



# **Alтын Bank**

Дочерний Банк China CITIC Bank Corporation Limited

**JSC “Alтын Bank”  
(SB of China CITIC Bank Corporation Ltd.)**

**Financial Statements in accordance with  
International Financial Reporting Standards  
and Independent Auditor’s Report**

**31 December 2023**

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## Independent Auditor's Report

To the Shareholders and Board of Directors of Altyn Bank JSC (SB of China Citic Bank Corporation Ltd)

### Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Altyn Bank JSC (SB of China Citic Bank Corporation Ltd (the "Bank") as at 31 December 2023, and the financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards.

### What we have audited

The Bank financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of profit or loss and other 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.



## Our audit approach

### Overview

<b>Materiality</b>	Overall materiality: Kazakhstani Tenge 1,796,000 thousand, which represents 5% of profit before income tax for the year ended 31 December 2023
<b>Key audit matters</b>	Assessment of expected credit losses allowance for loans and advances to customers made by management in accordance with the International Financial Reporting Standard 9, Financial Instruments (IFRS 9).

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Bank, the accounting processes and controls, and the industry in which the Bank operates.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Bank materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the financial statements as a whole.

<b>Overall Bank materiality</b>	Kazakhstani Tenge 1,796,000 thousand
<b>How we determined it</b>	5% of profit before income tax for the year ended 31 December 2023
<b>Rationale for the materiality benchmark applied</b>	Profit before tax is the benchmark against which the performance of the Bank is most commonly measured by users as it demonstrates the Bank's financial performance in the current economic environment. We choose 5%, which, in our experience, is within the range of acceptable quantitative materiality thresholds commonly used for this benchmark.



## Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p data-bbox="274 712 839 862"><b>Assessment of expected credit losses (ECL) provision for loans to customers made by management in accordance with the International Financial Reporting Standard 9, Financial Instruments (IFRS 9).</b></p> <p data-bbox="274 878 826 1025">We focused on this area due to the size of loans to customers balance and because IFRS 9 is a complex financial reporting standard, which requires significant judgment to determine the ECL provision.</p> <p data-bbox="274 1041 719 1070">The Bank performed ECL assessment:</p> <ul data-bbox="309 1086 820 1339" style="list-style-type: none"> <li>• on an individual basis;</li> <li>• on a portfolio basis: internal ratings were estimated on an individual basis but the same credit risk parameters (e.g. probability of default, loss given default) were applied during the process of ECL calculations for the same credit risk ratings of the loan portfolio.</li> </ul> <p data-bbox="274 1355 647 1384">Key areas of judgment included:</p> <ul data-bbox="309 1400 833 1989" style="list-style-type: none"> <li>• Allocation of loans to stages in accordance with IFRS 9;</li> <li>• Accounting interpretations and modelling assumptions used to estimate key risk parameters – probability of default, loss given default and exposure at default;</li> <li>• Completeness and accuracy of data used to calculate the ECL;</li> <li>• Accuracy and adequacy of the financial statement disclosures.</li> <li>• Refer to the Notes 3, 7, and 29 of the accompanying financial statements that provide information on material accounting policies, critical accounting estimates and judgements and risk assessment related to ECL provision and disclosures on loans and advances to customers.</li> </ul>	<p data-bbox="865 712 1410 772">In assessing ECL provision we have performed, among others, the following audit procedures:</p> <ul data-bbox="874 788 1471 1960" style="list-style-type: none"> <li>• We assessed the methodologies and models for ECL provision assessment developed by the Bank in order to evaluate their compliance with IFRS 9 requirements. We focused our procedures on: default definition, factors for determining a “significant increase in credit risk”, allocation of the loans to stages, and estimation of key risk parameters.</li> <li>• On a sample basis we performed an individual assessment of the ECL provision levels to determine if they were appropriate considering the risk profile, credit risk and the macroeconomic environment. We considered trends in the economy and industries to which the Bank’s borrowers are exposed.</li> <li>• We assessed the design and tested operating effectiveness of key controls across the processes relevant to the ECL. This included the allocation of loans into stages, calculation of key risk parameters (probability of default, loss given default, exposure at default), data accuracy and completeness.</li> <li>• On a sample basis we tested segmentation and allocation to stages;</li> <li>• To verify data accuracy and quality, on a sample basis, we tested the data used in the ECL calculation by reconciling to source data, i.e. loan portfolios, loan agreements, collateral agreements and etc.;</li> <li>• On overall basis we checked the Bank’s assessment of effect of forward looking information on the ECL level, in particular, we assessed whether forecasted macroeconomic variables were appropriate (such as inflation level, base rate, oil price, and exchange rates), traced input data to the external sources and checked appropriateness of the model used;</li> <li>• We assessed the adequacy and appropriateness of disclosures for compliance with the accounting standards.</li> </ul>



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## 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 International Financial Reporting 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.

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.

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## 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.

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.



**JSC "Altyn Bank" (SB of China CITIC Bank Corporation Ltd.)**  
**Statement of Management's Responsibilities for the Preparation and Approval of the Financial Statements**  
**for the year Ended 31 December 2023**

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The management of JSC Altyn Bank (SB China CITIC Bank Corporation Limited) ("the Bank") is responsible for the preparation of the financial statements that present fairly the financial position of the Bank as at 31 December 2023, the results of its operations, cash flows and changes in equity for the year ended that date, in accordance with International Financial Reporting Standards ("IFRS").

In preparing the financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Bank's financial position and financial performance; and
- Making an assessment of the Bank's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and reliable system internal controls of the Bank;
- Maintaining adequate records that are sufficient to show and explain the Bank's transactions and disclose with accuracy at any time the financial position of the Bank, and which enable them to ensure that the financial statements of the Bank comply with IFRS;
- Accounting in accordance with the laws of the Republic of Kazakhstan;
- Taking such steps as are reasonably practicable to protect the Bank's assets; and
- Preventing and detecting fraud and other irregularities.

The financial statements for the year ended 31 December 2023 were approved by the members of the Management Committee of the Bank on 28 February 2024.

On behalf of the Management Board of the Bank:

Almenov M.B.  
Chairman of the Management Board

28 February 2024  
Almaty, Kazakhstan



Karzhauov A.Z.  
Chief Accountant

28 February 2024  
Almaty, Kazakhstan



**JSC "Altyn Bank" (SB of China CITIC Bank Corporation Ltd.)**  
**Statement of Financial Position - as at 31 December 2023**

<i>In thousands of Kazakhstani Tenge</i>	Notes	31 December 2023	31 December 2022
<b>ASSETS:</b>			
Cash and cash equivalents	5, 30	121,308,225	329,206,317
Mandatory cash balances with NBRK		15,695,987	19,185,690
Due from other financial institutions	9	23,276,265	10,538,892
Financial assets at fair value through profit or loss	6	11,081	22,908
Loans and advances to customers	7, 30	382,934,004	312,147,853
Documentary settlements		3,156,859	4,565,148
<i>Investments in debt securities:</i>			
Debt securities at fair value through other comprehensive income	8	181,798,375	175,651,145
Debt securities at amortised cost	8	147,251,408	116,519,335
Current income tax assets	24	1,046,970	648,263
Deferred income tax assets	24	683,066	322,313
Property, plant and equipment	10	7,336,525	7,704,585
Intangible assets	11	1,595,143	1,756,204
Other assets	12	2,603,018	1,479,537
<b>TOTAL ASSETS</b>		<b>888,696,926</b>	<b>979,748,190</b>
<b>LIABILITIES:</b>			
Financial liabilities at fair value through profit or loss	6	8,280	8,787
Due to other financial institutions	13	5,699,611	966,688
Current accounts and deposits from customers	15, 30	676,373,946	803,420,579
Repurchase agreements	14	66,216,338	63,711,251
Provision for credit related commitments	25	1,129,154	848,760
Other liabilities	16	21,294,681	15,856,086
<b>TOTAL LIABILITIES</b>		<b>770,722,010</b>	<b>884,812,151</b>
<b>EQUITY:</b>			
Share capital	17	7,050,000	7,050,000
Additional paid-in capital	17	220,973	220,973
Revaluation reserve for financial assets at fair value through other comprehensive income		(1,627,162)	(4,599,492)
Retained earnings and other reserves		112,331,105	92,264,558
<b>TOTAL EQUITY</b>		<b>117,974,916</b>	<b>94,936,039</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>888,696,926</b>	<b>979,748,190</b>

On behalf of the Management Board of the Bank:

Almenov M.B.  
Chairman of the Management Board

28 February 2024



Armanbayev A.Z.  
Chief Accountant

28 February 2024

**JSC "Altyn Bank" (SB of China CITIC Bank Corporation Ltd.)**

**Statement of Profit or Loss and Other Comprehensive Income - for the Year Ended 31 December 2023**

<i>In thousands of Kazakhstani Tenge</i>	Notes	31 December 2023	31 December 2022
Interest income calculated using the effective interest rate method	18, 30	93,949,727	63,044,096
Interest and similar expenses	18, 30	(44,022,862)	(28,418,320)
<b>Net margin on interest and similar income</b>		<b>49,926,865</b>	<b>34,625,776</b>
Credit loss allowance	7	(4,938,809)	(6,220,467)
<b>Net interest income</b>		<b>44,988,056</b>	<b>28,405,309</b>
Fee and commission income	20, 30	5,632,351	5,226,926
Fee and commission expense	20, 30	(4,977,380)	(4,060,693)
<b>Net commission income</b>		<b>654,971</b>	<b>1,166,233</b>
Net gains/(losses) on financial assets and liabilities at fair value through profit or loss	19, 30	(736,765)	989,956
Net gains from financial assets at fair value through other comprehensive income		281,883	8,745
Gains less losses from trading in foreign currencies	21, 30	8,772,927	9,445,966
Other income		122,973	39,322
<b>Other non-interest income</b>		<b>8,441,018</b>	<b>10,483,989</b>
Operating expenses	22, 30	(15,733,374)	(12,793,627)
Reversal of other reserves		(2,422,713)	(405,220)
<b>Non-interest expenses</b>		<b>(18,156,087)</b>	<b>(13,198,847)</b>
<b>Profit before income tax</b>		<b>35,927,958</b>	<b>26,856,684</b>
Income tax expense	24	(1,924,248)	(2,586,610)
<b>NET PROFIT FOR THE YEAR</b>		<b>34,003,710</b>	<b>24,270,074</b>
Basic and diluted earnings per share (tenge)	23	482,322	344,256
<b>Net profit for the year</b>		<b>34,003,710</b>	<b>24,270,074</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Net gains/(losses) on fair value adjustments on financial assets at fair value through other comprehensive income		3,191,411	(3,684,428)
Gains/(losses) from revaluation of fixed assets		62,802	(66)
Losses less gains reclassified to profit or loss upon disposal or impairment of financial assets at fair value through other comprehensive income		(281,883)	(8,745)
<b>OTHER COMPREHENSIVE INCOME</b>		<b>2,972,330</b>	<b>(3,693,239)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>36,976,040</b>	<b>20,576,835</b>

On behalf of the Management Board of the Bank:

Almenov M.B.

Chairman of the Management Board

28 February 2024



Mezhaubetov A.Z.

Chief Accountant

28 February 2024

**JSC "Altyn Bank" (SB of China CITIC Bank Corporation Ltd.)**  
**Statement of Changes in Equity - for the Year Ended 31 December 2023**

<i>In thousands of Kazakhstani Tenge</i>	Share capital	Additional paid-in capital	Revaluation of financial assets at fair value through other comprehensive income	Reserve for revaluation of fixed assets	Retained earnings	Total equity
<b>31 December 2021</b>	7,050,000	220,973	(906,253)	33,322	67,961,162	74,359,204
Net income for the year	-	-	-	-	24,270,074	24,270,074
Other comprehensive loss	-	-	(3,693,239)	(66)	66	(3,693,239)
<b>31 December 2022</b>	<b>7,050,000</b>	<b>220,973</b>	<b>(4,599,492)</b>	<b>33,256</b>	<b>92,231,302</b>	<b>94,936,039</b>
Dividends Payment	-	-	-	-	(14,000,031)	(14,000,031)
Net income for the year	-	-	-	-	34,003,710	34,003,710
Revaluation of fixed assets	-	-	-	62,868	-	62,868
Other comprehensive income	-	-	2,972,330	(66)	66	2,972,330
<b>31 December 2023</b>	<b>7,050,000</b>	<b>220,973</b>	<b>(1,627,162)</b>	<b>96,058</b>	<b>112,235,047</b>	<b>117,974,916</b>

On behalf of the Management Board of the Bank:

Almenov M.B.  
 Chairman of the Management Board  
 28 February 2024



Karzhambekov A.Z.  
 Chief Accountant  
 28 February 2024



**JSC "Altyn Bank" (SB of China CITIC Bank Corporation Ltd.)**  
**Statement of Cash Flows - for the Year Ended 31 December 2023**

<i>In thousands of Kazakhstani Tenge</i>	Notes	31 December 2023	31 December 2022
<b>Cash flows from operating activities</b>			
Interest income received		73,321,791	61,405,495
Interest income received from Cash and cash equivalents and Due from other financial institutions		8,319,891	6,392,276
Interest income received from Debt securities at fair value through other comprehensive income		3,536,868	9,027,997
Interest income received from Debt securities at amortised cost		6,704,212	6,250,624
Interest income received from Loans and advances to customers		54,760,820	39,734,598
Interest expenses paid		(41,632,864)	(28,124,640)
Interest expenses paid on Current accounts and deposits from customers		(33,725,534)	(23,269,053)
Interest paid on Due to other financial institutions		(7,907,330)	(4,855,587)
Fees and commissions received		5,630,369	5,228,360
Fees and commissions paid		(4,959,803)	(4,060,693)
Repayments from operations with financial instruments at fair value through profit or loss		(736,765)	989,956
Proceeds from operations with foreign currencies		8,772,927	9,414,110
Proceeds from other income		118,428	39,322
Operating expenses paid		(12,358,153)	(11,378,042)
Income tax paid		(2,876,207)	(2,368,806)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>25,279,723</b>	<b>31,145,062</b>
<b>Changes in operating assets and liabilities</b>			
Net increase/(decrease) in mandatory cash balances with NBRK		3,489,709	(8,250,882)
Net decrease in due from other financial institutions		(13,200,737)	(2,005,514)
Net increase in financial instruments at fair value through profit or loss		11,827	14,638
Net decrease in loans and advances to customers		(71,853,716)	(67,859,740)
Net increase/(decrease) in documentary settlements		1,453,134	(2,648,192)
Net decrease in other assets		(1,104,565)	(422,231)
Net increase in due to other financial institutions		4,728,989	504,829
Net increase in repurchase agreements		2,505,087	14,397,830
Net (decrease)/increase in current accounts and deposits from customers		(128,284,906)	304,544,125
Net increase in other liabilities		2,744,830	5,778,846
Net decrease in financial liabilities at fair value through profit or loss		(508)	(15,298)
<b>Net cash from operating activities</b>		<b>(174,231,133)</b>	<b>275,183,473</b>
<b>Cash flows from investing activities</b>			
Disposal and redemption of debt securities at FVOCI		913,005,667	660,098,074
Acquisition of debt securities at FVOCI		(898,920,292)	(672,123)
Acquisition of property and equipment		(957,153)	(938,580)
Acquisition of intangible assets		(352,079)	(616,283)
Proceeds from redemption of debt securities at AC		46,236,667	2,100,225
Acquisition of financial assets at AC		(76,177,851)	(30,588,275)
<b>Net cash received/(used in) investing activities</b>		<b>(17,165,041)</b>	<b>(42,067,882)</b>
<b>Cash flow from financing activities</b>			
Repayment of finance lease liabilities		(526,946)	(465,268)
Payment of dividends		(14,000,031)	-
<b>Net cash used in financing activities</b>		<b>(14,526,977)</b>	<b>(456,268)</b>
Effect of exchange rate changes on cash and cash equivalents		(1,974,941)	(1,218,241)
<b>Net increase in cash and cash equivalents</b>		<b>(207,898,092)</b>	<b>231,432,082</b>
Cash and cash equivalents, beginning of the year	5	329,206,317	97,774,235
<b>Cash and cash equivalents, end of the year</b>	<b>5</b>	<b>121,308,225</b>	<b>329,206,317</b>

On behalf of the Management Board of the Bank

Almenov M.B.  
Chairman of the Management Board

28 February 2024



Alzhanbekov A.Z.  
Chief Accountant

28 February 2024



## **1 Introduction**

These financial statements of Alyyn Bank JSC (China Citic Bank Corporation Limited) (the "Bank") have been prepared in accordance with IFRS accounting standards ("IFRS") as issued by the International Accounting Standards Board for the year ended 31 December 2023.

JSC Alyyn Bank (SB of JSC Halyk Bank) ("the Bank") was incorporated in the Republic of Kazakhstan (the "RK") in 1998 as JSC HSBC Bank Kazakhstan. Due to the change of the sole shareholder of the Bank in November 2014, it was decided to rename the Bank from JSC HSBC Bank Kazakhstan to JSC Alyyn Bank (SB of JSC Halyk Bank). On 24 April 2018 China Citic Bank Corporation Ltd and China Shuangwei Investment Co., Ltd. purchased jointly 60% of the Bank's share capital. After completion of the transaction, the Bank was renamed to JSC Alyyn Bank (SB China Citic Bank Corporation Limited).

As at 31 December 2023 and 31 December 2022 Bank shareholders are China Citic Bank Corporation Limited (50.1% stake in share capital), JSC Halyk Bank of Kazakhstan (40.0% stake in share capital) and China Shuangwei Investment Co. Ltd. (9.9% stake in share capital).

As at 31 December 2023 and 31 December 2022 ultimate controlling party of the Bank is China Citic Bank Corporation Limited. Bank is China Citic Bank Corporation Limited is a Chinese Bank and a subsidiary of the state-owned conglomerate CITIC Limited.

In 2015, the state authorities registered the Bank's declared shares and the total amount of declared ordinary shares was 220,500. In 2023 and 2022 new shares were not issued.

The Bank has operated under General license issued by the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market (hereinafter - "Regulatory Agency") number 1.2.23/194/33 dated 3 February 2020. The Bank's principal business activity is lending, issuing of guarantees and letters of credit, attraction of customer accounts, payment services, investment securities operations, currency dealing and operations with derivative financial instruments. Bank's operations are regulated by the National Bank of the Republic of Kazakhstan (hereinafter - "NBRK") and Regulatory Agency.

The Bank is a member of the mandatory deposit insurance system provided by JSC Kazakhstan Deposit Insurance Fund.

The Bank's registered address is: 109 B, Abay ave, Almaty, Republic of Kazakhstan, A05A1B9.

As at 31 December 2023 the Bank has six branches (31 December 2022: six branches) in Almaty, Astana, Atyrau, Aktau, Shymkent and a branch in the Astana International Financial Center.

### ***Economic environment in which the bank operates***

In 2023, the economy of Kazakhstan showed substantially more growth than in 2022. To illustrate, in the year prior from January to November the gross domestic product (GDP) – the production of all goods and services in the country – grew by 2.7%, while over the course of this year it increased by 4.9%. At the same time, GDP per capital increased from \$11.5 to \$13.3 thousand. 2023, similarly to the year prior, was a period which saw the Kazakh economy adapting to an overall difficult external situation caused by the military engagement between Ukraine and Russia, which not only brought about sanctions against the latter, but also introduced unanticipated changes in trade routes on the continent, along with increased inflation around the world, which unquestionably affected Kazakhstan.

Management has considered the impact of this military engagement and its repercussions on the Bank presently and potentially in the future, as well. Management believes the events that occur as a direct consequence from this do not affect the measurement and classification of assets and liabilities in the financial statements as of December 31, 2023 or for the year then ended.

In November 2023 Fitch Ratings, an international rating agency, affirmed Kazakhstan's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'BBB-' with a Stable Outlook. According to Fitch, Kazakhstan's 'BBB-' IDRs reflect strong fiscal and external balance sheets that have proven resilient to external shocks, and financing flexibility underpinned by accumulated oil revenue savings. Set against these strengths are its very high dependence on commodities, high inflation that partly reflects a less developed macroeconomic policy framework relative to 'BBB-' peers, and weak governance indicators. Crude oil and oil condensates continue to be the major contributors to fiscal revenues and exports, and the sector accounts for 17% of GDP, exposing the economy to external shocks arising from changing prices in those commodities. Economic diversification efforts are underway but will take time, given challenges associated with the business environment, and skills shortages.

## **1 Introduction (Continued)**

In general, the economy of the Republic of Kazakhstan continues to display characteristics of an emerging market. These characteristics include, but are not limited to, the existence of national currency that is not freely convertible outside of the country and a low level of liquidity of debt and equity securities in the markets.

As at the date of issuing these financial statements the official exchange rate of the National Bank of the Republic Kazakhstan was Tenge 448.89 per US Dollar 1 compared to Tenge 454.56 per US Dollar 1 as at 31 December 2023 (31 December 2022: Tenge 462.65 per 1 US Dollar). Thus, uncertainty remains regarding the tenge exchange rate and future actions of the National Bank and the Government, as well as the impact of these factors on the economy of the Republic of Kazakhstan.

Inflation moderated to 9.8% in December 2023 after peaking at 21.3% in February 2023. During 2023 the economy grew 4.8% and according to the analysts' forecasts, the growth rate of the national economy over the next three years will average just under 4% annually.

The economic environment has a significant impact on the Bank's operations and financial position. Management is taking necessary measures to ensure sustainability of the Bank's operations. However, the future effects of the current economic situation are difficult to predict, and management's current expectations and estimates could differ from actual results. Additionally, financial sector in the Republic of Kazakhstan is still impacted by political, legislative, fiscal and regulatory developments. The prospects for future economic stability in the Republic of Kazakhstan are largely dependent upon the effectiveness of economic measures undertaken by the Government, together with legal, controlling and political developments, which are beyond the Bank's control.

The tightening of monetary policies of major central banks led to higher interest rates and a decrease in the amount of liquidity in the markets. This, in turn, led to a decrease in investment activity and an increase in the cost of borrowed funds. As a result, these changes may have a lasting impact on supply and demand in financial markets, as well as on asset prices and foreign exchange rates. It is expected that monetary tightening may have the most negative impact on bond markets because bond interest rates are directly linked to the monetary policies of central banks. Tightening monetary policy may also have an impact on equity and foreign exchange markets. The full effect of changes in monetary policy can manifest itself over a long period of time and depend on many economic factors, such as the scale of changes, the state of the economy, geopolitical risks and others.

