Changes that do not affect credit loss allowance charges for the period:</i>				
Positive and negative foreign exchange differences	1,526	-	5,550	7,076
As at 31 December 2022	821,447	130,580	270,833	1,222,860

<i>In thousands of Kazakhstani Tenge</i>	Stage 1	Stage 2	Stage 3	Total
Mortgage loans				
ECL as at 1 January 2022	(3,109)	(46,566)	(7,348)	(57,023)
<i>Changes affecting credit loss allowance charges for the period:</i>				
New originated or purchased	(10,372)	-	-	(10,372)
Transfers to other categories	-	-	(43,921)	(43,921)
Derecognition during the period	1,911	7,020	2,968	11,899
Transfers to Stage 1	(1,301)	260	1,041	-
Transfers to Stage 2	430	(3,117)	2,687	-
Transfers to Stage 3	-	38,814	(38,814)	-
Change in ECL as a result of transfers between Stages or changes in source data	2,595	3,150	(94,536)	(88,791)
Total changes affecting credit loss allowance charge for the period	(6,737)	46,127	(170,575)	(131,185)
<i>Changes that do not affect credit loss allowance charges for the period:</i>				
Positive and negative foreign exchange differences	-	-	(2,693)	(2,693)
As at 31 December 2022	(9,846)	(439)	(180,616)	(190,901)

11 Loans and advances to clients (Continued)

The table below provides an analysis of credit risk for loans to customers measured at amortized cost, for which an allowance for expected credit losses has been recognized. In the table below, the carrying amount of loans to customers also reflects the Bank's maximum exposure to credit risk on these loans.

The following is an analysis of the credit quality of loans to major customers measured at amortized cost as at 31 December 2023:

<i>In thousands of Kazakhstani Tenge</i>	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL from SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total
Loans to major customers				
A to AAA rated	14,545,654	-	-	14,545,654
B to BBB rated	17,970,848	-	-	17,970,848
Gross carrying amount	32,516,502	-	-	32,516,502
Credit loss allowance	(194,435)	-	-	(194,435)
Carrying amount	32,322,067	-	-	32,322,067

Below is an analysis of the credit quality of loans issued to small and medium businesses, measured at amortized cost, as at 31 December 2023:

<i>In thousands of Kazakhstani Tenge</i>	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL from SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total
Loans to small and medium businesses				
A to AAA rated	13,123,741	5,853,039	-	18,976,780
B to BBB rated	39,629,003	1,943,859	-	41,572,862
C to CCC rated	9,815,731	139,447	1,783,129	11,738,307
D rated	-	-	300,764	300,764
Not rated	3,550,525	1,608,896	88,303	5,247,724
Gross carrying amount	66,119,000	9,545,241	2,172,196	77,836,437
Credit loss allowance	(1,399,231)	(2,145,153)	(1,737,279)	(5,281,663)
Carrying amount	64,719,769	7,400,088	434,917	72,554,774

Below is an analysis of the credit quality of consumer loans measured at amortized cost as at 31 December 2023:

<i>In thousands of Kazakhstani Tenge</i>	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL from SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total
Consumer loans				
Not rated	779,962	6,202	184,218	970,382
Gross carrying amount	779,962	6,202	184,218	970,382
Credit loss allowance	(15,336)	(121)	(169,078)	(184,535)
Carrying amount	764,626	6,081	15,140	785,847

The accompanying notes on pages 5 to 59 are an integral part of these separate financial statements

11 Loans and advances to clients (Continued)

Below is an analysis of the credit quality of mortgage loans measured at amortized cost as at 31 December 2023:

<i>In thousands of Kazakhstani Tenge</i>	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL from SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total
Mortgage loans				
Not rated	696,532	42,576	15,803	754,911
Gross carrying amount	696,532	42,576	15,803	754,911
Credit loss allowance	(12,682)	(5,259)	(7,914)	(25,855)
Carrying amount	683,850	37,317	7,889	729,056

Below is an analysis of the credit quality of loans to major customers, measured at amortized cost, as at 31 December 2022:

<i>In thousands of Kazakhstani Tenge</i>	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL from SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total
Loans to major customers				
A to AAA rated	20,405,933	-	-	20,405,933
B to BBB rated	4,905,954	175,379	-	5,081,333
Not rated	8,780	-	-	8,780
Gross carrying amount	25,320,667	175,379	-	25,496,046
Credit loss allowance	(149,757)	(1,078)	-	(150,835)
Carrying amount	25,170,910	174,301	-	25,345,211

Below is an analysis of the credit quality of loans to small and medium businesses, measured at amortized cost, as at 31 December 2022:

<i>In thousands of Kazakhstani Tenge</i>	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL from SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total
Loans to small and medium businesses				
A to AAA rated	11,195,012	-	-	11,195,012
B to BBB rated	20,536,030	299,775	-	20,835,805
C to CCC rated	35,063	8,045,734	11,118,504	19,199,301
D rated	-	-	304,071	304,071
Not rated	4,503,397	-	35,711	4,539,108
Gross carrying amount	36,269,502	8,345,509	11,458,286	56,073,297
Credit loss allowance	(687,244)	(487,612)	(5,994,748)	(7,169,604)
Carrying amount	35,582,258	7,857,897	5,463,538	48,903,693

11 Loans and advances to clients (Continued)

Below is an analysis of the credit quality of consumer loans measured at amortized cost as at 31 December 2022:

<i>In thousands of Kazakhstani Tenge</i>	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL from SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total
Consumer loans				
Not rated	217,661	5,706	16,493	239,860
Gross carrying amount	217,661	5,706	16,493	239,860
Credit loss allowance	(2,543)	(76)	(16,492)	(19,111)
Carrying amount	215,118	5,630	1	220,749

Below is an analysis of the credit quality of mortgage loans measured at amortized cost as at 31 December 2022:

<i>In thousands of Kazakhstani Tenge</i>	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL from SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total
Mortgage loans				
Not rated	821,447	130,580	270,833	1,222,860
Gross carrying amount	821,447	130,580	270,833	1,222,860
Credit loss allowance	(9,846)	(439)	(180,616)	(190,901)
Carrying amount	811,601	130,141	90,217	1,031,959

Modified and restructured loans. A Bank derecognizes a financial asset, such as a loan to a customer, if the terms of the contract are renegotiated so that in effect it becomes a new loan and the difference is recognized as a derecognition gain or loss before an impairment loss is recognized. On initial recognition, loans are treated as Stage 1 for ECL purposes unless the originated loan is considered an POCI asset.

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

The table below shows the Stage 2 and Stage 3 assets that were renegotiated during the period and which are accounted for as restructured as a result, reflecting the corresponding effect of the modifications incurred by the Bank.

<i>In thousands of Kazakhstani Tenge</i>	2023	2022
Gross value of loans to customers modified during the year	7,790,104	6,725,435
Amortized cost before modification	7,707,492	6,499,131
Net (loss)/gain on modification	(84,681)	497,694

Collateral and other mechanisms to improve credit quality. The amount and type of collateral required by the Bank depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

11 Loans and advances to clients (Continued)

The main types of collateral obtained are as follows:

- for commercial lending – charges over real estate properties, inventory and accounts receivable;
- for retail lending – charges over residential properties.

The Bank also obtains guarantees from parent companies for loans to their subsidiaries. Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement during its review of the adequacy of the allowance for impairment.

In absence of collateral or other credit enhancements, ECL in respect of Stage 3 loans to customers as at 31 December 2022 and 2023 would have been higher by:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023	31 December 2022
Loans to major customers	-	-
Loans to small and medium businesses	381,471	3,236,310
Consumer loans	-	-
Mortgage loans	-	-
	381,471	3,236,310

During the year, the Bank took possession of different assets in exchange of debts of respective borrowers. The Bank is in the process of selling of those assets. It is the Bank's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. Generally, the Bank does not occupy repossessed properties for business use. The carrying value of the assets repossessed during the period and held as at the reporting date is as follows:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023	31 December 2022
Land	81,722	626,898
Buildings and constructions	18,530	123,362
Total repossessed collateral	100,252	750,260

During 2022 and 2023 the Bank did not obtain any property by taking control of collateral for loans to customers.

Concentration of loans to customers. As at 31 December 2023, the Bank had ten major borrowers, which accounted for 56% (31 December 2022: 62%) of the total amount of loan to customers before allowance for expected credit losses. The total aggregate amount of these loans was 62,201,570 thousand Tenge (on 31 December 2022: 51,644,772 thousand Tenge).

Loans are primarily issued to clients in the Republic of Kazakhstan operating in the following sectors of the economy:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023	31 December 2022
Trade	38,079,886	13,767,628
Construction of commercial and residential property	28,106,331	18,622,265
Other	16,876,830	18,002,068
Leases	10,059,549	7,547,070
Hotel and hospitality	7,801,071	9,608,396
Manufacturing	4,129,891	8,125,471
Construction of educational facilities	3,930,304	4,535,412
Individuals	1,725,293	1,462,720
Agriculture	1,369,077	1,361,033
Total loans to customers before allowance for ECL	112,078,232	83,032,063

Loans to individuals are represented by consumer and mortgage lending.

