Joint Stock Company Freedom Finance

Consolidated Financial Statements and
Independent Auditor's Report
For the Year Ended 31 December 2023

Joint Stock Company Freedom Finance

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Joint Stock Company Freedom Finance

Statement of Management's Responsibilities
For the Preparation and Approval of the Consolidated Financial Statements
For the year ended 31 December 2023

Management of JSC Freedom Finance is responsible for the preparation of the consolidated financial statements that present fairly the financial position of JSC Freedom Finance and its subsidiaries (collectively – "the Group") as at 31 December 2023, and the related consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and of material accounting policy information and notes to the consolidated financial statements (the "consolidated financial statements") in compliance with International Financial Reporting Standards ("IFRS").

In preparing the consolidated 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 Group's financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with legislation of the Republic of Kazakhstan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

The consolidated financial statements of the Group for the year ended 31 December 2023 were approved by the Management Board on 12 June 2024.

On behalf of the Management Board:

Lukyanov S.N.	**Khon T.E.**
Chairman of the Management Board	**Chief Accountant**
12 June 2024	12 June 2024
Almaty, Kazakhstan	Almaty, Kazakhstan

Қазақстан Республикасы Алматы қ. АКЦИОНЕРЛІК ҚОҒАМЫ Фридом Финанс №1 АКЦИОНЕРНОЕ ОБЩЕСТВО БИН/БСН 061140003010 Республика Казахстан г. Алматы

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INDEPENDENT AUDITOR'S REPORT

To Shareholder and the Board of Directors of Joint Stock Company Freedom Finance:

Opinion

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

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

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

Emphasis of Matter

We draw attention to Note 4 to the financial statements, which describes the restatement of corresponding figures as 31 December 2022 and for the year ended 31 December 2022. Our opinion in not modified in respect of this matter.

Key Audit Matters

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

Why the matter was determined to be a key audit matter	How the matter was addressed in the audit
Valuation of securities classified as at fair value through profit or loss	
As at 31 December 2023, financial assets classified as measured at fair value through profit or loss ("FVTPL") of KZT 1,428,997,529 thousand comprise securities issued by a range of institutions, including those where the Group provided market-making services. These include traded equity and debt securities, whose valuation is dependent upon the quotes from a market maker, set up by them as of the reporting date and which are subject to possible manipulation or errors. As securities of the Group are measured at fair value using market maker quotes at each reporting date, incorrect asset pricing or failure to determine proper market quotes could have an impact on the valuation of securities at FVTPL and the Group's results, respectively. Given the significance of the securities account balance to the consolidated financial statements, we believe it is a key audit matter to verify that market quotes used by the Group as of the reporting date correspond to independent pricing sources. In addition, these estimates may be subject to the potential risk of management override of controls, which has a pervasive effect on the consolidated financial statements. Refer to Note 17 for the disclosure of such securities, to Note 33 for the description of internal regulations on securities accounting and to Note 34 for the description of risk management policies in relation to such securities.	We gained an understanding of the processes and control procedures over management's approval and valuation of securities. On a sample basis, we selected balances of securities as of the reporting date and analyzed if the valuation of them were appropriately approved in accordance with the Group's internal regulations. For selected balances, we compared the valuation for the accounting purpose with the market quotes from independent pricing sources as at the reporting date and recalculated the fair value of the respective securities. We have also checked the appropriateness of classification of fair value hierarchy in accordance with IFRS requirements. We have tested the existence of the selected balances of securities by comparing quantity data to independently received third party confirmations from investment custodians. We evaluated the adequacy and completeness of disclosures in the consolidated financial statements relating to the securities classified as at fair value through profit or loss in accordance with IFRS requirements.

Why the matter was determined to be a key audit matter	How the matter was addressed in the audit
Transition to IFRS 17	
On 1 January 2023, the Group implemented IFRS 17, Insurance Contracts. As part of IFRS 17 implementation, the Group developed and implemented new complex methodologies, models and assumptions required by the new standard and remeasured insurance contract liabilities. As described in Note 4, the Group applied the Modified Retrospective approach and Fair Value approach for contracts issued before 1 January 2022. Due to the complexity of methodology and models, we identified the transition to IFRS 17 and subsequent measurement of contractual service margin as a key audit matter. Refer to Notes 3 and 4 to the consolidated financial statements for the description of the Group's accounting policy and disclosures of insurance contract liabilities.	We obtained an understanding of the controls over calculation of insurance contract liabilities and revenue estimation performed in accordance with IFRS 17 requirements and Group's methodology. We have involved our actuarial specialists for evaluation of methodology, models and assumptions in relation to IFRS 17, focusing on changes unlocking contractual service margin and contractual service margin amortization in revenue, and considered the suitability of the transition approach applied and tested on a sample basis the accuracy of the underlying calculations. We evaluated whether the actuarial methodology, models and assumptions used to calculate the components of insurance contract liabilities - fulfillment cash flows, risk adjustment, contractual service margin, and loss component are functioning as intended, in line with the requirements of IFRS 17 and the financial reporting framework as of the transition date and subsequent measurement.

Other Matter - Supplementary Financial Information

Our audit was conducted to form an opinion of the consolidated financial statements taken as a whole. Information related to the statements of net assets position of mutual investment funds, which is disclosed as supplementary financial information in Note 36, is presented for the purpose of additional analysis and is not part of these consolidated financial statements. Such supplementary financial information has been prepared by Management of the Group in accordance with investment portfolio managing rule No.10 dated 3 February 2014 approved by the Management Board of the National Bank of the Republic of Kazakhstan and has been subjected to the auditing procedures applied in our audit of the consolidated financial statements. In our opinion, the supplementary information has been properly prepared, in all material respects, in relation to the Group's consolidated financial statements taken as whole.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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

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

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

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

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

Roman Sattarov
Engagement Partner
Qualified Auditor
Qualification certificate
No. MF-0000149
dated 31 May 2013

Zhangir Zhilysbayev
General Director
Deloitte LLP

State Audit License of the
Republic of Kazakhstan
No.0000015,
type MFU-2, issued by the
Ministry of Finance of the
Republic of Kazakhstan
dated 13 September 2006

12 June 2024
Almaty, Republic of Kazakhstan

Joint Stock Company Freedom Finance

Consolidated Statement of Profit or Loss
For the Year Ended 31 December 2023
(in thousands of Kazakhstani Tenge)

	Notes	Year ended 31 December 2023	Year ended 31 December 2022*
Interest income on financial assets at fair value through profit or loss	5	152,949,183	52,427,564
Interest income calculated using the effective interest method	5, 32	76,538,793	14,378,112
Interest income on financial assets at fair value through other comprehensive income	5	26,561,600	10,181,149
Interest expense	5, 32	(181,923,335)	(58,020,628)
NET INTEREST INCOME BEFORE EXPECTED CREDIT LOSSES	**5**	**74,126,241**	**18,966,197**
Expected credit losses	15, 16, 20, 21	(13,935,318)	(5,256,174)
NET INTEREST INCOME		**60,190,923**	**13,710,023**
Insurance revenue	6, 32	68,673,581	18,971,688
Insurance services expenses	6, 32	(50,439,414)	(14,264,980)
Net expense from reinsurance contracts held	6	(3,377,252)	(1,657,571)
INSURANCE SERVICE RESULTS	**6**	**14,856,915**	**3,049,137**
Finance expense from insurance activities	7	(4,868,730)	(3,343,459)
Finance income from reinsurance contracts held	7	31,859	70,418
RESULTS FROM INSURANCE ACTIVITIES		**10,020,044**	**(223,904)**
Fee and commission income	8, 32	26,621,780	22,839,815
Fee and commission expense	8, 32	(13,569,115)	(11,801,026)
Net gain on financial assets at fair value through other comprehensive income	9	6,937,970	3,532,264
Net (loss)/gain on financial assets at fair value through profit or loss	10	(20,060,402)	17,537,317
Net gain on foreign exchange operations	11, 32	38,033,521	16,415,893
Dividend income		1,464,439	456,756
Other income		515,352	470,298
NET NON-INTEREST INCOME		**39,943,545**	**49,451,317**
Operating expenses	12, 32	(52,522,880)	(22,401,722)
PROFIT BEFORE INCOME TAX		**57,631,632**	**40,535,714**
Income tax expense	13	(787,908)	(84,121)
NET PROFIT FOR THE YEAR		**56,843,724**	**40,451,593**
BASIC AND DILUTED EARNINGS PER SHARE	**14**	**4.78**	**4.04**

*The Group started applying IFRS 17 from 1 January 2022. As a result of the adoption of IFRS 17, the Group has changed the presentation of certain financial statements line items (see Note 4). The comparative information has been recalculated in accordance with Note 4.

On behalf of the Management Board:

Lukyanov S.N.
Chairman of the Management Board

12 June 2024
Almaty, Kazakhstan

Khon T.E.
Chief Accountant

12 June 2024
Almaty, Kazakhstan

Республикасы Алматы Казахстан АКЦИОНЕРЛІК ҚОҒАМЫ №1 Фридом Финанс АКЦИОНЕРНОЕ ОБЩЕСТВО БИН/БСН 061140003010 Республика Казахстан г. Алматы

The notes on pages 14-108 form an integral part of these consolidated financial statements.