Management is unable to predict the extent and duration of changes in all factors or assess their possible impact on the Bank's future financial position. Management is confident that it is taking all necessary measures to maintain the sustainability and growth of the Bank's operations in the current circumstances. Because the future effects of the current economic environment are difficult to predict, management's current expectations and estimates may differ from actual results.

## **2 Basis of Preparation**

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

These financial statements have been prepared under the historical cost convention, as modified by the initial recognition of financial instruments at fair value, and by the revaluation of premises and equipment, financial instruments categorized at fair value through profit or loss and at fair value through other comprehensive income.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

These financial statements are addressed to the Bank's primary users, which are investors who lend or provide equity capital to the Bank. These financial statements assume that key users have reasonable knowledge of the business and economic activities and have appropriately verified and reviewed the information. At times, even knowledgeable and careful users may need the assistance of an advisor to understand the complex economic information reflected in these financial statements.

## 2 Basis of Preparation (Continued)

The objective of these financial statements is to disclose only 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. Accordingly, only significant accounting policies are disclosed, as appropriate, in the applicable disclosure notes.

Presentation of statements of financial position items in order of liquidity. The Bank does not have a clearly identifiable operating cycle and therefore the Group does not present current and non-current assets and long-term and current liabilities separately in the consolidated statement of financial position. Instead, assets and liabilities are presented in order of liquidity. An analysis of financial instruments by expected maturity is provided in Note 29. The table below provides information about the amounts expected to be recovered or settled before or after 12 months after the end of the reporting period for items not included in the analysis presented in Note 29.

<i>In thousands of Kazakhstani tenge</i>	31 December 2023			31 December 2022		
	Amounts expected to be repaid/reimbursed			Amounts expected to be repaid/reimbursed		
	within 12 months after the end of the reporting period	after 12 months after the end of the reporting period	Total	within 12 months after the end of the reporting period	after 12 months after the end of the reporting period	Total
<b>ASSETS</b>						
Current tax assets	535,096	511,874	1,046,970	234,013	414,250	648,263
Deferred tax assets/(liabilities)	726,653	(43,587)	683,066	424,572	(102,259)	322,313
Fixed assets	452,160	6,884,365	7,336,525	601,586	7,825,525	8,427,111
Intangible assets	57,965	1,537,178	1,595,143	115,072	1,641,132	1,756,204
Other assets	781,801	-	781,801	598,793	-	598,793
<b>LIABILITIES</b>						
Provisions	1,129,154	-	1,129,154	848,760	-	848,760
Other liabilities	5,750,255	-	5,750,255	2,332,431	-	2,332,431

### **Presentation of statement of financial position in order of liquidity.**

The Bank presents the line items in the statement of financial position in order of liquidity. The Bank does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of their liquidity in Note 29.

## 3 Critical Accounting Estimates, and Judgements in Applying Accounting Policies

In the application of the Bank's accounting policies the Bank management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### **Significant assumptions used in applying accounting policies**

The Bank makes 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. Estimates and judgments are continually evaluated based on management's experience and other factors, including expectations of future events that management believes are reasonable in light of current circumstances. In the process of applying accounting policies, management also uses judgments and estimates. Judgments that have the most significant effect on the amounts recognized in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

### 3 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)

#### **Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### **Expected credit loss measurement**

Measurement of expected credit losses is a significant estimate that involves determination of methodology, models and data inputs. Details of expected credit losses measurement methodology are disclosed in Note 29. The following components have a major impact on credit loss allowance: definition of default, a significant increase in credit risk, probability of default, exposure at default, and loss given default.

#### **Credit exposure on revolving credit facilities (credit cards, overdrafts)**

For certain loan facilities, the Bank's exposure to credit losses may extend beyond the maximum contractual period of the facility. This exception applies to certain revolving credit facilities, which include both a loan and an undrawn commitment component and where the Bank's contractual ability to demand repayment and cancel the undrawn component in practice does not limit its exposure to credit losses.

For such facilities, the Bank measures expected credit losses over the period that the Bank is exposed to credit risk and expected credit losses are not mitigated by credit risk management actions. Application of this exception requires judgement. Management applied its judgement in identifying the facilities, both retail and commercial, to which this exception applies. The Bank applied this exception to facilities with the following characteristics: (a) there is no fixed term or repayment structure, (b) the contractual ability to cancel the contract is not in practice enforced as a result of day-to-day management of the credit exposure and the contract may only be cancelled when the Bank becomes aware of an increase in credit risk at the level of an individual facility, and (c) the exposures are managed on a collective basis. Further, the Bank applied judgement in determining a period for measuring the expected credit losses, including the starting point and the expected end point of the exposures.

The Bank considered historical information and experience about: (a) the period over which the Bank is exposed to credit risk on similar facilities, including when the last significant modification of the facility occurred and that therefore determines the starting point for assessing significant increase in credit risk, (b) the length of time for related defaults to occur on similar financial instruments following a significant increase in credit risk and (c) the credit risk management actions (the reduction or removal of undrawn limits), prepayment rates and other factors that drive expected maturity. In applying these factors, the Bank segments the portfolios of revolving facilities into sub-Banks and applies the factors that are most relevant based on historical data and experience as well as forward-looking information.

#### **Significant increase in credit risk ("SICR")**

In order to determine whether there has been a significant increase in credit risk, the Bank compares the risk of a default occurring over the life of a financial instrument at the end of the reporting date with the risk of default at the date of initial recognition. The assessment considers relative increase in credit risk rather than achieving a specific level of credit risk at the end of the reporting period. The Bank considers all reasonable and supportable forward-looking information available without undue cost and effort, which includes a range of factors, including behavioral aspects of particular customer portfolios. The Bank identifies behavioral indicators of increases in credit risk prior to delinquency and incorporated appropriate forward-looking information into the credit risk assessment, either at an individual instrument, or on a portfolio level.

The bank conducted the following sensitivity analysis of the amount of provisions: 1) transfer of all loans to the Stage 2 from the Stage 1 at once, 2) the effect of collateral on impaired loans. Provided that all the loans would move at once from the Stage 1 to the Stage 2, Bank provisions would increase by Tenge 19,574,482 thousand (Tenge 14,529,432 thousand in 2022). If the Bank would had no collateral for impaired loans, provisions would have increased by Tenge 849,174 thousand (Tenge 1,904,836 thousand in 2022). In case of all loans would simultaneously move from the first stage to the third stage, the Bank's provisions would have increased by Tenge 200,611,393 thousand (Tenge 167,349,089 thousand in 2022). If loans remain at the current stage and LGD will be 100%, the Bank's provisions would have increased by Tenge 6,867,997 thousand (Tenge 9,198,074 thousand in 2022).

### 3 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)

#### ***Assessment whether cash flows are solely payments of principal and interest ("SPPI")***

Determining whether a financial asset's cash flows are solely payments of principal and interest required judgement.

The Bank identified and considered contractual terms that change the timing or amount of contractual cash flows. The solely payments of principal and interest criterion is met if a loan allows early settlement and the prepayment amount substantially represents principal and accrued interest, plus a reasonable additional compensation for the early termination of the contract. The asset's principal is the fair value at initial recognition less subsequent principal repayments, i.e. instalments net of interest determined using the effective interest method. As an exception to this principle, the standard also allows instruments with prepayment features that meet the following condition to meet solely payments of principal and interest: (i) the asset is originated at a premium or discount, (ii) the prepayment amount represents contractual paramount and accrued interest and a reasonable additional compensation for the early termination of the contract, and (ii) the fair value of the prepayment feature is immaterial at initial recognition. The Bank assessed whether cash flows are solely payments of principal and interest (SPPI) and the result does not require application of critical judgements.

#### ***Property, plant and equipment carried at revalued amounts***

Buildings and constructions are measured at revalued amounts. Land and the building of the Bank were purchased at market price. Revaluation of this group of assets is performed once in two years. Details of the valuation methods used are set out in Note 10.

The Bank carried out a revaluation of the building and the land in October 2023. The valuation was conducted by an independent appraisal – PKF Property Valuation LLP. The comparative market approach is used in determining the market value of fixed assets.

For determination of fair value of fixed assets of the Bank Level 3 classification was used, since the initial data for the assessment was the quoted prices from publicly available Internet resources, adjusted for specifics of the premises.

As a result of the revaluation of real estate assets carried out by the Bank, the value of the land plot increased by Tenge 87,550 thousand, and the value of the building decreased by Tenge 365,188 thousand, which was reflected as expenses from impairment of fixed assets within general and administrative expenses (Note 22).

#### ***Determination of the lease term***

The Bank leases office buildings from third parties under contracts which do not have contractual maturity dates and are automatically renewed unless either party submits a termination notice of 6 months. The Bank determines non-cancellable lease period for such leases, taking into consideration penalties that would be incurred upon termination, including economic disincentives such as leasehold improvements, cost of relocating or the importance of the premises to the Bank's operations. As a result, the lease term for most significant office buildings has been determined as a period of 4-5 years.

#### ***Valuation of financial instruments***

As described in Note 6, the Bank uses valuation techniques classified as level two of the fair value hierarchy to measure the fair value of financial instruments measured at fair value through profit or loss.

The Bank management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

#### ***Recoverability of deferred tax assets***

The Bank's management is confident that there is no need to create a reserve for deferred tax assets at the reporting date, since deferred tax assets will be fully realised with more than 50% probability. As at 31 December 2023 and 2022, the carrying amount of deferred tax assets was Tenge 683,066 thousand and Tenge 322,313 thousand, respectively.

### 3 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)

#### *Provision for uncertain tax positions*

In accordance with management's assessment based on the preliminary report of the Bank's documentary tax audit received from the tax authorities on 20 December 2023, for the period from 1 January 2018, to 31 December 2021, the Bank, as of 31 December 2023, created provisions for undeclared amounts of income taxes, fines and penalties in the amount of 2,130,739 thousand tenge. Based on this preliminary report of the documentary tax audit, the Bank incorrectly deducted remuneration on deposits and current accounts of clients, as well as the amount of expenses for depreciation of fixed assets. The balance as of 31 December 2023, is expected to be fully used or restored when the final results of the tax audit for the specified period are verified by the Bank.

### 4 Adoption of New or revised standards and interpretations and new accounting pronouncements

The following amendments became effective from 1 January 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 for 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). IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. In support of this amendment, changes were also made to IFRS Practice Guide 2, Making Materiality Judgments, to provide guidance on applying the concept of materiality to disclosures of 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).
- 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).

The application of the above amendments did not have a material impact on the Bank's financial statements.

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 Group has not early adopted.

- Amendments to IFRS 16 Leases: Lease Liabilities in Sale and Leasebacks (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 1 January 2024 or after this date);
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Financing Arrangements (issued 25 May 2023).

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

## 5 Cash and Cash Equivalents

Cash and cash equivalents comprise of the following amounts:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023	31 December 2022
Cash balances with the NBRK	69,040,279	293,676,363
Correspondent accounts and overnight placements with other banks with original maturities up to 30 days	40,080,448	23,330,904
Reverse repurchase agreements	10,011,196	10,039,094
Cash on hand	2,176,302	2,159,956
<b>Total cash and cash equivalents</b>	<b>121,308,225</b>	<b>329,206,317</b>

Cash and cash equivalents include cash on hand, available balances on correspondent and term accounts with the NBRK with an original maturity of no more than three months, funds with credit institutions with an original maturity of no more than three months, not encumbered by any contractual obligations, as well as reverse repurchase agreements with an initial maturity of less than three months. Funds that are restricted from being used for a period of more than three months at the time of grant are excluded from cash and cash equivalents in both the statement of financial position and the statement of cash flows.

Cash and cash equivalents are carried at amortized cost because (i) they are held to collect contractual cash flows and those cash flows represent solely payments of principal and interest and (ii) they are not classified as measured at fair value through profit or loss.

Payments or receipts of cash presented in the statement of cash flows represent transfers of cash and cash equivalents by the Bank, including amounts accrued or credited to the current accounts of the Bank's counterparties placed with the Bank, amounts such as interest income on a loan or principal amount of debt, collected by debiting funds from the client's current account, interest payments, or issued loans credited to the client's current account, representing cash or cash equivalents from the client's point of view.

The table below provides an analysis of the credit quality of cash and cash equivalent balances based on credit risk levels as of 31 December 2023 and 31 December 2022. A description of the Bank's credit risk classification system is presented in Note 29.

<i>In thousands of Kazakhstani Tenge</i>	Cash balances with the NBRK	Correspondent accounts and overnight placements with other banks with original maturities up to 30 days	Reverse repurchase agreements	Total
<b>31 December 2023</b>				
Excellent	-	31,094,100	-	31,094,100
Good	69,040,279	8,986,348	10,011,196	88,037,823
<b>Total cash and cash equivalents, excluding cash on hand</b>	<b>69,040,279</b>	<b>40,080,448</b>	<b>10,011,196</b>	<b>119,131,923</b>

<i>In thousands of Kazakhstani Tenge</i>	Cash balances with the NBRK	Correspondent accounts and overnight placements with other banks with original maturities up to 30 days	Reverse repurchase agreements	Total
<b>31 December 2022</b>				
Excellent	-	14,641,192	-	14,641,192
Good	293,676,363	8,689,712	10,039,094	312,405,169
<b>Total cash and cash equivalents, excluding cash on hand</b>	<b>293,676,363</b>	<b>23,330,904</b>	<b>10,039,094</b>	<b>327,046,361</b>

## 5 Cash and Cash Equivalents (Continued)

For the purpose of expected credit losses measurement cash and cash equivalent balances are included in Stage 1 as at 1 January and 31 December 2023. Expected credit losses measurement approach is disclosed in Note 29.

As at 31 December 2023, the aggregate amount of cash and cash equivalents of the three largest counterparty banks, excluding the NBRK, amounted to Tenge 31,640,209 thousand (31 December 2022 Tenge 17,736,476 thousand) or 26% percent of cash and cash equivalents (31 December 2022: 5%).

With the exception of reverse repurchase agreements, cash and cash equivalents are not collateralised.

The extent to which collateral mitigates credit risk is presented by disclosing collateral values separately for those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset (over-collateralised assets).

As at 31 December 2023 and 31 December 2022, purchase and sale agreements (“reverse REPO”) with other banks with a maturity of less than three months are provided in the table below:

<i>In thousands of Kazakhstani Tenge</i>	<b>31 December 2023</b>	
	<b>Over-collateralised assets</b>	
	<b>Carrying value of the assets</b>	<b>Fair value of collateral</b>
Reverse repurchase agreements with other banks with original maturities of less than three months	10,011,196	10,002,419

<i>In thousands of Kazakhstani Tenge</i>	<b>31 December 2022</b>	
	<b>Over-collateralised assets</b>	
	<b>Carrying value of the assets</b>	<b>Fair value of collateral</b>
Reverse repurchase agreements with other banks with original maturities of less than three months	10,039,094	10,035,922

## 6 Financial Assets and Liabilities at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss are presented as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Derivatives	11,081	22,908
<b>Total financial assets at fair value through profit or loss</b>	<b>11,081</b>	<b>22,908</b>

6 Financial Assets and Liabilities at Fair Value Through Profit or Loss (Continued)

	31 December 2023				31 December 2022			
	Average rate under contracts, rate/%	Notional amount	Asset	Liability	Average rate under contracts, rate/%	Notional amount	Asset	Liability
<b>Derivative financial instruments measured at fair value through profit or loss</b>								
<b>Foreign currency</b>								
<b>Spots</b>								
Sell USD buy KZT	454.55	6,136,560	2,905	(720)	-	-	-	-
Buy USD Sell KZT								
<b>SWAP</b>								
Buy/Sell EUR vs. USD	-	-	-	-	-	-	-	-
Buy/Sell USD vs. KZT	472.7	292,440	-	(7,560)	487.4	291,213	-	(8,787)
Buy/Sell KZT vs. USD	463.83	1,020,000	8,176	-	489.4	300,000	9,976	-
<b>Total derivative financial instruments measured at fair value through profit or loss</b>		<b>7,449,000</b>	<b>11,081</b>	<b>(8,280)</b>		<b>591,213</b>	<b>9,976</b>	<b>(8,787)</b>

At the time derivatives are issued, they often represent solely a mutual exchange of promises with little or no consideration being transferred. At the same time, these instruments are subject to high volatility.

## 6 Financial Assets and Liabilities at Fair Value Through Profit or Loss (Continued)

A relatively small movement in the value of the asset, rate or index underlying a derivative contract may have a significant impact on the profit or loss of the Bank.

Financial liabilities at fair value through profit or loss comprise:

<i>In thousands of Kazakhstani Tenge</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Financial liabilities at fair value through profit or loss:</b>		
Derivative financial instruments	8,280	8,787
<b>Total financial liabilities at fair value through profit or loss</b>	<b>8,280</b>	<b>8,787</b>

## 7 Loans to Customers

Loans to customers are presented as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Loans to legal entities</b>		
Corporations	96,751,777	109,703,747
Small and medium-sized enterprises	62,595,006	62,676,489
<b>Total loans to legal entities</b>	<b>159,346,783</b>	<b>172,380,236</b>
<b>Loans to individuals</b>		
Consumer loans	117,445,732	93,255,404
Mortgage loans	116,414,246	54,832,966
Credit Cards	1,971,003	1,806,804
<b>Total loans to individuals</b>	<b>235,830,981</b>	<b>149,895,174</b>
<b>Total loans to customers</b>	<b>395,177,764</b>	<b>322,275,410</b>
Less: credit loss allowance	(12,243,760)	(10,127,557)
<b>Total loans to customers</b>	<b>382,934,004</b>	<b>312,147,853</b>

Loans and advances to customers are accounted for when the Bank provides funds to customers in the form of advances for the purpose of acquiring the customer's credit or extending credit to the customer. Based on the business model and cash flow characteristics, the Bank classifies loans and advances to customers into one of the following measurement categories: (i) at amortized cost: loans held to collect contractual cash flows that represent solely payments of principal and interest, and loans that are not designated as measured at fair value through profit or loss on a voluntary basis, and (ii) at fair value through profit or loss: loans that do not meet the SPPI test or other criteria for measurement at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

## 7 Loans to Customers (Continued)

Impairment allowances are determined based on projected expected credit loss models. Notes 3 and 7 provide information about the inputs, assumptions and calculation methods used in estimating ECLs, including an explanation of how the Bank incorporates projections into its ECL models.

The Bank uses the following classification of loans by classes:

Loans to legal entities:

- Corporations – loans issued to clients with annual revenue more than 3,000,000 minimum calculated indicators or average annual quantity of employees more than 250;
- Small and medium-sized enterprises (SME) – loans issued to clients with annual revenue less than 3,000,000 minimum calculated indicators or average annual quantity of employees less than 250.

As at 31 December 2023, the established minimum calculated indicator of RK was 3,450 Tenge (31 December 2022: 3,063 tenge).

Loans provided to individuals:

- Mortgage loans;
- Consumer loans;
- Credit cards.

Loans to customers comprise:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023			31 December 2022		
	Gross carrying amount	Credit loss allowance	Carrying amount	Gross carrying amount	Credit loss allowance	Carrying amount
<b>Loans to legal entities</b>						
Corporations	96,751,777	(1,772,834)	94,978,943	109,703,747	(1,385,031)	108,318,716
Small and medium-sized enterprises	62,595,006	(2,845,337)	59,749,669	62,676,489	(2,431,209)	60,245,280
<b>Loans to individuals</b>						
Consumer loans	117,445,732	(6,443,033)	111,002,699	93,255,404	(5,712,919)	87,542,485
Mortgage loans	116,414,246	(1,043,350)	115,370,896	54,832,966	(512,759)	54,320,207
Credit cards	1,971,003	(139,206)	1,831,797	1,806,804	(85,639)	1,721,165
<b>Total loans and advances to customers at amortised cost</b>	<b>395,177,764</b>	<b>(12,243,760)</b>	<b>382,934,004</b>	<b>322,275,410</b>	<b>(10,127,557)</b>	<b>312,147,853</b>

JSC "Altyn Bank" (SB of China CITIC Bank Corporation Ltd.)  
Notes to the Financial Statements

7 Loans to Customers (Continued)

The following tables disclose the changes in the credit loss allowance and gross carrying amount for loans and advances to customers carried at amortised cost between the beginning and the end of the 2023 and 2022 reporting period:

	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for significant increase in credit risk)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for significant increase in credit risk)	Stage 3 (lifetime ECL for credit impaired)	Total
<i>In thousands of Kazakhstani Tenge</i>								
<b>Small and medium-sized enterprises</b>								
At 1 January 2023	(499,351)	(531,927)	(1,399,929)	(2,431,207)	55,534,161	4,625,450	2,516,879	62,676,490
<b>Movements with impact on credit loss allowance charge for the period</b>								
Transfer:								
- to lifetime expected credit losses (from Stage 1 to Stage 2)	-	-	-	-	-	-	-	-
- to impaired assets (from Stage 1 and Stage 2 to Stage 3)	(1,201,306)	(45,160)	-	(1,246,466)	50,309,941	175,993	-	50,485,934
New originated or purchased	422,403	531,927	-	954,330	(37,991,639)	(4,625,450)	-	(42,617,089)
Derecognised during the period	(18,875)	-	(758,351)	(777,226)	(6,936,495)	-	(358,602)	(7,295,097)
Changes due to partial repayment	-	-	655,232	655,232	-	-	(655,232)	(655,232)
Write-offs	-	-	-	-	-	-	-	-
At 31 December 2023	(1,297,129)	(45,160)	(1,503,048)	(2,845,337)	60,915,968	175,993	1,503,045	62,595,006
<b>Small and medium-sized enterprises</b>								
At 1 January 2022	(535,366)	-	-	(535,366)	76,900,841	-	-	76,900,841
<b>Movements with impact on credit loss allowance charge for the period</b>								
Transfer:								
- to lifetime expected credit losses (from Stage 1 to Stage 2)	22,427	-	-	22,427	(4,312,969)	-	-	(4,312,969)
- to impaired assets (from Stage 1 and Stage 2 to Stage 3)	(444,939)	-	-	(444,939)	(2,257,279)	-	-	(2,257,279)
New originated or purchased	450,056	-	(655,232)	(205,176)	47,253,390	-	655,232	47,908,622
Derecognised during the period	8,471	-	-	8,471	(58,151,250)	-	-	(58,151,250)
Changes due to partial repayment	-	-	-	-	(3,898,572)	-	-	(3,898,572)
Changes in valuation model assumptions	-	(531,927)	(744,697)	(1,276,624)	-	4,625,450	1,861,647	6,487,097
At 31 December 2022	(499,351)	(531,927)	(1,399,929)	(2,431,207)	55,534,161	4,625,450	2,516,879	62,676,490