12 Property, Plant and Equipment and Intangible assets

The movements in property and equipment were as follows:

<i>In thousands of Kazakhstani Tenge</i>	Land	Buildings and constructions	Office and computer equipment	Vehicles	Other	Right-of-use assets	Total
Initial cost or revaluation							
As at 1 January 2022	754,369	9,531,171	87,170	1,525	266,203	727,737	11,368,175
Additions	-	-	25,690	-	31,462	6,907	64,059
Capitalization of costs	-	1,028,279	-	-	-	-	1,028,279
Disposals	-	(13,796)	(3,649)	-	(71,161)	(2,590)	(91,196)
Impact of revaluation	55,334	264,302	-	-	-	-	319,636
As at 31 December 2022	809,703	10,809,956	109,211	1,525	226,504	732,054	12,688,953
Additions	90,136	118,500	114,428	32,000	392,550	163,495	911,109
Capitalization of costs	273,581	3,603,008	-	-	-	-	3,876,589
Transfer from other assets	335,394	-	-	-	-	-	335,394
Disposals	(26,806)	(1,114,283)	(11,333)	(1,525)	(27,135)	(114,957)	(1,296,039)
Transfer to non-current assets held for sale	(270,883)	(9,712,578)	-	-	-	-	(9,983,461)
Impact of revaluation	134,466	(392,134)	-	-	-	-	(257,668)
Impairment	(49,767)	(175,820)	-	-	-	-	(225,587)
As at 31 December 2023	1,295,824	3,136,649	212,306	32,000	591,919	780,592	6,049,290
Accumulated depreciation							
As at 1 January 2022	-	(86,209)	(30,320)	-	(142,750)	(226,871)	(486,150)
Depreciation and impairment	-	(34,317)	(37,164)	-	(49,355)	(138,036)	(258,872)
Disposals	-	13,796	3,649	-	71,161	-	88,606
As at 31 December 2022	-	(106,730)	(63,835)	-	(120,944)	(364,907)	(656,416)
Depreciation and impairment	-	(81,187)	(60,610)	(2,667)	(53,114)	(160,106)	(357,684)
Disposals	-	333	11,333	-	25,557	104,907	142,130
Impact of revaluation	-	49,379	-	-	-	-	49,379
As at 31 December 2022	-	(138,205)	(113,112)	(2,667)	(148,501)	(420,106)	(822,591)
Net book value							
As at 31 December 2021	754,369	9,444,962	56,850	1,525	123,453	500,866	10,882,025
As at 31 December 2022	809,703	10,703,226	45,376	1,525	105,560	367,147	12,032,537
As at 31 December 2023	1,295,824	2,998,444	99,194	29,333	443,418	360,486	5,226,699

The Bank's premises are reflected on the balance sheet at fair value determined by an independent appraiser with relevant experience and license. The assessment report was based on the comparative (comparative sales analysis method) and income approaches (income capitalization method), taking into account a fairly developed sales market and the ability to generate rental income.

Income capitalization, in turn, involves estimating value based on the expected market rental income of similar properties with similar capitalization, using this method, the net income received from comparable properties is capitalized to determine the value of the property being valued.

The method of comparative sales analysis allows you to determine the value based on an analysis of prices of recent sales or prices of offers for the sale of similar objects comparable to the object being valued, taking place on the market of the object being valued, adjusted for identified differences.

The fair value estimate is based on key assumptions regarding: international market rental rates and related capitalization rates. Results are assessed on a regular basis against actual market returns and the bank's actual operations and market transactions.

The following is information about the impact of possible changes to these assumptions on the aggregate estimate (assuming other variables remained constant):

12 Property, Plant and Equipment and Intangible Assets (Continued)

- the capitalization rate was assumed to be 14.5%, if the capitalization rate increases/decreases by 1 percentage point, the book value of investment property will decrease/increase by 83,000 thousand tenge (impact 0.6%);
- possible rental income was assumed to be 2,000,000 thousand tenge per year. If rental income increases/decreases by 10 percent, the book value of the premises will increase/decrease by KZT 19,000 thousand (0.15% impact).

The movement of intangible assets is presented below:

	2023	2022
Initial cost		
At 1 January	661,979	534,738
Additions	512,057	127,241
Disposals	(7,359)	-
At 31 December	1,166,677	661,979
Accumulated depreciation		
At 1 January	(340,671)	(255,660)
Accrual for the year	(103,615)	(85,011)
Disposals	7,359	-
At 31 December	(436,927)	(340,671)
Net book value		
At 1 January	321,308	279,078
At 31 December	729,750	321,308

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

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

After initial recognition at cost, buildings and land are carried at a revalued amount, which is the fair value at the date of the revaluation less any subsequent accumulated depreciation (of buildings) and subsequent accumulated impairment losses. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Any revaluation surplus is recognized in other comprehensive income, except for reversals of any previous impairment of the asset previously recognized in profit or loss. In this case, the amount of the increase in the value of the asset is recognized in profit or loss. A decrease in the value of a revaluation is recognized in profit or loss, except for the direct offset of such a decrease against a previous increase in the value of the same asset reflected in the revaluation reserve for fixed assets.

The Bank applies an accounting method whereby the revaluation surplus is not transferred to retained earnings as the asset is used up. The Bank rolls over the entire surplus when the asset is written off or liquidated. Depreciation of an asset begins when it is available for use. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

	<u>Useful life in years</u>
Buildings	50 years
Computers and office equipment	2.5 years
Vehicles	4 years
Other	4 – 6.7 years

12 Property, Plant and Equipment and Intangible Assets (Continued)

The salvage value, useful lives and depreciation methods of assets are reviewed at the end of each reporting year and adjusted as necessary.

Repair and reconstruction expenses are expensed as incurred and included in administrative and other operating expenses unless they are eligible for capitalization.

Fair value of land and buildings is estimated based on the similar objects offered on the market. See Note 28 for more details with respect to fair value of lands and buildings.

If land and buildings had been accounted for at cost less impairment and accumulated depreciation for buildings, their carrying amount as at 31 December 2023 would have been Tenge 694,147 thousand and Tenge 2,897,791 thousand, respectively (31 December 2022: Tenge 45,080 thousand and 10,141,907 thousand tenge, respectively).

As at 31 December 2023, the historical cost of fully depreciated fixed assets, represented by office and computer equipment, vehicles and other fixed assets used by the Bank, amounted to Tenge 97,783 thousand (as at 31 December 2022: Tenge 25,484 thousand).

Intangible assets include software and licenses. Intangible assets acquired separately are initially measured at cost. The cost of intangible assets acquired in business combinations is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortization and accumulated impairment losses. Intangible assets have a limited or indefinite useful life. Intangible assets with finite useful lives are amortized over their useful lives of 6.7 years and are reviewed for impairment when there is an indication that the intangible asset may be impaired. The timing and procedure for amortization of intangible assets with an indefinite useful life are analyzed at least annually at the end of each reporting year.

13 Investments

At 31 December 2023 and 2022, investments include the following items:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023	31 December 2022
Investments in subsidiaries	547,378	547,378
Shares of the KASE and the Central Depository	7,001	7,001
Total equity instruments	554,379	554,379

As at 31 December 2023, the Bank had the following subsidiaries, which were accounted for at actual costs:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023		31 December 2022	
	Ownership share, %	Book value	Ownership share, %	Book value
Stressed Assets Management Organization of Kazakhstan-Ziraat International - 1 LLP	100.00	204,277	100.00	204,277
Stressed Assets Management Organization of Kazakhstan-Ziraat International - 2 LLP	100.00	343,101	100.00	343,101
Total Investments in subsidiaries		547,378		547,378

On 24 January 2020, the Bank transferred assets in the amount of 204,277 thousand Tenge to a subsidiary Stressed Assets Management Organization of Kazakhstan- Ziraat International - 1 LLP (SAMO of KZI-1 LLP) as a contribution to the charter capital.

In 2020, the Bank established Stressed Assets Management Organization of Kazakhstan-Ziraat International-2 LLP (SAMO of KZI-2 LLP) based on the Agency's Decision No. 100 of 19 October 2020. On 8 December 2020, the Bank transferred assets in the amount of 343,101 thousand Tenge to a subsidiary of SAMO of KZI-2 LLP as a contribution to the charter capital.

14 Other assets

As at 31 December 2023 and 2022, other assets comprise of the following:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023	31 December 2022
Restricted funds in the KASE accounts	330,456	2,457,455
Other debtors on banking activities	305,661	732,552
Fees and commissions receivable	16,266	28,114
	652,383	3,218,121
Less: allowance for ECL	(267,138)	(268,913)
Other financial assets	385,245	2,949,208
Other prepayment for non-banking activities	1,190,909	722,389
Reposessed collateral	100,252	750,260
Prepaid taxes other than CIT	3,722	4,184
Assets not used in banking activities	-	379,619
Other	115,034	145,241
Other non-financial assets	1,409,917	2,001,693
Other assets	1,795,162	4,950,901

As at 31 December 2022 and 2023, reposessed collateral represents real estate acquired by the Bank in settling borrowers' loan repayment obligations. Reposessed collateral is valued at the lower of its original cost and net realizable value. Despite the fact that the Bank is currently actively pursuing activities to sell these assets, some of them were not sold within a short period of time. Management remains committed to selling these assets in the foreseeable future.

Below is an analysis of changes in ECL allowances for other financial assets for the year ended 31 December 2023:

<i>In thousands of Kazakhstani Tenge</i>	ECL
As at 31 December 2021	(250,937)
Accruals for the year	(25,586)
Write-offs	-
Exchange rate differences	7,610
As at 31 December 2022	(268,913)
Accruals for the year	(493,641)
Write-offs	490,716
Exchange rate differences	4,700
As at 31 December 2023	(267,138)

15 Non-current assets

As at 31 December 2023, non-current assets held for sale amounted to Tenge 9,983,461 thousand (31 December 2022: 0). These assets are recognized in the statement of financial position if their carrying amount will be recovered primarily through sale within 12 months after the end of the reporting period. Reclassification of assets requires all of the following conditions to be met: (a) the assets are available for immediate sale in their current condition; (b) the Bank's management approved the current program to find a buyer and began its implementation; (c) active marketing is carried out to sell assets at a reasonable price; (d) the sale is expected to be completed within one year, and (e) there is no significant change or cancellation of the sales plan expected. Non-current assets classified as held for sale in the current period's statement of financial position are not reclassified or re-presented in the comparative statement of financial position to conform to the classification at the end of the current period. Fixed assets held for sale are not depreciated.

In May 2023, the Bank's management approved the sale of real estate in the form of non-residential premises with adjacent shares in the land plot and entered into an agreement to find buyers.