Joint Stock Company Freedom Finance

Consolidated Statement of Other Comprehensive Income
For the Year Ended 31 December 2023
(in thousands of Kazakhstani Tenge)

	Year ended 31 December 2023	Year ended 31 December 2022
NET PROFIT FOR THE YEAR	**56,843,724**	**40,451,593**
OTHER COMPREHENSIVE INCOME	-	-
Items that may be reclassified subsequently to profit or loss:		
Land and buildings revaluation reserve	414,575	3,510
Net loss on revaluation of financial assets at fair value through other comprehensive income, net of income tax of KZT Nil	2,121,482	542,784
Reserves for expected credit losses on financial assets valued at fair value through other comprehensive income	45,269	78,591
TOTAL COMPREHENSIVE INCOME	**59,425,050**	**41,076,478**

On behalf of the Management Board:

Lukyanov S.N.
Chairman of the Management Board

12 June 2024
Almaty, Kazakhstan

Khon T.E.
Chief Accountant

12 June 2024
Almaty, Kazakhstan

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Joint Stock Company Freedom Finance

Consolidated Statement of Financial Position
As at 31 December 2023
(in thousands of Kazakhstani Tenge)

	Notes	31 December 2023	31 December 2022*
ASSETS:			
Cash and cash equivalents	15	236,278,909	263,348,476
Due from banks	16	45,803,762	46,860,696
Financial assets at fair value through profit or loss	17, 32	1,428,997,529	785,903,618
Financial assets at amortised cost	18, 32	101,521,611	-
Financial assets at fair value through other comprehensive income	19, 32	169,669,055	144,410,380
Loans to customers	20, 32	608,445,229	295,357,158
Accounts receivable	21, 32	3,758,185	3,627,032
Reinsurance contract assets	22	1,508,300	2,790,984
Insurance contract assets	22	347,885	435,074
Current income tax assets		259,820	841,119
Right-of-use assets	23	6,152,073	3,797,963
Property, equipment and intangible assets	24	20,810,400	12,372,590
Goodwill		739,520	739,520
Other assets	25, 32	5,984,992	3,619,387
TOTAL ASSETS		**2,630,277,270**	**1,564,103,997**
LIABILITIES AND EQUITY			
LIABILITIES:			
Securities repurchase agreement obligations	26	1,281,048,382	534,542,459
Due to credit institutions	27	21,822,653	21,997,127
Customer accounts and deposits of customers	28	750,478,105	622,486,736
Payable for acquisition		-	5,988,020
Trade payables		1,646,224	815,362
Financial liabilities at fair value through profit and loss		373,717	-
Deferred income tax liabilities	13	1,245,661	349,417
Reinsurance contract liabilities	22	172,687	517,718
Insurance contract liabilities	22, 32	96,472,257	69,549,492
Liabilities from continuing participation	20	224,613,598	147,906,555
Lease liabilities	29	6,518,954	3,963,869
Other liabilities	25, 32	7,798,728	3,314,015
TOTAL LIABILITIES		**2,392,190,966**	**1,411,430,770**
EQUITY:			
Share capital	30	98,510,824	66,822,797
Additional paid-in capital		11,406,927	17,106,927
Financial assets at fair value through other comprehensive income revaluation reserve		2,793,565	625,163
Other reserves		117,516	1,332,153
Retained earnings		125,257,472	66,786,187
TOTAL EQUITY		**238,086,304**	**152,673,227**
TOTAL LIABILITIES AND EQUITY		**2,630,277,270**	**1,564,103,997**

*The Group started applying IFRS 17 from 1 January 2022. As a result of the adoption of IFRS 17, the Group has changed the presentation of certain financial statements line items (see Note 4). The comparative information has been recalculated in accordance with Note 4.

On behalf of the Management Board:

Lukyanov S.N.
Chairman of the Management Board

12 June 2024
Almaty, Kazakhstan

Khon T.E.
Chief Accountant

12 June 2024
Almaty, Kazakhstan

The notes on pages 14-108 form an integral part of these consolidated financial statements.

Joint Stock Company Freedom Finance

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2023
(in thousands of Kazakhstani Tenge)

	Notes	Share capital-ordinary shares	Additional paid-in capital	Financial assets at fair value through other comprehensive income revaluation reserve	Other reserves*	Retained earnings	Total equity
31 December 2021		**61,422,794**	**2,978,199**	**278**	**-**	**32,010,317**	**96,411,588**
Net income		-	-	-	-	40,940,278	**40,940,278**
Other comprehensive income		-	-	624,885	-	-	**624,885**
Total comprehensive		-	-	**624,885**	**-**	**40,940,278**	**41,565,163**
Issue of share capital	30	5,400,003	5,700,000	-	-	-	**11,100,003**
Business combination under common control		-	8,428,728	-	-	-	**8,428,728**
Other reserves*		-	-	-	1,332,153	(1,332,153)	**-**
31 December 2022		**66,822,797**	**17,106,927**	**625,163**	**1,332,153**	**71,618,442**	**157,505,482**
Effect of the adoption of IFRS 17		-	-	-	-	(4,832,255)	**(4,832,255)**
1 January 2023 (restated)		**66,822,797**	**17,106,927**	**625,163**	**1,332,153**	**66,786,187**	**152,673,227**
Net income		-	-	-	-	56,843,724	**56,843,724**
Other comprehensive income		-	-	2,168,402	412,924	-	**2,581,326**
Total comprehensive income		**-**	**-**	**2,168,402**	**412,924**	**56,843,724**	**59,425,050**
Issue of share capital	30	31,688,027	(5,700,000)	-	-	-	**25,988,027**
Other reserves*		-	-	-	(1,627,561)	1,627,561	**-**
31 December 2023		**98,510,824**	**11,406,927**	**2,793,565**	**117,516**	**125,257,472**	**238,086,304**

*The Group recognizes income in the form of insurance premiums under contracts of compulsory employee accident insurance in the performance of their labour (official) duties (hereinafter referred to as CEAI), considering the correction factor. The reserve of unearned premiums in the Group's consolidated financial statements under CEAI contracts is formed based on the amount of the insurance premium, considering the correction factor. The difference between the calculated reserve of unearned premiums with the correction factor and the reserve of unearned premiums without the correction factor, the Group considers in equity, as part of other reserves, due to retained earnings of the current reporting period.

On behalf of the Management Board:

Lukyanov S.N.
Chairman of the Management Board

12 June 2024
Almaty, Kazakhstan

Khon T.E.
Chief Accountant

12 June 2024
Almaty, Kazakhstan

Республикасы Алматы Қазақстан АКЦИОНЕРЛІК ҚОҒАМЫ №1 Фридом Финанс АКЦИОНЕРНОЕ ОБЩЕСТВО БИН/БСН 061140003010 Республика Казахстан г. Алматы

The notes on pages 14-108 form an integral part of these consolidated financial statements.

Joint Stock Company Freedom Finance

Consolidated Statement of Cash Flows
For the Year Ended 31 December 2023
(in thousands of Kazakhstani Tenge)

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		57,631,632	40,535,714
Adjustments for:			
Unrealized gain on financial assets at fair value through profit or loss	10	(15,905,872)	(20,469,520)
Expected credit losses	15, 16, 20, 21	13,935,318	5,256,174
Net unrealised loss/(gain) on foreign exchange operations		1,025,487	(1,640,232)
Loss on disposal of property, equipment and intangible assets		21,874	5,091
Depreciation and amortization of property, equipment and intangible assets	12, 24	1,731,805	841,080
Depreciation of right-of-use assets	12, 23	1,548,059	658,673
Interest expense on lease liability	5, 23	783,840	157,853
Net realised gain on financial assets at fair value through other comprehensive income	9	(5,662,911)	(3,848,899)
Change in other reserves		-	-
Accrued unused vacation expense	25	888,362	614,922
Net change in accrued interest		(59,714,775)	(18,112,309)
Cash flows (used in)/from operating activities before changes in operating assets and liabilities		**(3,717,181)**	**3,998,547**
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets:			
Due from banks		5,377	(43,612,587)
Assets under reinsurance agreements		1,282,684	465,819
Assets under insurance agreements		87,189	(466,004)
Lease recognition		(156,772)	(20,640)
Financial assets at fair value through profit or loss		(580,397,343)	(349,946,756)
Financial assets measured at amortised cost		(93,400,381)	-
Accounts receivable		(2,064,820)	(2,927,733)
Loans to customers		(319,821,543)	(279,917,941)
Other assets		(1,671,154)	(685,683)
Increase/(decrease) in operating liabilities:			
Securities repurchase agreement obligations		743,553,987	204,169,982
Liabilities under insurance agreements		26,922,765	13,319,029
Liabilities under reinsurance agreements		(345,031)	503,757
Financial liabilities through profit and loss		393,726	(3,904,324)
Customer accounts and deposits of customers		127,303,874	520,116,916
Due to credit institutions		(174,474)	18,168,698
Liabilities from continuing participation		76,707,045	147,906,554
Trade payables		830,862	590,948
Other liabilities		3,007,696	995,674
Cash flows (used in)/from operating activities before taxation and claims paid		**(21,653,494)**	**228,754,256**
Income tax paid	13, 25	696,991	62,843
Net cash flows (used in)/from operating activities		**(20,956,503)**	**228,817,099**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, equipment and intangible assets	24	(9,873,339)	(5,617,678)
Purchase of financial assets at fair value through other comprehensive income		(134,170,394)	(35,198,004)
Proceeds on sale of property, equipment and intangible assets		9,036	70,207
Proceeds on sale of investments at fair value through other comprehensive income		119,547,329	30,449,914
Consideration paid for acquisition of Freedom Finance Insurance		(5,988,020)	(723,043)
Consideration paid for acquisition of London-Almaty		-	(7,325,983)
Cash received at acquisition of JSC Freedom Life		-	206,212
Cash received at acquisition of JSC Freedom Insurance		-	235,353
Cash received at acquisition of London-Almaty		-	3,782,909
Consideration paid to FF Life		-	(5,398,268)
Net cash flows used in investing activities		**(30,475,388)**	**(19,518,381)**