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7 Loans to Customers (Continued)

	Credit loss allowance			Gross carrying amount				
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for significant increase in credit risk)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for significant increase in credit risk)	Stage 3 (lifetime ECL for credit impaired)	Total
<i>In thousands of Kazakhstani Tenge</i>								
<b>Corporations</b>								
At 1 January 2023	(1,385,032)	-	-	(1,385,032)	109,703,747	-	-	109,703,747
<b>Movements with impact on credit loss allowance charge for the period</b>								
New originated or purchased	(1,687,815)	-	-	(1,687,815)	81,187,577	-	-	81,187,577
Derecognised during the period	1,270,920	-	-	1,270,920	(85,273,298)	-	-	(85,273,298)
Changes due to partial repayment	29,093	-	-	29,093	(8,866,249)	-	-	(8,866,249)
<b>At 31 December 2023</b>	<b>(1,772,834)</b>	<b>-</b>	<b>-</b>	<b>(1,772,834)</b>	<b>96,751,777</b>	<b>-</b>	<b>-</b>	<b>96,751,777</b>
<b>Corporations</b>								
At 1 January 2022	(384,412)	-	-	(384,412)	74,465,378	-	-	74,465,378
<b>Movements with impact on credit loss allowance charge for the period</b>								
New originated or purchased	(219,738)	-	-	(219,738)	97,368,404	-	-	97,368,404
Derecognised during the period	292,792	-	-	292,792	(61,624,906)	-	-	(61,624,906)
Changes due to partial repayment	(1,073,674)	-	-	(1,073,674)	-	-	-	-
FX and other movements	-	-	-	-	(505,129)	-	-	(505,129)
<b>At 31 December 2022</b>	<b>(1,385,032)</b>	<b>-</b>	<b>-</b>	<b>(1,385,032)</b>	<b>109,703,747</b>	<b>-</b>	<b>-</b>	<b>109,703,747</b>

**7 Loans to Customers (Continued)**

	Credit loss allowance			Gross carrying amount		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	(12-months ECL)	(lifetime ECL for significant increase in credit risk)	(lifetime ECL for credit impaired)	(12-months ECL)	(lifetime ECL for significant increase in credit risk)	(lifetime ECL for credit impaired)
<i>In thousands of Kazakhstani Tenge</i>						
<b>Consumer loans</b>						
At 1 January 2023	(2,905,351)	(138,638)	(2,668,930)	89,746,921	728,835	2,779,648
<b>Movements with impact on credit loss allowance charge for the period</b>						
Transfer:						
- to lifetime expected credit losses (from Stage 1 to Stage 2)	27,490	(109,677)	-	(661,333)	542,898	-
- to impaired assets (from Stage 1 and Stage 2 to Stage 3)	131,862	31,877	(2,397,796)	(2,912,187)	(168,531)	2,692,536
- to 12-months expected credit losses (from Stage 2 and Stage 3 to Stage 1)	(23,086)	19,231	749,911	575,095	(103,147)	(781,157)
New originated or purchased	-	(4,588)	30,073	-	22,538	(31,326)
Derecognised during the period	(1,630,194)	(82,199)	(784,374)	69,778,610	414,449	886,298
Changes due to partial repayment	815,679	5,300	213,779	(26,116,888)	(28,690)	(222,518)
Other changes	840,413	898	81,222	(17,585,079)	(6,314)	(59,109)
Write-offs	38,104	77,306	1,238,655	(353,327)	(402,268)	(1,290,222)
<b>At 31 December 2023</b>	<b>(2,705,083)</b>	<b>(200,490)</b>	<b>(3,537,460)</b>	<b>112,471,812</b>	<b>999,770</b>	<b>3,974,150</b>
						<b>117,445,732</b>

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7 Loans to Customers (Continued)

	Credit loss allowance			Gross carrying amount				
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for significant increase in credit risk)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for significant increase in credit risk)	Stage 3 (lifetime ECL for credit impaired)	Total
<i>In thousands of Kazakhstani Tenge</i>								
<b>Consumer loans</b>								
At 1 January 2022	(1,897,044)	(79,150)	(2,735,707)	(4,711,901)	75,140,937	457,413	3,017,740	78,616,090
<b>Movements with impact on credit loss allowance charge for the period</b>								
Transfer:								
- to lifetime expected credit losses (from Stage 1 to Stage 2)	18,234	(84,894)	-	(66,660)	(2,756,441)	376,853	-	(2,379,588)
- to impaired assets (from Stage 1 and Stage 2 to Stage 3)	61,027	12,154	(1,554,943)	(1,481,762)	-	261,530	1,796,642	2,058,172
- to 12-months expected credit losses (from Stage 2 and Stage 3 to Stage 1)	(9,965)	8,466	247,598	246,099	220,905	(36,903)	(290,741)	(106,739)
- from impaired assets to lifetime expected credit losses (from Stage 3 to Stage 2)	(1,630,646)	(2,491)	14,069	11,578	-	-	-	-
New originated or purchased	462,010	(49,867)	(421,253)	(2,101,766)	52,269,131	-	-	52,269,131
Derecognised during the period	942,385	3,492	185,270	650,772	(34,685,143)	(330,058)	(302,032)	(35,317,233)
Changes due to partial repayment	27,784	13,060	229,188	1,184,633	(442,468)	-	261,530	(180,938)
Write-offs		53,363	1,367,315	1,448,462			(1,703,491)	(1,703,491)
Management adjustment for additional provision	(879,136)	(12,771)	(467)	(892,374)	-	-	-	-
<b>At 31 December 2022</b>	<b>(2,905,351)</b>	<b>(138,638)</b>	<b>(2,668,930)</b>	<b>(5,712,919)</b>	<b>89,746,921</b>	<b>728,835</b>	<b>2,779,648</b>	<b>93,255,404</b>

JSC "Aityn Bank" (SB of China CITIC Bank Corporation Ltd.)  
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7 Loans to Customers (Continued)

	Credit loss allowance			Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for significant increase in credit risk)	Stage 3 (lifetime ECL for credit impaired)	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for significant increase in credit risk)	Stage 3 (lifetime ECL for credit impaired)	Total
<i>In thousands of Kazakhstani Tenge</i>							
<b>Mortgage loans</b>							
At 1 January 2023	(154,695)	(641)	(357,423)	53,823,452	64,243	945,271	54,832,966
<b>Movements with impact on credit loss allowance charge for the period</b>							
Transfer:							
- to lifetime expected credit losses (from Stage 1 to Stage 2)	866	(2,604)	-	(222,435)	220,887	-	(1,548)
- to impaired assets (from Stage 1 and Stage 2 to Stage 3)	4,450	136	(431,908)	(955,492)	(12,407)	976,063	8,164
- to 12-months expected credit losses (from Stage 2 and Stage 3 to Stage 1)	(1,928)	293	181,016	464,330	(32,598)	(489,101)	(57,369)
New originated or purchased	(2,18,005)	(2,022)	(97,126)	71,553,506	173,314	219,493	71,946,313
Derecognised during the period	15,026	81	34,826	(5,243,617)	(7,390)	(93,808)	(5,344,815)
Changes due to partial repayment	(1,299)	52	(12,445)	(4,939,153)	(4,630)	(25,682)	(4,969,465)
<b>At 31 December 2023</b>	<b>(355,585)</b>	<b>(4,705)</b>	<b>(683,060)</b>	<b>114,480,591</b>	<b>401,419</b>	<b>1,532,236</b>	<b>116,414,246</b>

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7 Loans to Customers (Continued)

	Credit loss allowance			Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for significant increase in credit risk)	Stage 3 (lifetime ECL for credit impaired)	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for significant increase in credit risk)	Stage 3 (lifetime ECL for credit impaired)	Total
<i>In thousands of Kazakhstani Tenge</i>							
<b>Mortgage loans</b>							
At 1 January 2022	(65,326)	(495)	(278,197)	27,797,499	67,506	736,937	28,601,942
<b>Movements with impact on credit loss allowance charge for the period</b>							
Transfer:							
- to lifetime expected credit losses (from Stage 1 to Stage 2)	109	(287)	-	(550,229)	181,850	-	(368,379)
- to impaired assets (from Stage 1 and Stage 2 to Stage 3)	978	457	(159,653)	-	(180,804)	548,983	368,179
- to 12-months expected credit losses (from Stage 2 and Stage 3 to Stage 1)	(300)	-	35,023	81,848	-	(96,112)	(14,264)
New originated or purchased	(94,734)	(354)	(43,526)	33,003,072	-	-	33,003,072
Derecognised during the period	8,864	37	64,542	(6,508,738)	(4,309)	(244,537)	(6,757,584)
Changes due to partial repayment	92,588	272	124,508	-	-	-	-
Management adjustment for additional provision	(96,874)	(271)	(100,120)	-	-	-	-
<b>At 31 December 2022</b>	<b>(154,695)</b>	<b>(641)</b>	<b>(357,423)</b>	<b>53,823,452</b>	<b>64,243</b>	<b>945,271</b>	<b>54,832,966</b>

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7 Loans to Customers (Continued)

	Credit loss allowance			Gross carrying amount			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
	(12-months ECL)	(lifetime ECL for significant increase in credit risk)	(lifetime ECL for credit impaired)	(12-months ECL)	(lifetime ECL for significant increase in credit risk)	(lifetime ECL for credit impaired)	
<i>In thousands of Kazakhstani Tenge</i>							
<b>Credit cards</b>							
At 1 January 2023	(33,649)	(946)	(51,043)	1,725,623	6,083	75,098	1,806,804
<b>Movements with impact on credit loss allowance charge for the period</b>							
Transfer:							
- to lifetime expected credit losses (from Stage 1 to Stage 2)	158	(1,191)	-	(8,099)	10,132	-	2,033
- to impaired assets (from Stage 1 and Stage 2 to Stage 3)	1,038	349	(51,262)	(53,253)	(2,243)	60,246	4,750
- from impaired assets to lifetime expected credit losses (from Stage 3 to Stage 2)	-	-	-	-	-	-	-
- to 12-months expected credit losses (from Stage 2 and Stage 3 to Stage 1)	(29)	410	349	1,475	(2,634)	(513)	(1,672)
New originated or purchased	(7,839)	(103)	(5,156)	507,568	1,086	6,231	514,875
Derecognised during the period	7,218	188	4,507	(370,170)	(1,207)	(6,631)	(378,008)
Changes due to partial repayment	4,333	-	(11,212)	27,524	-	1,574	29,098
Write-offs	-	-	4,674	-	-	(6,877)	(6,877)
<b>At 31 December 2023</b>	<b>(28,770)</b>	<b>(1,293)</b>	<b>(109,143)</b>	<b>1,830,658</b>	<b>11,217</b>	<b>129,128</b>	<b>1,971,003</b>

JSC "Altyn Bank" (SB of China CITIC Bank Corporation Ltd.)  
Notes to the Financial Statements

7 Loans to Customers (Continued)

	Credit loss allowance			Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for significant increase in credit risk)	Stage 3 (lifetime ECL for credit impaired)	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for significant increase in credit risk)	Stage 3 (lifetime ECL for credit impaired)	Total
<i>In thousands of Kazakhstani Tenge</i>							
<b>Credit cards</b>							
At 1 January 2022	(16,670)	(210)	(45,507)	1,331,961	3,259	67,561	1,402,781
<b>Movements with impact on credit loss allowance charge for the period</b>							
Transfer:							
- to lifetime expected credit losses (from Stage 1 to Stage 2)	122	(926)	-	(6,540)	5,956	-	(584)
- to impaired assets (from Stage 1 and Stage 2 to Stage 3)	241	88	(12,571)	(18,546)	(1,492)	18,494	(1,544)
- from impaired assets to lifetime expected credit losses (from Stage 3 to Stage 2)	-	(17)	227	-	109	(337)	(228)
- to 12-months expected credit losses (from Stage 2 and Stage 3 to Stage 1)	(38)	93	3,436	1,940	(1,275)	(5,101)	(4,436)
New originated or purchased	(8,732)	(3)	(4,121)	447,773	18	6,063	453,854
Derecognised during the period	1,973	29	5,778	(157,651)	(495)	(8,578)	(166,724)
Changes due to partial repayment	907	467	(3,637)	127,317	3	4,942	132,262
Write-offs	15	-	5,352	(631)	-	(7,946)	(8,577)
Management adjustment for additional provision	(11,467)	(467)	-	-	-	-	-
<b>At 31 December 2022</b>	<b>(33,649)</b>	<b>(946)</b>	<b>(51,043)</b>	<b>1,725,623</b>	<b>6,083</b>	<b>75,098</b>	<b>1,806,804</b>

## 7 Loans to Customers (Continued)

The following is an analysis of the credit quality of corporate, small and medium-sized enterprises, measured at amortised cost, as of 31 December 2023 and 31 December 2022. The Bank's credit risk classification system is described in Note 29.

<i>In thousands of Kazakhstani Tenge</i>	Corporations			Total
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for significant increase in credit risk)	Stage 3 (lifetime ECL for credit impaired)	
<b>31 December 2023</b>				
- Excellent	684,307	-	-	684,307
- Good	87,891,104	-	-	87,891,104
- Satisfactory	8,176,366	-	-	8,176,366
<b>Gross carrying amount</b>	<b>96,751,777</b>	<b>-</b>	<b>-</b>	<b>96,751,777</b>
Credit loss allowance	(1,772,834)	-	-	(1,772,834)
<b>Carrying amount</b>	<b>94,978,943</b>	<b>-</b>	<b>-</b>	<b>94,978,943</b>

<i>In thousands of Kazakhstani Tenge</i>	Corporations			Total
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for significant increase in credit risk)	Stage 3 (lifetime ECL for credit impaired)	
<b>31 December 2022</b>				
- Good	99,944,165	-	-	99,944,165
- Satisfactory	9,759,582	-	-	9,759,582
<b>Gross carrying amount</b>	<b>109,703,747</b>	<b>-</b>	<b>-</b>	<b>109,703,747</b>
Credit loss allowance	(1,385,031)	-	-	(1,385,031)
<b>Carrying amount</b>	<b>108,318,716</b>	<b>-</b>	<b>-</b>	<b>108,318,716</b>

<i>In thousands of Kazakhstani Tenge</i>	Small and medium-sized enterprises			Total
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for significant increase in credit risk)	Stage 3 (lifetime ECL for credit impaired)	
<b>31 December 2023</b>				
- Excellent	-	-	-	-
- Good	53,592,499	-	-	53,592,499
- Satisfactory	7,323,467	-	-	7,323,467
- Requires special monitoring	-	175,993	-	175,993
- Default	-	-	1,503,047	1,503,047
<b>Gross carrying amount</b>	<b>60,915,966</b>	<b>175,993</b>	<b>1,503,047</b>	<b>62,595,006</b>
Credit loss allowance	(1,297,130)	(45,160)	(1,503,047)	(2,845,337)
<b>Carrying amount</b>	<b>59,618,836</b>	<b>130,833</b>	<b>-</b>	<b>59,749,669</b>

## 7 Loans to Customers (Continued)

<i>In thousands of Kazakhstani Tenge</i>	Small and medium-sized enterprises			Total
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for significant increase in credit risk)	Stage 3 (lifetime ECL for credit impaired)	
<b>31 December 2022</b>				
- Excellent	40,333,614	-	-	40,333,614
- Good	10,166,763	-	1,861,647	12,028,410
- Satisfactory	5,033,783	-	5,280,682	10,314,465
<b>Gross carrying amount</b>	<b>55,534,160</b>	-	<b>7,142,329</b>	<b>62,676,489</b>
Credit loss allowance	(499,352)	-	(1,931,857)	(2,431,209)
<b>Carrying amount</b>	<b>55,034,808</b>	-	<b>5,210,472</b>	<b>60,245,280</b>

Concentrations of loans by economic sectors is presented in the table below:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023	31 December 2022
<b>Analysis by economic sectors:</b>		
Individuals	235,830,982	149,895,174
Trade	73,593,384	60,520,515
Finance	52,524,744	56,171,726
Production	12,991,575	27,276,306
Services	8,520,724	9,903,237
Mining industry	5,988,791	9,497,612
Energetics	1,503,047	1,861,647
Repair and maintenance	1,284,388	1,713,305
Activities of holding companies	1,799,468	1,417,028
Real estate operations	89,046	1,677,135
Construction	-	1,010,662
Other	1,051,615	1,331,063
<b>Total loans to customers before credit loss allowance deduction</b>	<b>395,177,764</b>	<b>322,275,410</b>
Less: credit loss allowance	(12,243,760)	(10,127,557)
<b>Total loans to customers</b>	<b>382,934,004</b>	<b>312,147,853</b>

Description of collateral held for loans to corporates and individuals carried at amortised cost as at 31 December 2023 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	Loans to corporations	Loans to SME	Mortgage loans
Carrying amount	88,270,549	59,749,668	115,363,405
Cash deposits	209,195	-	-
Real estate	17,000,325	49,218,368	184,039,420
Plant and equipment	8,273,260	3,730,212	-
Inventory	27,589,573	7,023,013	-
Transport	-	39,333,841	-
<b>Total</b>	<b>53,072,353</b>	<b>99,305,434</b>	<b>184,039,420</b>

As of December 31, 2023, consumer loans in the amount of 117,445,732 thousand tenge and credit cards in the amount of 1,971,003 thousand tenge have no collateral.

## 7 Loans to Customers (Continued)

Description of collateral held for loans to corporates and individuals carried at amortised cost as at 31 December 2022 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	Loans to corporations	Loans to SME	Mortgage loans
Carrying amount	106,505,944	60,245,280	54,320,207
Cash deposits	2,525,692	489,304	232,854
Real estate	36,063,546	44,424,543	117,527,709
Plant and equipment	8,615,062	3,869,914	-
Inventory	36,575,672	8,150,241	-
Transport	8,858,130	32,708,891	-
<b>Total</b>	<b>92,638,102</b>	<b>89,642,893</b>	<b>117,760,563</b>

The degree of credit risk reduction associated with impaired financial assets measured at amortised cost, provided by collateral and other mechanisms to improve the quality of a loan, is presented by separately disclosing the value of collateral for (i) assets whose collateral and other mechanisms for improving the quality of credit are equal to the asset's carrying amount or exceed it ("assets with excess collateral") and (ii) assets whose collateral and other mechanisms for improving the quality of credit is less than the carrying amount of the asset ("assets with insufficient collateral"). The table below shows the effect of collateral on impaired assets as of 31 December 2023:

<i>In thousands of Kazakhstani Tenge</i>	Assets with excessive collateral		Assets with insufficient collateral	
	The carrying amount of assets	Collateral value	The carrying amount of assets	Collateral value
<b>Impairment Assets:</b>				
<i>Loans to legal entities measured at amortized cost</i>				
Small and medium-sized businesses	-	-	-	-
<i>Loans to individuals measured at amortised cost</i>				
Mortgage loans	849,175	3,547,014	-	-
Consumer loans	-	-	436,689	-
Credit cards	-	-	19,986	-

The table below shows the effect of collateral on impaired assets as of 31 December 2022:

<i>In thousands of Kazakhstani Tenge</i>	Assets with excessive collateral		Assets with insufficient collateral	
	The carrying amount of assets	Collateral value	The carrying amount of assets	Collateral value
<b>Impairment Assets:</b>				
<i>Loans to legal entities measured at amortized cost</i>				
Small and medium-sized businesses	1,116,949	4,431,117	-	-
<i>Loans to individuals measured at amortised cost</i>				
Mortgage loans	587,848	3,572,238	-	-
Consumer loans	-	-	110,719	-
Credit cards	-	-	24,054	-

## 8 Investments in Debt Securities

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023	31 December 2022
Debt securities at fair value through other comprehensive income	181,798,375	175,651,145
Debt securities at amortised cost	147,251,408	116,519,335
<b>Total investments in debt securities</b>	<b>329,049,783</b>	<b>292,170,480</b>

The table below discloses investments in debt securities measured at fair value through other comprehensive income, net of allowance for expected credit losses:

	Gross carrying amount	Credit loss allowance	Carrying amount
<b>31 December 2023</b>			
Bonds of the Ministry of Finance of the Republic of Kazakhstan	159,610,020	(58,183)	159,551,837
Discount notes of the NBRK	14,929,110	-	14,929,110
Coupon bonds of foreign banks	7,317,428	-	7,317,428
<b>Total debt securities measured at fair value through other comprehensive income</b>	<b>181,859,558</b>	<b>(58,183)</b>	<b>181,798,375</b>

	Gross carrying amount	Credit loss allowance	Carrying amount
<b>31 December 2022</b>			
Bonds of the Ministry of Finance of the Republic of Kazakhstan	106,298,616	(68,676)	106,229,940
Discount notes of the NBRK	69,421,205	-	69,421,205
<b>Total debt securities measured at fair value through other comprehensive income</b>	<b>175,719,821</b>	<b>(68,676)</b>	<b>175,651,145</b>

The table below discloses an analysis of the credit quality of debt securities measured at fair value through other comprehensive income. The Bank's credit risk classification system is described in Note 29.

<i>In thousands of Kazakhstani Tenge</i>	Discount notes of the NBRK	Bonds of the Ministry of Finance of the Republic of Kazakhstan	Coupon bonds of foreign banks	Total
<b>31 December 2023</b>				
- Good	14,929,110	159,610,020	7,317,428	181,859,558
<b>Total gross carrying amount</b>	<b>14,929,110</b>	<b>159,610,020</b>	<b>7,317,428</b>	<b>181,859,558</b>
Less credit loss allowance	-	(58,183)	-	(58,183)
<b>Total carrying value</b>	<b>14,929,110</b>	<b>159,551,837</b>	<b>7,317,428</b>	<b>181,798,375</b>

## 8 Investments in Debt Securities (Continued)

<i>In thousands of Kazakhstani Tenge</i>	Discount notes of the NBRK	Bonds of the Ministry of Finance of the Republic of Kazakhstan	Total
<b>31 December 2022</b>			
- Good	69,421,205	106,298,616	175,719,821
<b>Total gross carrying amount</b>	<b>69,421,205</b>	<b>106,298,616</b>	<b>175,719,821</b>
Less credit loss allowance	-	(68,676)	(68,676)
<b>Total carrying value</b>	<b>69,421,205</b>	<b>106,229,940</b>	<b>175,651,145</b>

Debt securities at fair value through other comprehensive income are unsecured.