16 Due to Credit Institutions

As at 31 December 2022 and 2023, due to credit institutions comprise of the following:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023	31 December 2022
DAMU Entrepreneurship Development Fund JSC	3,884,065	5,108,357
Due to credit institutions	3,884,065	5,108,357

On 13 October 2020, the Bank signed a loan agreement with JSC Entrepreneurship Development Fund DAMU within the framework of the Damu Regions III program for financing regional priority projects for small and medium-sized businesses. The loan agreement was concluded in the amount of 5 billion tenge for a period of 7 years. The interest rate on the loan is 8.5%. As of 31 December 2023, the Bank received 7 tranches under the loan agreement for a total amount of KZT 5,000,000 thousand. (As of 31 December 2022: 7 tranches under the loan agreement for a total amount of KZT 5,000,000 thousand). In 2022, the Bank violated the covenant to reduce the credit rating below level "B". The downgrade of the Bank's rating is consistent with a similar rating action on the foreign currency issuer default rating (IDR) of the bank's parent company, Turkiye Cumhuriyeti Ziraat Bankasi AS. In January 2024, the Bank received a letter from DAMU Entrepreneurship Development Fund JSC in which the Fund waived its right to request early refund in respect of violation of this covenant. In March 2024, the Bank's rating was increased to B, the outlook was positive, which corresponds to DAMU covenants.

An analysis of the liquidity of funds due to credit institutions is presented in Note 27.

17 Customer Accounts

As at 31 December 2022 and 2023, customers accounts comprise:

<i>In thousands of Kazakhstani Tenge</i>	Note	31 December 2023	31 December 2022
Current accounts		48,436,399	59,445,584
Time deposits		104,884,805	43,821,220
Customer accounts		153,321,204	103,266,804
Held as security against guarantees	26	1,766,580	1,193,226

At 31 December 2023, the Bank's ten largest customers accounted for 49.54% of the total balance of current accounts and customer deposits (31 December 2022: 40%). The aggregate balance of such clients as at 31 December 2023 was Tenge 75,954,053 thousand (31 December 2022: Tenge 41,762,877 thousand).

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023	31 December 2022
Time deposits		
Legal entities	82,804,751	31,134,668
Individuals	19,510,002	10,074,132
State and public organizations	2,570,052	2,612,420
Current accounts		
Legal entities	39,787,590	49,804,725
Individuals	7,948,769	8,477,989
State and public organizations	700,040	1,162,870
Customer accounts	153,321,204	103,266,804

In accordance with the Civil Code of the Republic of Kazakhstan, the Bank is obliged to issue the deposit amount upon the first request of the depositor. In cases where a time deposit is returned to the depositor upon his request before the expiration of the term, interest on the deposit is paid in an amount corresponding to the amount of interest paid by the bank on demand deposits, unless the agreement provides for a different interest rate.

17 Customer Accounts (Continued)

Below is the distribution of client funds by category:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023	31 December 2022
Legal entities:		
Trade and services	38,495,584	21,410,413
Manufacturing	32,046,613	11,577,001
Other	18,145,122	6,401,643
Construction	16,311,713	24,640,110
Transport and communications	9,666,163	5,255,509
Professional services	9,590,675	10,539,970
Metal ore mining	1,606,563	4,890,037
Individuals	27,458,771	18,552,121
Customer accounts	153,321,204	103,266,804

18 Lease liabilities

The Bank recognized the following lease liabilities:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023	31 December 2022
Short-term lease liabilities	161,921	185,972
Long-term lease liabilities	221,159	217,133
Total lease liabilities	383,080	403,105

Interest expense included in finance costs in 2023 amounted to KZT 35,908 thousand. (2022: 40,393 thousand Tenge).

Lease agreements do not contain any covenants other than securing the performance of obligations on the leased assets owned by the lessor. The leased assets cannot be used as collateral for loans and borrowings.

19 Other liabilities

As at 31 December 2023 and 2022, other liabilities comprise of the following items:

<i>In thousands of Kazakhstani Tenge</i>	Note	31 December 2023	31 December 2022
Obligations for documentary settlements		85,867	113,292
Advance interest payments on loans issued		30,359	49,203
Liabilities for SPOT operations		1,402	-
Other financial liabilities		117,628	162,495
Taxes payable other than corporate income tax		158,318	73,282
Reserve for losses on contingent liabilities	26	121,641	125,495
Accrued expenses for unused vacations		43,423	44,202
Other liabilities		67,572	73,260
Other non-financial liabilities		390,954	316,239
Other liabilities		508,582	478,734

20 Equity

Share capital. As at 31 December 2023 and 2022, the total number of authorized, issued and fully paid ordinary shares of the Bank is 48,500,000 shares. The cost of placement of shares was 1,000 tenge per common share. Shareholders have the right to receive dividends and distribution of capital in tenge.

In 2022 and 2023, the Bank did not declare or pay dividends.

Nature and purpose of other reserves

Reserve funds. As at 31 December 2023, the Bank has a general bank reserve for contingencies and future losses in the amount of Tenge 1,177,175 thousand (31 December 2022: Tenge 1,177,175 thousand). Funds of the general bank reserve can be distributed only by an official decision of the Bank's shareholders.

Property and equipment revaluation reserve. The revaluation reserve for property, plant and equipment is used to record increases in the fair value of land and buildings owned by the Bank, as well as decreases in that value, but only to the extent that such decreases relate to previous increases in the value of the same asset previously recognized in equity.

Earnings per share. Basic earnings per share are calculated by dividing net income for the period attributable to common shareholders by the weighted average number of shares outstanding during the period. The Bank does not have options or convertible debt or equity instruments.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

<i>In thousands of Kazakhstani Tenge</i>	2023	2022
Net profit/(loss) for the year attributable to the shareholders of the Bank	15,059,964	(10,652,467)
Weighted average number of common shares for basic and diluted earnings per share computation	48,500,000	29,854,795
Basic and diluted earnings/ (Basic and diluted loss) per share (in tenge)	310.51	(356.81)

As at 31 December 2022 and 2023, the Bank did not have any financial instruments diluting earnings per share.

21 Interest Income and Interest Expense

Net Interest Income comprises the following:

<i>In thousands of Kazakhstani Tenge</i>	2022	2022
Interest income calculated using the effective interest method		
Loans to clients	11,537,151	8,546,770
Due from other banks	9,435,206	3,377,342
Investment securities carried at amortized cost	102,168	-
Accounts receivable under reverse repurchase agreements	-	66,068
Total interest income calculated using the effective interest rate	21,074,525	11,990,180
Customer accounts	(4,033,081)	(2,058,860)
Due to credit institutions	(391,295)	(731,304)
Lease liabilities	(35,908)	(40,393)
Total interest expense	(4,460,284)	(2,830,557)
Net interest income	16,614,241	9,159,623

22 Expected Credit Losses Expenses

The table below shows the ECL expenses on financial instruments recorded in the Separate statement of comprehensive income during the year ended 31 December 2023:

<i>In thousands of Kazakhstani Tenge</i>	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	(2,018)	–	–	(2,018)
Due from other banks	(2,579)	–	–	(2,579)
Loans to customers measured at amortized cost	(780,420)	(1,707,190)	4,265,518	1,777,908
Other financial assets	–	–	(493,641)	(493,641)
Financial guarantees	2,942	–	–	2,942
Investment securities carried at amortized cost	(599)	–	–	(599)
Total (expenses)/recovery for credit losses	(782,674)	(1,707,190)	3,771,877	1,282,013

The table below shows the ECL expenses on financial instruments recorded in the Separate statement of comprehensive income during the year ended 31 December 2022:

<i>In thousands of Kazakhstani Tenge</i>	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	(3,263)	–	–	(3,263)
Due from other banks	2,969	–	–	2,969
Loans to customers measured at amortized cost	(428,699)	(154,398)	(20,648,438)	(21,231,535)
Other financial assets	–	–	(25,586)	(25,586)
Financial guarantees	(104,604)	–	–	(104,604)
Total expected credit losses expense	(533,597)	(154,398)	(20,674,024)	(21,362,019)

23 Commission Income and Commission Expense

The bank earns fee income from various types of services it provides to customers. Fee income can be divided into the following two categories:

Fee income received for providing services over a specified period of time. Commissions received for the provision of services over a specified period of time accrue over that period as related performance obligations are satisfied. Such items include commission income and fees for asset management, custody and other management and consulting services. Commitment fees for loan originations where it is probable that the loan will be drawn down and other fees associated with the origination of loans are deferred (along with additional costs) and recognized as an adjustment to the effective interest rate on the loan.

Commission income from the provision of services for transactions. Commissions received for executing or negotiating a transaction on behalf of a third party, for example where the Bank's performance obligation is to enter into an agreement to purchase shares or other securities, or the purchase or sale of a business, are recognized upon completion of the transaction. Commissions (or portions of commissions) associated with certain performance obligations are recognized when the relevant criteria are met.

If a contract provides for variable consideration, fee income is recognized only to the extent that it is highly probable that, upon subsequent resolution of the uncertainty inherent in the variable consideration, there will be no significant decrease in the amount recognized in the cumulative revenue stream.

23 Comission Income and Comission Expense (Continued)

Net fee and commission income comprises of:

<i>In thousands of Kazakhstani Tenge</i>	2023	2022
Issuance of guarantees and letters of credit	666,715	316,156
Settlement transactions	590,534	642,817
Cash transactions	175,735	215,280
Bank account servicing services	65,616	46,732
Safe deposit transactions	6,580	6,292
Payment cards	982	335
Other	41,478	30,312
Fee and commission income	1,547,640	1,257,924
Settlement operations	(141,783)	(148,405)
Commission expenses for payment systems	(82,938)	(46,663)
Guarentees	(42,215)	(49,871)
Other	(29,602)	(40,360)
Fee and commission expense	(296,538)	(285,299)
Net fee and commission income	1,251,102	972,625

24 Administrative and Other Operating Expenses

Administrative and other operating expenses comprise of:

<i>In thousands of Kazakhstani Tenge</i>	Note	2023	2022
Salaries and bonuses		1,320,321	954,427
Taxes other than corporate income tax		904,426	393,465
Depreciation of fixed assets	12	357,684	258,872
Software technical support		267,629	255,914
Professional services		234,830	193,002
Real estate depreciation		225,587	2,456
Maintenance of buildings		211,545	85,184
Project consulting costs		184,583	-
Deposit insurance		152,568	80,263
Social security contributions		138,627	99,360
Security services		113,520	80,481
Depreciation of intangible assets		103,615	85,011
Communication and information services		78,232	52,779
Insurance		37,144	12,349
Office supplies		36,761	7,981
Travel expenses		32,282	29,090
Membership dues		19,064	18,671
Advertising and marketing		14,762	12,300
Transport		11,079	7,556
Collection		8,976	8,574
Medical goods		-	160
Other		485,371	125,474
Total administrative and other operating expenses		4,938,606	2,763,369

Audit services are in professional services in the amount of 52,495 thousand tenge (2022: 41,298 thousand tenge).