Joint Stock Company Freedom Finance

Consolidated Statement of Cash Flows (Continued)
For the Year Ended 31 December 2023
(in thousands of Kazakhstani Tenge)

	Notes	Year ended 31 December 2023	Year ended 31 December 2022*
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of lease liabilities	29	(1,997,939)	(905,513)
Proceeds from issue of shares	30	25,988,027	5,400,003
Proceeds from additional paid-in-capital		-	5,700,000
Repayment of redeemed debt securities issued			
Net cash flows from financing activities		**23,990,088**	**10,194,490**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(27,441,803)	219,493,208
Effect of changes in foreign exchange rate on cash and cash equivalents		372,236	(485,818)
CASH AND CASH EQUIVALENTS, beginning of the year	15	**263,348,476**	**44,341,086**
CASH AND CASH EQUIVALENTS, end of the year	15	**236,278,909**	**263,348,476**

Interest received and paid by the Group during the year ended 31 December 2023, amounted to KZT 192,712,288 thousand (2022: KZT 55,835,047 thousand) and KZT 178,308,00 thousand (2022: KZT 56,269,984 thousand), respectively.

On behalf of the Management Board:

Lukyanov S.N.
Chairman of the Management Board

12 June 2024
Almaty, Kazakhstan

Khon T.E.
Chief Accountant

12 June 2024
Almaty, Kazakhstan

The notes on pages 14-108 form an integral part of these consolidated financial statements.

1. Organization

JSC Freedom Finance ("the Company") and its subsidiaries (collectively - "the Group") provide brokerage, underwriting, market making services principally in Kazakhstan and Kyrgyzstan and banking and insurance services in Kazakhstan. The Company is a Joint Stock Company registered in the Republic of Kazakhstan on 1 November 2006 as JSC Seven Rivers Capital and re-registered under the current name on 9 September 2013. The Company was renamed and re-registered according to the decision #28 of LLC Investment Company Freedom Finance, the sole shareholder of the Group ("the Parent") since 26 August 2013. On November 2022, Freedom Holding Corp. became the 100% direct owner of the Company. The Group is regulated by the National Bank of the Republic of Kazakhstan ("the NBRK") and the Agency of the Republic of Kazakhstan for the regulation and development of the financial market ("the Agency"). The Company operates under licenses No. 0403201437 dated 21 March 2007 in brokerage and dealing activities on capital markets with the right of book keeping as the nominee holder and No. 040120061 dated 21 March 2007 in investment portfolio management issued by the NBRK. The above licenses have been replaced by the NBRK with a single license No. 4.2.111/218 dated 3 July 2014 in brokerage and dealing activities on capital markets with the right of book keeping as the nominee holder and investment portfolio managements issued by the NBRK.

Due to the change in the legal address of the Company, on 2 October 2018, the existing license was renewed for a new license No. 3.2.238/15 in brokerage and dealing activities on capital markets with the right of book keeping as the nominee holder and investment portfolio managements without the right to attract voluntary pension contributions.

On 4 February 2020, the Company received a license № 4.3.12 to conduct banking operations in foreign currency, which gives the right to conduct exchange operations with foreign currency, with the exception to conducting petty cash foreign exchange operations.

Subsidiary JSC Bank Freedom Finance Kazakhstan ("the Bank") operates under license No. 1.1.260 for carrying out banking and other operations and activities on the securities market. The Bank is a member of the obligatory deposit insurance system provided by the JSC Kazakhstan Deposit Insurance Fund.

Subsidiary JSC Freedom Finance Insurance initially possessed insurance license for insurance and reinsurance activities in the general insurance sector #2.1.50 dated 23 October 2009 issued by the NBRK. Due to a change in name from Joint Stock Company "Insurance Company "Trust Insurance" to Joint Stock Company "Insurance Company "Freedom Finance Insurance", on 29 October 2018, JSC Freedom Finance Insurance underwent state re-registration and on 14 November 2018 the license No. 2.2.51 was re-registered. On 24 November 2022, the license was updated.

Subsidiary JSC Freedom Finance Life for the first time received a license to carry out insurance and reinsurance activities in the life insurance industry No. 2.2.48 dated 30 January 2015, issued by the NBRK. In connection with the change in the name from Joint Stock Company "Asia Life" to Joint Stock Company "Freedom Finance Life", on 29 October 2018, the procedure for re-registration of the JSC Freedom Finance Life was carried out and on 14 November 2018, license No. 2.2.48 was reissued. On 28 May 2019, the procedure for reissuing license No. 2.2.51 was carried out and the right to carry out activities in the compulsory form of insurance - tourist insurance was obtained. On 28 December 2022, JSC Freedom Finance Life obtained the right of voluntary insurance – life insurance in the framework of the educational annuity system and received renewed license No 2.2.14 issued by the Agency.

(in thousands of Kazakhstani Tenge)

As at 31 December 2023 and 2022, the shareholders structure is presented in the table below and the ultimate controlling party is Turlov T.R.

	31 December 2023	31 December 2022
Freedom Holding Corp.	100%	100%
	100%	**100%**

On 11 November 2022, Freedom Holding Corp. has finalized the transaction for the purchase of 90.43% of the share capital of the Group from LLC Investment Company Freedom Finance as part of a corporate restructuring, as a result of which Freedom Holding Corp. became the 100% direct owner of the Group. The transaction was finalized after receipt of the regulatory approval in Kazakhstan.

The principal activities of the Group are operations in the professional securities market, securities market advisory services, brokerage and dealing, distribution and underwriting of securities, securities trading as an agent in the Group's own right and rendering of asset management services, insurance and banking services.

During 2023 and 2022, the Group managed mutual investment funds Fixed Income ("Fund 1") and Goodwill ("Fund 2"). As at 31 December 2023 and 2022, the net assets of Fund 1 amounted to KZT 4,841,130 thousand and KZT 4,760,298 thousand, respectively, and the net assets of Fund 2 amounted to KZT 774,627 thousand and KZT 581,119 thousand, respectively (Note 36).

The Group has a listing with the Kazakhstan Stock Exchange ("KASE") and is a participant on Astana International Exchange ("AIX").

The Group's registered legal address is Al Farabi ave., building 77/7, business center Esentai Tower, Almaty, the Republic of Kazakhstan.

As at 31 December 2023, the Group had 14 branch offices in major cities of Kazakhstan and 1 branch office in Kyrgyzstan (31 December 2022 – 11 and 1, respectively).

These consolidated financial statements have been approved by the Management Board of the Group on 12 June 2024.

2. Material accounting policy information

Statement of compliance

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

These consolidated financial statements have been prepared assuming that the Group is a going concern, as the Group have the resources to continue in operation for the foreseeable future. In making this assessment the management have considered a wide range of information in relation to present and future economic conditions, including projections of cash flows, profit and capital resources.

These consolidated financial statements are presented in thousands of Kazakhstani tenge ("KZT thousand"), unless otherwise indicated.

These consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non-current) is presented in Note 34.

Functional currency

Items included in the consolidated financial statements of the Group's are measured using the currency of the primary of the economic environment in which the entity operates ("the functional currency"), which is the Kazakhstani tenge ("tenge"). The presentational currency of the consolidated financial statements of the Group is tenge, as well. All values are rounded to the nearest thousand tenge, except when otherwise indicated.

(in thousands of Kazakhstani Tenge)

Consolidated subsidiaries

These consolidated financial statements include the following subsidiaries:

Subsidiary	Holding %		Country	Industry
	31 December 2023	31 December 2022		
JSC Bank Freedom Finance Kazakhstan	100	100	Kazakhstan	Banking
JSC Freedom Finance Life	100	100	Kazakhstan	Insurance
JSC Freedom Finance Insurance	100	100	Kazakhstan	Insurance

As at 31 December 2023 and 2022, there were no dividends declared by the subsidiaries.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense is not offset in the consolidated statement of profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entity controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiaries begins when the Company obtains control over the subsidiaries and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated profit or loss account from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to any non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to any non-controlling interests ("NCI") even if this results in any non-controlling interests having a deficit balance.

When necessary, adjustments are made to the consolidated financial statements of the subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the NCI are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the NCI are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Group.

When the Group loses control of a subsidiary, the gain/loss on disposal recognized in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiaries and any NCI. All amounts previously recognised in OCI in relation to that subsidiaries are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiaries (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiaries at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities are recognized and measured in accordance with IAS 12 *Income Taxes ("IAS 12");*
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment ("IFRS 2")* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5")* are measured in accordance with that standard.

Business combination under common control

A business combination involving business entities under common control is a business combination whereby all of the combining business entities are ultimately controlled by the same party or parties, both before and after the business combination, and that control is not transitory.

The effects of combinations of businesses under common control are accounted for by the Group by the pooling of interests method, assuming that: assets and liabilities of the combining business entities are measured at their carrying values as disclosed in the Group's consolidated financial statements, merger-related transaction costs are expensed in the consolidated statement of profit or loss, mutual balances are eliminated, any difference between the purchase price paid/transferred and the value of net assets acquired (at their carrying values disclosed in the consolidated financial statements) shall be recognized in equity of the acquirer.