The table below discloses investments in debt securities measured at amortised cost, less allowance for expected credit losses:

<i>In thousands of Kazakhstani Tenge</i>	Gross carrying amount	Credit loss allowance	Carrying amount
<b>31 December 2023</b>			
Corporate bonds	23,721,880	-	23,721,880
Bonds of the Ministry of Finance of the Republic of Kazakhstan	123,649,955	(120,427)	123,529,528
<b>Total debt securities measured at amortised cost</b>	<b>147,371,835</b>	<b>(120,427)</b>	<b>147,251,408</b>

<i>In thousands of Kazakhstani Tenge</i>	Gross carrying amount	Credit loss allowance	Carrying amount
<b>31 December 2022</b>			
Corporate bonds	55,555,454	-	55,555,454
Bonds of the Ministry of Finance of the Republic of Kazakhstan	61,023,313	(59,432)	60,963,881
<b>Total debt securities measured at amortised cost</b>	<b>116,578,767</b>	<b>(59,432)</b>	<b>116,519,335</b>

Investments in debt securities measured at amortised cost less allowance for expected credit losses as at 31 December 2023 and 31 December 2022 are rated 'BBB' by international rating agencies (quality is good), except for investments in debt securities of City Transportation Systems LLP, rated CC (quality - requires special monitoring), in the amount of Tenge 4,586,614 thousand (31 December 2022 Tenge 4,668,213 thousand). Debt securities of City Transportation Systems LLP are guaranteed by the Ministry of Finance of the Republic of Kazakhstan.

For the purpose of estimating expected credit losses, the balance of investments in debt securities is included in Stage 1 as at 1 January and 31 December 2023 and 31 December 2022. Information on the interest risk of investing in debt securities is disclosed in Note 29.

## 9 Due from Other Financial Institutions

Amounts due from other financial institutions are presented as follows:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023	31 December 2022
Loans to financial institutions	18,411,247	4,941,667
Deposit pledged as collateral	3,241,089	2,737,197
Term deposits	2,632,725	3,241,953
Credit loss allowance	(1,008,796)	(381,925)
<b>Total amounts due</b>	<b>23,276,265</b>	<b>10,538,892</b>

Amounts due from credit institutions are recorded when the Bank provides funds to counterparty banks in the form of advance payments. Due from other banks are carried at amortized cost if (i) they are held to collect contractual cash flows and those cash flows represent solely payments of principal and interest and (ii) they are not designated as measured at fair value through profit or loss.

As of 31 December 2023, the Bank placed funds with foreign banks and financial organizations in the form of short-term syndicated loans: in US dollar currency in the equivalent of 4,611,180 thousand tenge at an interest rate of 9.572% per annum; in euro currency in the equivalent of 3,541,713 thousand tenge at interest rates of 7.429% and 6.706% per annum.

As of 31 December 2023, the aggregate amount of funds placed with banks amounted to Tenge 18,411,247 thousand (31 December 2022: Tenge 4,941,667 thousand) or 79% of funds with credit institutions (31 December 2022: 47%).

In the table below, the carrying amounts of balances with other banks at 31 December 2023 and 31 December 2022 also reflect the Bank's maximum exposure to credit risk for these assets. A description of the Bank's credit risk classification system is presented in Note 29.

<i>In thousands of Kazakhstani Tenge</i>	Term deposits	Deposit pledged as collateral	Loans to financial institutions	Total
<b>31 December 2023</b>				
- Excellent	2,632,725	1,686,089	-	4,318,814
- Good	-	1,555,000	14,869,534	16,424,534
- Satisfactory	-	-	3,541,713	3,541,713
<b>Total</b>	<b>2,632,725</b>	<b>3,241,089</b>	<b>18,411,247</b>	<b>24,285,061</b>

<i>In thousands of Kazakhstani Tenge</i>	Term deposits	Deposit pledged as collateral	Loans to financial institutions	Total
<b>31 December 2022</b>				
- Excellent	3,241,953	1,638,612	-	4,880,565
- Good	-	1,098,585	1,479,319	2,577,904
- Satisfactory	-	-	3,462,348	3,462,348
<b>Total</b>	<b>3,241,953</b>	<b>2,737,197</b>	<b>4,941,667</b>	<b>10,920,817</b>

At 31 December 2023 and 31 December 2022 amounts due from other banks are not collateralised.

Refer to Note 26 for the estimated fair value of each class of amounts due from other banks. Interest rate analysis of due from other banks is disclosed in Note 29. Information on related party balances is disclosed in Note 30.

## 10 Property, Plant and Equipment

Property, plant and equipment of the Bank is presented as follows:

<i>In thousands of Kazakhstani Tenge</i>	Capital expenditures	Land	Fixed assets under construction (installation)	Buildings and constructions	Leasehold improvements	Computer equipment	Vehicles	Office furniture and other equipment	Total
<b>At fair value/cost</b>									
1 January 2022	1,316,981	253,904	2,728	4,868,103	550,375	2,412,668	249,047	1,042,869	10,696,675
Additions	398,072	-	67,721	116,274	-	91,870	2,163	269,384	945,484
Disposals	-	-	(4,787)	-	(79,080)	(259,625)	(14,870)	(212,566)	(570,928)
<b>31 December 2022</b>	<b>1,715,053</b>	<b>253,904</b>	<b>65,662</b>	<b>4,984,377</b>	<b>471,295</b>	<b>2,244,913</b>	<b>236,340</b>	<b>1,099,687</b>	<b>11,071,231</b>
Additions	69,743	-	336,423	58,238	16,807	137,917	143,113	192,536	954,777
Revaluation	-	87,550	-	-	-	-	-	-	87,550
Impairment	-	-	-	(365,188)	-	-	-	-	(365,188)
Reclassification	-	-	(398,923)	281,550	117,373	-	-	-	-
Disposals	(161,587)	(893)	-	(110,338)	-	(1,266)	(3,475)	(11,643)	(289,202)
<b>31 December 2023</b>	<b>1,623,209</b>	<b>340,561</b>	<b>3,162</b>	<b>4,848,639</b>	<b>605,475</b>	<b>2,381,564</b>	<b>375,978</b>	<b>1,280,580</b>	<b>11,459,168</b>
<b>Accumulated depreciation</b>									
1 January 2022	668,963	-	-	-	423,235	1,081,883	172,389	632,729	2,979,199
Depreciation charge	257,902	-	-	56,552	57,549	383,915	31,627	164,003	951,548
Disposals	-	-	-	-	(79,080)	(259,443)	(14,880)	(210,699)	(564,102)
<b>31 December 2022</b>	<b>926,865</b>	<b>-</b>	<b>-</b>	<b>56,552</b>	<b>401,704</b>	<b>1,206,355</b>	<b>189,136</b>	<b>586,033</b>	<b>3,366,645</b>
Depreciation charge	277,278	-	-	58,400	58,590	370,450	32,085	182,853	979,656
Disposals	(98,653)	-	-	(110,338)	-	(1,310)	(2,658)	(10,699)	(223,658)
<b>31 December 2023</b>	<b>1,105,490</b>	<b>-</b>	<b>-</b>	<b>4,614</b>	<b>460,294</b>	<b>1,575,495</b>	<b>218,563</b>	<b>758,187</b>	<b>4,122,643</b>
<b>Carrying amount</b>									
As at 31 December 2023	517,719	340,561	3,162	4,844,025	145,181	806,069	157,415	522,393	7,336,525
As at 31 December 2022	788,188	253,904	65,662	4,927,825	69,591	1,038,558	47,204	513,654	7,704,586

## 10 Property, Plant and Equipment (Continued)

As part of its activities, the bank leases six office premises (2022: seven). Lease agreements are recognized as right-of-use assets, with a corresponding liability on the date the Bank receives use of the corresponding leased asset. Each lease payment is allocated between liability and finance charges. Finance costs are charged to profit or loss over the lease term to provide a constant interest rate on the remaining liability each period. A right-of-use asset recognized at cost is depreciated on a straight-line basis over the useful life of the asset or the lease term, whichever ends first.

Depreciation is charged to write off the actual or estimated value of fixed assets (except for land plots and construction-in-progress) less the salvage value evenly over the expected useful life. Expected useful lives, carrying amounts and depreciation methods are analyzed at the end of each year and are recorded at the following annual rates:

Buildings and structures	1-5%
Rental property improvement	10-20%
Computer equipment	20-33.3%
Transport	20%
Furniture and other equipment	15-33.3%
Intangible assets	6.67-33.3%

## 11 Intangible Assets

<i>In thousands of Kazakhstani Tenge</i>	Created (developed) intangible assets	License Agreement for the right to use software	Computer Software	Trademark	Total
<b>Cost</b>					
1 January 2022	147,290	1,635,989	2,692,020	155	4,475,454
Additions	-	367,376	396,198	-	763,574
Reclassification	(147,290)	-	-	-	(147,290)
Disposals	-	(93,112)	(288,765)	-	(381,877)
<b>31 December 2022</b>	<b>-</b>	<b>1,910,253</b>	<b>2,799,453</b>	<b>155</b>	<b>4,709,861</b>
Additions	-	185,810	173,078	-	358,888
Reclassification	-	-	-	-	-
Disposals	-	(1,072)	(6,810)	-	(7,882)
<b>31 December 2023</b>	<b>-</b>	<b>2,094,991</b>	<b>2,965,721</b>	<b>155</b>	<b>5,060,867</b>
<b>Accumulated depreciation</b>					
1 January 2022	-	735,811	2,135,542	-	2,871,353
Depreciation charge	-	315,077	149,104	-	464,181
Disposals	-	(93,112)	(288,765)	-	(381,877)
<b>31 December 2022</b>	<b>-</b>	<b>957,776</b>	<b>1,995,881</b>	<b>-</b>	<b>2,953,657</b>
Depreciation charge	-	348,939	164,200	-	513,139
Disposals	-	(1,072)	-	-	(1,072)
<b>31 December 2023</b>	<b>-</b>	<b>1,305,643</b>	<b>2,160,081</b>	<b>-</b>	<b>3,465,724</b>
<b>Carrying amount</b>					
31 December 2022	-	952,477	803,572	155	1,756,204
31 December 2023	-	789,348	805,640	155	1,595,143

As at 31 December 2023 and 2022 included in intangible assets were fully depreciated intangible assets worth Tenge 1,660,397 thousand and Tenge 1,300,709 thousand, respectively.

## 12 Other Assets

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023	31 December 2022
<b>Other financial assets</b>		
Receivables related to card operations	750,129	380,430
Receivables related to agency services	726,935	454,460
Other investments	314,787	64,012
Choco Travel customer receivables	13,064	13,720
Accrued commission income	8,183	6,201
Kazakhstan Stock Exchange debts	3,676	3,687
Others	33,151	14,360
<b>Total other financial assets</b>	<b>1,849,925</b>	<b>936,870</b>
Less provision for impairment	(28,708)	(56,126)
<b>Total other financial assets</b>	<b>1,821,217</b>	<b>880,744</b>
<b>Other non-financial assets</b>		
Prepayments	573,857	332,375
Inventory	120,331	109,225
Receivables related to non-core banking activities	71,771	74,158
Receivables related to capital expenditures	6,545	67,464
Taxes and other income tax	-	8,504
Others	9,297	7,067
<b>Total other non-financial assets</b>	<b>781,801</b>	<b>598,793</b>
Less provision for impairment	-	-
<b>Total other assets</b>	<b>2,603,018</b>	<b>1,479,537</b>

For the purpose of estimating expected credit losses, other assets are included in Stage 1 as of 1 January and 31 December 2023 and 31 December 2022. As at 31 December 2023, accounts receivable include mutual settlements on card transactions with Master Card, VISA and Halyk Bank of Kazakhstan JSC.

<i>In thousands of Kazakhstani Tenge</i>	Receivables related to card transactions	Other financial assets	Total
<b>31 December 2023</b>			
Excellent	750,129	-	750,129
Good	-	1,071,088	1,071,088
<b>Total</b>	<b>750,129</b>	<b>1,071,088</b>	<b>1,821,217</b>

<i>In thousands of Kazakhstani Tenge</i>	Receivables related to card transactions	Other financial assets	Total
<b>31 December 2022</b>			
Excellent	380,430	-	380,430
Good	-	500,314	500,314
<b>Total</b>	<b>380,430</b>	<b>500,314</b>	<b>880,744</b>

### 13 Due to Other Financial Institutions

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023	31 December 2022
Time deposits	4,503,638	-
Correspondent accounts of other banks	1,015,449	786,460
Long-term loans from organisations engaged in certain types of banking operations	180,524	180,228
<b>Total due to other financial institutions</b>	<b>5,699,611</b>	<b>966,688</b>

Accounts and deposits of other banks are reflected starting from the moment funds or other assets are provided to the Bank by counterparty banks. Non-derivative financial liabilities are stated at amortized cost. If the Bank acquires its own debt, the liability is removed from the statement of financial position and the difference between the carrying amount of the liability and the consideration paid is included in debt settlement income or expense.

Cash on correspondent accounts is used in the framework of the Bank's operations.

### 14 Repurchase Agreements

The table below discloses the fair value of assets transferred as collateral and the carrying value of liabilities under repurchase agreements as at 31 December 2023 and 31 December 2022:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023		31 December 2022	
	Carrying value	Fair value of collateral	Carrying value	Fair value of collateral
Accounts payable under repurchase agreements	66,216,338	66,398,505	63,711,251	63,899,124
<b>Total repurchase agreements</b>	<b>66,216,338</b>	<b>66,398,505</b>	<b>63,711,251</b>	<b>63,899,124</b>

The loans under repurchase agreements are used by the Bank for further loan financing, as well as to ensure the cash flow in national currency as part of the Bank's operating activities. The Bank regularly uses this type of financial instruments and plans to continue to raise funds through loans under repurchase agreements, if necessary.

Assets purchased under repurchase agreements are recorded in the financial statements as a loan secured by securities or other assets and are classified as cash and cash equivalents.

The Bank enters into securities repurchase agreements and securities lending transactions for which it receives or transfers collateral in accordance with normal market practices. In accordance with the standard terms of buyback transactions in the Republic of Kazakhstan, the recipient of the collateral does not have the right to sell or repledge the collateral, subject to the return of equivalent securities upon settlement of the transaction. Transfers of securities to counterparties are recognized in the statement of financial position only when the risks and rewards of ownership are also transferred.

### 15 Current Accounts and Deposits from Customers

Current accounts and deposits from customers are represented as follows:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023	31 December 2022
<b>Legal entities</b>		
- Current/settlement accounts	194,364,590	308,398,648
- Term deposits	153,130,932	171,712,521
<b>Individuals</b>		
- Term deposits	255,911,647	242,090,252
- Current/settlement accounts	72,966,777	81,219,158
<b>Total current accounts and deposits from customers</b>	<b>676,373,946</b>	<b>803,420,579</b>

## 15 Current Accounts and Deposits from Customers (Continued)

Customer accounts represent non-derivative financial liabilities to individuals, government or corporate customers and are carried at amortized cost.

As at 31 December 2023 and 2022, current accounts and customer deposits in the amount of Tenge 17,941,385 thousand and Tenge 68,237,019 thousand, respectively, were collateral for letters of credit, loans, guarantees and other contingent liabilities of the Bank.

Information about the fair value measurements of each category of customer accounts is disclosed in Note 26. An analysis of the interest rates of customer accounts is disclosed in Note 29. Information on transactions with related parties is disclosed in Note 30.

<i>In thousands of Kazakhstani Tenge</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Analysis by economic sector/customer type:</b>		
Individuals	328,878,424	323,309,410
Trade	88,646,845	84,242,185
Financial sector	39,061,555	109,921,452
Oil and gas	37,798,632	49,614,133
Construction	32,771,163	24,477,273
Transport	26,293,110	42,094,818
Scientific research and development	20,887,055	14,270,985
Energy	17,796,682	20,204,775
Mining and metalurgy	15,836,635	45,207,721
Communication	15,815,438	20,215,347
Architecture and engineering	7,973,519	8,304,894
Chemical industry	7,671,598	8,263,814
Food	6,678,800	8,704,141
Consulting services	6,218,451	4,658,528
Education	5,373,029	5,001,565
Insurance (reinsurance) and activities of pension funds	4,096,468	14,050,005
Mechanical engineering	2,021,436	2,225,026
Activities of international organisations	1,480,785	1,236,757
Real estate	986,322	1,627,971
Human resources	819,130	2,099,189
Agriculture	87,808	32,012
Computer programming and manufacturing	77,802	3,634,696
Other	9,103,259	10,023,882
<b>Total current accounts and deposits from customers</b>	<b>676,373,946</b>	<b>803,420,579</b>

As at 31 December 2023, the Bank had 26 clients (2022: 24 clients) with balances exceeding Tenge 5,000,000 thousand. The aggregate balance of such clients' funds amounted to Tenge 232,886,897 thousand (2022: Tenge 271,664,309 thousand), or 34% (2022: 34%) of the total client funds.

## 16 Other Liabilities

Other liabilities are represented as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Other financial liabilities:</b>		
Commitments from continuing involvement	13,965,931	11,763,390
Finance lease liabilities	568,967	817,950
Settlements with employees	492,468	414,718
Accounts payable	239,712	235,250
Other	277,348	292,347
<b>Total other financial liabilities</b>	<b>15,544,426</b>	<b>13,523,655</b>
<b>Other non-financial liabilities:</b>		
Reserve for bonuses	3,365,844	1,895,321
Estimated liability for tax debt	2,130,739	-
Tax expenses other than income tax	95,239	263,545
Accrued expenses	64,925	65,156
Deferred income	93,508	108,409
<b>Total other non-financial liabilities</b>	<b>5,750,255</b>	<b>2,332,431</b>
<b>Total other liabilities</b>	<b>21,294,681</b>	<b>15,856,086</b>

Commitments from continuing involvement represent liabilities to Kazakhstan Sustainability Fund JSC ("KFU") related to the state mortgage program "7-20-25" and other programs. In accordance with the terms of this program, the Bank provides mortgage loans to borrowers and transfers the rights of claim on loans to the KFU program. In accordance with the program and trust management agreement, the Bank carries out trust management of transferred mortgage loans if there is a delay in the principal debt and interest on loans for more than 90 calendar days. Repurchase is carried out at the nominal value of the loan at the date of purchase.

Bank has retained substantially all the risks and rewards of ownership and control of the transferred asset. The Bank continues to recognize the transferred asset to the extent of its continuing involvement in the asset.

The table below discloses changes in the long-term lease of the Bank arising from financial activities in 2023. Debt items are reflected in the statement of cash flows as financial activities.

<i>In thousands of Kazakhstani Tenge</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Balance on 1 January	817,951	737,330
Cash payment	(593,113)	(395,610)
Other changes not related to cash flows	344,129	476,231
<b>Balance on 31 December</b>	<b>568,967</b>	<b>817,951</b>

As at 31 December 2023 and 31 December 2022, other liabilities also include finance lease liabilities. Interest expense on lease obligations amounted to Tenge 98,816 thousand in 2023 (2022: Tenge 69,659 thousand).

## 17 Share Capital

As at 31 December 2023 and 31 December 2022 the total authorized number of ordinary shares was 70,500 shares with a par value of 100 thousand tenge per share. On 19 August 2015, the Bank registered its declared additional emission of shares and the total amount of declared ordinary shares was 220,500. New shares were not issued.

The holders of ordinary shares are entitled to receive dividends which the Bank may declare from time to time and have the right to vote at annual and general meetings of the shareholders.

Dividends payable are limited to the Bank's retained earnings in accordance with the legislation of the Republic of Kazakhstan.

## 17 Share Capital (Continued)

On 24 March 2023, the General Meeting of Shareholders of the Bank decided to pay dividends on ordinary shares in the amount of 14,000,031 thousand Tenge, for the year ended 31 December 2022, payment was made on 12 May 2023. No dividends were declared in 2022 for the year ended 31 December 2021.

The revaluation reserve for financial assets at fair value through other comprehensive income at 31 December 2023 and 2022 is the cumulative change in fair value of securities at fair value through other comprehensive income until disposal.

## 18 Net Interest Income

<i>In thousands of Kazakhstani Tenge</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Interest income calculated using the effective interest method</b>		
Loans and advances to customers at amortised cost	55,773,857	40,415,694
Debt securities at fair value through other comprehensive income	21,463,455	9,131,698
Debt securities at amortised cost	8,242,866	7,090,065
Cash and cash equivalents	7,169,507	4,968,048
Interest income on reverse repurchase agreements	332,082	1,119,311
Due from other banks at amortised cost	967,960	319,280
<b>Total interest income calculated using the effective interest method</b>	<b>93,949,727</b>	<b>63,044,096</b>
<b>Interest and other similar expense</b>		
Current accounts and deposits from customers	(33,731,148)	(23,016,690)
Repurchase agreements accounts payable	(8,769,636)	(4,371,050)
Correspondent accounts of other banks	(837,642)	(484,537)
KFU (7-20-25) mortgage programs	(585,620)	(476,384)
Rental expenses	(98,816)	(69,659)
<b>Total interest and other similar expense</b>	<b>(44,022,862)</b>	<b>(28,418,320)</b>
<b>Net interest income</b>	<b>49,926,865</b>	<b>34,625,776</b>

Interest income on financial assets is recognized if it is probable that economic benefits will flow to the Bank and the amount of income can be measured reliably. Interest income and expense are recognized on an accrual basis and calculated using the effective interest method. This calculation includes in interest income and expense all fees and charges paid and received by parties to the contract that form an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Gains/losses from sales under repurchase agreements and the repurchasing of said agreements are recognized as interest income or expense in the income statement based on the difference between the repurchase price accrued to date using the effective interest method along with the sale price of such financial instruments to third parties. When a reverse repurchase transaction is executed based on its original terms, the effective yield/interest, in terms of the difference between the sale and repurchase price decided upon under the original agreement, is recognized using the effective interest method also.

## 19 Net gain/(Loss) on Financial Assets and Liabilities Measured at Fair Value through Profit or Loss

Net gain/(loss) on financial assets and liabilities measured at fair value through profit or loss comprises:

<i>In thousands of Kazakhstani Tenge</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Net gain/(loss) on operations with financial assets and liabilities classified as held for trading comprises:</b>		
Dealing, net	(736,192)	975,037
Change in fair value	(573)	14,919
<b>Total net gain/(loss) on financial assets and liabilities at fair value classified as held for trading</b>	<b>(736,765)</b>	<b>989,956</b>

The Bank enters into derivative financial instruments to manage currency and liquidity risks as well as gain on favorable market movements and such financial instruments are held primarily for trading purposes.