Obligations for pensions and other employee benefits. The Bank does not have additional pension plans other than participation in the state pension system of the Republic of Kazakhstan, which provides for the calculation of current employer contributions as a percentage of current total payments to employees. These expenses are reflected in the reporting period to which the corresponding wages relate. In addition, the Bank does not provide significant post-employment benefits to employees.

25 Income Taxes

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

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

Deferred corporate income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the taxable temporary differences can be utilised. Deferred corporate income tax assets and liabilities are measured at the tax rates that will apply during the period in which the asset is realized or the liability is settled, based on laws enacted or substantively enacted at the reporting date.

In addition, the Republic of Kazakhstan has various operating taxes that apply to the Bank's activities. These taxes are reflected in administrative and other operating expenses in the statement of comprehensive income.

The corporate income tax expense (CIT) comprises:

<i>In thousands of Kazakhstani Tenge</i>	2023	2022
Current corporate income tax expense	1,900,000	-
Deferred corporate income tax expense/(savings) – origination and reversal of temporary differences	52,496	(15,921)
Corporate income tax expense/(savings)	1,952,496	(15,921)

The Bank's income is taxed only in the Republic of Kazakhstan. Under tax law, the applicable corporate income tax rate for 2022 and 2023 is 20%.

The reconciliation between corporate income tax expense recognized in these Separate financial statements and earnings before corporate income tax expense multiplied by the statutory tax rate for 2022 and 2023 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	2023	2022 г.
Profit/(loss) before corporate income tax expense	17,012,460	(10,668,388)
Statutory tax rate	20%	20%
Theoretical corporate income tax expense/(savings) calculated at the statutory rate	3,402,492	(2,133,678)
Administrative and other non-deductible expenses	209,826	40,230
Changes in non-deductible/non-taxable reserves	129,206	5,625
Utilisation of previously unrecognised tax loss carry forwards	(2,043,109)	-
Unrecognized tax losses carry forwards	-	2,045,177
Impairment of property, plant and equipment	45,118	-
Other permanent differences	208,963	26,725
Corporate income tax expense/(savings)	1,952,496	(15,921)

25 Income Taxes (Continued)

Deferred CIT assets and liabilities as of 31 December 2022 and their movements for the respective years comprise:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2021	The occurrence and reversal of temporary differences in profit or loss	Origination and decrease of temporary difference in other comprehen- sive income	31 December 2022	Origination and decrease of temporary difference in profit and loss	Origination and decrease of temporary difference in other comprehen- sive income	31 December 2023
Tax effect of deductible temporary differences							
Tax losses carry forwards	-	2,045,177	-	2,045,177	(2,045,177)	-	-
Provision for tax losses carry forwards	-	(2,045,177)	-	(2,045,177)	2,045,177	-	-
Deferred tax assets	-	-	-	-	-	-	-
Tax effect of taxable temporary differences							
Fixed assets and intangible assets	(154,322)	43,608	(63,927)	(174,641)	(21,591)	59,668	(136,564)
Other	(12,536)	(27,687)	-	(40,223)	(30,905)	-	(71,128)
Deferred tax liabilities	(166,858)	15,921	(63,927)	(214,864)	(52,496)	59,668	(207,692)
Net deferred tax asset/(liability)	(166,858)	15,921	(63,927)	(214,864)	(52,496)	59,668	(207,692)

26 Commitments and Contingencies

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

The volatility of crude oil prices and Tenge's exchange rate against major foreign currencies continue to have a negative impact on the Kazakhstan economy. Interest rates of attracted financing in Tenge remain high. Combination of these factors resulted in a limited access to capital, high cost of capital, high inflation rate and uncertainty regarding further economic growth, which could negatively affect the Bank's future financial position, results of operations and business prospects. The management of the Bank believes that it is taking appropriate measures to support the sustainability of the Bank's business in the current circumstances.

Legal actions and claims. In the ordinary course of business, the Bank is subject to legal actions and complaints. The Bank believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial position or results of operations of the Bank.

The Bank assesses the likelihood of material liabilities arising from individual circumstances and makes provision in its Separate financial statements only where it is probable that events giving rise to the liability will occur and the amount of the liability can be reasonably estimated. No provision has been made in these Separate financial statements for any of the above described contingent liabilities.

26 Commitments and Contingencies (Continued)

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

The Bank believes that it has paid or accrued all taxes that are applicable. Where practice concerning tax application is unclear, the Bank has accrued tax provisions based on management's best estimate. The Bank's policy is to recognize provisions in the accounting period in which a loss is deemed probable and the amount is reasonably determinable. Because of the uncertainties associated with the Kazakhstan tax system, the ultimate amount of taxes, penalties and fines, if any, may be in excess of the amount expensed to date and accrued on 31 December 2023. Although such amounts are possible and may be material, it is the opinion of the Bank's management that these amounts are either not probable, not reasonably determinable, or both.

Commitments and contingencies. At 31 December the Bank's commitments and contingencies comprised the following:

<i>In thousands of Kazakhstani Tenge</i>	Note	2023 r.	2022
Credit related commitments			
Guarantees		28,583,467	32,921,544
Undrawn loan facilities		56,891,754	20,446,145
Letters of credit		-	267,638
Total credit related commitments		85,475,221	53,635,327
ECL allowance on credit related commitments	19	(121,641)	(125,495)
Amounts due to customers held as security against guarantees	17	(1,766,580)	(1,193,226)
Total credit related commitments, net of allowance and net of cash collateral		83,587,000	52,316,606

Credit related commitments. Loan commitments are contractual commitments under which, during the life of the commitment, the Bank is required to provide a customer with a loan on pre-agreed terms. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans and borrowings. Documentary and trade letters of credit, which are written undertakings by the Bank to make payments on behalf of customers up to a specified amount, subject to certain conditions, are backed by related deliveries of goods or cash deposits and are therefore less risky than direct borrowing. Commitments to provide loans provide for the Bank's right to unilaterally withdraw from the agreement in the event of any unfavorable conditions. Therefore, no ECL allowance was recognized for loan commitments for the year ended 31 December 2022 and 2023.

Commitments to extend credit include the unused portion of amounts approved by management to extend credit in the form of loans, guarantees or letters of credit. With respect to commitments to extend credit, the probability of losses is less than the total amount of unused commitments, as commitments to extend loans depend on customer compliance with certain credit requirements.

The Bank controls the time remaining to maturity of credit related commitments, as longer-term commitments generally carry a higher level of credit risk than short-term commitments. The Bank annually reviews the provided credit limits in order to review the period of availability for obtaining credit funds/obligations. In the event of a deterioration in creditworthiness, the availability period is not updated.

26 Commitments and Contingencies (Continued)

The table below provides an analysis of the credit quality of credit related commitments based on credit risk levels as at 31 December 2022 and 31 December 2023.

<i>In thousands of Kazakhstani Tenge</i>	Stage 1 (12-months ECL)	
	31 December 2023	31 December 2022
Guarantees and letters of credit		
- Superior level	9,631,756	12,159,428
- Good level	12,447,999	10,540,633
- Satisfactory level	3,228,405	995,065
- Requires special monitoring	3,275,307	9,494,056
Unrecognized gross value	28,583,467	33,189,182
Provision for guarantees and letters of credit	(121,641)	(125,495)
Loan commitments		
- Superior level	19,846,803	7,917,835
- Good level	24,314,375	10,893,943
- Satisfactory level	12,330,825	1,207,179
- Requires special monitoring	399,751	427,188
Unrecognized gross value	56,891,754	20,446,145
Provision for loan commitments	-	-

A description of the Bank's credit risk grading system and approach to measuring expected credit losses, including the definition of default and significant increase in credit risk for credit related commitments, is provided in Note 27.

The total amount outstanding under undrawn lines of credit, letters of credit and contractual guarantees does not necessarily represent future cash requirements as these obligations may expire or be canceled without funds being provided to the borrower.

An analysis of changes in ECL provisions for the years ended 31 December 2022 and 2023 is presented below.

<i>In thousands of Kazakhstani Tenge</i>	Stage 1	Total
Allowance for ECL as at 1 January 2021	(20,400)	(20,400)
Change in ECL	(104,604)	(104,604)
Foreign exchange differences	(491)	(491)
Allowance for ECL as at 31 December 2022	(125,495)	(125,495)
Change in ECL	2,942	2,942
Foreign exchange differences	912	912
Allowance for ECL as at 31 December 2023	(121,641)	(121,641)

27 Risk Management

Introduction. The Bank manages 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 Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. The Bank is exposed to credit risk, liquidity risk and market risk, which in turn is subdivided into risk associated with trading operations and risk associated with non-trading activities. It is also subject 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 Bank's strategic planning process.

Risk management process comprises identification, measuring, control and limitation of risks that are carried out by the Bank on a regular basis.

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 Bank

Risk Management Committee of the Board of Directors. The Risk Management Committee of the Board of Directors assists the Board of Directors of the Bank by developing recommendations on risk management and internal control issues in order to ensure their reliability and efficiency.