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Revenue recognition

Recognition of interest income and expense

Interest income and expense for all financial instruments, except for financial assets measured or designated at fair value through profit or loss are recognized in "Net interest income/(expense)" as "Interest income calculated using the effective interest method" and "Interest expense", respectively, in the consolidated statement of profit or loss using the effective interest rate method.

The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at fair value through profit or loss ("FVTPL") transaction costs are recognized in profit or loss at initial recognition.

The interest income/interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortized cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortized cost of financial liabilities. For credit-impaired financial assets, the interest income is calculated by applying the EIR to the amortized cost of these assets (i.e. the gross carrying amount less the allowance for expected credit losses ("ECL")).

Interest income on financial instruments measured at fair value through profit or loss is included in "Interest income on financial assets at fair value through profit or loss" in the consolidated statement of profit or loss.

Recognition of income and expense on repurchase and reverse repurchase agreements

Gain/(loss) on the sale of the above instruments is recognized as interest income or expense in the consolidated statement of profit or loss based on the difference between the repurchase price accreted to date using the effective interest method and the sale price when such instruments are sold to the third parties. When the reverse repo/repo is fulfilled on its original terms, the effective yield/interest between the sales and repurchase price negotiated under the original contract is recognized using the effective interest method.

Recognition of dividend income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Fee and commission income

Fee and commission income is recognized to reflect the transfer of services to customers at an amount that reflects the consideration that is expected to be received in exchange for such services. The Group identifies the performance obligation, i.e. the services agreed with the customer, and the consideration, and recognizes income in line with the transfer of services, the performance obligation, agreed with the customer.

For each performance obligation identified, the Group determines at contract inception whether it satisfies the performance obligation over time or at a point in time, and whether the consideration is fixed or variable, including whether consideration is constrained by, for instance, external factors outside the Group 's influence. The consideration is subsequently allocated to the identified performance obligation.

Fee and commission income is primarily consists of fees from brokerage services, underwriting and market making services.

Recognition and measurement of financial instruments

The Group recognizes financial assets and liabilities in its consolidated statement of financial position when it becomes a party to the contractual obligations of the instrument. Regular way purchases and sales of financial assets and liabilities are recognized using settlement date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All financial assets are recognized and derecognized on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognized immediately in profit or loss.

All recognized financial assets that are within the scope of IFRS 9 *Financial Instruments* are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI"), are subsequently measured at amortized cost;
- Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income ("FVTOCI");
- All other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at fair value through profit or loss.

In accordance with IFRS 9, financial assets are classified as follows:

- Debt instruments measured at amortized cost;
- Debt instruments measured at FVTOCI;
- Debt instruments measured at FVTPL.
- Bank loans classified as assets at amortized cost are contained within the framework of a business model which aims to receive cash flows exclusively for repayment of unpaid interest and principal stipulated by loan agreement and that have contractual cash flows SPPI on the principal amount outstanding.

Debt instruments at amortized cost or at FVTOCI

The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Group 's business model for managing the asset.

For an asset to be classified and measured at amortized cost or at FVTOCI, its contractual terms should give rise to cash flows that are SPPI on the principal outstanding.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI.

The Group determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group 's business model does not depend on management's intentions for an individual instrument; therefore, the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Group considers all relevant information available when making the business model assessment. However, this assessment is not performed based on scenarios that the Group does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios.

The Group takes into account all relevant evidence available such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Group determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current reporting period, the Group has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognized, the cumulative gain/loss previously recognized in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss but transferred within equity. Debt instruments that are subsequently measured at amortized cost or at FVTOCI are subject to impairment.

Financial assets or financial liabilities at FVTPL

Financial assets at FVTPL are:

- Assets with contractual cash flows that are not SPPI; or/and
- Assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- Assets designated at FVTPL using the fair value option.

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL on initial recognition.
A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group 's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire hybrid (combined) contract to be designated as at FVTPL.

Financial liabilities at fair value through profit or loss, securities repurchase agreement obligations, trade payables and other financial liabilities are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis or at fair value.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial assets and liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 33.

Collateral

The Group obtains collateral in respect of customer liabilities where this is considered appropriate. The collateral normally takes the form of a lien over the customer's assets and gives the Group a claim on these assets for both existing and future customer liabilities.

Impairment of financial assets

The Group recognizes loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- Cash and cash equivalents;
- Due from banks;
- Financial assets at fair value through other comprehensive income;
- Accounts receivable;
- Loans to customers;
- Other financial assets.

No allowances for expected credit losses are recognized on equity investments.

Calculation of financial assets impairment is carried out taking into account the following factors:

- Impairment for treasury operations (investments in debt securities, reverse repurchase transactions, interbank loans and deposits, correspondent account transactions, accounts receivable under treasury transactions) is calculated taking into account the counterparty's rating, probability of default, duration of a transaction and the extent of loss in case of a default.
- Assets classified at fair value through profit or loss are not subject to impairment under IFRS 9.
- The expected credit losses for treasury operations are estimated on an individual basis (except for individual claims in the form of receivables).
- Impairment for accounts receivable is calculated on an individual basis and takes into account probability of default (based on historical credit loss experience), duration of a receivable and the extent of loss in case of a default.

Financial assets are segmented by stages in accordance with the following approach:

- Stage 1: There is no significant increase in credit risk since recognition of an asset, impairment is recognized as expected losses over the next 12 months;
- Stage 2: Significant increase in credit risk since recognition of an asset, impairment is recognized as expected losses over the life of a financial asset;
- Stage 3: Financial asset is in default or has signs of impairment.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of assets that share similar risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain of loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss, with the exception of equity investments designated as measured at FVTOCI, where the cumulative gain/loss previously recognized in other comprehensive is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit and loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, unrestricted balances on current accounts in banks with an original maturity of three months or less and the loans under reverse repurchase agreements with original maturity up to three months. Cash and cash equivalent are carried net of allowances for expected credit losses, if any.

Due from banks

In the normal course of business, the Group maintains current accounts or deposits for various periods of time with other banks. Due from banks with a fixed maturity term are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. Those that do not have fixed maturities are carried at cost. Amounts due from banks are carried net of any allowances for expected credit losses.

Property and equipment

Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation of assets commences when the assets are ready for their intended use. Depreciation on buildings is recognized on a straight-line basis in profit or loss. Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis at the following annual rates:

Vehicles	10%
Office equipment	20%
Intangible assets	25%
Buildings	5%
Leasehold improvements	10%
Servers and information storages	20%
Other	10%

Capital expenditures in leased property are depreciated over the lease term.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Annual amortisation rates for intangibles assets are accepted by the management in the range of 10% to 100%.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

Leases

Group as lessee

When the Group acts as lessee, leases are accounted for using the right-of-use model. Under this model, the Group:

(a) Recognizes right-of-use assets and lease liabilities in the consolidated statement of financial position;
(b) Recognizes depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

The right-of-use model does not apply for short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones). Lease payments for such leases are recognized as an expense on a straight-line basis and presented within “other expenses” in the consolidated statement of profit or loss.

Taxation

Income tax expense represents the sum of the current and deferred tax expense.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit before tax differs from net profit as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group 's current tax expense is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.
The carrying amount of deferred tax assets is reviewed at end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Operating taxes

Kazakhstan also has various other taxes, which are assessed on the Group 's activities. These taxes are included as a component of operating expenses in the consolidated statement of profit or loss.

Debt securities issued and subordinated debt

Debt securities issued and subordinated debt represent bonds issued by the Group, or other borrowings, which are accounted for according to the same principles used for customer accounts and deposits of customers and due to credit institutions. Any difference between proceeds received, net of debt issuance costs, and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Securities repurchase and reverse repurchase agreements

In the normal course of business, the Group enters into financial assets sale and purchase back agreements ("repos") and financial assets purchase and sale back agreements ("reverse repos"). Repos and reverse repos are utilized by the Group as an element of its treasury management.

A repo is an agreement to transfer a financial asset to another party in exchange for cash or other consideration and a concurrent obligation to reacquire the financial assets at a future date for an amount equal to the cash or other consideration exchanged plus interest. These agreements are accounted for as financing transactions. Financial assets sold under repo are retained in the consolidated financial statements and consideration received under these agreements is recorded as collateralized deposit received within repurchase agreements.

Assets purchased under reverse repos are recorded in the consolidated financial statements as cash placed on deposit collateralized by securities and other assets and are classified within cash and cash equivalents or due from banks.

The Group enters into securities repurchase agreements and securities lending transactions under which it receives or transfers collateral in accordance with normal market practice. Under standard terms for repurchase transactions in the Republic of Kazakhstan, the recipient of collateral has the right to sell or repledge the collateral, subject to returning equivalent securities on settlement of the transaction.

The transfer of securities to counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred.

Customer accounts and deposits of customers and due to credit institutions

Customer accounts and deposits of customers and due to credit institutions are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. Subsequently, amounts due are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method. If the Group purchases its own debt, it is removed from the consolidated statement of financial position and the difference between the carrying amount of the liability and the consideration paid is recognized in the consolidated statement of profit or loss.

Liabilities and assets under insurance contracts

Main types of insurance contracts issued and reinsurance contracts held:

The Group issues the following insurance products to which the following applies:

1. General model - insurance contracts without direct participation features:
   - endowment life insurance contracts;
   - annuity insurance (including pension annuities, employer's liability annuities and others).