## 20 Fee and Commission Income and Expenses

The table below discloses an analysis of fee and commission income for each operating segment of the Bank for the year ended 31 December 2023:

<i>In thousands of Kazakhstani Tenge</i>	<b>Retail Business</b>	<b>Corporate Business</b>	<b>Total</b>
<b>Fee and commission income:</b>			
Cash operations	708,805	1,531,569	2,240,374
Accounts maintenance	2,019,019	142,240	2,161,259
Guarantee issuance	-	526,461	526,461
Letter of credit issuance	-	526,424	526,424
Trust management	-	1,283	1,283
Other	20,954	155,596	176,550
<b>Total fee and commission income</b>	<b>2,748,778</b>	<b>2,883,573</b>	<b>5,632,351</b>

Loan account opening fees, as well as related direct costs associated with originating loans, are recorded as an adjustment to the effective interest rate on borrowings. In the case of a non-revolving line of credit, the loan commitment fee is included in the loan discount (together with related direct costs) and is recorded as an adjustment to actual loan proceeds. In the case of a non-revolving line of credit, the loan commitment fee is recognized in profit or loss over the remaining period of the loan commitment. When a loan commitment expires without a loan being issued, the loan commitment fee is recognized in profit or loss on the expiration date.

Other commission income is recognized over the period using the straight-line method when services are provided when the client simultaneously receives and uses the benefits of the services provided by the Bank.

The table below discloses an analysis of fee and commission income for each operating segment of the Bank for the year ended 31 December 2022:

<i>In thousands of Kazakhstani Tenge</i>	<b>Retail Business</b>	<b>Corporate Business</b>	<b>Total</b>
<b>Fee and commission income:</b>			
Cash operations	564,274	1,597,523	2,161,797
Accounts maintenance	1,927,126	122,424	2,049,550
Guarantee issuance	-	517,965	517,965
Letter of credit issuance	-	380,729	380,729
Trust management	-	2,364	2,364
Other	25,536	88,985	114,521
<b>Total fee and commission income</b>	<b>2,516,936</b>	<b>2,709,990</b>	<b>5,226,926</b>

The table below discloses an analysis of fee and commission expenses for each operating segment of the Bank for the year ended 31 December 2023:

<i>In thousands of Kazakhstani Tenge</i>	<b>Retail Business</b>	<b>Corporate Business</b>	<b>Total</b>
<b>Fee and commission expenses:</b>			
Transfer services	(2,043,924)	(1,075,700)	(3,119,624)
Individual deposit insurance	(583,034)	-	(583,034)
Customer loyalty program	(582,253)	-	(582,253)
Commissions received from Master Card and Visa	(343,625)	-	(343,625)
FCB and Pension fund expenses	(118,583)	-	(118,583)
Processing services	(13,949)	-	(13,949)
Transactions with securities	-	(86,611)	(86,611)
Other	(56,675)	(73,026)	(129,701)
<b>Total fee and commission expenses</b>	<b>(3,742,043)</b>	<b>(1,235,337)</b>	<b>(4,977,380)</b>

## 20 Fee and Commission Income and Expenses (Continued)

The table below disclosures an analysis of fee and commission expenses for each operating segment of the Bank for the year ended 31 December 2022:

<i>In thousands of Kazakhstani Tenge</i>	<b>Retail Business</b>	<b>Corporate Business</b>	<b>Total</b>
<b>Fee and commission expenses:</b>			
Transfer services	(1,367,943)	(840,251)	(2,208,194)
Individual deposit insurance	(626,481)	-	(626,481)
Customer loyalty program	(492,391)	-	(492,391)
Commissions received from Master Card and Visa	(346,150)	-	(346,150)
FCB and Pension fund expenses	(140,606)	-	(140,606)
Transactions with securities	-	(61,804)	(61,804)
Processing services	(11,703)	-	(11,703)
Other	(39,039)	(134,325)	(173,364)
<b>Total fee and commission expenses</b>	<b>(3,024,313)</b>	<b>(1,036,381)</b>	<b>(4,060,693)</b>

## 21 Net Gain on Foreign Exchange Operations

<i>In thousands of Kazakhstani Tenge</i>	<b>Year ended</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>
Dealing gain, net	8,034,255	9,477,822
Net gain on foreign currency revaluation with financial assets and liabilities	738,672	(31,856)
<b>Net gain on foreign exchange operations</b>	<b>8,772,927</b>	<b>9,445,966</b>

The Bank carries out transactions for the purchase and sale of foreign currencies through operating cash desks and bank accounts, as well as for the exchange of foreign currencies. Transactions are carried out at exchange rates established by the Bank, which differ from the official exchange rates on specific dates. Differences between official rates and the Bank's exchange rates are recognized as gains less expenses on foreign exchange transactions at the point in time when the specific performance obligation is satisfied.

## 22 Operating Expenses

<i>In thousands of Kazakhstani Tenge</i>	<b>Year ended</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>
Payroll costs	9,404,711	7,628,858
Social tax	763,680	579,842
<b>Staff costs</b>	<b>10,168,391</b>	<b>8,208,700</b>
Depreciation and amortisation	1,490,100	1,415,585
IT charges	1,270,053	1,166,329
Taxes, other than income tax	642,188	676,425
Expenses from impairment of fixed assets	358,910	-
Advertising expenses	342,924	159,163
Communications	194,190	226,555
Utilities	166,440	140,437
Professional services	165,254	170,063
Security expenses	145,182	106,314
Property and equipment maintenance	114,827	114,108
Business trip expenses	94,121	12,162
Operating leases	81,594	54,628
Insurance	38,057	18,084
Transportation	34,628	34,406
Representation expenses	12,107	5,704
Other expenses	414,408	284,964
<b>Total operating expenses</b>	<b>15,733,374</b>	<b>12,793,627</b>

## 22 Operating Expenses (Continued)

Expenses for wages, contributions to the state pension fund and social insurance fund, paid annual leave and sick leave, bonuses and benefits in non-monetary form are accrued as the relevant services are provided by the Bank's employees. The Bank does not have any legal or constructive obligation to pay pensions or similar benefits other than payments under the government's defined contribution plan.

For 2023 and 2022, the Bank transferred towards the payment of mandatory pension contributions in the amounts of Tenge 604,463 thousand and Tenge 567,129 thousand, respectively.

Professional services include audit expenses of Tenge 47,517 thousand in 2023 (2022: Tenge 35,866 thousand). In addition, the Bank was provided with ESG diagnostic services and open corporate seminars with a total cost of Tenge 17,489 thousand in 2023 (2022: Tenge 5,714 thousand).

## 23 Earnings per Share

The earnings and weighted average number of ordinary shares used in calculation of basic and diluted earnings per share are as follows:

<i>In thousands of Kazakhstani Tenge</i>	Year ended	
	31 December 2023	31 December 2022
Net profit for the year attributable to shareholders of the Bank	34,003,710	24,270,074
Weighted average number of ordinary shares for the purpose of basic earnings per share	70,500	70,500
<b>Total basic and diluted earnings per share (tenge)</b>	<b>482,322</b>	<b>344,256</b>

## 24 Income Taxes

The Bank makes calculations for income tax for the current period on the basis of tax accounting data carried out in accordance with the requirements of the tax legislation of the Republic of Kazakhstan, which may differ from IFRS.

The Bank is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses and certain income being treated as non-taxable for tax purposes.

The tax rate used for the reconciliations below is the corporate tax rate of 20% payable by corporate entities in the Republic of Kazakhstan on taxable profits (as defined) under tax law in that jurisdiction.

Income tax expense recognised in profit or loss for the year includes the following components:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023	31 December 2022
Current income tax expense	2,285,001	2,490,598
Deferred taxation	(360,753)	96,012
<b>Income tax expense for the year</b>	<b>1,924,248</b>	<b>2,586,610</b>

The effective tax rate reconciliation for the years ended 31 December 2023 and 2022 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023	31 December 2022
Profit before tax	35,927,958	26,856,684
Tax at the statutory tax rate (20%)	7,185,592	5,371,337
Tax effect of permanent differences:		
State and other securities	(5,911,603)	(3,227,906)
Non-deductible expenses	623,271	206,311
Current tax adjustment not recognised in prior years	26,988	236,868
<b>Income tax expense</b>	<b>1,924,248</b>	<b>2,586,610</b>

## 24 Income Taxes (Continued)

Deferred tax reflects the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 31 December 2023 and 2022 mostly relate to different methods/timing of income and expense recognition as well as to temporary differences generated by tax – book bases' differences for certain assets. The tax effects of the movement of these temporary differences are detailed below.

<i>In thousands of Kazakhstani Tenge</i>	31 December 2022	Recovery/(charge) to profit or loss	31 December 2023
<b>Deferred tax assets/(liabilities) relating to:</b>			
Tax losses on realised derivative financial instruments carried forward	266,606	(28,490)	238,116
Other liabilities	625,598	260,122	885,720
Property, plant and equipment and Intangible assets	(565,479)	126,766	(438,713)
Other assets	(1,588)	91	(1,497)
Unrealised revaluation of financial liabilities at fair value through profit or loss	(2,824)	2,264	(560)
<b>Net deferred tax assets</b>	<b>322,313</b>	<b>360,753</b>	<b>683,066</b>

<i>In thousands of Kazakhstani Tenge</i>	31 December 2021	Recovery/(charge) to profit or loss	31 December 2022
<b>Deferred tax assets/(liabilities) relating to:</b>			
Tax losses on realised derivative financial instruments carried forward	239,750	26,856	266,606
Other liabilities	695,409	(69,811)	625,598
Property, plant and equipment and Intangible assets	(512,430)	(53,049)	(565,479)
Other assets	(3,289)	1,701	(1,588)
Unrealised revaluation of financial liabilities at fair value through profit or loss	(1,115)	(1,709)	(2,824)
<b>Net deferred tax assets</b>	<b>418,325</b>	<b>(96,012)</b>	<b>322,313</b>

In accordance with the article 300, paragraph 12 of the Tax Code of Republic of Kazakhstan, losses on derivative financial instruments are compensated from income on derivative financial instruments. Where those losses may not be compensated in the period in which they were incurred, they may be carried forward for the next ten years inclusively and offset by income from derivative financial instruments.

## 25 Contingencies and Commitments

In the course of its activities, in order to meet the needs of customers, the Bank uses financial instruments with off-balance sheet risks. These instruments, which carry varying degrees of credit risk, are not reflected in the statement of financial position.

The Bank uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for on-balance operations.

As at 31 December 2023 and 2022 contingencies are represented as follows:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023	31 December 2022
<b>Contingent liabilities and credit commitments</b>		
Commitments on loans and unused credit lines	130,059,162	119,666,824
Letters of credit and other transaction related contingent obligations	13,124,742	39,269,725
Guarantees issued and similar commitments	31,795,426	27,806,999
Contingent commitments for future deposits	-	18,506,000
<b>Total contingent liabilities and credit commitments</b>	<b>174,979,330</b>	<b>205,249,548</b>

## 25 Contingencies and Commitments (Continued)

The Bank makes a decision on granting of loans to customers on each customer within the credit limits and depends on financial position of the customer, their credit history and other factors. The amount of unused credit lines comprises Tenge 130,059,162 thousand and Tenge 119,666,824 thousand as at 31 December 2023 and 2022, respectively.

The Bank does not create reserves of expected credit losses on unused credit lines, as the Bank's loan agreements either do not have obligations to automatically provide cash, or such loans are made on the basis of individual analysis of a client's request. Whenever the Bank receives client's request for a new loan tranche under unused credit lines, it is considered on an individual and independent basis each time. The procedure for issuing new tranches includes checking the current financial situation of the client and approval by the Bank's credit risk management unit. Since the Bank has the right to refuse the application for new tranches without justifying the reasons for the refusal, the Bank considers that the issue of new tranches for loans as part of its obligations is debatable and takes into account expected credit losses only after the funds are transferred to the borrower.

The above process does not apply to credit card lines. This product has a completely different nature. A credit card limit approved by the Bank can be used by a client at any time. In this regard, the Bank calculates the level of possible development of the unused portion of credit lines on credit cards, based on available historical data, and calculates the reserve of expected credit losses on this portion of unused credit lines on credit cards.

The following table illustrates an analysis of the quality of contingent liabilities related to letters of credit and guarantees:

<i>In thousands of Kazakhstani Tenge</i>	Corporate clients			Total
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for significant increase in credit risk)	Stage 3 (lifetime ECL for impaired assets)	
<b>As of 31 December 2023</b>				
- Excellent	2,663,832	-	-	2,663,832
- Good	36,307,155	-	-	36,307,155
- Satisfactory	1,643,679	-	-	1,643,679
<b>Gross carrying amount</b>	<b>40,614,666</b>	-	-	<b>40,614,666</b>
Credit loss allowance	(1,038,655)	-	-	(1,038,655)
<b>Carrying amount</b>	<b>(39,576,011)</b>	-	-	<b>(39,576,011)</b>

<i>In thousands of Kazakhstani Tenge</i>	Corporate clients			Total
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for significant increase in credit risk)	Stage 3 (lifetime ECL for impaired assets)	
<b>As of 31 December 2022</b>				
- Good	48,862,247	-	-	48,862,247
- Satisfactory	11,065,553	-	-	11,065,553
- Special monitoring	1,343,213	-	-	1,343,213
<b>Gross carrying amount</b>	<b>61,271,013</b>	-	-	<b>61,271,013</b>
Credit loss allowance	(771,257)	-	-	(771,257)
<b>Carrying amount</b>	<b>60,499,756</b>	-	-	<b>60,499,756</b>

## 25 Contingencies and Commitments (Continued)

<i>In thousands of Kazakhstani Tenge</i>	Small and medium-sized enterprises			Total
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for significant increase in credit risk)	Stage 3 (lifetime ECL for impaired assets)	
<b>As of 31 December 2023</b>				
- Excellent	1,591	-	-	1,591
- Good	4,010,749	-	-	4,010,749
- Satisfactory	-	-	-	-
- Default	-	-	200,000	200,000
<b>Gross carrying amount</b>	<b>4,012,340</b>	<b>-</b>	<b>200,000</b>	<b>4,212,340</b>
Credit loss allowance	(69,486)	-	-	(69,486)
<b>Carrying amount</b>	<b>3,942,854</b>		<b>200,000</b>	<b>4,142,854</b>

<i>In thousands of Kazakhstani Tenge</i>	Small and medium-sized enterprises			Total
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for significant increase in credit risk)	Stage 3 (lifetime ECL for impaired assets)	
<b>As of 31 December 2022</b>				
- Good	4,354,473	-	-	4,354,473
- Satisfactory	842,536	-	200,000	1,042,536
- Special monitoring	229,040	-	-	229,040
<b>Gross carrying amount</b>	<b>5,426,049</b>	<b>-</b>	<b>200,000</b>	<b>5,626,049</b>
Credit loss allowance	(58,765)	-	-	(58,765)
<b>Carrying amount</b>	<b>5,367,284</b>		<b>200,000</b>	<b>5,567,284</b>

### Legal proceedings

From time to time and in the normal course of business, claims against the Bank are received from customers and counterparties. Management believes no material unaccrued losses will be incurred and accordingly no provision has been made in these financial statements.

### Taxation

Kazakhstan laws and regulations affecting business continue to change rapidly. Management's interpretation of such legislation as applied to the activity of the Bank may be challenged by the relevant regional and republic authorities. Tax authorities are taking a more assertive position in their interpretation of the legislation and as a result, transactions and activities that have not been challenged in the past may be challenged in future tax audits.

Fiscal periods remain open to tax audit by the authorities in respect of taxes for the five calendar years preceding the year of tax audit. Under certain circumstances reviews may cover longer periods. Management believes that it has accrued for all taxes that are applicable based on its interpretations of the tax legislation. However, the tax authorities may have differing interpretations, and the effects could be significant.

In accordance with management's assessment based on the preliminary report of the Bank's documentary tax audit received from the tax authorities on 20 December 2023 for the period from 1 January 2018 to 31 December 2021, the Bank, as of 31 December 2023, created provisions for undeclared amounts of income taxes, fines and penalties in the amount of 2,130,739 thousand tenge. According to this preliminary document tax audit report, the Bank incorrectly deducted interest on deposits and current accounts of clients, as well as the amount of expenses for depreciation of fixed assets. The balance as of 31 December 2023 is expected to be fully used or restored when the Bank agrees on the final tax audit results for the specified period.

## **25 Contingencies and Commitments (Continued)**

### ***Operating environment***

Management of the Bank is monitoring developments in the current environment and taking measures it considered necessary in order to support the sustainability and development of the Bank's business in the foreseeable future. However, the impact of further economic developments on future operations and financial position of the Bank might be significant.

## **26 Fair Value of Financial Instruments**

Fair value is the estimated price at which an asset can be sold or a liability settled in an orderly transaction between market participants at the settlement date. The best evidence of fair value is a quoted price for an identical asset in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. Fair value of financial instruments traded in an active market is measured as the amount obtained by multiplying the quoted price by an individual asset or liability by their amount held by the entity. This is the case even if the usual daily market turnover is insufficient to absorb the amount of assets and liabilities that the entity has, and placing orders to sell positions in a separate transaction may affect the quoted price.

Determining the fair value of financial assets and liabilities for which there are no observable market quotes requires the use of valuation techniques specified in the accounting policies. The fair value of financial assets that are rarely traded and do not have price transparency is less objective and requires the use of different judgments depending on liquidity, concentration, market uncertainty, pricing assumptions and other risks affecting a particular instrument.

Fair value measurements are analysed by level in the fair value hierarchy as follows:

- (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities,
- (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and
- (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorizing financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

Valuation methods include net present value, discounted cash flow models, and comparisons with similar instruments for which observable market prices exist. Assumptions and input used in valuation methods include risk-free and benchmark interest rates, credit spreads and other premiums used to estimate discount rates, bond and security rates, and exchange rates. The objective of the valuation methods is to determine the fair value, which reflects the value of the financial instrument at the reporting date, which could be determined by market participants who carried out the transaction on the basis of independence.

The Bank uses widely recognised valuation models to determine the fair value of common and simpler financial instruments, such as interest rate and currency swaps, for which only observable market data are used and no significant judgments or estimates are required. Observable prices and input data for models typically exist on the market in respect of quoted debt and equity securities, exchangeable quoted derivatives and simple over-the-counter derivatives, such as interest rate swaps. The presence of observable market prices and baseline data for the model reduces the need for management's judgments and estimates, and also reduces the uncertainty associated with determining fair value. The presence of observable market prices and inputs varies depending on products and markets, and varies based on certain events and the overall state of financial markets.

### ***Fair value of the Bank's financial assets and financial liabilities measured at fair value on a recurring basis***

Some of the Bank's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined, in particular, the valuation technique(s) and inputs used.

26 Fair Value of Financial Instruments (Continued)

	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31 December 2023	31 December 2022				
<i>In thousands of Kazakhstani Tenge</i>						
<b>Financial assets/financial liabilities</b>						
Derivative financial assets at fair value through profit or loss (see Note 6)	11,081	22,908	Level 2	Future cash flows are estimated based on contractual forward exchange rates.	Not applicable	Not applicable
Non-derivative financial assets at fair value through other comprehensive income (see Note 8)	181,798,375	175,651,145	Level 2	Quoted prices of the buyer in the observed market at the reporting date.	Not applicable	Not applicable
Derivative financial liabilities at fair value through profit or loss (see Note 6)	8,280	8,787	Level 2	Future cash flows are estimated based on contractual forward exchange rates.	Not applicable	Not applicable

The carrying amount of cash and cash equivalents, mandatory reserve requirements in the NBRK, due from other financial institutions, accounts and deposits of banks, debtors for documentary settlements, assets held for sale, repurchase agreement accounts payable, other financial assets and liabilities approximate their fair value due to the short-term nature of such financial instruments and the absence of significant changes in market interest rates.

Except as detailed in the following table, the Management of the Bank considers that the carrying amount of financial assets and financial liabilities recognised in the financial statements approximate their fair values:

	31 December 2023		31 December 2022	
	Carrying value	Fair value	Carrying value	Fair value
<i>In thousands of Kazakhstani Tenge</i>				
Loans to customers	382,934,004	367,012,604	312,147,853	298,679,335
<i>In thousands of Kazakhstani Tenge</i>				
Deposits to customers	676,373,946	676,665,830	803,420,579	803,193,471

Loans and deposits from customers are measured at amortised cost. The fair value of instruments with floating interest rates is usually equal to their carrying amount. The estimated fair value of instruments with a fixed interest rate is based on expected future cash flows calculated at current interest rates for new instruments with similar credit risk and maturity. Loans and customer deposits are reflected in level 3 of the fair value hierarchy.

## 27 Presentation of Financial Instruments by Measurement Category

In accordance with IFRS 9 «Financial Instruments» Bank classifies financial assets into the following categories: (a) financial assets at fair value through profit or loss; (b) financial assets at fair value through other comprehensive income, and (c) financial assets at amortised cost.

All of the Bank's financial liabilities except for derivatives were measured at amortised cost. Derivative financial instruments were classified as at fair value through profit or loss.

The following table provides a reconciliation of financial assets with these measurement categories as of 31 December 2023 and 2022:

<i>In thousands of Kazakhstani Tenge</i>	Measured at fair value through profit or loss	Debt instruments measured at fair value through other comprehensive income	Measured at amortised cost	Total
<b>31 December 2023</b>				
<b>Assets:</b>				
Cash and cash equivalents	-	-	137,004,212	137,004,212
Due from other financial institutions	-	-	23,276,265	23,276,265
Financial assets at fair value through profit or loss	11,081	-	-	11,081
Loans to customers	-	-	382,934,004	382,934,004
Documentary settlements	-	-	3,156,859	3,156,859
Financial assets at fair value through other comprehensive income	-	181,798,375	-	181,798,375
Debt securities at amortised cost, net of allowance for expected credit losses	-	-	147,251,408	147,251,408
Other assets	-	-	1,821,217	1,821,217
<b>Total Assets</b>	<b>11,081</b>	<b>181,798,375</b>	<b>695,443,965</b>	<b>877,253,421</b>

<i>In thousands of Kazakhstani Tenge</i>	Measured at fair value through profit or loss	Debt instruments measured at fair value through other comprehensive income	Measured at amortised cost	Total
<b>31 December 2022</b>				
<b>Assets:</b>				
Cash and cash equivalents	-	-	348,392,007	348,392,007
Due from other financial institutions	-	-	10,538,892	10,538,892
Financial assets at fair value through profit or loss	22,908	-	-	22,908
Loans to customers	-	-	312,147,853	312,147,853
Documentary settlements	-	-	4,565,148	4,565,148
Financial assets at fair value through other comprehensive income	-	175,651,145	-	175,651,145
Debt securities at amortised cost, net of allowance for expected credit losses	-	-	116,519,335	116,519,335
Other assets	-	-	880,744	880,744
<b>Total Assets</b>	<b>22,908</b>	<b>175,651,145</b>	<b>793,043,979</b>	<b>968,718,032</b>

## 28 Capital Risk Management

The NBRK and the Regulatory Agency set and monitor capital adequacy requirements for the Bank. The Bank is directly controlled by local regulatory authorities.