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

The main purpose of the unit is generating and functioning of the Bank's effective risk management system providing application of methods of risk detection and control, ensuring effective determination, evaluation and limitation of the Bank's risks considering the type and scope of transactions conducted by the Bank. This unit also ensures the complete capture of the risks in risk measurement and reporting systems.

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

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

Risk measurement and reporting systems. The Bank's risks are measured using a method which 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. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Bank also runs worst case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks is primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept, with additional emphasis on selected industries.

In addition, the Bank monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risks types and activities.

Information compiled from all the businesses is examined and processed in order to analyse, control and identify early risks. This information is presented and explained to the Board of Directors, Management Board, Asset and Liability Management Committee, Credit Committee, and the head of each business unit. The report includes aggregate credit exposure, forecast credit indicators, hold limit exceptions, liquidity ratios, interest rate risk ratios and risk profile changes.

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

27 Risk Management (Continued)

A regular meeting is held with the Management Board and all other relevant departments of the Bank on the utilisation of market limits, proprietary investments and liquidity, plus any other risk developments.

Risk mitigation. The Bank actively uses collateral to reduce its credit risks (see below for more detail).

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

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

Credit risk. The Bank is exposed to credit risk, which is the risk that one party to a transaction in a financial instrument will cause a financial loss to the other party by defaulting on an obligation under a contract.

Credit risk arises from the Bank's lending and other transactions with counterparties, which give rise to financial assets and credit related commitments.

The Bank's maximum exposure to credit risk is reflected in the carrying amount of financial assets in the Separate statement of financial position. For issued financial guarantees, commitments to extend credit, undrawn credit lines and export/import letters of credit, the maximum credit risk is the amount of the commitment.

Credit risk management. Credit risk is the single most significant risk to the Bank's business. Consequently, management pays special attention to credit risk management.

Assessing credit risk for risk management purposes is complex and requires the use of models as risk changes with market conditions, expected cash flows and over time. Assessing the credit risk of a portfolio of assets requires additional assessments of the probability of a default occurring, the associated loss ratios, and the correlation of defaults across counterparties.

Limits. The Bank controls credit risk by setting limits on a single borrower or a group of related borrowers, as well as by setting limits by geographic and industry segments. Credit risk limits by product and industry are regularly approved by management. Such risks are monitored regularly, and the limits are reviewed at least once a year.

Credit risk classification system. In order to assess credit risk and classify financial instruments by credit risk level, the Bank uses two approaches: an internal risk-based rating system or assessment of risk levels by external international rating agencies (Standard & Poor's (S&P), Fitch, Moody's).

Company Score System (FDS) - a system used to determine the creditworthiness of borrowers.

27 Risk Management (Continued)

The following table summarizes the credit ratings used in the FDS:

Credit rating	Explanation of Credit Rating
AAA	Along with being an extremely positive company, starting from financial and non-financial criteria, it can continue to have a long-term high creditworthiness.
AA	Along with being a positive company, starting from financial and non-financial criteria, may continue long-term creditworthiness
A	A company with high creditworthiness, owning high short-term creditworthiness and providing optimization starting from financial and non-financial criteria
BBB	A company expected to have a long-term creditworthiness, which has ensured the optimization of the creditworthiness of an important part of the financial and non-financial criteria
BB	A company that needs to be assessed, within the criteria of the Medium-long-term Risk Analysis, that has a short-term creditworthiness, along with a failure to optimize creditworthiness in one part of the financial and / or non-financial criteria
B	A company whose credit profile is subject to maturity review may need to be assessed under the Risk Analysis criteria, while failing to achieve credit optimization in an important part of the financial and/or non-financial criteria. Must be valued with guarantee.
CCC	An important part of financial and/or non-financial criteria is negative. A company that has short-term creditworthiness and requires a guarantee market valuation, along with the fact that there may be difficulties in fulfilling obligations.
CC	In terms of financial and/or non-financial criteria can be agreed, remains below the risk boundaries. Lending is provided only by committees of the structure of the Board of Directors or by the Credit Committee-1 of the General Directorate.
C	In terms of financial and/or non-financial criteria can be agreed, remains below the risk boundaries. Lending is provided only by committees of the structure of the Board of Directors
D	In terms of financial and/or non-financial criteria can be agreed, remains below the risk boundaries. Lending is provided only by committees of the structure of the Board of Directors

(*) Cash loans or cash equivalents cannot be considered under this table.

(**) Companies ranked in the same group receive a parent company credit rating.

The rating models are regularly reviewed by the Credit Risk Department, back-tested based on actual default data, and updated as necessary. Regardless of the method used, the Bank regularly confirms the accuracy of the ratings, calculates and evaluates the predictive abilities of models. External ratings are assigned to counterparties by independent international rating agencies such as S&P, Moody's and Fitch. These rankings are publicly available. Such ratings and corresponding ranges of default probabilities apply to interbank deposits and correspondent accounts.

Credit risk is the risk that the Bank will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions.

The credit quality review process allows the Bank to assess the potential loss as a result of the risks to which it is exposed and undertake corrective action.

Credit-related commitments risks. The Bank makes available to its customers guarantees which may require that the Bank make payments on their behalf. Such payments are collected from customers based on the terms of the letter of credit. They expose the Bank to risks similar to loans and these are mitigated by the same control processes and policies.

The carrying amount of components of the Separate 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.

Where financial instruments are recorded at fair value, their carrying amounts represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

27 Risk Management (Continued)

For more detail on the maximum exposure to credit risk for each class of financial instrument, references shall be made to the specific notes. The effect of collateral and other risk mitigation techniques is shown in Note 11 and Note 27.

Treasury and interbank relationships. The Bank's treasury and interbank relationships and counterparties comprise financial services institutions, banks, broker dealers, exchanges and clearinghouses. To assess such relationships the Bank analyses publicly available information, such as financial statements, and data from other external sources, such as external ratings.

Commercial and small business lending. In case of commercial lending, the department of credit risks performs an assessment of borrowers. The credit risk assessment is based on a calculation model that takes into account 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 realized and expected results, solvency ratios, liquidity ratios and any other relevant ratios to measure the client's financial performance;
- any publicly available information on the clients from external parties. This includes external rating grades issued by rating agencies, independent analyst reports, publicly traded bond prices or press releases and articles;
- any macro-economic or geopolitical information, e.g., GDP growth relevant for the specific industry and geographical segments where the client operates;
- any other objectively supportable information on the quality and abilities of the client's management relevant for the company's performance.

The complexity and granularity of the rating techniques varies based on the exposure of the Bank and the complexity and size of the customer. Some less difficult loans to small businesses are rated by the Bank using models for retail products.

Consumer lending and mortgage lending. Consumer lending includes secured and unsecured loans to individuals. The evaluation of these products together with mortgage loans is carried out using various criteria, the main indicator for which is the number of days overdue. Other basic initial data used in the models are the following: the facts of write-offs on payment requirements-orders from other banks and government agencies, a decrease in the market value of collateral based on the results of revaluation, the presence of default on other financial assets of the same borrower, as well as the ratio of the loan amount to the cost of collateral.

The amount at risk of default. The amount at risk of default (EAD) is the gross carrying amount of financial instruments subject to impairment assessment and reflects both the client's ability to increase its debt when approaching default and the possibility of early repayment. To calculate the EAD for Stage 1 loans, the Bank estimates the probability of default within 12 months to estimate the 12-month ECL. For Stage 2, Stage 3 and POCI financial assets, the EAD indicator is considered for events that may occur throughout the life of the instrument.

The level of losses in default. In case of commercial lending, LGD values are assessed at least quarterly and reviewed and approved by the Bank's Budgeting, Performance Analysis and Risk Management Department.

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

The Bank segments its retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics, as well as borrower characteristics.

Significant increase in credit risk. The Bank continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Bank assesses whether there has been a significant increase in credit risk since initial recognition. The Bank considers an exposure to have significantly increased in credit risk if contractual payments are more than 30 days past due since initial recognition.

The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, for example, transfer of a client/loan to the watch list or restructuring due to credit event.

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

27 Risk Management (Continued)

Grouping financial assets measured on a collective basis. Dependent on the factors below, the Bank calculates ECL either on a collective or on an individual basis.

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

- all Stage 3 assets, regardless of the class of financial assets;
- financial assets with gross amount exceeding 0,2% of total equity.

Asset classes where the Bank calculates ECL on a collective basis include:

- stage 1 and 2 retail mortgages and consumer lending and Stage 1 and 2 commercial lending portfolio;
- financial assets with gross amount exceeding 0.2% of total equity.

Forward-looking information and multiple economic scenarios. In its ECLs calculation models the Bank uses as economic inputs:

- GDP growth;
- growth in nominal cash income;
- unemployment rate;
- inflation;
- nominal prices in the housing market.

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the presentation of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

27 Risk Management (Continued)

The Bank obtains the forward-looking information from third party sources (external rating agencies, governmental bodies e.g. central banks, and international financial institutions). Experts of the Credit Risk Department determine the weights attributable to the multiple scenarios. The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario as at 31 December 2023.