2. Premium allocation approach - insurance contracts without direct participation features:
   - term-life insurance products;
   - employer's liability insurance;
   - Accident and health insurance.

Definitions and classifications

Products sold by the Group are classified as insurance contracts where the Group accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder in the event of an uncertain future event that adversely affects the policyholder.

Such an assessment is made for each contract separately on the date of conclusion of the contract. In making this assessment, the Group takes into account all of its substantive rights and obligations, whether they arise from contract, law or regulation.

The Group determines whether a contract contains significant insurance risk by assessing whether an insured event would result in the Group paying additional amounts to the policyholder that would be significant in any individual scenario that has commercial substance, even if the insured event is extremely unlikely or the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows under the insurance contract.

Combining a pool or series of insurance contracts

The Group does not currently enter into two or more contracts simultaneously with the same or related counterparty to fulfil one common business purpose. Accordingly, the Group is not required to account for the aggregate or series of such contracts as a single contract to reflect the substance of such contracts.

Identification of components from insurance and reinsurance contracts

In addition to providing insurance coverage, some insurance contracts issued by the Group may contain other components, such as an investment component, an embedded derivative, or a component that relates to the provision of distinct goods or services other than services under the insurance contract.

The Group evaluates its products to determine whether these components are distinct and whether they need to be separated and taken into account when applying other IFRS standards. Where these components are indistinct, they are accounted for together with the insurance component in accordance with IFRS 17.

Aggregation level

The Group identifies portfolios by aggregating insurance contracts that are exposed to similar risks and managed together. When grouping insurance contracts into portfolios, the Group takes into account the similarity of risks.

Each portfolio is divided into groups of contracts to which the recognition and measurement requirements of IFRS 17 apply.

At initial recognition, the Group separates contracts based on when they were issued. One group must include contracts issued within a 12-month period, and groups may be:

- a group of contracts that are onerous at initial recognition;
- a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
- a group of the remaining contracts in the portfolio.

Composition of groups of contracts created at initial recognition is not subsequently remeasured.

The Group determines the appropriate level at which reasonable and supportable information is available to assess whether contracts are onerous at initial recognition and whether contracts that are not onerous at initial recognition have a significant likelihood of becoming so subsequently.

Recognition

An entity recognizes a group of insurance contracts that it issues at the earlier of the following dates:

- start date of the coverage period for a group of contracts;
- the date when the first payment from the policy holder in the relevant group of contracts becomes due; and
- in relation to a group of onerous contracts - the date when this group becomes onerous (if the contract does not provide for a specific date for the first payment, then such date is considered the date of the first actual payment).

The Group include in one group of insurance contracts those contracts that were issued and meet the recognition criteria during the same 12 months.

Contract boundaries

The measurement of a group of insurance contracts includes all future cash flows expected to arise within the boundary of each contract in the group.

In determining what cash flows are under an insurance contract, the Group considers its actual rights and obligations under the terms of the contract, as well as applicable laws, regulations and normal business practices.

A substantive obligation to provide insurance contract services ends when the Group has the practical ability to reassess the risks of a particular policyholder and, as a result, to change the price or the level of benefits provided for the price to fully reflect the new level of risk. In pricing of the premiums the Group does not take into account risks that relate to periods after the date of reassessment. The assessment of the Group's boundaries is carried out at the level of an individual contract.

In determining whether all risks have been reflected in either the premium or benefit level, the Group considers all risks that would have been transferred to policyholders if the Group had issued contracts (or a portfolio of contracts) at the date of revaluation. Similarly, in determining whether the Group has a practical ability to set a price that reflects all the risks in a contract or portfolio of contracts, it takes into account all the risks that it would have taken into account if it had entered into similar contracts on the renewal date for the remainder of the services.

The Group evaluates the scope of the insurance contract at initial recognition and at each subsequent reporting date to consider the effect of changes in circumstances on the Group's actual rights and obligations.

Measurement of insurance contracts issued and reinsurance contracts held

There are three models for assessing insurance contracts:

- Premium Allocation Approach ("PAA"): The Group applies this simplified approach to insurance and reinsurance contracts for contracts with boundaries less than one year. The Group applies simplified approach for the insurance and reinsurance contracts held with contract boundaries over year if those contracts passed PAA eligibility test. PAA approach is eligible for Group's short-term individual and group products and reinsurance contracts held.
- Variable Fee Approach ("VFA"): The Group doesn't apply this approach since the Group's contracts without direct participation features are not eligible for VFA.
- General Measurement Model ("GMM"): The Group applies this model to the remaining insurance contracts not valued using PAA and VFA.

Measurement of insurance contracts issued using the General Model

Initial recognition

At initial recognition, the Group measures a group of insurance contracts as the sum of future contractual cash flows and contractual service margin ("CSM"), which represents the unearned profit on services to be provided under those contracts.

Cash flows for fulfilling obligations include estimates of future cash flows adjusted for the time value of money and financial risks, as well as an adjustment for non-financial risk. When determining cash flows for fulfilling obligations, the Group uses estimates and assumptions taking into account a number of scenarios and gives a reliable idea of possible results.

If cash flows from fulfilling obligations generate a total of net cash inflows at initial recognition, a CSM is created to fully offset cash flows from fulfilling obligations and has no effect on income at initial recognition. CSM represents the unearned profit that the Group recognizes when providing services under insurance contracts. However, if the cash flows from fulfilling obligations generate a total net cash outflow at initial recognition, the loss is immediately recognized in profit or loss, and the group of contracts is considered onerous.

Cash flows for the fulfillment of contracts that are within the framework of insurance contracts

Contract cash flows represent a current, unbiased, probability-weighted estimate of the present value of future cash flows, including a risk adjustment for non-financial risk. In determining the probability-weighted average, the Group considers a number of scenarios to determine the full range of possible outcomes, including all reasonable and supportable information about the amount, timing and uncertainty of such future cash flows that is available without undue cost or effort. Estimates of future cash flows reflect conditions existing at the measurement date, including assumptions made as of that date about the future.

The Group estimates expected future cash flows for a group of contracts at the contract level and allocates them among the groups in that portfolio in a systematic and rational manner.

When estimating future cash flows, the Group includes all cash flows under insurance contracts, including:

- Premiums and any additional cash flows resulting from the payment of these premiums;
- Claims that have already been reported but have not been paid yet, claims that have incurred in respect of events that have already occurred but claims for those events have not been reported yet, and all future claims and potential reimbursements from future insurance claims covered by existing insurance contracts;
- Distribution of acquisition cash flows attributable to the portfolio to which the issued contract belongs;
- Claim handling costs, maintenance expenses, including recurring commissions expected to be paid to intermediaries only for policy administration services (recurring commissions, which are acquisition cash flows, are taken into account in estimating future cash flows).

The Group recognizes and measures a liability for unpaid amounts arising across all groups in the aggregate and does not allocate such fulfillment cash flows to specific g if contractual coverage has been provided.

The Group updates its estimates using all new information available, as well as historical and trend information. The Group determines its current expectations regarding the likelihood of future events. In developing new estimates, the Group considers recent experience and earlier experience, as well as other information.

Contractual service margin

The Group estimates the contractual service margin at initial recognition of a group of insurance contracts at an amount that, except for onerous contracts, resulting in no gain recognised in profit or loss arising from:

- the expected fulfillment cash flows of the group;
- the derecognition of an asset in relation to the acquisition cash flows of this Group of any other asset or liability previously recognized in relation to the cash flows associated with this group of contracts;
- cash flows arising under the contracts of this Group as of the specified date.

If a group of contracts is onerous, the Group will recognize a loss on initial recognition, resulting in the carrying amount of the liability for that group being equal to the fulfilment cash flows and the margin for contractual services for that group of contracts being zero.

At initial recognition, the Group determines the group's coverage units. The Group then allocates the group's contractual service margin based on the units of coverage units provided during the reporting period.

The Group takes the present value of future benefits as a coverage unit.

Subsequent measurement under the General Model

In estimating the total future fulfilment cash flows, the Group distinguishes between those relating to already incurred claims and those relating to future services.

At the end of each reporting period, the carrying amount of the group of insurance contracts will reflect the current estimate of the liability for the remaining coverage as at that date and a current estimate of the liability for incurred claims, adjusted for time value.

The liability for remaining coverage represents the Group's obligations to pay valid claims under existing insurance contracts in respect of insured events that have not yet occurred, to pay amounts that are associated with services under the insurance contract that have not yet been provided (that is, obligations that are associated with the provision of services under the insurance contract in the future), as well as investment components and other amounts that are not related to the provision of services under the insurance contract in the future and were not included in the liability for incurred claims.

The liability for remaining coverage includes (a) the fulfilment cash flows relating to future services, (b) the CSM yet to be earned and (c) any outstanding premiums for insurance contract services already provided.

The liability for incurred claims includes the Group's obligations to pay valid claims in respect of insurance events that have occurred, including events that have already occurred but for which claims have not yet been reported, and other insurance costs incurred. It also includes the Group's obligations to pay amounts that the Group is contractually obligated to pay to the policyholder. These include the payment of investment components upon derecognition of the contract. The current measurement of the liability for incurred claims includes the cash flows for current and past services allocated to that group at the reporting date.

Changes in fulfillment cash flows

At the end of each reporting period, the Group is required to update the fulfillment cash flow information for the incurred claims liability and the remaining coverage liability to reflect current estimates of the amount, timing and uncertainty of future cash flows, as well as discount rates and other financial variables.