The Bank determines as a capital those articles, that were determined in accordance with the legislation of the Republic of Kazakhstan, that contributed the capital of the banks and the capital structure consists of:

- Tier 1 capital, which is comprised of share capital and additional paid-in capital. Share capital includes placed ordinary shares, current and prior periods' retained earnings, additional paid-in capital, created regulatory reserves and revaluation reserves of fixed assets and the value of financial assets at fair value through other comprehensive income less intangible assets, losses of previous years and the current year, deferred tax asset minus deferred tax liabilities, excluding part of deferred tax liabilities tax assets recognised for deductible temporary differences, treasury shares, other revaluation reserves, adjustments to be deducted from the additional capital, investments, but due its insufficient level deductible from the share capital, the Bank's investments and sales revenue associated with transactions for asset securitization. Additional paid-in capital includes perpetual financial instruments and paid preference shares, net of the Bank's own shares, certain investments and regulatory adjustments.
- Tier 2 capital is required for the purpose of calculating total capital and is comprised of subordinated debt minus own repurchased debt and certain bank investments.

Under the current capital adequacy requirements of NBRK, the bank has to maintain:

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

As at 31 December 2023, the minimum level of ratios as applicable to the Bank were as follows:

- k1 – 7.5%
- k1.2 – 8.5%
- k2 – 10%.

As at 31 December 2022, the minimum level of ratios as applicable to the Bank were as follows:

- k1 – 7.5%
- k1.2 – 8.5%
- k2 – 10%.

The Bank's policy is directed to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Bank recognizes the impact of the norms of earnings on capital, and recognizes the need to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

## 28 Capital Risk Management (Continued)

The following table analyses bank's regulatory capital resources for capital adequacy purposes in accordance with the principles established by the Basel agreement:

<i>In thousands of Kazakhstani Tenge</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Composition of regulatory capital:		
Tier 1 capital:		
Share capital	7,050,000	7,050,000
Additional paid-in capital	220,973	220,973
Retained earnings for previous periods	78,231,337	67,961,228
Revaluation reserves for property, plant and equipment, financial assets at fair value through other comprehensive income	(1,589,287)	(3,690,857)
Net income	34,003,710	24,270,074
Deferred tax asset less deferred tax liabilities except deferred tax assets, recognised in regard of non-deductible temporary differences	(1,121,778)	(887,792)
Intangible assets	(1,595,143)	(1,756,204)
<b>Total regulatory capital</b>	<b>115,199,812</b>	<b>93,167,422</b>
Capital Ratios:		
Capital adequacy ratio (k1)	21.5%	21.4%
Capital adequacy ratio (k1-2)	21.5%	21.4%
Capital adequacy ratio (k2)	21.5%	21.4%
<b>Total regulatory capital</b>	<b>115,199,812</b>	<b>93,167,422</b>

As at 31 December 2023 and 2022, the Bank complies with prudential standards.

## 29 Risk Management Policies

The Bank's risk management is carried out in respect of financial transactions. Financial risks include market risk (consisting of currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The main goal of financial risk management is to determine the acceptable level of risk, establish limits and further ensure compliance with the established limits. Operational risk management ensures the proper functioning of internal policies and procedures in order to minimise these risks.

### **Credit risk**

The Bank exposes itself to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

Exposure to credit risk arises as a result of the Bank's lending and other transactions with counterparties, giving rise to financial assets and off-balance sheet credit-related commitments.

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

Credit risk is the single largest risk for the Bank's business; management therefore carefully manages its exposure to credit risk. The estimation of credit risk for risk management purposes is complex and involves the use of models, as the risk varies depending on market conditions, expected cash flows and the passage of time. The assessment of credit risk for a portfolio of assets entails further estimations of the likelihood of defaults occurring, the associated loss ratios and default correlations between counterparties.

## 29 Risk Management Policies (Continued)

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Limits on the level of credit risk by product and industry sector are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review.

The Bank established a number of credit committees that are responsible for approving credit limits for borrowers for retail and corporate business:

- The retail credit committee reviews and approves limits for borrowers in the retail business;
- The corporate credit committee reviews and approves limits on corporate business borrowers.

Loan applications originating with the relevant client relationship managers are passed on to the relevant credit committee for the approval of the credit limit. Exposure to credit risk is also managed, in part, by obtaining collateral as well as corporate and personal guarantees. In order to monitor exposure to credit risk, regular reports are produced by the credit department's officers based on a structured analysis focusing on the customer's business and financial performance. Any significant interaction with customers with deteriorating creditworthiness are reported to and reviewed by them.

### **Credit risk grading system**

In order to assess credit risk and classify financial instruments by credit risk level, the Bank uses a rating system based on the Moody's model. Internal and external credit ratings are compared on a single internal scale with a specified range of probabilities of default, as indicated in the tables below:

<b>Master scale credit risk grade</b>	<b>Corresponding internal ratings (Risc Calc)</b>	<b>Corresponding ratings of external international rating agencies</b>	<b>Corresponding probability of default interval</b>
<b>31 December 2023</b>			
Excellent	Aaa – A2	AAA - A	0% - 1.000%;
Good	A3 – Ba3	A- - BB-	1.000% - 9.963%;
Satisfactory	B1 – B3	B+ - B-	9.963% - 21.888%;
Special monitoring	Caa1 – C	CCC+ - C	21.888% - 50%;
Default	D	D	50% - 100%

Each master scale credit risk grade is assigned a specific degree of creditworthiness:

- Aaa – A2 – high credit quality with low expected credit risk.
- A3 – Ba3 – sufficient credit quality with average credit risk.
- B1 – B3 – average credit quality with satisfactory credit risk.
- Caa1 – C – lending instruments that require more careful monitoring and remedial management.
- D – lending instruments that have defaulted.

## 29 Risk Management Policies (Continued)

Master scale credit risk grade	Corresponding internal ratings	Corresponding ratings of external international rating agencies	Corresponding probability of default interval
<b>31 December 2022</b>			
Excellent	Aaa – A3	AAA - A-	0.00% - 0.096%;
Good	Baa1 – B1	BBB+ - B+	0.096% - 4%;
Satisfactory	B2 – B3	B - B-	4% - 10%;
Special monitoring	Caa1 – C3	CCC+ - CCC-	10% - 50%;
Default	D	D	50% - 100%

Each level of credit risk is assigned a certain degree of solvency on a unified scale:

- Aaa – A3 – high credit quality with low expected credit risk.
- Baa1 – B1 – sufficient credit quality with average credit risk.
- B2 – B3 – average credit quality with satisfactory credit risk.
- Caa1 – C3 – lending instruments that require more careful monitoring and remedial management.
- D – lending instruments that have defaulted.

As of 31 December 2023 and 31 December 2022, the internal rating system is developed by the Moody's rating agency. The Bank applies an internal rating system to assess the credit risk of financial assets provided to corporate clients and financial institutions.

External ratings are assigned to counterparties by independent international rating agencies, such as S&P, Moody's and Fitch. These ratings are publicly available. Such ratings and the corresponding range of probabilities of default are applied for the following financial instruments: interbank deposits, government loans and investments in debt securities.

Expected credit loss is a probability - weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An expected credit loss measurement is unbiased and is determined by evaluating a range of possible outcomes. Expected credit losses measurement is based on four components used by the Bank: probability of default, amount of credit claim at risk of default, loss in case of default and discount rate.

Exposure at default (EAD) - is an estimate of exposure at a future default date, considering expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed facilities.

The probability of default (PD) is an estimate of the likelihood of default to occur over a given time period.

Loss given default (LGD) - is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the exposure at default.

The expected losses are discounted to present value at the end of the reporting period. The discount rate represents the effective interest rate ("EIR") for the financial instrument or an approximation thereof.

Management's estimate of expected credit losses for the preparation of financial statements is based on point-in-time estimates rather than through-the-cycle estimates. The Bank assesses the impact of changes in key macroeconomic indicators on ECL by conducting a regression analysis.

## **29 Risk Management Policies (Continued)**

The ECL modelling does not differ for Purchased or Originated Credit Impaired ("POCI") financial assets, except that (a) gross carrying value and discount rate are based on cash flows that were recoverable at initial recognition of the asset, rather than based on contractual cash flows, and (b) the ECL is always a lifetime ECL. Purchased or originated credit impaired assets are financial assets that are credit-impaired upon initial recognition, such as impaired loans acquired in a past business combination.

For purposes of measuring probability of default, the Bank defines default as a situation when the exposure meets one or more of the following criteria:

- presence of overdue debt for a period of more than 90 (ninety) days on other loans of the borrower from the bank;
- the presence of overdue debt for a period of more than 90 (ninety) days on loans from other banks, as an indicator of a deterioration in the financial condition of the borrower;
- writing off part and (or) the entire amount of the borrower's debt, which is caused by a significant increase in credit risk from the moment the loan was issued;
- sale of loans at a significant discount (more than 50%);
- forced loan restructuring;
- suspension of the accrual of interest on the loan due to the deterioration of the financial condition of the borrower;
- filing a claim to declare the borrower bankrupt in accordance with the Law of the Republic of Kazakhstan "On Rehabilitation and Bankruptcy";
- the borrower's application to the court to declare him bankrupt in accordance with the Law of the Republic of Kazakhstan "On Rehabilitation and Bankruptcy";
- assignment of an internal credit rating corresponding to the default category;
- assignment to the counterparty of an external rating corresponding to the default category;
- high probability of bankruptcy or other kind of financial reorganization, as well as involvement in legal proceedings of the borrower (co-borrower), which may worsen its financial condition;
- significant changes in external market indicators of credit risk for a particular financial asset or similar financial assets with the same expected life;
- recognition by the authorized body of the Bank of default on the loan/loans of the borrower.

For purposes of disclosure, the Bank fully aligned the definition of default with the definition of credit-impaired assets. The default definition stated above is applied to all types of financial assets of the Bank.

The assessment whether or not there has been a significant increase in credit risk ("SICR") since initial recognition is performed on an individual basis and on a portfolio basis. For loans issued to corporate entities, interbank loans and debt securities at amortised cost or at fair value through other comprehensive income, significant increase in credit risk is assessed on an individual basis by monitoring the triggers stated below. For loans issued to individuals and other financial assets, significant increase in credit risk is assessed either on a portfolio basis or an individual basis, depending on the existence of scoring models. The criteria used to identify a significant increase in credit risk are monitored and reviewed periodically for appropriateness by the Bank's Risk Management Department.

## 29 Risk Management Policies (Continued)

The bank considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met.

- the presence of overdue payments (overdue debts of the borrower on the principal debt and/or remuneration and/or penalties as of the Bank's valuation date) for a period of 30 (thirty) calendar days or more, or, during the previous twelve months, the payments to the Bank were delayed a term of thirty or more calendar days;
- actual or expected (based on reasonable and corroborated information) increase in the probability of default on a borrower/group of borrowers, associated with a downgrade of the rating by 5 notches or assignment of a rating corresponding to the default since the issuance of the loan;
- the borrower requests debt restructuring to the Bank (unforced restructuring);
- violation of financial covenants established in the loan agreement and/or other essential lending terms not agreed with the Bank, which, in the Bank's opinion, may lead to the borrower's failure to fulfill its obligations to the Bank/incurring losses for the Bank or are indicators of such an outcome;
- negative news related to the counterparty, such as: deterioration in financial condition, deterioration in the competitive position in its industry;
- systematic violation of prudential standards established by the regulator for consecutive 6 months in cases where the counterparty is a credit institution and violation of legal requirements;
- the presence of force majeure, as well as other circumstances that caused material damage to the borrower (co-borrower) but did not lead to the termination of its activities;
- significant changes in the value of the collateral for an obligation or the quality of guarantees or arrangements that provide an economic incentive for the counterparty to make contractual scheduled payments that are expected to reduce the counterparty's economic incentive to make contractual scheduled payments or otherwise affect the probability of default.

The level of expected credit losses that is recognised in these financial statements depends on whether the credit risk of the borrower has increased significantly since initial recognition. This is a three-stage model for expected credit losses measurement. A financial instrument that is not credit-impaired on initial recognition and its credit risk has not increased significantly since initial recognition has a credit loss allowance based on 12-month expected credit losses (Stage 1). If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and the loss allowance is based on lifetime expected credit losses. If a financial instrument is credit-impaired, the financial instrument is moved to Stage 3 and loss allowance is based on lifetime expected credit losses. The consequence of an asset being in Stage 3 is that the entity ceases to recognise interest income based on gross carrying value and applies the asset's effective interest rate to the carrying amount, net of expected credit losses, when calculating interest income.

If there is evidence that the significant increase in credit risk criteria are no longer met, the instrument is transferred back to Stage 1. If an exposure has been transferred to Stage 2 based on a qualitative indicator, the Bank monitors whether that indicator continues to exist or has changed. On a monthly basis, the risk management unit collects information that may lead to believe that the loan has experienced a significant increase in credit risk.

The Bank has three approaches to assessing expected credit losses: (i) assessment on an individual basis using internal ratings; (ii) assessment on a portfolio basis; (iii) assessment based on external ratings. The Bank conducts an assessment on an individual basis using internal ratings for corporate clients that do not have external ratings. The Bank conducts portfolio valuation for loans to individuals. This approach involves portfolio aggregation into homogeneous segments based on specific information about borrowers and / or a financial instrument, for example, a loan product, a loan program.

The Bank performs assessments based on external ratings for interbank loans, debt securities issued by the banks and certain blue chip corporate customers, and loans issued to sovereigns.

Expected credit losses assessment on an individual basis is performed by weighting the estimates of credit losses for different possible outcomes against the probabilities of each outcome. The Bank defines at least two possible outcomes for each assessed loan, one of which leads to a credit loss even if the probability of such a scenario may be very low.

When assessment is performed on a portfolio basis, the bank determines the staging of the exposures and measures the loss allowance on a collective basis. The bank analyses its exposures by segments determined on the basis of shared credit risk characteristics, such that exposures within a group have homogeneous or similar risks. The key shared credit characteristics considered are: type of product, lending program. Homogeneous loans include loans to individuals for which the amount of debt is equal to or less than 0.2% of the Bank's equity on the date of the reserves calculation.

## **29 Risk Management Policies (Continued)**

In general, expected credit loss is the sum of the multiplications of the following credit risk parameters: exposure at default, probability of default and loss given default, that are defined as explained above, and discounted to present value using the instrument's effective interest rate. The expected credit loss is determined by predicting credit risk parameters (exposure at default, probability of default and loss given default) for each future month/year during the lifetime period for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has been repaid or defaulted in an earlier month). This effectively calculates an expected credit loss for each future period, that is then discounted back to the reporting date and summed up. The discount rate used in the expected credit losses calculation is the original effective interest rate or an approximation thereof.

### ***The key principles of calculating the credit risk parameters***

The exposures at default are determined based on the expected payment profile, that varies by product type. Exposure at default is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis for amortizing products and bullet repayment loans. This will also be adjusted for any expected overpayments made by a borrower. Early repayment or refinancing assumptions are also incorporated into the calculation. For revolving products, the exposure at default is predicted by taking the current drawn balance and adding a "credit conversion factor" that accounts for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type, current limit utilization and other borrower-specific behavioral characteristics.

Two types of probabilities of default are used for calculating expected credit losses: 12-month and lifetime probability of default. An assessment of a 12-month probability of default is based on the latest available historic default data and adjusted for supportable forward-looking information when appropriate. Lifetime probabilities at default represent the estimated probability of a default occurring over the remaining life of the financial instrument and it is a sum of the 12 months probabilities of default over the life of the instrument. The bank uses different statistical approaches depending on the segment and product type to calculate lifetime probabilities of default, such as the extrapolation of 12-month probabilities of default based on migration matrixes, developing lifetime probability of default curves based on the historical default data, hazard rate approach or other.

Loss given default represents the bank's expectation of the extent of loss on a defaulted exposure. Loss given default varies by the type of counterparty, type and seniority of the claim, and the availability of collateral or other credit support. The 12-month and lifetime loss given default are determined based on the factors that impact the expected recoveries after a default event.

The Bank calculates loss given default based on specific characteristics of the collateral, such as projected collateral values, historical discounts on sales and other factors for loans secured by real estate, cash and liquid securities. Loss given default is calculated on a collective basis based on the latest available recovery statistics for the remainder of the corporate loan portfolio and for retail secured and unsecured products.

### ***Expected credit losses measurement for financial guarantees and loan commitments***

The expected credit losses measurement for these instruments includes the same steps as described above for on-balance sheet exposures and differs with respect to exposure at default calculation. The exposure at default is a product of credit conversion factor ("CCF") and amount of the commitment. Credit conversion factor for undrawn credit lines of corporate customers, credit cards issued to individuals and for financial guarantees is defined based on statistical analysis of past exposures at default.

The Bank does not create reserves of expected credit losses on unused credit lines, as the Bank's loan agreements either do not have obligations to automatically provide cash, or such loans are made as an individual analysis of a client's request. Whenever the Bank receives a client's request for a new loan tranche under unused credit lines, it is considered on an individual and independent basis each time. The procedure for issuing new tranches includes checking the current financial situation of the client and approval by the Bank's credit risk management unit. Since the Bank has the right to refuse to apply for new tranches without justifying the reasons for the refusal, the Bank considers that the issue of new tranches on loans as part of its obligations is debatable, and considers expected credit losses only after the funds are transferred to the borrower.

The above process does not apply to credit card lines of credit. This product has a completely different nature. A credit card limit approved by the Bank can be used by a client at any time. In this regard, the Bank calculates the level of possible development of the unused portion of credit lines on credit cards, based on available historical data, and calculates the reserve of expected credit losses on this portion of unused credit lines on credit cards.

## 29 Risk Management Policies (Continued)

### *Principles of assessment based on external ratings*

Certain exposures have external credit risk ratings and these are used to estimate credit risk parameters "probability of default" and "loss given default" from the default and recovery statistics published by the respective rating agencies. This approach is applied to government and large corporate clients, as well as interbank loans and deposits.

### *Market risk*

The Bank takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates and (c) equity products, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

### *Currency risk*

In respect of currency risk, management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The Bank has an Asset and Liability Management Committee, which, on a regular basis, receives information from the risk management division on market risks, on meeting the established limits.

Risk assessment is carried out using the VAR (Value at Risk) method, which allows to estimate the maximum possible (with a specified confidence interval) negative impact on the financial result of changes in the value of currency positions. VAR-assessment is carried out by the method of historical modelling, the depth of the two years (500 business days), a time horizon of one business day and a confidence interval of 99%. Expected Shortfall (ES) is derived from the VAR model. Unlike VAR, it gives an estimate of the expected scale of losses in critical scenarios, since allows you to estimate the possible losses in excess of the predicted value of VAR.

<i>In thousands of Kazakhstani Tenge</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Evaluation of the maximum possible losses</b>		
VAR for currency position	2,960	8,356
ES for currency position	7,849	18,788

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in currency exchange rates. The financial position and cash flows of the Bank are subject to fluctuations in foreign currency exchange rates.

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**29 Risk Management Policies (Continued)**

The tables below present a general analysis of currency risk at the end of the reporting period on 31 December 2023 and 2022.