Key drivers	ECL scenario	Assigned probabilities, %	2023	2024	2025	Subsequent years
GDP growth, %	Upside	10%	5.18%	4.61%	6.03%	5.66%
	Base case	70%	4.57%	4.60%	5.21%	5.02%
	Downside	20%	3.94%	2.46%	4.93%	4.33%
Growth in nominal cash income, %	Upside	10%	15.11%	12.08%	12.96%	13.00%
	Base case	70%	15.10%	11.95%	9.61%	10.63%
	Downside	20%	7.57%	6.29%	7.79%	7.47%
Unemployment rate, %	Upside	10%	4.58%	4.55%	4.47%	4.49%
	Base case	70%	4.82%	4.79%	4.70%	4.73%
	Downside	20%	5.13%	5.10%	5.01%	5.04%
Inflation, %	Upside	10%	9.02%	6.79%	6.31%	6.67%
	Base case	70%	9.44%	6.83%	6.60%	6.93%
	Downside	20%	11.13%	10.07%	8.48%	9.06%
Nominal prices in the housing market, Tenge thousand/sq.m.	Upside	10%	552.8	596.20	641.70	623.70
	Base case	70%	554.50	598.00	641.00	623.80
	Downside	20%	531.40	559.40	587.10	576.00
Oil price, USD/barrel	Upside	10%	86.40	95.90	97.50	96.10
	Base case	70%	82.10	80.50	78.00	78.90
	Downside	20%	79.60	65.50	61.80	64.30

27 Risk Management (Continued)

Below is the geographical concentration of the Bank's financial assets and liabilities as at 31 December 2023:

<i>In thousands of Kazakhstani Tenge</i>	Kazakhstan	OECD countries	Non-OECD countries	Total
Assets				
Cash and cash equivalents	97,732,493	6,795,908	699,238	105,227,639
Due from other banks	-	-	1,140,673	1,140,673
Investment securities carried at amortized cost	1,032,340	-	-	1,032,340
Investments	554,379	-	-	554,379
Loans to customers	100,131,066	6,260,678	-	106,391,744
Other financial assets	384,886	272	87	385,245
Total monetary assets	199,835,164	13,056,858	1,839,998	214,732,020
Liabilities				
Due to credit institutions	3,884,065	-	-	3,884,065
Customer accounts	148,692,405	4,001,021	627,778	153,321,204
Lease liabilities	383,080	-	-	383,080
Other financial liabilities	104,924	11,944	760	117,628
Total monetary liabilities	153,064,474	4,012,965	628,538	157,705,977

Below is the geographical concentration of the Bank's financial assets and liabilities as at 31 December 2022:

<i>In thousands of Kazakhstani Tenge</i>	Kazakhstan	OECD countries	Non-OECD countries	Total
Assets				
Cash and cash equivalents	68,046,330	4,991,929	569,887	73,608,146
Due from other Banks	-	-	1,209,370	1,209,370
Investments	554,379	-	-	554,379
Loans to customers	70,123,337	5,378,275	-	75,501,612
Other financial assets	2,949,208	-	-	2,949,208
Total monetary assets	141,673,254	10,370,204	1,779,257	153,822,715
Liabilities				
Due to credit institutions	5,108,357	-	-	5,108,357
Due to customers	99,356,240	3,672,378	238,186	103,266,804
Lease liabilities	403,105	-	-	403,105
Other financial liabilities	162,495	-	-	162,495
Total monetary liabilities	105,030,197	3,672,378	238,186	108,940,761

Liquidity risk and funding management. Liquidity risk is the risk that the Bank will not be able to meet its payment obligations when they fall due, under normal or unexpected conditions. To limit this risk, management has ensured that various sources of financing are available in addition to the existing minimum bank deposits. Management also manages assets with liquidity in mind and monitors future cash flows and liquidity on a daily basis. This process involves assessing expected cash flows and the availability of high-quality collateral that can be used to obtain additional financing if necessary.

The Bank monitors a number of internal liquidity indicators on a daily basis. The Bank's Treasury manages short-term liquidity on an ongoing basis using the cash position and a portfolio of highly liquid securities

The Bank is obliged to comply with liquidity requirements established by the regulators including requirements of the NBRK represented by obligatory norms. The Bank maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Bank has also entered into credit line agreements which it can draw upon to meet its cash needs.

27 Risk Management (Continued)

Analysis of financial liabilities by terms remaining to maturity. The table below shows the Bank's financial liabilities as at 31 December, by maturity, based on contractual undiscounted repayment obligations. Obligations that are redeemable on demand are treated as if the demand for redemption had been made on the earliest possible date. However, the Bank expects that many customers will not request repayment at the earliest date on which the Bank would be required to make the respective payment and, accordingly, the table does not reflect the expected cash flows calculated by the Bank based on historical demand information.

<i>In thousands of Kazakhstani Tenge</i>	On demand	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
As at 31 December 2023						
Financial liabilities						
Due to credit institutions	3,884,065	-	-	-	-	3,884,065
Customer accounts	46,209,364	20,570,384	87,003,932	2,263,181	66,619	156,113,480
Lease liabilities	25,815	10,830	121,767	132,439	119,400	410,251
Other financial liabilities	31,762	136	13,455	72,267	8	117,628
Total undiscounted financial liabilities	50,151,006	20,581,350	87,139,154	2,467,887	186,027	160,525,424

<i>In thousands of Kazakhstani Tenge</i>	On demand	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
As at 31 December 2022						
Financial liabilities						
Due to credit institutions	-	42,500	1,381,292	5,108,315	-	6,532,107
Customer accounts	57,051,978	2,478,692	42,724,933	2,072,645	41,749	104,369,997
Lease liabilities	-	45,287	130,102	236,143	55,476	467,008
Other financial liabilities	49,203	28,757	14,835	69,694	6	162,495
Total undiscounted financial liabilities	57,101,181	2,595,236	44,251,162	7,486,797	97,231	111,531,607

Although the analysis of liabilities by maturity shows a significant portion of customer funds in the "demand and less than 1 month" category, the repayment of these funds has historically occurred over a longer period than indicated in this table. These deposits form a reliable and long-term source of financing. During 2023, there were no significant outflows of customer funds and the Bank's management does not expect such outflows in the near future.

The Bank does not use the above undiscounted maturity analysis of liabilities for liquidity management. Instead, the Bank controls expected maturities and expected liquidity gap, which are presented in the table below:

27 Risk Management (Continued)

The table below provides an analysis of financial instruments by expected maturity as at 31 December 2023:

<i>In thousands of Kazakhstani Tenge</i>	On demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 12 months to 5 years	Over 5 years	Total
Assets						
Cash and cash equivalents	103,763,851	1,463,788	-	-	-	105,227,639
Due from other banks	1,140,673	-	-	-	-	1,140,673
Investment securities	1,032,340	-	-	-	-	1,032,340
Loans to customers	4,759,540	32,002,539	37,407,873	27,081,010	3,740,174	100,391,744
Investments	-	-	-	-	554,379	554,379
Other financial assets	372,624	-	-	821	11,800	385,245
Total	111,069,028	34,066,327	37,407,873	27,882,439	4,306,353	214,732,020
Liabilities						
Customer accounts	66,666,803	43,578,618	41,191,544	1,820,245	63,994	153,321,204
Due to credit institutions	-	84,065	-	3,800,000	-	3,884,065
Lease liabilities	36,530	53,959	54,983	204,024	33,584	383,080
Other financial liabilities	31,778	5,058	8,517	72,267	8	117,628
Total potential future payments for financial obligations	66,735,111	43,721,700	41,255,044	5,896,536	97,586	157,705,977
Liquidity gap arising from financial instruments	44,333,917	(9,655,373)	(3,847,171)	21,985,903	4,208,767	57,026,043

The table below provides an analysis of financial instruments by maturity as at 31 December 2022:

<i>In thousands of Kazakhstani Tenge</i>	On demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 12 months to 5 years	Over 5 years	Total
Assets						
Cash and cash equivalents	45,743,211	27,864,935	-	-	-	73,608,146
Due from other banks	1,209,370	-	-	-	-	1,209,370
Loans to customers	1,508,289	17,610,094	19,014,172	32,328,801	5,040,256	75,501,612
Investments	-	-	-	-	554,379	554,379
Other financial assets	-	-	2,949,208	-	-	2,949,208
Total	48,460,870	45,475,029	21,963,380	32,328,801	5,594,635	153,822,715
Liabilities						
Customer accounts	28,937,167	33,886,389	22,063,394	18,340,949	38,905	103,266,804
Due to credit institutions	-	108,357	1,000,000	4,000,000	-	5,108,357
Lease liabilities	14,797	92,995	78,180	188,968	28,165	403,105
Other financial liabilities	9,934	13,773	87,411	51,371	6	162,495
Total potential future payments for financial obligations	28,961,898	34,101,514	23,228,985	22,581,288	67,076	108,940,761
Liquidity gap arising from financial instruments	19,498,972	11,373,515	(1,265,605)	9,747,513	5,527,559	44,881,954

Liquidity requirements for payments under guarantees and letters of credit are significantly lower than the amount of the corresponding commitments presented in the maturity analysis above, as the Bank does not normally expect these commitments to be called upon by third parties. The total amount of contractual loan commitments included in the table above does not necessarily represent the amount of cash that will be required in the future, as many of these commitments may not be called or terminated before they expire.

27 Risk Management (Continued)

The analysis of maturity differences does not reflect the historical stability of current account funds, which have traditionally been repaid over a longer period than indicated in the tables above. These balances are included in the tables in amounts payable on demand.

The table below shows the contractual terms of the Bank's contingent and contractual credit related commitments. In this table, the Bank has disclosed the contractual duration of contingent and contractual credit related commitments based on the date of completion of such contracts.

<i>In thousands of Kazakhstani Tenge</i>	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
2023	1,268,762	6,978,463	63,115,076	14,112,920	85,475,221
2022	4,529,895	9,594,920	39,418,710	91,802	53,635,327

If the term of contingent and contractual obligations is presented at the earliest date on which the client can demand performance of the obligation, all of the above obligations will be presented in the "less than 3 months" category.

The Bank expects that not all contractual commitments of a credit nature will need to be settled before their expiry date.

Market risk. Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. With the exception of currency positions, the Bank does not have significant concentrations of market risk.

Change in interest rate risk. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The Bank has no floating rate non-trading financial assets and financial liabilities as at 31 December 2022 and 2023.

Currency risk. Currency risk - the risk of losses associated with changes in foreign exchange rates in the course of the Bank's activities. The risk of loss arises from the revaluation of the Bank's positions in currencies in value terms. The Bank's management sets limits on the level of risk taken by currency and monitors their compliance on a daily basis.