In accordance with the chosen accounting policy, the Group calculates changes in cash flows for fulfillment of contracts at the end of the reporting period, considering changes in non-financial assumptions, changes in discount rates and financial assumptions. The Group first calculates the changes in discount rates and financial assumptions for the cash flows on fulfilment of obligations (as expected at the beginning of the period) and then calculates the changes in those cash flows from changes in non-financial assumptions.
Experience adjustments are the difference between:

- the difference between the beginning of the period's estimate of the amounts expected to be received during the period and the actual cash flows for that period (and related cash flows such as acquisition cash flows and taxes on insurance premiums); or
- the difference between the beginning of the period's estimate of the amounts of expenses expected to be incurred during the period and the actual amounts of expenses incurred during the period (excluding acquisition costs for insurance contracts).

Experience adjustments related to current or prior period services are recognized in profit or loss. For claims that have occurred (including those that have already occurred but for which claims have not yet been reported) and other insurance services expenses incurred, experience adjustments always apply to current or past service. They are included in profit or loss as part of insurance service expenses.

Experience adjustments relating to future service are included in the remaining coverage liability by adjusting the contractual service margin. The release of contractual service margin depends on whether the contract does not participate, participates indirectly, or directly participates in the performance of the specified underlying items.

At the end of each reporting period, the Group re-estimates the LRC fulfillment, updating for changes in assumptions relating to financial and non-financial risks.

Adjustments to the CSM

For insurance contracts without direct participation features, the following changes in fulfillment cash flows are considered to be related to future service and adjust (or 'unlock') the CSM of the group of insurance contracts:

- experience adjustments relating to the premiums received in the period that relate to future service, and any related cash flows such as insurance acquisition cash flows and premium-based taxes measured at the discount rates applicable when the contracts in the group were initially recognized;
- the change in estimate of the present value of expected future cash flows in the liability for remaining coverage, related to non-financial variables, measured at the discount rates applicable when the contracts in the group were initially recognized. All financial variables are locked in at initial recognition.
- changes in the risk adjustment for non-financial risk relating to future service. The Group has elected not to disaggregate the change in risk adjustment for non-financial risk to between (i) a change related to non-financial risk and (ii) the effect of the time value of money and changes in the time value of money.
- differences between the amount of investment components that were expected to be payable in the period and the amount of investment components that actually became payable. The amount of investment components expected to be payable in the period is measured at the discount rates applicable before it became payable.

The following adjustments do not relate to future service and thus do not adjust the CSM:

- changes in fulfilment cash flows for the effect of the time value of money and the effect of financial risk and changes thereof;
- changes in the fulfilment cash flows relating to the liabilities for incurred claims;
- experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

Any further increases in fulfillment cash flows relating to future coverage are recognized in profit or loss as they occur, increasing the loss component of the group of insurance contracts. Any subsequent decreases in fulfillment cash flows related to future coverage do not adjust the contractual service margin until the loss component of the group is fully reversed through profit or loss.

At the end of the reporting period, the carrying amount of the CSM for a group of insurance contracts without direct participating features is the carrying amount at the beginning of the period adjusted for:

- the effect of any new contracts added to the group;
- interest accreted on the carrying amount of the CSM measured at the discount rates determined at initial recognition;
- the changes in fulfillment cash flows related to future service, except:

(i) increases in fulfillment cash flows that exceed the carrying amount of the CSM, giving rise to a loss that results in the group of contracts becoming onerous; or
(ii) decreases in fulfillment cash flows that reverse a previously recognized loss on a group of onerous contracts.

- the effect of any currency exchange differences on the CSM;
- the amount recognized as insurance revenue because of the transfer of insurance contract services in the period, determined by allocation of the CSM remaining at the end of the reporting period over the current and remaining coverage period.

Recognition of the CSM in profit or loss

An amount of the CSM is released to profit or loss in each period during which the insurance contract services are provided. This value is determined by:

- identification of coverage units in each group. The number of coverage units in a group represents the volume of services under an insurance contract provided under the contracts included in this group, which is determined based on an analysis for each contract of the quantity of benefits provided under the contract and the expected period of coverage;
- allocation of the CSM at the end of the period (before any amounts are recognized in profit or loss to reflect services under the insurance contract provided in the period) equally to each of the coverage units provided in the current period and expected to be provided in future;
- recognition in profit or loss the amount of CSM allocated to coverage units provided during the period.

The number of units of coverage changes as insurance contracts services are provided, contracts expire, lapse or surrender are new contracts are added to the group. The total number of coverage units depends on the expected duration of the obligations that the Group has from its contracts. These can differ from the legal contract maturity because of the impact of policyholder behavior and the uncertainty surrounding future insured events. By determining a number of coverage units, the Group exercises judgment in estimating the likelihood of insured events occurring and policyholder behavior to the extent that they affect expected period of coverage in the group, the different levels of service offered across periods (e.g. policyholder exercising an option and adding an additional coverage for a previously guaranteed price), and the "quantity of benefits" provided under a contract.

Reinsurance contracts held

Recognition

The Group uses voluntary reinsurance to reduce certain risks. Reinsurance contracts are accounted for in accordance with IFRS 17 if they meet the definition of an insurance contract. A contract is an insurance contract only if it transfers significant insurance risk.

A reinsurance contract transfers significant insurance risk only if it transfers to the reinsurer substantially all of the insurance risk associated with the portion of the underlying insurance contracts ceded to reinsurance, even if the reinsurance contract does not expose the issuing party (the reinsurer) to the risk of a significant loss.

Reinsurance contracts held are accounted for separately from the underlying insurance contracts issued and are measured on an individual contract basis. When aggregating reinsurance contracts held, the Group defines portfolios in the same manner as the portfolios of underlying insurance contracts issued. The Group views each product line ceded to reinsurance at the ceding Group level as a separate portfolio.

For reinsurance contracts accounted for using the premium allocation approach, the Group assumes that all reinsurance contracts held in each portfolio will not result in a net gain on initial recognition unless facts and circumstances indicate otherwise.

Reinsurance contracts held, valued in accordance with the General Model

The Group does not evaluate reinsurance contracts based on the General Model.
Reinsurance contracts held measured under the premium allocation approach

The Group measures reinsurance contracts for endowment life insurance and sickness insurance using a premium allocation approach. The coverage period within contract boundaries of the reinsurance contracts held is less than a year, and therefore it is permissible to use premium allocation approach for reinsurance contracts.

Under the premium allocation approach, the initial measurement of the asset for remaining coverage equals the reinsurance premium paid. The Group measures the amount relating to remaining service by allocating the premium paid over the coverage period of the group. For all reinsurance contracts held, the allocation is based on the passage of time.

Where the reinsurance contracts held covers a group of onerous underlying insurance contracts, the Group adjusts the carrying amount of the asset for remaining coverage and recognises a gain when, in the same period, it reports a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group. The recognition of this gain results in the recognition for the loss recovery component of the asset for the remaining coverage of a group of reinsurance contracts held.

Modification and derecognition

The Group derecognises the original contract and recognises the modified contract as a new contract, if the terms of insurance contracts are modified and the following conditions are met:

- if the modified terms were included at contract inception and the Group would have concluded that the modified contract:
  - is outside of the scope of IFRS 17;
  - results in a different insurance contract due to separating components from the host contract;
  - result in a substantially different contract boundary;
  - would be included in another group of contracts;
- the original contract met the definition of a direct participation insurance contract, but the modifed contract no longer meets that definition.
- the Group applied the premium allocation approach to the original contract, but the modification results in the contract no longer meets PAA eligibility criteria for this approach.

If the contract modification meets any of the conditions, the Group performs all assessments applicable at initial recognition, derecognises the original contract and recognises the new modified contract as if it was entered for the first time.

If the contract modification does not meet any of the conditions, the Group treats the effect of the modification as changes in the estimates of fulfilment cash flows.

For insurance contracts accounted for applying the General Model, a change in the estimates of fulfilment cash flows results in a revised end of period CSM (before the current period allocation). A portion of the revised end of period CSM is allocated to the current period, as is the revised CSM amount applied from the beginning of the period but reflecting the change in the coverage units due to the modification during the period. This portion is calculated using updated coverage unit amounts determined at the end of the period and weighted to reflect the fact that the revised coverage existed for only part of the current period.

For insurance contracts accounted for applying the premium allocation approach, the Group adjusts insurance revenue prospectively from the time of the contract modification.

The Group derecognises an insurance contract when, and only when the contract is:

- extinguished (when the obligation specified in the insurance contract expires or is discharged or cancelled);
- modified and any of the derecognition criteria are met.

When the Group derecognises an insurance contract from within a group of contracts, it:

- adjusts the fulfilment cash flows allocated to the group to eliminate the present value of the future cash flows and risk adjustment for non-financial risk relating to the rights and obligations that have been derecognised from the group;
- adjusts the CSM of the group for the change in the fulfilment cash flows (unless it relates to the increase or reversal of the loss component);
- adjusts the number of coverage units for expected remaining insurance contract services to reflect the coverage units derecognised from the group, and recognises in profit or loss in the period the amount of CSM based on that adjusted number.

When the Group transfers an insurance contract to a third party and that results in derecognition, the Group adjusts the CSM of the group from which the contract has been derecognised for the difference between the change in the carrying amount of the group caused by the derecognised fulfilment cash flows and the premium charged by the third party for the transfer.