<i>In thousands of Kazakhstani Tenge</i>	<b>Tenge</b>	<b>US Dollar</b> 1 dollar = 454.56 KZT	<b>Euro</b> 1 euro = 502.24 KZT	<b>Other currency</b>	<b>31 December 2023</b> Total
<b>Non-derivative financial assets</b>					
Cash and cash equivalents	6,778,313	81,320,193	15,517,709	17,692,010	121,308,225
Mandatory cash balances with the NBRK	15,695,987	-	-	-	15,695,987
Debt securities at fair value through other comprehensive income	122,057,504	43,984,865	15,756,006	-	181,798,375
Due from other financial institutions	4,503,641	13,293,289	2,846,654	2,632,681	23,276,265
Loans to customers	346,041,385	36,892,619	-	-	382,934,004
Debtors on documentary settlements	173,985	2,982,874	-	-	3,156,859
Debt securities measured at amortised cost less reserves for expected credit losses	19,135,266	125,870,452	2,245,690	-	147,251,408
Other financial assets	1,798,838	9,743	12,619	17	1,821,217
<b>Total non-derivative financial assets</b>	<b>516,184,919</b>	<b>304,354,035</b>	<b>36,378,678</b>	<b>20,324,708</b>	<b>877,242,340</b>
<b>Non-derivative financial liabilities</b>					
Accounts and deposits of other banks	5,667,721	31,391	368	131	5,699,611
Accounts payable on repo transactions	66,216,338	-	-	-	66,216,338
Current accounts and customer deposits	310,783,691	309,266,367	36,004,522	20,319,366	676,373,946
Other financial liabilities	15,433,071	58,041	50,708	2,606	15,544,426
<b>Total non-derivative financial liabilities</b>	<b>398,100,821</b>	<b>309,355,799</b>	<b>36,055,598</b>	<b>20,322,103</b>	<b>763,834,321</b>
Open balance position	118,084,098	(5,001,764)	323,081	2,604	113,408,019
<b>Derivative financial instruments</b>					
- Foreign exchange spot contracts	-	2,185	-	-	2,185
Inflows	-	6,136,560	-	-	6,136,560
Outflows	-	(6,134,375)	-	-	(6,134,375)
<b>With gross calculations</b>					
- Foreign exchange forward contracts	-	-	-	-	-
Inflows	-	-	-	-	-
Outflows	-	-	-	-	-
- Currency swap contracts	8,177	(7,560)	-	-	617
Inflows	1,020,000	292,440	-	-	1,312,440
Outflows	(1,011,823)	(300,000)	-	-	(1,311,823)
<b>Open position on derivative financial instruments</b>	<b>8,177</b>	<b>(5,375)</b>	<b>-</b>	<b>-</b>	<b>2,802</b>
<b>Open position</b>	<b>118,092,275</b>	<b>(5,007,139)</b>	<b>323,081</b>	<b>2,604</b>	<b>113,410,821</b>

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29 Risk Management Policies (Continued)

	Tenge	US Dollar 1 dollar = 462.65 KZT	Euro 1 euro = 492.86 KZT	Other currency	31 December 2022 Total
<i>In thousands of Kazakhstani Tenge</i>					
<b>Non-derivative financial assets</b>					
Cash and cash equivalents	14,352,433	274,853,449	17,685,026	22,315,409	329,206,317
Mandatory cash balances with the NBRK	19,185,690	-	-	-	19,185,690
Debt securities at fair value through other comprehensive income	105,136,453	34,406,061	36,108,631	-	175,651,145
Due from other financial institutions	1,098,585	1,638,574	4,559,928	3,241,805	10,538,892
Loans to customers	268,924,107	51,348,920	1,874,826	-	312,147,853
Debtors on documentary settlements	3,139,093	1,426,055	-	-	4,565,148
Debt securities measured at amortised cost less reserves for expected credit losses	50,887,241	63,425,838	2,206,256	-	116,519,335
Other financial assets	866,550	13,562	630	2	880,744
<b>Total non-derivative financial assets</b>	<b>453,590,152</b>	<b>427,112,459</b>	<b>62,435,297</b>	<b>25,557,216</b>	<b>968,695,124</b>
<b>Non-derivative financial liabilities</b>					
Accounts and deposits of other banks	898,215	67,750	411	312	966,688
Accounts payable on repo transactions	63,711,251	-	-	-	63,711,251
Current accounts and customer deposits	286,956,667	428,499,594	62,528,184	25,436,134	803,420,579
Other financial liabilities	13,375,057	128,183	31,035	54,536	13,588,811
<b>Total non-derivative financial liabilities</b>	<b>364,941,190</b>	<b>428,695,527</b>	<b>62,559,630</b>	<b>25,490,982</b>	<b>881,687,329</b>
<b>Open balance position</b>	<b>88,648,962</b>	<b>(1,583,068)</b>	<b>(124,333)</b>	<b>66,234</b>	<b>87,007,795</b>
<b>Derivative financial instruments</b>					
- Foreign exchange spot contracts	-	-	-	-	-
Inflows	-	-	-	-	-
Outflows	-	-	-	-	-
<b>With gross calculations</b>					
- Foreign exchange forward contracts	-	-	-	-	-
Inflows	-	-	-	-	-
Outflows	-	-	-	-	-
- Currency swap contracts	300,000	1,191	-	-	1,191
Inflows	(300,000)	(290,022)	-	-	591,213
Outflows	-	-	-	-	(590,022)
<b>Open position on derivative financial instruments</b>	<b>-</b>	<b>1,191</b>	<b>-</b>	<b>-</b>	<b>1,191</b>
<b>Open position</b>	<b>88,648,962</b>	<b>(1,581,877)</b>	<b>(124,333)</b>	<b>66,234</b>	<b>87,008,986</b>

## 29 Risk Management Policies (Continued)

### Currency risk sensitivity analysis

The table below presents data on the Bank's sensitivity to an increase or decrease in the tenge rate by 10% in relation to the respective currencies. The sensitivity analysis of positions expressed in foreign currency adjusts the recalculation of balances at the reporting date, subject to a 10% change in exchange rates. The positive amount indicated below reflects the increase in profits when the tenge appreciates against the corresponding currency by 10%. A 10% weakening of the tenge against the corresponding currency will have a comparable impact on profits, with the amounts indicated below being negative.

<i>In thousands of Kazakhstani Tenge</i>	U.S. Dollar		Euro	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Impact on profit before tax	500,714	158,188	32,308	12,433
Impact on capital	400,571	126,550	25,846	9,947

### Foreign exchange forward contracts

Part of the Bank's policy is the conclusion of forward foreign exchange contracts to manage the risks of customer transactions.

### Limitations of sensitivity analysis

The above tables show the effect of a change based on the main assumption with other assumptions unchanged. In fact, there is a relationship between assumptions and other factors. It should also be noted that the sensitivity is non-linear, therefore no interpolation or extrapolation of the results should be performed.

The sensitivity analysis does not consider that the Bank actively manages its assets and liabilities. In addition, the financial position of the Bank may be subject to change depending on changes occurring in the market. For example, the Bank's financial risk management strategy focuses on managing market volatility risk. In the event of sharp negative price fluctuations in the securities market, management may turn to such methods as selling investments, changing the composition of the investment portfolio, as well as other methods of protection. Consequently, a change in the assumptions may not have an impact on liabilities and significantly affect assets recorded at market price in the statement of financial position. In this situation, different methods of valuing assets and liabilities can lead to significant fluctuations in the value of equity.

Other limitations in the above sensitivity analysis include the use of hypothetical movements in the market in order to disclose potential risks, which represent only the Bank's forecast of upcoming market changes that cannot be predicted with any degree of certainty. Also a limitation is the assumption that all interest rates vary in an identical way.

### Interest risk

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes, but may reduce or create losses in the event that unexpected movements arise. Management monitors on a regular basis and sets limits on the level of mismatch of interest rate repricing that may be undertaken.

## 29 Risk Management Policies (Continued)

The table below summarises the Bank's exposure to interest rate risks. The table presents the aggregated amounts of the Bank's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates:

<i>In thousands of Kazakhstani Tenge</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	Total
<b>31 December 2023</b>					
Total financial assets	198,369,256	104,428,877	131,288,141	434,446,688	868,532,962
Total financial liabilities	254,302,361	88,774,258	98,928,561	61,729,450	503,734,630
<b>Net interest rate gap on 31 December 2023</b>	<b>(55,933,105)</b>	<b>15,654,619</b>	<b>32,359,580</b>	<b>372,717,238</b>	<b>364,798,332</b>
<b>31 December 2022</b>					
Total financial assets	325,151,953	141,128,459	101,836,443	314,713,559	882,830,414
Total financial liabilities	212,977,549	103,568,787	119,619,836	74,964,849	511,131,021
<b>Net interest rate gap on 31 December 2022</b>	<b>112,174,404</b>	<b>37,559,672</b>	<b>(17,783,393)</b>	<b>239,748,710</b>	<b>371,699,393</b>

For analysis of the Bank's portfolio sensitivity to interest rate risk, DVBP (Dollar Value of Basis Point) is used - change in the value of the portfolio with a parallel change in the interest rate by + 0.01% or one basis point. This method of sensitivity analysis is one of the most common methods in market risk management, since it rather transparently shows the effect on portfolio returns (through calculating changes in the present value of a portfolio) from a slight movement of interest rates. Securities valued at fair value through other comprehensive income fall into the calculation of DVBP Bank.

If rates had changed by 0.01% or one basis point, while maintaining all other variables at the same level, then the value of securities valued at fair value through other comprehensive income would have changed by Tenge 27,188 thousand (2022 Tenge 21,303 thousand).

The table below shows the average interest rates:

<i>In thousands of Kazakhstani Tenge</i>	2023		2022	
	Tenge	Foreign currency	Tenge	Foreign currency
<b>Assets:</b>				
Cash and cash equivalents	7.06%	1.53%	17.30%	4.28%
Due from other financial institutions	11.36%	8.47%	0.00%	9.11%
Loans to customers	18.18%	6.63%	16.64%	4.00%
Financial assets at fair value through other comprehensive income	11.96%	4.54%	6.44%	3.53%
Debt securities measured at amortised cost less reserves for expected credit losses	11.25%	4.42%	9.01%	4.01%
<b>Liabilities:</b>				
Due to other financial institutions	11.67%	0.00%	0.00%	0.00%
Repurchase agreements accounts payable	15.82%	0.00%	16.61%	0.00%
Current accounts and customer deposits	10.00%	0.43%	13.45%	0.73%

Foreign currency includes US dollars, Euros, Chinese yuan and Russian rubles.

## 29 Risk Management Policies (Continued)

### Geographic concentration

The Assets and Liabilities Management Committee ("ALMC") controls the risk associated with changes in the economic situation of other countries. This approach allows the Bank to minimise potential losses from investments in foreign assets.

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

<i>In thousands of Kazakhstani Tenge</i>	<b>Kazakhstan</b>	<b>Other countries</b>	<b>Total</b>
<b>31 December 2023</b>			
<b>Non-derivative financial assets</b>			
Cash and cash equivalents	82,422,516	38,885,709	121,308,225
Mandatory cash balances with the National Bank of the Republic of Kazakhstan	15,695,987	-	15,695,987
Debt securities measured at fair value through other comprehensive income	174,480,946	7,317,429	181,798,375
Due from other banks	4,503,641	18,772,624	23,276,265
Loans to customers	378,711,687	4,222,317	382,934,004
Documentary settlements	3,156,859	-	3,156,859
Debt securities measured at amortized cost less provisions for expected credit losses	147,251,408	-	147,251,408
Other financial assets	1,540,037	281,180	1,821,217
<b>Total non-derivative financial assets</b>	<b>807,763,081</b>	<b>69,479,259</b>	<b>877,242,340</b>
<b>Non-derivative financial liabilities</b>			
Deposits and balances of other banks	4,716,271	983,340	5,699,611
Repurchase agreements	66,216,338	-	66,216,338
Current accounts and customer deposits	593,591,718	82,782,228	676,373,946
Other financial liabilities	15,353,012	191,414	15,544,426
<b>Total non-derivative financial liabilities</b>	<b>679,877,339</b>	<b>83,956,982</b>	<b>763,834,321</b>
<b>Net position for non-derivative financial instruments</b>	<b>127,885,742</b>	<b>(14,477,723)</b>	<b>113,408,019</b>
<b>With gross calculations</b>			
- Foreign exchange spot contracts	2,185	-	2,185
Inflows	6,136,560	-	6,136,560
Outflows	(6,134,375)	-	(6,134,375)
- Currency swap contracts	-	617	617
Inflows	-	1,312,440	1,312,440
Outflows	-	(1,311,823)	(1,311,823)
<b>Net position for derivative financial instruments</b>	<b>2,802</b>	<b>617</b>	<b>2,802</b>
<b>Net position</b>	<b>127,887,927</b>	<b>(14,477,106)</b>	<b>113,410,821</b>

## 29 Risk Management Policies (Continued)

<i>In thousands of Kazakhstani Tenge</i>	<b>Kazakhstan</b>	<b>Other countries</b>	<b>Total</b>
<b>31 December 2022</b>			
<b>Non-derivative financial assets</b>			
Cash and cash equivalents	307,381,668	21,824,649	329,206,317
Mandatory cash balances with the National Bank of the Republic of Kazakhstan	19,185,690	-	19,185,690
Due from other banks	1,098,585	9,440,307	10,538,892
Loans to customers	294,013,836	18,134,017	312,147,853
Documentary settlements	4,565,148	-	4,565,148
Financial assets at fair value through other comprehensive income	175,651,145	-	175,651,145
Financial assets at amortised cost	116,519,335	-	116,519,335
Other financial assets	754,591	126,153	880,744
<b>Total non-derivative financial assets</b>	<b>919,169,998</b>	<b>49,525,126</b>	<b>968,695,124</b>
<b>Non-derivative financial liabilities</b>			
Deposits and balances of other banks	227,812	738,876	966,688
Repurchase agreements	63,711,251	-	63,711,251
Current accounts and customer deposits	714,440,922	88,979,657	803,420,579
Other financial liabilities	13,419,180	169,631	13,588,811
<b>Total non-derivative financial liabilities</b>	<b>791,799,165</b>	<b>89,888,164</b>	<b>881,687,329</b>
<b>Net position for non-derivative financial instruments</b>	<b>127,370,833</b>	<b>(40,363,038)</b>	<b>87,007,795</b>
<b>With gross calculations</b>			
- Foreign exchange spot contracts	-	-	-
Inflows	-	-	-
Outflows	-	-	-
- Currency swap contracts	-	1,191	1,191
Inflows	-	591,213	591,213
Outflows	-	(590,022)	(590,022)
<b>Net position for derivative financial instruments</b>	<b>-</b>	<b>1,191</b>	<b>1,191</b>
<b>Net position</b>	<b>127,370,833</b>	<b>(40,361,847)</b>	<b>87,008,986</b>

### Liquidity risk

Liquidity risk is the risk that the Bank may encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises when the maturities of assets and liabilities do not match. Coincidence and/or controlled discrepancy in terms of maturity and interest rates of assets and liabilities is fundamental to liquidity risk management. Due to the diversity of operations and associated uncertainty, a full match in maturity of assets and liabilities is not common practice for financial institutions, which makes it possible to increase the profitability of operations, however, and increases the risk of losses.

The Bank maintains the necessary level of liquidity in order to ensure the continuous availability of funds necessary to fulfil all obligations as they mature. The Bank's liquidity management policy is reviewed and approved by the Management Board, ALMC and Board of Directors.

The Bank seeks to actively maintain a diversified and stable structure of sources of financing consisting of issued debt securities, short-term deposits of banks, deposits of major corporate customers and individuals, as well as a diversified portfolio of highly liquid assets so that the Bank is able to react quickly and without sharp fluctuations to unforeseen liquidity requirements.

## **29 Risk Management Policies (Continued)**

The Bank's liquidity management policy consists of:

- forecasting cash flows by major currencies and calculations related to these cash flows of the required level of liquid assets;
- maintaining a diversified structure of sources of financing;
- management of the concentration and structure of borrowed funds;
- developing plans for raising funds from borrowed funds;
- maintaining a portfolio of highly liquid assets that can be freely implemented as a protective measure in case of a lack of liquidity;
- developing reserve plans to maintain liquidity and a given level of funding;
- monitoring compliance of the Bank's liquidity indicators with statutory ratios.

The Treasury Department monitors liquidity positions on a daily basis, and the Financial Risk and Portfolio Analysis Department conducts stress tests on a regular basis, taking into account various possible market scenarios, both in normal and in unfavourable conditions. Under normal market conditions, liquidity reports are provided to senior management on a monthly basis. Decisions on the liquidity management policy are made by the ALMC and executed by the relevant business and/or auxiliary departments, and monitored by the ALMC.

## 29 Risk Management Policies (Continued)

The table below shows liabilities at 31 December 2023 by their remaining contractual maturity. The amounts of liabilities disclosed in the maturity table are the contractual undiscounted cash flows, including gross lease obligations (before deducting future finance charges), gross loan commitments and financial guarantees. Such undiscounted cash flows differ from the amount included in the statement of financial position because the amount in the statement of financial position is based on discounted cash flows. Financial derivatives are included at the contractual amounts to be paid or received, unless the Bank expects to close the derivative position before its maturity date in which case the derivatives are included based on the expected cash flows. For the purposes of the maturity analysis, embedded derivatives are not separated from hybrid (combined) financial instruments.

<i>In thousands of Kazakhstani Tenge</i>	Up to 1 month	1-3 months	3 months – 1 year	1-5 years	Over 5 years	Repayment period not set	Total
<b>Financial liabilities</b>							
Deposits and balances of other banks	4,554,563	-	-	211,500	-	1,015,499	5,781,512
Repurchase agreements	67,024,901	-	-	-	-	-	67,024,901
Current accounts and deposits from customers	155,431,362	43,853,832	154,812,206	64,258,381	242,569	273,338,688	691,937,038
Rental liabilities	33,592	58,895	257,700	327,657	-	-	677,844
Other financial liabilities	-	-	-	-	13,965,931	1,578,495	15,544,426
Unused credit lines	-	-	6,927,549	121,787,058	1,344,555	-	130,059,162
Guarantees issued	2,662,042	2,083,122	13,481,786	13,568,476	-	-	31,795,426
Letters of credit and other transactions related to contingent obligations	1,692,968	358,016	11,073,758	-	-	-	13,124,742
Contingent obligations to place deposits in the future	-	-	-	-	-	-	-
Derivative financial instruments	720	7,560	-	-	-	-	8,280
<b>Total financial liabilities</b>	<b>231,400,148</b>	<b>46,361,425</b>	<b>186,552,999</b>	<b>200,153,072</b>	<b>15,553,055</b>	<b>275,932,632</b>	<b>955,953,331</b>

The table below shows liabilities at 31 December 2022 by their remaining contractual maturity:

<i>In thousands of Kazakhstani Tenge</i>	Up to 1 month	1-3 months	3 months – 1 year	1-5 years	Over 5 years	Repayment period not set	Total
<b>Financial liabilities</b>							
Deposits and balances of other banks	64,467,746	-	-	-	-	966,688	966,688
Repurchase agreements	112,001,359	60,764,557	172,345,138	78,795,729	251,813	-	64,467,746
Current accounts and deposits from customers	34,786	59,877	239,126	157,531	-	393,994,530	818,153,126
Rental liabilities	-	-	-	-	-	-	491,319
Other financial liabilities	-	6,439	12,301,224	107,194,946	11,763,390	1,825,421	13,588,811
Unused credit lines	2,484,767	3,669,689	15,915,468	5,737,075	164,215	-	119,666,824
Guarantees issued	219,739	8,374,856	24,273,648	6,401,483	-	-	27,806,999
Letters of credit and other transactions related to contingent obligations	18,506,000	-	-	-	-	-	39,269,725
Derivative financial instruments	-	8,787	-	-	-	-	18,506,000
<b>Total financial liabilities</b>	<b>197,714,395</b>	<b>72,884,205</b>	<b>225,074,604</b>	<b>198,286,764</b>	<b>12,179,418</b>	<b>396,786,639</b>	<b>1,102,926,025</b>

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**29 Risk Management Policies (Continued)**

The Bank does not use the above maturity analysis based on undiscounted contractual maturities of liabilities to manage liquidity. The Bank also expects mandatory liquidity ratios on a daily basis in accordance with the requirements of the National Bank of Kazakhstan. Liquidity standards of the Bank complied with the level established by law as at 31 December 2023 and 2022.

In thousands of Kazakhstani Tenge	Up to 1 month	1-3 months	3 months- 1 year	1-5 years	Over 5 years	Repayment period not set	31 December
							2023
Non-derivative financial assets							
<i>Interest assets:</i>							
Cash and cash equivalents	46,468,696	-	-	-	-	72,663,227	119,131,923
Mandatory reserve requirements in the NBRK	-	-	-	-	-	15,695,987	15,695,987
Due from other financial institutions	2,632,681	-	5,795,295	3,529,342	8,077,897	1,686,050	21,721,265
Investments at amortised cost	3,801,220	10,130,759	79,176,510	54,142,919	-	-	147,251,408
Loans to customers	4,892,486	13,278,269	99,680,633	158,570,611	106,512,005	-	382,934,004
Financial assets at fair value through other comprehensive income	50,528,908	8,419,413	19,236,140	91,344,981	12,268,933	-	181,798,375
<b>Total interest-bearing financial assets</b>	<b>108,323,991</b>	<b>31,828,441</b>	<b>203,888,578</b>	<b>307,587,853</b>	<b>126,858,835</b>	<b>90,045,264</b>	<b>868,532,962</b>
<i>Non-interest financial assets:</i>							
Cash and cash equivalents	-	-	-	-	-	2,176,302	2,176,302
Documentary settlements	1,248,184	1,562,470	346,205	-	-	1,555,000	1,555,000
Other financial assets	711,043	-	1	397	6,273	1,103,503	1,821,217
<b>Total non-interest financial assets</b>	<b>1,959,227</b>	<b>1,562,470</b>	<b>346,206</b>	<b>397</b>	<b>6,273</b>	<b>4,834,805</b>	<b>8,709,378</b>
<b>Total non-derivative financial assets</b>	<b>110,283,218</b>	<b>33,390,911</b>	<b>204,234,784</b>	<b>307,588,250</b>	<b>126,865,108</b>	<b>94,880,069</b>	<b>877,242,340</b>

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29 Risk Management Policies (Continued)

In thousands of Kazakhstani Tenge	Up to 1 month	1-3 months	3 months- 1 year	1-5 years	Over 5 years	Repayment period not set	31 December
							2023 Total
<b>Non-derivative financial liabilities</b>							
<i>Fixed interest rate financial liabilities:</i>							
Due from other banks	4,503,638	-	-	180,525	-	-	4,684,163
Repurchase agreements payable	66,216,338	-	-	-	-	-	66,216,338
Current accounts and customer deposits	154,319,249	43,042,822	144,404,085	61,066,925	194,847	15,271,303	418,299,231
Other financial liabilities	25,902	45,514	210,397	287,154	-	13,965,931	14,534,898
<b>Total financial liabilities on which interest is calculated at a fixed rate</b>	<b>225,065,127</b>	<b>43,088,336</b>	<b>144,614,482</b>	<b>61,534,604</b>	<b>194,847</b>	<b>29,237,234</b>	<b>503,734,630</b>
<i>Interest free financial liabilities:</i>							
Accounts and deposits of other banks	-	-	-	-	-	1,015,448	1,015,448
Current accounts and customer deposits	1,655,671	558,016	6,566,166	634,526	15,871	248,644,465	258,074,715
Other financial liabilities	517,060	-	492,468	-	-	-	1,009,528
<b>Total non-interest financial liabilities</b>	<b>2,172,731</b>	<b>558,016</b>	<b>7,058,634</b>	<b>634,526</b>	<b>15,871</b>	<b>249,659,913</b>	<b>260,099,691</b>
<b>Total non-derivative financial liabilities</b>	<b>227,237,858</b>	<b>43,646,352</b>	<b>151,673,116</b>	<b>62,169,130</b>	<b>210,718</b>	<b>278,897,147</b>	<b>763,834,321</b>
Difference between financial assets and liabilities	(116,954,640)	(10,255,441)	(52,561,668)	245,419,120	126,654,390	(184,017,078)	113,408,019
<b>Difference between financial assets and liabilities, cumulative</b>	<b>(116,954,640)</b>	<b>(127,210,081)</b>	<b>(74,648,413)</b>	<b>170,770,707</b>	<b>297,425,097</b>	<b>113,408,019</b>	

29 Risk Management Policies (Continued)

	In thousands of Kazakhstani Tenge					31 December 2023
	Up to 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years	Repayment period not set
						Total
<b>Derivative financial instruments</b>						
<i>With gross calculations:</i>						
Foreign exchange spot contracts	2,185	-	-	-	-	2,185
Sell USD, RUB buy KZT, USD:						
Inflows	6,136,560	-	-	-	-	6,136,560
Outflows	(6,134,375)	-	-	-	-	(6,134,375)
- currency swap contracts purchase/sale USD vs KZT						
Inflows	-	(7,560)	-	-	-	(7,560)
Outflows	-	292,440	-	-	-	292,440
- currency swap contracts purchase/sale KZT vs USD						
Inflows	617	7,560	-	-	-	8,177
Outflows	720,000	300,000	-	-	-	1,020,000
	(719,383)	(292,440)	-	-	-	(1,011,823)
	-	-	-	-	-	-
<b>Total derivative financial instruments</b>	<b>2,802</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,802</b>
Difference between financial assets and liabilities	(116,951,838)	(10,255,441)	52,561,668	245,419,120	126,654,390	(184,017,078)
Difference between financial assets and liabilities, cumulative	(116,951,838)	(127,207,279)	(74,645,611)	170,773,509	297,427,899	113,410,821