The following table sets out the currencies in which the Bank has significant positions as at 31 December in monetary assets and liabilities and projected cash flows. The analysis performed consists in calculating the impact of a possible change in exchange rates against the Tenge on a consolidated statement of comprehensive income (due to the presence of certain monetary assets and liabilities, the fair value of which is sensitive to changes in the exchange rate). All other parameters are assumed to be constant. Negative amounts in the table reflect a potential net decrease in the Separate statement of comprehensive income, while positive amounts reflect a potential net increase:

<i>In thousands of Kazakhstani Tenge</i>	2023		2022	
	Change in currency rate, in %	Effect on profit before tax	Change in currency rate, in %	Effect on profit before tax
Currency				
Russian rouble	4.56%	(2,054)	5.74%	5,236
	-4.45%	2,004	-5.57%	(5,077)
Euro	1.84%	672	2.26%	419
	-1.83%	(667)	-2.24%	(416)
US dollars	1.74%	(10,389)	2.14%	69,333
	-1.70%	10,118	-2.07%	(67,136)

The currency position during the year had approximately equal values due to the fact that the Bank set limits on open currency positions and the position was within the established limit.

27 Risk Management (Continued)

The currency position of the Bank as at 31 December 2023 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	Tenge	US Dollar	Russian Rouble	Euro	Other Currencies	Total
Assets						
Cash and cash equivalents	54,624,081	47,514,196	247,467	2,711,734	130,161	105,227,639
Due from other banks	-	1,140,673	-	-	-	1,140,673
Investment securities	1,032,340	-	-	-	-	1,032,340
Loans to customers	63,410,302	40,371,903	-	2,609,539	-	106,391,744
Investments	554,379	-	-	-	-	554,379
Other financial assets	302,135	81,676	-	1,434	-	385,245
Total financial assets	119,923,237	89,108,448	247,467	5,322,707	130,161	214,732,020
Liabilities						
Due to credit institutions	3,884,065	-	-	-	-	3,884,065
Customers accounts	57,965,863	89,688,126	291,983	5,285,963	89,269	153,321,204
Lease liabilities	383,080	-	-	-	-	383,080
Other financial liabilities	100,591	16,251	530	256	-	117,628
Total financial liabilities	62,333,599	89,704,377	292,513	5,286,219	89,269	157,705,977
Net balance sheet position	57,589,638	(595,929)	(45,046)	36,488	40,892	57,026,043

The currency position of the Bank as at 31 December 2022 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	Tenge	US Dollar	Russian Rouble	Euro	Other Currency	Total
Assets						
Cash and cash equivalents	29,176,677	36,916,140	666,112	6,839,830	9,387	73,608,146
Due from other banks	-	1,209,370	-	-	-	1,209,370
Loans to customers	50,000,790	25,396,343	-	104,479	-	75,501,612
Investments	554,379	-	-	-	-	554,379
Other financial assets	670,767	2,277,274	12	1,150	5	2,949,208
Total financial assets	80,402,613	65,799,127	666,124	6,945,459	9,392	153,822,715
Liabilities						
Due to credit institutions	5,108,357	-	-	-	-	5,108,357
Customer accounts	33,298,966	62,464,105	574,179	6,925,708	3,846	103,266,804
Lease liabilities	403,105	-	-	-	-	403,105
Other financial liabilities	70,722	89,812	778	1,183	-	162,495
Total financial liabilities	38,881,150	62,553,917	574,957	6,926,891	3,846	108,940,761
Net balance sheet position	41,521,463	3,245,210	91,167	18,568	5,546	44,881,954

Operational risk.

Operational risk is the risk arising from system failure, human error, fraud or external events. When controls fail, operational risks can damage reputation, have legal consequences, or result in financial loss. The Bank cannot assume that all operational risks have been eliminated, but with the help of a control system and by monitoring and appropriately responding to potential risks, the Bank can manage such risks. The control system provides for an effective segregation of duties, access rights, approval and reconciliation procedures, staff training, and evaluation procedures, including internal audit.

28 Fair Value Measurement

Fair value measurement procedures. Board of the Bank determines the policies and procedures for recurring measurement of the fair value of real estate owned by the Bank.

External appraisers are engaged to evaluate buildings and land of the Bank. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, management of the Bank analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Bank's accounting policies. For this analysis, management of the Bank verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. Management of the Bank, in conjunction with the external appraisers also compares each change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

As at 31 December 2023, an independent valuation of office buildings and land included in property, plant and equipment was carried out. The appraisal was carried out by an independent firm of professional appraisers, IP "Property Appraisal Department", who have professional qualifications and professional experience in appraising property similar to the property being appraised in terms of location and category.

Fair value hierarchy. The Bank uses the following hierarchy for determining the fair value of assets and liabilities and disclosing information about it depending on the valuation model:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other models for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

<i>In thousands of Kazakhstani Tenge</i>	Date of measurement	Fair Value Measurement with the use of			
		Level 1	Level 2	Level 3	Total
2023					
Assets measured at fair value					
Property and equipment – land and buildings	31 December 2023	–	–	4,432,473	4,432,473
Non-current assets held for sale	31 December 2023	–	–	9,983,461	9,983,461
Investments	31 December 2023	–	7,001	–	7,001
Assets for which fair values are disclosed					
Cash and cash equivalents	31 December 2023	2,300,984	102,926,655	–	105,227,639
Due from other banks	31 December 2023	–	1,140,236	–	1,140,236
Investment securities measured at amortized cost	31 December 2023	–	984,508	–	984,508
Loans to customers	31 December 2023	–	–	102,727,463	102,727,463
Investments in subsidiaries	31 December 2023	–	–	547,378	547,378
Other financial assets	31 December 2023	–	–	385,245	385,245
Liabilities for which fair values are disclosed					
Due to credit institutions	31 December 2023	–	3,773,559	–	3,773,559
Customer accounts	31 December 2023	–	153,316,917	–	153,316,917
Lease liabilities	31 December 2023	–	383,080	–	383,080
Other financial liabilities	31 December 2023	–	–	117,628	117,628

28 Fair Value Measurement (Continued)

<i>In thousands of Kazakhstani Tenge</i>	Date of measurement	Fair value measurement with the use of			
		Level 1	Level 2	Level 3	Total
2022					
Assets measured at fair value					
Property and equipment – land and buildings	31 December 2022	-	-	11,619,659	11,619,659
Investments	31 December 2022	-	7,001	-	7,001
Assets for which fair values are disclosed					
Cash and cash equivalents	31 December 2022	1,973,972	71,634,174	-	73,608,146
Due from other banks	31 December 2022	-	1,209,345	-	1,209,345
Loans to customers	31 December 2022	-	-	71,601,021	71,601,021
Investments in subsidiaries	31 December 2022	-	-	547,378	547,378
Other financial assets	31 December 2022	-	-	2,949,208	2,949,208
Liabilities for which fair values are disclosed					
Due to credit institutions	31 December 2022	-	4,115,300	-	4,115,300
Customer accounts	31 December 2022	-	103,084,203	-	103,084,203
Lease liabilities	31 December 2022	-	403,105	-	403,105
Other financial liabilities	31 December 2022	-	-	162,495	162,495

Fair value of financial assets and liabilities not carried at fair value. Below is a comparison of the carrying amount and fair value by class of the Bank's financial instruments that are not measured at fair value in the statement of financial position.

The table does not include fair values for non-financial assets and non-financial liabilities.

<i>In thousands of Kazakhstani Tenge</i>	2023			2022		
	Carrying amount	Fair value	Unrecognized gain/(loss)	Carrying amount	Fair value	Unrecognized gain/(loss)
Financial assets						
Cash and cash equivalents	105,227,639	105,227,639	-	73,608,146	73,608,146	-
Due from other banks	1,140,673	1,140,236	(437)	1,209,370	1,209,345	(25)
Investment securities valued at amortized	1,032,340	984,508	(47,832)	-	-	-
Loans to customers	106,391,744	102,727,463	(3,664,281)	75,501,612	71,601,021	(3,900,591)
Investments in subsidiaries	547,378	547,378	-	547,378	547,378	-
Other financial assets	385,245	385,245	-	2,949,208	2,949,208	-
Financial liabilities						
Due to credit institutions	3,884,065	3,773,559	110,506	5,108,357	4,115,300	993,057
Customer accounts	153,321,204	153,316,917	4,287	103,266,804	103,084,203	182,601
Lease liabilities	383,080	383,080	-	403,105	403,105	-
Other financial liabilities	117,628	117,628	-	162,495	162,495	-
Total unrecognized change in unrealized fair value			(3,597,757)			(2,724,958)

Non-recurring fair value measurements

As at 31 December 2023, the Bank revalued assets classified as non-current assets held for sale to fair value less costs to sell. This fair value is classified as Level 3 measurement in the fair value hierarchy. The table below lists the valuation models and inputs used to estimate fair value as of 31 December 2023.

28 Fair Value Measurement (Continued)

<i>In thousands of euros</i>	Fair value	Valuation model	Input data used
Non-current assets held for sale (or disposal groups)	9,983,461	Comparison with analogues on the market	Prices for similar objects on the market

Non-current assets held for sale include investment properties consisting of land and industrial buildings.

Methods of measurement and assumptions. The following describes the methodologies and assumptions used to determine the fair value of assets and liabilities carried at fair value in the financial statements, as well as items that are not measured at fair value in the statement of financial position, but whose fair value is disclosed:

Property and equipment – land and buildings. Fair value of the properties was determined by using market comparable method. This means that valuations performed by the valuer are based on market transaction prices, significantly adjusted for difference in the nature, location or condition of the specific property.

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

Loans at fair value through profit or loss. Loans at fair value through profit or loss are valued using a combination of approaches. Where appropriate, loans are valued with reference to observable prices of debt securities issued by the borrower or by comparable entities. In other cases, valuation is performed using internal models based on present value techniques or, in some circumstances (for example, in respect of cash flow from assets held as collateral), external valuation reports. The non-observable inputs to the models include adjustments for credit, market and liquidity risks associated with the expected cash flows from the borrower's operations or in respect of collateral valuation.