When the Group derecognises an insurance contract due to modification, it derecognises the original insurance contract and recognises a new one. The Group adjusts the CSM of the group from which the modified contract has been derecognised for the difference between the change in the carrying amount of the group as a result of adjustment to fulfilment cash flows due to derecognition and the premium the Group would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium actually charged for the modification.

Presentation

In the statement of financial position, the Group has presented separately the carrying amounts for its portfolios of insurance contracts issued, which are assets and those that are liabilities, and for its portfolios of reinsurance contracts issued, which are assets and those that are liabilities.

The Group disaggregates the amounts recognised in the income statement for the result of providing insurance services, comprising insurance revenue and insurance expenses, and separately for net finance income or insurance expenses.

The Group does not have any assets recognised in respect of acquisition cash flows before the recognition of the relevant groups of insurance contracts.

The Group recognises the entire amount of the change in the risk adjustment for non-financial risk as part of the result of providing insurance services.

Insurance revenue

As the Group provides services for a group of insurance contracts issued, it reduces its liability for the remaining coverage and recognizes insurance revenue, which is measured by the amount of consideration the Group is expected to receive in exchange for those services.

For groups of insurance contracts measured under the general measurement model, insurance revenue is defined as the total changes in the liability for the remaining coverage. Such changes include:

- insurance service expenses incurred in the period measured at amounts expected at the beginning of the period, except for the following:
    - amounts allocated to the loss component;
    - payments of investment components;
    - acquisition costs of insurance contracts;
    - amounts attributable to the risk adjustment for non-financial risk;
- changes in the risk adjustment for non-financial risk, excluding:
    - changes that adjust the margin for contractual services as they relate to future services;
    - amounts allocated to the loss component;
- the amount of contractual service margin recognised in profit or loss in the period;
- other amounts, if any, experience adjustments arising from premiums earned other than those deferred.

An entity must determine insurance revenue associated with acquisition cash flows by allocating the portion of premiums that are intended to restore such cash flows to each reporting period on a systematic basis over time.

Under the premium allocation approach, the Group recognizes insurance revenue based on the passage of time.

Insurance services expenses

Insurance service expenses arising from a group of insurance contracts issued include:

- changes in liabilities for incurred claims related to claims and expenses incurred during the period, excluding payments for the investment component;
- changes in the liability for incurred claims related to claims and expenses incurred in prior periods (related to past service)
- other directly attributable expenses for insurance services incurred in the reporting period;
- amortization of acquisition cash flows, which is recognized in the same amount both as part of expenses for insurance services and as part of revenue under insurance contracts;
- loss component of onerous contract groups initially recognized in the period;
- changes in the liability for remaining coverage related to future service that do not adjust the CSM, because they are changes in the loss components of onerous groups of contracts.

Insurance finance income/expenses

Insurance finance income or expense represents the effect of the time value of money and changes in the time value of money, as well as the effect of financial risk and changes in financial risk of the Group's insurance contracts issued and the Group's reinsurance contracts held.

Use of other comprehensive income in presenting insurance finance income and expenses

The Group has the right to choose as an accounting policy: to include all insurance finance income or expenses for the period in profit or loss. When considering how to present insurance finance income or expenses, the Group elected to report all insurance finance income and expenses in profit or loss.

Contracts measured applying the premium allocation approach

In applying the premium allocation approach for insurance contracts with the coverage period more than a year, the Group applies discounting for measurement of liabilities for remaining coverage with assessment of financial component.

Contracts without participation features

For non-participating contracts for which cash flows are independent of underlying items, the Group has elected to recognize all insurance finance income and expenses in profit or loss.

Reinsurance contracts held

For proportional reinsurance contracts, the Group uses a premium allocation approach; the Group does not discount liabilities for remaining coverage to reflect the time value of money and financial risk.

Exchange differences

Exchange differences arising from changes in the carrying amounts of groups of insurance contracts issued and reinsurance contracts held are recognized in profit or loss in the period in which they arise. At the end of each reporting period, the carrying amount of the Group's insurance contracts denominated in foreign currencies is translated into the functional currency.

Amounts arising from changes in exchange rates between the Group's contractual currency and the functional currency are treated as exchange differences and are recognized in profit or loss for the period in which they arise.

Share capital

Contributions to share capital are recognized at fair value of contributed assets.

Dividends on ordinary shares are recognized in equity as a reduction in the period in which they are declared. Dividends that are declared after the reporting date are treated as a subsequent event under IAS 10 *Events after the reporting period ("IAS 10")* and disclosed accordingly.

Retirement and other benefit obligations

The Group does not have any pension arrangements separate from the state pension system of the Republic of Kazakhstan, which requires current contributions by the employer calculated as a percentage of current gross salary payments. Such expenses are charged in the period the related salaries are earned. In addition, the Group has no post-retirement benefits or significant other compensated benefits requiring accrual.

Contingencies

Contingent liabilities are not recognized in the consolidated statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognized in the consolidated statement of financial position but disclosed when an inflow of economic benefits is probable.

(in thousands of Kazakhstani Tenge)

Fiduciary activities

The Group provides trustee services to its customers. The Group also provides depositary services to its customers which include transactions with securities on their depositary accounts. Assets accepted and liabilities incurred under the fiduciary activities are not included in the Group 's consolidated financial statements. The Group accepts the operational risk on these activities, but the Group 's customers bear the credit and market risks associated with such operations. Revenue for provision of trustee services is recognized as services are provided.

Foreign currencies

In preparing the consolidated financial statements of the Group , transactions in currencies other than the Group 's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. For financial assets measured at FVTPL, exchange differences are recognized in profit or loss in "Net gain/(loss) on foreign exchange operations".

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

The exchange rates used by the Group in the preparation of the consolidated financial statements as at year end are as follows:

	31 December 2023	31 December 2022
KZT/1 US Dollar	454.6	462.7
KZT/1 Euro	502.2	492.9
KZT/1 Russian rouble	5.1	6.4
KZT/1 Kyrgyz som	5.1	5.4

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group 's accounting policies the Group management is required to make judgments, 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 recognized 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.

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.

Valuation of financial instruments

As described in Note 33, the Group uses valuation techniques that include inputs that are not based on observable market date to estimate the fair value of certain types of financial instruments. Note 33 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions.

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

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

Critical accounting judgements

Significant increase of credit risk

As explained in Note 2, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external credit rating (if available);
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, such as:

- The instrument type;
- The credit risk ratings;
- The date of origination;
- The remaining term to maturity.

Probability of default

Probability of default ("PD") constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. It is estimated as at a point in time. The calculation is based on statistical models, and assessed using tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

Loss Given Default

Loss given default 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, taking into account cash flows from collateral and integral credit enhancements.

Restructured and modified loans

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

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

Insurance contract assets and liabilities and reinsurance contract assets and liabilities

Freedom Finance Life

The following are significant judgments, other than estimates (discussed separately below), that management made in applying the Group's accounting policies that will have the most significant effect on the amounts recognized in the financial statements:

- *Assessing the Significance of Insurance Risk*: The Group applies judgment in assessing whether a contract transfers significant insurance risk to the issuing party. The contract transfers significant insurance risk only if the insured event could result in the Group having to pay additional amounts that would be significant under any given scenario, and only if there is a commercially viable scenario in which a loss could occur from the party that issued the contract, based on a calculation based on present value upon the occurrence of an insured event, regardless of whether the insured event is extremely unlikely. Additional amounts of less than 10% are considered immaterial by the Group.
- *Assessing the Significance of Insurance Risk*: The Group applies judgment in assessing whether a contract transfers significant insurance risk to the issuing party. The assessment of whether the additional amounts payable on the occurrence of an insured event are material and whether there is any scenario with commercial substance that could cause the issuing party to incur a loss on a present value basis involves significant judgment and is performed at initial recognition on a contract-by-contract basis. Additional amounts of less than 5% are considered immaterial by the Group. In accordance with IFRS 17, all these judgemental classifications are made by a specialized unit to maintain a consistent approach within the Group. This assessment is performed after separating unrelated derivatives, separate investment components and promises to transfer certain goods and non-insurance services.
- *Consideration of the presence of investment components*: The Group reviews all the terms of the contracts it enters into to determine the availability of amounts payable to the policyholder under all circumstances, regardless of termination of the contract, expiration of the contract, or the occurrence or non-occurrence of an insured event. Certain amounts once paid by the policyholder are refundable to the policyholder under any circumstances. The Group believes that such payments meet the definition of an investment component, regardless of whether the amount due changes during the life of the contract, because the amount becomes due only when it is first paid by the policyholder. The Group's portfolio includes portfolios with non-distinct investment components. In pension annuity contracts, a non-distinct investment component is guaranteed payments and funeral payments. In endowment life insurance contracts the surrender value is a non-distinct investment component.
- *Assessment of the significance of the modification*: For employer's liability insurance contracts, the Group derecognises the original contracts and recognises the modified contract as a new contract if the derecognition criteria are met. The Group applies judgement to assess whether the modified terms of the contract would cause the original contract to qualify for derecognition.
- *Determining the scope of the contract:* The valuation of a group of insurance contracts includes all future cash flows arising within the scope of the contract. When determining which cash flows are within the scope of the agreement, the Group takes into account its substantial rights and obligations arising from the terms of the agreement, applicable laws, and regulations.
- *Definition of portfolios:* A portfolio consists of contracts that are subject to similar risks and are managed together. Contracts within the same product line are assumed to be subject to similar risks and are therefore included in the same portfolio.