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29 Risk Management Policies (Continued)

In thousands of Kazakhstani Tenge	Up to 1 month	1-3 months	3 months- 1 year	1-5 years	Over 5 years	Repayment period not set	31 December
							2022 Total
Non-derivative financial assets							
<b>Interest assets:</b>							
Cash and cash equivalents	195,491,103	37,018,986	-	-	-	16,277,411	248,787,500
Mandatory reserve requirements in the NBRK	-	-	-	-	-	19,185,690	19,185,690
Due from other financial institutions	-	4,685,620	3,116,113	-	-	2,737,159	10,538,892
Investments at amortised cost	5,429,971	15,077,081	26,600,124	67,205,904	2,206,255	-	116,519,335
Loans to customers	5,728,908	22,432,793	98,004,922	137,241,858	48,739,372	-	312,147,853
Financial assets at fair value through other comprehensive income	80,301,712	-	36,029,263	48,970,544	10,349,626	-	175,651,145
Non-derivative financial assets	-	-	-	-	-	-	-
<b>Total interest-bearing financial assets</b>	<b>286,951,694</b>	<b>79,214,480</b>	<b>163,750,422</b>	<b>253,418,306</b>	<b>61,295,253</b>	<b>38,200,260</b>	<b>882,830,415</b>
Non-interest financial assets:							
Cash and cash equivalents	-	-	-	-	-	80,418,817	80,418,817
Documentary settlements	60,319	322,942	4,181,887	-	-	-	4,565,148
Other financial assets	20	-	-	54	3,253	877,417	880,744
<b>Total non-interest financial assets</b>	<b>60,339</b>	<b>322,942</b>	<b>4,181,887</b>	<b>54</b>	<b>3,253</b>	<b>81,296,234</b>	<b>85,864,709</b>
<b>Total non-derivative financial assets</b>	<b>287,012,033</b>	<b>79,537,422</b>	<b>167,932,309</b>	<b>253,418,360</b>	<b>61,298,506</b>	<b>119,496,494</b>	<b>968,695,124</b>

**29 Risk Management Policies (Continued)**

<i>In thousands of Kazakhstani Tenge</i>	Up to 1 month	1-3 months	3 months- 1 year	1-5 years	Over 5 years	Repayment period not set	31 December 2022 Total
<i>Non-derivative financial liabilities</i>							
<i>Fixed interest rate financial liabilities:</i>							
Due from other banks	-	-	-	-	-	180,228	180,228
Repurchase agreements accounts payable	63,711,251	-	-	-	-	-	63,711,251
Current accounts and customer deposits	111,253,154	60,247,929	162,940,694	74,769,249	195,600	37,832,917	447,239,543
<b>Total financial liabilities on which interest is calculated at a fixed rate</b>	<b>174,964,405</b>	<b>60,247,929</b>	<b>162,940,694</b>	<b>74,769,249</b>	<b>195,600</b>	<b>38,013,145</b>	<b>511,131,022</b>
<i>Interest free financial liabilities</i>							
Accounts and deposits of other banks	19,700	8,460,908	18,923,272	7,366,139	16,606	321,394,411	356,181,036
Current accounts and customer deposits	996	3,981	4,861	10,237	-	13,568,736	13,588,811
Other financial liabilities	-	-	-	-	-	786,460	786,460
<b>Total financial liabilities and interests for which interest is not charged</b>	<b>20,696</b>	<b>8,464,889</b>	<b>18,928,133</b>	<b>7,376,376</b>	<b>16,606</b>	<b>335,749,607</b>	<b>370,556,307</b>
<b>Total non-derivative financial liabilities</b>	<b>174,985,101</b>	<b>68,712,818</b>	<b>181,868,827</b>	<b>82,145,625</b>	<b>212,206</b>	<b>373,762,752</b>	<b>881,687,329</b>
Difference between financial assets and liabilities	112,026,932	10,824,604	(13,936,518)	171,272,735	61,086,300	(254,266,258)	87,007,795
<b>Difference between financial assets and liabilities, cumulative</b>	<b>112,026,932</b>	<b>122,851,536</b>	<b>108,915,018</b>	<b>280,187,753</b>	<b>341,274,053</b>	<b>87,007,795</b>	

**29 Risk Management Policies (Continued)**

<i>In thousands of Kazakhstani Tenge</i>	Up to 1 month	1-3 months	3 months- 1 year	1-5 years	Over 5 years	Repayment period not set	31 December 2022 Total
<b>Derivative financial instruments</b>							
<i>With gross calculations:</i>							
Foreign exchange spot contracts	-	-	-	-	-	-	-
<i>Sell USD, RUB buy KZT, USD:</i>							
Inflows	-	-	-	-	-	-	-
Outflows	-	-	-	-	-	-	-
- currency swap contracts							
purchase/sale USD vs KZT							
Inflows	-	591,213	-	-	-	-	591,213
Outflows	-	(590,022)	-	-	-	-	(590,022)
<b>Total derivative financial instruments</b>	-	1,191	-	-	-	-	1,191
Difference between financial assets and liabilities	112,026,932	10,825,795	(13,936,518)	171,272,735	61,086,300	(254,266,258)	87,008,986
<b>Difference between financial assets and liabilities, cumulative</b>	<b>112,026,932</b>	<b>122,852,727</b>	<b>108,916,209</b>	<b>280,188,944</b>	<b>341,275,244</b>	<b>87,008,986</b>	-

In the table above, maturities are shown in accordance with the agreements. At the same time, according to the current legislation, individuals have the right to early termination of the deposit agreement.

The above amounts for floating interest rate instruments for non-derivative financial assets and liabilities may change if the actual change in floating interest rates differs from the estimates determined at the reporting date.

## 29 Risk Management Policies (Continued)

To assess expected credit losses, including from a significant increase in credit risk, the Bank analyses the migration of loans by days of delay. As a rule, the Bank provides restructuring to customers who are overdue by 90 days or more. Such customers are classified by the Bank in Stage 3, corresponding to full impairment. At the same time, the Bank observes that in most cases, after restructuring, customers service the loan without delay. In view of the unpredictability of the COVID-19 situation, the Bank adheres to global practice regarding the reversal of provisions after restructuring. According to the Bank's internal provisioning methodology, a loan can only be transferred from Stage 3 to Stage 2, 60 days after the bank receives confirmation of improvement in financial condition. The transition from Stage 2 to Stage 1 also takes place no earlier than 60 days. Thus, the minimum period for full credit recovery is at least 120 days. However, in a pandemic, the Bank conducts a more detailed analysis and, if necessary, to withstand a longer period.

### *Collateral*

The amount and type of collateral required depends on the assessment of the counterparty's credit risk. Recommendations on the acceptability of types of collateral and valuation parameters are also being implemented.

The main types of collateral obtained are as follows:

- For securities and reverse repurchase transactions, cash or securities;
- For commercial lending, incumbrance over movable and immovable properties;
- For retail lending, mortgages over residential properties.

During 2023, the Bank had no pledges accepted on the Bank's balance sheet, and there were no pledges carried over from previous years on the balance sheet.

The Bank has developed a methodology for determining the credit rating of borrowers in order to assess corporate borrowers. This methodology allows you to calculate and assign/confirm the borrower's rating and loan collateral rating. This system is based on a quantitative assessment model depending on the key performance indicators of the borrower and allows for the possibility of a minor expert correction in case of insufficient objectivity of the comparative analysis. This method allows you to assign ratings based on the following groups of criteria: market indicators of the borrower, goodwill, credit history, transparency and reliability of information, information on operating activities and the economic situation, the relationship of the Bank and the borrower, the financial position of the borrower, economic activities and the collateral provided. The most important criteria are the financial position and type of activity of the borrower. Consequently, the quantification model allows for a general assessment of the borrower and the loan.

The borrower's qualitative assessment model was developed by the Bank to assess and make decisions on granting loans to small and medium-sized businesses. The valuation model is designed for standard credit products and includes key indicators: financial position, relationship with the borrower, quality of management, targeted use, location, credit history, loan security, etc.

Qualitative assessment based on the parameters of the borrower is one of the main factors for the decision-making process on granting a loan.

The methodology for assessing individual borrowers is based on the following criteria: education, scope, financial position, credit history, property owned by the borrower. Based on the information received, the maximum loan amount is calculated. The maximum loan size is calculated using the debt pressure ratio of the borrower.

The Bank applies an internal methodology in relation to certain corporate loans and Bank Retail loans. The quality assessment methodology is specifically designed for specific products and is applied at different stages of the credit life cycle. As a result, it is not possible to make a qualitative comparison of various products that would correspond to the outstanding debt on loans to customers in the statement of financial position. In this regard, more detailed information is not provided.

Financial assets other than loans provided to customers are classified based on current credit ratings assigned by internationally recognised rating agencies such as Fitch, Standard & Poors, and Moody's. The highest possible rating is AAA. The investment level of financial assets corresponds to ratings from AAA to BBB. Financial assets with a rating lower than BBB are classified as speculative.

Banking sector organisations are generally exposed to credit risk arising from loans provided by the Bank and interbank deposits. The Bank's credit risk for loans to customers is concentrated in the country. The level of credit risk is subject to continuous monitoring in order to ensure compliance with the limits on loans in accordance with the risk management policy approved by the Bank.

## **29 Risk Management Policies (Continued)**

### ***Financing instruments***

#### ***Market risk***

Market risk refers to the risk of deterioration of the financial result of the Bank due to adverse changes in the value of assets / liabilities (contingencies/commitments) of the Bank due to the influence of market indicators - risk factors (such as foreign exchange rates, market interest rates, credit spreads, prices of goods, etc.) as well as due to changes in the volatility of these indicators and correlations between them.

In determining the market risk, the Bank includes the following risks:

- currency risk - the risk of losses associated with adverse changes in foreign exchange rates or prices for refined precious metals when the Bank conducts its business;
- interest rate risk - the likelihood of financial losses due to adverse changes in market interest rates on assets, liabilities and off-balance sheet instruments;
- price risk - the likelihood of financial losses due to adverse changes in the market value of financial instruments, goods.

#### ***Operational risk***

Operational risk is the risk of loss due to system malfunction, employee error, fraud, as well as the result of external events. If it is impossible to manage operational risks, the presence of such risks may damage the Bank's reputation, lead to legislative and regulatory consequences, or cause a financial loss to the Bank. It is assumed that the Bank is not able to eliminate all operational risks, but it seeks to manage such risks by applying a control system, as well as by monitoring and responding to possible risks. Monitoring activities include effective segregation of duties, access granting, authorization and reconciliation, staff training and assessment procedures.

#### ***Sanctions risk***

In its activities, the Bank strictly complies with the requirements of the legislation of the Republic of Kazakhstan on combating the legalization (laundering) of proceeds from crime and the financing of terrorism (hereinafter referred to as AML/CFT) and the requirements of international economic sanctions. Before establishing business relationships with clients, the Bank carries out due diligence on clients (their representatives) and requests the necessary documents and information. According to the Bank's GND, the Bank does not establish business relationships and does not open bank accounts for persons on the Sanctions lists. Sanctions lists according to the Bank's GND - List of AFM, List of FROM, List of those involved in terrorist activities, List of risky persons for second-tier banks, posted on the AFM Internet resource, List of persons with dubious business reputation, posted on the NBRK web portal, OFAC Lists, FATF (Financial Action Task Force on Money Laundering), the UN, the European Union, the Bank's internal Stop-list, the SRC List of Sham Enterprises, as well as the presence of negative information identified by the Bank's Security Department and in the World Check database.

The Bank has also developed Rules in order to build an effective system for monitoring and controlling the Bank's compliance with international economic sanctions and implementing measures to combat the legalization (laundering) of proceeds from crime, the financing of terrorism, and the financing of the proliferation of weapons of mass destruction. In order to check clients and transaction participants for sanctions lists online, the Bank uses an automated AML System. During the online registration process, potential clients are checked against sanctions lists using the World Check database and internal Kazakhstan lists. The AML system contains a module for checking the Bank's client base against sanctions lists on a daily basis when data in the client card changes, or when data in directories is updated. Verification of transactions involving transfers of clients to sanctions lists is also carried out online. The participants in the transaction, as well as the recipient's bank and the sender's bank, are verified. In order to avoid sanctions risks, the Bank has the right to refuse to carry out a client's transaction if such refusal is due to international economic sanctions.

### 30 Related Party Transactions

Details of transactions between the Bank and related parties are disclosed below:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023		31 December 2022	
	Related party balances	Total category as per the financial statements caption	Related party balances	Total category as per the financial statements caption
Cash and cash equivalents	7,336,412	137,004,212	5,271,819	348,392,007
- entities with joint control or significant influence over the Bank (contractual interest rate: 0%)	2,602,095	-	2,690,817	-
- the parent (contractual interest rate: 0%)	4,734,317	-	2,541,717	-
- other related parties (contractual interest rate: 0%)	-	-	39,285	-
Due from other financial institutions(contractual interest rate: 0%)	1,550,000	23,276,265	-	10,538,892
- other related parties(contractual interest rate: 0%)	1,550,000	-	-	-
Loans to customers	975,827	382,934,004	1,328,125	312,147,853
- parties having joint control or influence over the Bank (contractual interest rate: 11.5-17%)	967,989	-	1,314,437	-
- key management personnel of the entity or the parent company (contractual interest rate: 21.25 – 36%)	7,838	-	8,033	-
- other related parties (contractual interest rate: 14 – 30%)	-	-	5,655	-
Other assets	752,755	2,603,018	216,010	1,479,537
- parties having joint control or influence over the Bank (contractual interest rate: 0%)	448,248	-	216,010	-
- other related parties (contractual interest rate: 0%)	304,507	-	-	-
Current accounts and deposits from customers	8,468,884	676,373,946	21,141,853	803,420,579
- other related parties(negotiated interest rate: 0 – 14,5%)	469,540	-	13,843,100	-
- key management personnel of the entity or the parent company (negotiated interest rate: 0 – 14.9%)	5,354,639	-	4,493,878	-
- parties with joint control or influence over the Bank (contractual interest rate: 0 - 6%)	2,610,711	-	2,770,815	-
-parent company (negotiated interest rate: 0 – 3.25%)	33,994	-	34,060	-
Other liabilities	39,002	21,294,681	25,367	15,856,086
- entities with joint control or significant influence over the Bank(contractual interest rate: 0%)	20,789	-	15,747	-
- other related parties(contractual interest rate: 0%)	18,213	-	9,620	-

### 30 Related party transactions (Continued)

The income and expense items with related parties for 2023 and 2022 were as follows:

<i>In thousands of Kazakhstani Tenge</i>	Year ended 31 December 2023		Year ended 31 December 2022	
	Related party transactions	Total category as per the financial statements caption	Related party transactions	Total category as per the financial statements caption
Interest income	147,110	93,949,727	169,075	63,044,096
- entities with joint control or significant influence over the Bank	146,469	-	167,880	-
- key management personnel of the entity or its parent	-	-	714	-
- other related parties	641	-	481	-
Interest expense	(99,554)	(44,022,862)	1,088,802	(28,418,320)
- other related parties	(17,798)	-	1,007,668	-
- key management personnel of the entity or its parent	(81,756)	-	81,134	-
- the parent company	-	-	-	-
Fee and commission income	2,633	5,632,351	2,143	5,226,926
- the parent company	2,633	-	2,143	-
- entities with joint control or significant influence over the Bank	-	-	-	-
Fee and commission expense	(190,964)	(4,977,380)	162,496	(4,060,693)
- other related parties	(190,964)	-	162,496	-
- entities with joint control or significant influence over the Bank	-	-	-	-
Net gain/(loss) on financial instruments at fair value through profit or loss	991,859	(736,765)	(149,948)	989,956
- the parent company	13,988	-	13,775	-
- other related parties	976,779	-	108	-
- entities with joint control or significant influence over the Bank	1,092	-	(163,831)	-
Foreign exchange translation (loss)/gain	(11,438)	8,772,927	186,245	9,445,966
- entities with joint control or significant influence over the Bank	(12,312)	-	283,126	-
- other related parties	1,014	-	(2,598)	-
- the parent company	(140)	-	(94,283)	-
Operating expenses	(227,920)	(15,733,374)	(183,769)	(12,793,627)
- entities with joint control or significant influence over the Bank	(226,057)	-	(183,769)	-
- other related parties	(1,863)	-	-	-

The remuneration of Board and Bank’s management was as follows:

<i>In thousands of Kazakhstani Tenge</i>	Year ended 31 December 2023		Year ended 31 December 2022	
	Related party transactions	Total category as per the financial statements caption	Related party transactions	Total category as per the financial statements caption
Key management personnel compensation	1,978,158	10,168,391	1,535,175	8,208,700

As at 31 December 2023, remuneration obligations to the Board of Directors and management of the Bank amounted to Tenge 1,919,003 thousand (31 December 2022: Tenge 1,237,335 thousand).

### 31 Segment Analysis

The Bank discloses information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. This matter is regulated by IFRS 8 "Operating segments" and other standards that require special disclosures in the form of segmental reporting.

IFRS 8 defines an operating segment as follows. An operating segment is a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- Whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- For which discrete financial information is available.

The Bank's reportable segments under IFRS 8 are therefore as follows:

- Retail banking
- Corporate banking;
- Treasury.

The following segment information is presented on the basis of financial information used by the Management Board of the Bank, which is the Bank's operating decision maker, to evaluate indicators in accordance with IFRS 8. The Bank's management reviews financial information for each of the segments, including the assessment of operating results, assets and liabilities.

Segment information for 2023 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Retail banking</b>	<b>Corporate banking</b>	<b>Treasury</b>	<b>Total</b>
<b>Continuing operations</b>				
Interest income calculated using the effective interest rate method	7,858,140	236,611	85,854,976	93,949,727
Interest and other expenses	15,968,912	-	(59,991,774)	(44,022,862)
<b>Net interest income</b>	<b>23,827,052</b>	<b>236,611</b>	<b>25,863,202</b>	<b>49,926,865</b>
Fee and commission income	3,422,190	2,210,161	-	5,632,351
Fee and commission expense	(4,429,949)	(419,859)	(127,572)	(4,977,380)
<b>Net fee and commission income</b>	<b>(1,007,759)</b>	<b>1,790,302</b>	<b>(127,572)</b>	<b>654,971</b>
Net gain on dealing operations	1,115,025	6,257,922	945,098	8,318,045
Other operating income	-	-	122,973	122,973
<b>Other non interest income</b>	<b>1,115,025</b>	<b>6,257,922</b>	<b>1,068,071</b>	<b>8,441,018</b>
<b>General and administrative expenses:</b>				
Provision charge on interest bearing assets and contingent liabilities	(3,217,234)	(1,320,699)	(692,851)	(5,230,784)
Payroll expenses and bonuses	(6,115,998)	(2,803,132)	(1,419,951)	(10,339,081)
Expenses on intangible assets	(1,157,604)	(242,481)	(147,707)	(1,547,792)
The cost of maintaining buildings/ facilities	(600,653)	(83,642)	(49,140)	(733,435)
Other administrative expenses	(568,121)	(286,730)	(285,342)	(1,140,193)
Advertising expenses	(155,762)	(97,426)	(94,163)	(347,351)
Other operating expenses	(925,011)	(414,624)	(416,625)	(3,756,260)
<b>Profit before income tax</b>	<b>11,193,935</b>	<b>3,036,101</b>	<b>21,697,922</b>	<b>35,927,958</b>
Income tax expense	(108,048)	(607,220)	(1,208,980)	(1,924,248)
<b>Net profit for the year</b>	<b>11,085,887</b>	<b>2,428,881</b>	<b>20,488,942</b>	<b>34,003,710</b>

### 31 Segment Analysis (Continued)

Segment information for 2022 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Retail banking</b>	<b>Corporate banking</b>	<b>Treasury</b>	<b>Total</b>
<b>Continuing operations</b>				
Interest income calculated using the effective interest rate method	6,800,722	430,555	55,812,819	63,044,096
Interest and other expenses	7,487,378	-	(35,905,698)	(28,418,320)
<b>Net interest income</b>	<b>14,288,100</b>	<b>430,555</b>	<b>19,907,121</b>	<b>34,625,776</b>
Fee and commission income	3,256,936	1,969,991	-	5,226,927
Fee and commission expense	(3,704,224)	(231,988)	(124,482)	(4,060,694)
<b>Net fee and commission income</b>	<b>(447,288)</b>	<b>1,738,003</b>	<b>(124,482)</b>	<b>1,166,233</b>
Net gain on dealing operations	1,943,801	7,364,531	1,136,335	10,444,667
Other operating income	-	-	39,322	39,322
<b>Other non interest income</b>	<b>1,943,801</b>	<b>7,364,531</b>	<b>1,175,657</b>	<b>10,483,989</b>
<b>General and administrative expenses:</b>				
(Recovery)/provision charge on interest bearing assets and contingent liabilities	(2,989,501)	(3,551,171)	(85,015)	(6,625,687)
Payroll expenses and bonuses	(4,726,989)	(2,630,607)	(1,118,463)	(8,476,059)
Expenses on intangible assets	(948,302)	(348,751)	(182,479)	(1,479,532)
The cost of maintaining buildings/facilities	(449,885)	(168,663)	(72,034)	(690,582)
Other administrative expenses	(467,858)	(248,979)	(283,612)	(1,000,449)
Advertising expenses	(55,378)	(53,292)	(52,510)	(161,180)
Other operating expenses	(745,859)	(21,747)	(218,219)	(985,825)
<b>Profit before income tax</b>	<b>5,400,841</b>	<b>2,509,879</b>	<b>18,945,964</b>	<b>26,856,684</b>
Income tax expense	(520,164)	(241,730)	(1,824,716)	(2,586,610)
<b>Net profit for the year</b>	<b>(4,880,677)</b>	<b>2,268,149</b>	<b>17,121,248</b>	<b>24,270,074</b>

### 32 Events after the end of the Reporting Period

There are no events after the end of the reporting period.