Financial assets and financial liabilities carried at amortized cost. Valuation techniques include net present value and discounted cash inflow models and comparisons with similar instruments for which quoted market prices are known. Judgments and data used in the valuation include risk-free and benchmark interest rates, credit spreads and other adjustments used to estimate discount rates, stock and bond prices and foreign exchange rates. Valuation methods are aimed at determining the value that reflects the value of the financial instrument as at the reporting date, which was determined by independent market participants.

The fair value of unquoted instruments, loans to customers, deposits from customers, amounts due from credit institutions, due to other banks, other financial assets and liabilities, financial lease liabilities is estimated by discounting future cash flows using rates that currently exist for debt with similar terms, credit risk and maturity. The following assumptions are used by management to estimate the fair value of financial instruments:

- discount rates of 8.0–27.0% for Tenge assets and 5.5–11.0% for foreign currency assets were used to discount future cash flows on loans to corporate customers and loans to retail customers, respectively (31 December 2022: 13.1 - 20.2% and 4.8 - 8.4%, respectively);
- to calculate estimated future cash flows on current accounts and deposits of corporate and retail customers, discount rates of 0.1–17.5% for Tenge deposits, 0.1–4.0% for foreign currency deposits were used, respectively (31 December 2022: 0.5–14.8% and 0.2 – 1.3%, respectively).

28 Fair Value Measurement (Continued)

Significant unobservable inputs and sensitivity of level 3 non-financial instruments measured at fair value to changes to key assumptions. The following table summarizes the sensitivity of the fair value measurement of Bank's buildings and land categorized within Level 3 of the fair value hierarchy to changes in unobservable inputs as at 31 December 2023 and 2022:

Unobservable inputs	Range	Description of sensitivity
Trade discount	0.0%–10.0%	An increase/decrease in the trade discount may result in a decrease/increase in the fair value of the Bank's land and buildings.
Adjustment for size	27.0%–9.0%	An increase/decrease in the size allowance may result in an increase/decrease in the fair value of the Bank's land and buildings.
Adjustment for intended purpose	3.7%–6.2%	An increase/decrease in the use allowance may result in an increase/decrease in the fair value of the Bank's land and buildings.

29 Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled. See Note 27 for the Bank's contractual undiscounted repayment obligations.

In thousands of Kazakhstani Tenge	2023			2022		
	Within one year	More than one year	Total	Within one year	More than one year	Total
Cash and cash equivalents	105,227,639	-	105,227,639	73,608,146	-	73,608,146
Due from other banks	1,140,673	-	1,140,673	1,209,370	-	1,209,370
Investment securities carried at amortized cost	10,100	1,022,240	1,032,340	-	-	-
Investments	-	554,379	554,379	-	554,379	554,379
Non-current assets held for sale	9,983,461	-	9,983,461	-	-	-
Loans to customers	86,635,937	19,755,807	106,391,744	38,132,555	37,369,057	75,501,612
Property, plant and equipment	-	5,226,699	5,226,699	-	12,032,537	12,032,537
Intangible assets	-	729,750	729,750	-	321,308	321,308
Prepayment of current tax liabilities	26,278	-	26,278	185,770	-	185,770
Other assets	1,782,541	12,621	1,795,162	4,583,754	367,147	4,950,901
Total assets	204,806,629	27,301,496	232,108,125	117,719,595	50,644,428	168,364,023
Due to credit institutions	84,065	3,800,000	3,884,065	1,108,357	4,000,000	5,108,357
Customers accounts	151,436,964	1,884,240	153,321,204	84,886,950	18,379,854	103,266,804
Deferred CIT liabilities	-	207,692	207,692	-	214,864	214,864
Lease liabilities	161,921	221,159	383,080	185,972	217,133	403,105
Other liabilities	436,308	72,274	508,582	427,357	51,377	478,734
Total liabilities	152,119,258	6,185,365	158,304,623	86,608,636	22,863,228	109,471,864
Net position	52,687,371	21,116,131	73,803,502	31,110,959	27,781,200	58,892,159

The Bank's ability to meet its obligations is based on its ability to realize an equivalent amount of assets within the same period of time. As at 31 December 2023, the Bank has positive liquidity in the amount of KZT 52,687,371 thousand during the year (as at 31 December 2022: KZT 31,110,959 thousand during the year).

Liabilities that are redeemable on demand are treated in the table above as if redemption had been made. However, the Bank expects that many customers will not request repayment at the earliest date on which the Bank will be required to make the respective payment, and accordingly, the table does not reflect the expected cash flows calculated by the Bank based on information on the demand for customer funds for historical periods..

30 Related Parties Disclosure

In accordance with IAS 24 "Related Party Disclosures", parties are 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 transactions which unrelated parties might not.

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

The amount of related party transactions and balances as of 31 December 2022 and 2023, as well as the respective amounts of income and expenses for the years than ended are as follows:

In thousands of Kazakhstani Tenge	2023					2022				
	Controllin g share- holder	Key manage- ment personnel	Entitles under common control	Subsidiar y organizat ions	Total	Controllin g share- holder	Key manage- ment personnel	Entitles under common control	Subsidiar y organizati ons	Total
Assets										
Cash and cash equivalents	1,590,550	-	1,240,005	-	2,830,555	2,092,252	-	862,852	-	2,955,104
Due from other banks	-	-	1,140,673	-	1,140,673	-	-	1,209,371	-	1,209,371
Loans to customers	-	74,605	-	-	74,605	-	69,254	-	-	69,254
Other assets	-	-	-	-	-	-	-	16,989	-	16,989
Liabilities										
Customer accounts	-	92,118	204,506	639,116	935,740	-	10,591	21,287	306,264	338,142

The income and expense items on transactions with related parties for the years ended 31 December 2022 and 2023 were as follows:

In thousands of Kazakhstani Tenge	2023 r.					2022 r.				
	Controlling share- holder	Key manage- ment personnel	Entitles under common control	Subsidiar y organizati ons	Total	Controllin g share- holder	Key manage- ment personnel	Entitles under common control	Subsidiary organizatio ns	Total
Interest income	320,133	9,927	124,605	-	454,665	147,946	4,137	52,461	-	204,544
Commission income	-	-	-	26	26	-	-	-	-	-
Interest expense	-	(299)	(1,112)	(54,500)	(55,911)	(295,742)	-	(7)	(19,920)	(315,669)
Commission expenses	(56,875)	-	(26,839)	-	(83,714)	(49,871)	-	-	-	(49,871)
Other operating expenses	-	-	(210,436)	-	(210,436)	-	-	-	-	-

Information on the terms of raising funds from the Controlling Shareholder is disclosed in Note 13. As of 31 December 2023, loans to key management personnel had interest rates of 8%–18% per annum (as of 31 December 2022: 8%–12% per annum) and repayment terms in 2025–2029 (31 December 2022: in 2021–2026).

Below is information for 2023 on the remuneration of 11 members (2022: 9 members) of key management personnel:

In thousands of Kazakhstani Tenge	2023	2022
Salaries and other short-term benefits	174,302	117,915
Social security contributions	16,704	11,381
Total remuneration to key management personnel	191,006	129,296

31 Capital Adequacy

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

31 Capital Adequacy (Continued)

During 2022 and 2023, the Bank had complied in full with its externally imposed capital requirements.

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. No changes were made in the objectives, policies and processes from the previous years.

Under the current capital requirements set by the NBRK banks have to maintain:

- a ratio of basic capital to the sum of credit risk weighted assets and contingent liabilities, market risk and a quantitative measure of operating risk weighted assets and contingent liabilities and (k1);
- a ratio of tier 1 capital less investments to the sum of credit risk-weighted assets and contingent liabilities, market risk and a quantitative measure of operational risk weighted assets, contingent assets and liabilities (k1-2);
- a ratio of own capital to the sum of credit risk weighted assets and contingent liabilities, market risk and a quantitative measure of operating risk weighted assets and contingent liabilities and (k2).

Investments for the purposes of calculation of the above ratios represent investments into share capital (interest in the share capital) of a legal entity and subordinated debt of a legal entity if their total exceeds 10% of the total of stage 1 and stage 2 capital of the Bank.

The following table shows the composition of the Bank's capital position calculated in accordance with the NBRK requirements as of 31 December 2022 and 2023:

<i>In thousands of Kazakhstani Tenge</i>	2023	2022
Tier 1 capital	73,126,248	58,327,786
Tier 2 capital	-	-
Total statutory capital	73,126,248	58,327,786
Risk-weighted assets and contingent liabilities, potential claims and liabilities	204,786,837	158,869,838
Capital adequacy ratio k1 (at least 5,5%)	36%	37%
Capital adequacy ratio k1-2 (at least 6,5%)	36%	37%
Capital adequacy ratio k2 (at least 8%)	36%	37%

<i>In thousands of Kazakhstani Tenge</i>	2023	2022
Tier 1 capital		
Share capital	48,500,000	48,500,000
Revaluation reserves	779,176	950,746
Retained earnings	8,287,187	18,916,705
Accumulated disclosed reserve	1,177,175	1,177,175
Loss of the current year	15,112,460	(10,895,533)
Intangible assets, including goodwill	(729,750)	(321,307)
Total Tier 1 capital	73,126,248	58,327,786
Tier 2 capital		
Revaluation reserve	-	-
Subordinated debt	-	-
Total Tier 2 capital	-	-
Total capital	73,126,248	58,327,786

The accompanying notes on pages 5 to 59 are an integral part of these separate financial statements

31 Capital Adequacy (Continued)

<i>In thousands of Kazakhstani Tenge</i>	2023	2022
Credit risk-weighted assets	167,923,194	117,032,146
Credit risk-weighted contingent and possible liabilities	29,184,509	36,166,558
Assets and contingent and possible claims and liabilities calculated taking into account market risk	236,477	326,075
Operational risk	7,442,657	5,345,059
Total amount of risks	204,786,837	158,869,838

32 Events after the End of the Reporting Period

There are no events after the reporting date that significantly affected the Bank's activities.