- *Level of Aggregation:* The Group uses judgment in distinguishing between contracts that have no significant likelihood of becoming onerous, onerous contracts and other profitable contracts.
- *Estimation of cash flows that are directly attributable to the relevant portfolio*: The Group uses judgment in assessing whether cash flows are directly attributable to a particular portfolio of insurance contracts.
- *Acquisition cash flows* are included in the measurement of a group of insurance contracts only if they are directly attributable to the individual contracts in the group, or to the group itself, or to the portfolio of insurance contracts that includes the group. When assessing cash flows for fulfillment of contracts, the Group also distributes the costs of maintaining insurance contracts.
- Assessing the applicability of the premium allocation approach: for reinsurance contracts, the Group applies the premium allocation approach if, at the time the group of contracts is instituted, the Group reasonably expects that it will provide a liability for the remainder of the coverage that will not differ materially from the General Model.
- Assessing the applicability of the variable fee approach: The Group does not have contracts with direct participation features. For contracts without direct participation, the Group performed VFA eligibility test, according to the results of which the VFA approach is not applicable; therefore, for these contracts, the Group applies the General Model approach.
- Acquisition cash flow assets, recoverability assessment: The Group does not have any acquisition cash flow assets and therefore the Group does not perform the asset recoverability test.
- Level of aggregation for determining the risk adjustment for non-financial risk: IFRS 17 does not provide a specific measurement method for determining the risk adjustment for non-financial risk. The level of aggregation for determining the risk adjustment for non-financial risk is not an accounting policy choice and therefore the Group applies the group-level aggregation method.
- Selecting a method for allocating coverage units: IFRS 17 sets out the principle for determining coverage units, but without detailed requirements or methods. The selection of the appropriate method for determining the amount of coverage units is not an accounting policy choice. It involves the exercise of significant judgment and development of estimates in light of the particular facts and circumstances. The Group selects the appropriate method for each portfolio separately. The Group takes the present value of future benefits as coverage units.
- Allocation of expenses: When estimating expenses, the Group takes into account actual expenses broken down by the Group's structural divisions. The Group distributed actual administrative expenses according to direct functional parameters, namely costs of conclusion, costs of maintaining insurance contracts and other administrative expenses. To estimate portfolio liabilities, the Group uses actual expenses for maintaining insurance contracts, which are directly or indirectly through other structural divisions related to the maintenance and conclusion of insurance contracts. Key assumptions include the distribution of costs based on the number of days the contracts are valid.

Key sources of uncertainty in estimates

By applying IFRS 17 to measurement of insurance contracts issued and reinsurance contracts held, the Group has made estimations in the following key areas. They form part of the overall balances of insurance contract assets and liabilities and reinsurance contract assets and liabilities:

- Cash flows for the implementation of insurance contracts
- Discount rate
- Risk adjustment for non-financial risk
- Acquisition cash flows
- Allocation of expenses

(in thousands of Kazakhstani Tenge)

1) Fulfillment cash flows

Fulfillment cash flows consist of three main components:

- Estimation of future cash flows;
- Adjustments to reflect the time value of money and financial risk associated with future cash flows if they are not included in the estimate of future cash flows;
- Adjustment for non-financial risk.

The Group updates its estimates at the end of each quarter/year using all new information available, as well as historical data and trend information. The Group determines its current expectations regarding the likelihood of future events occurring at the end of the reporting period. When developing new estimates, the Group takes into account recent and historical experience and other information.

Cash flow estimates include both market variables, directly observable in the market or derived directly from market data, and non-market variables, such as mortality rates, accident rates, average claims costs, and policy surrender rates. For annuity insurance contracts, the Group uses national statistical data to estimate mortality rates; for life insurance contracts, the Group uses mortality rates of the reinsurer General Reinsurance AG.

2) Method for estimating discount rates

The Group estimates the time value of money using discount rates that reflect the liquidity characteristics of insurance contracts and cash flow characteristics consistent with observable current market prices. They exclude the effect of factors that affect such observable market prices but do not affect future cash flows from insurance contracts (for example, credit risk).

In determining discount rates for cash flows that are independent of the yields of underlying items, the Group uses a bottom-up approach to estimate discount rates based on a yield curve that reflects the timing, currency and liquidity characteristics of the insurance cash flows. The yield curve of the underlying portfolio is adjusted to eliminate the impact of risks (credit risk).

The Group estimates the discount rate applicable to each group of contracts on initial recognition, which is based on the contracts recognized. In the next reporting period, as new contracts are included in the group, the discount rate applicable to the group at initial recognition is revised from the beginning of the reporting period in which the new contracts were included in the group. The Group remeasures the discount rate applicable to the group on initial recognition using the weighted average discount rate for the period during which the contracts included in the group were issued.
Changes in financial risks are recognized in profit or loss at the end of each reporting period.

The Group used the following yield curves to discount cash flows for 2023 and 2022:

	Currency	1 year	5 year	10 years	20 years	30 years
2023 year	KZT	14.43%	12.40%	11.66%	11.25%	11.11%
2022 year	KZT	15.20%	12.08%	10.65%	9.76%	9.45%
2023 year	USD	5.32%	4.45%	4.47%	4.77%	-
2022 year	USD	5.07%	4.29%	4.14%	4.41%	-

3) Risk adjustment for non-financial risk

The Group estimates the compensation it requires for accepting uncertainty about the amount and timing of cash flows from insurance contracts other than financial risk separately as a risk adjustment for non-financial risk.

Bootstrap model uses a quantile technique, to effectively estimate the distribution of potential losses. This model is used to assess risk adjustment for non-financial risk for liability for incurred claims for portfolios with sufficient claims statistics. This estimate uses stochastic modeling that involves running multiple loss triangle simulations to account for a wide range of possible outcomes and estimate the risk of losses with high degree of accuracy.

The Group estimated risk adjustment for non-financial risk based on the analysis of historical market loss ratios for the portfolios with a lack of claims statistics.

For the general model, the Monte Carlo Method is used, also based on the quantile technique, which provides an in-depth analysis of insurance reserves through many simulations and allows identifying risks with a high degree of probability.

The risk adjustment is assessed using a confidence level of 85%

4) Expenses allocation

Administrative costs are allocated by the Entity through an analysis of cost items using a simplified approach. These costs are divided into categories, including indirect acquisition costs, indirect settlement costs, other indirect expenses related to insurance activities, and general administrative expenses. Indirect operating expenses are allocated based on expense type using consistent systematic methods applied to costs sharing similar characteristics.

The Group includes acquisition cash flows and maintenance expenses in the measurement of insurance contracts if they are directly attributable either to individual contracts in a group, to the group itself, or to the Group's portfolio of insurance contracts.

Acquisition cash flows and maintenance expenses are calculated for each portfolio as the product of the costs of concluding a contract for the financial year preceding the calculation date and the share of each portfolio in the expenses for the financial year preceding the calculation date, which is calculated as the ratio of the number of days of validity of contracts that entered into force in the financial year preceding settlement date, by portfolio and the total number of days of contracts that entered into force in the financial year preceding the settlement date.

Recalculation of acquisition costs is carried out once a year at the end of the financial year.

The Group allocates acquisition cash flows between the related group of contracts using a systematic and rational method.

Freedom Finance Insurance

The following are the 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:

- *Assessment of the significance of insurance risk:* The Group applies its judgement in assessing whether a contract transfers to the issuer significant insurance risk. A contract transfers significant insurance risk only if an insured event could cause the Group to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely. The assessment of whether additional amounts payable on the occurrence of an insured event are significant and whether there is any scenario with commercial substance in which the issuer has a possibility of a loss on a present value basis involves significant judgement and is performed at initial recognition on a contract-by-contract basis. The type of contracts where this judgement is required are those that transfer financial and insurance risk and result in the latter being the smaller benefit provided. Additional amounts that are less than 10% are considered by the Group as insignificant. A specialist unit conducts all these judgemental classifications under IFRS 17 to maintain consistency across the Group.
- *Separation of insurance components of an insurance contract*: The Group issues some insurance contracts that combine protection for the policyholder against different types of insurance risks in a single contract. IFRS 17 does not require or permit separating insurance components of an insurance contract unless the legal form of a single contract does not reflect the substance of its contractual rights and obligations. In such cases, separate insurance elements must be recognised. Overriding the 'single contract' unit of account presumption involves significant judgement and is not an accounting policy choice. When determining whether a legal contract reflects its substance or not, the Group considers the interdependency between different risks covered, the ability of all components to lapse independently, and the ability to price and sell the components separately.
- *Determination of the contract boundary:* The measurement of a group of insurance contracts includes all the future cash flows arising within the contract boundary. In determining which cash flows fall within a contract boundary, the Group considers its substantive rights and obligations arising from the terms of the contract, from applicable law, regulation and customary business practices. Cash flows are considered to be outside of the contract boundary if the Group has the practical ability to reprice existing contracts to reflect their reassessed risks, and if the contract's pricing for coverage up to the date of reassessment only considers the risks until the next reassessment date. The Group applies its judgement in assessing whether it has the practical ability to set a price that fully reflects all the risks in the contract or portfolio. The Group considers contractual, legal and regulatory restrictions when making its assessment and applies judgement to decide whether these restrictions have commercial substance.
- *Identification of portfolios:* The Group defines a portfolio as insurance contracts subject to similar risks and managed together. Contracts within the same product line are expected to be in the same portfolio as they have similar risks and are managed together. The assessment of which risks are similar and how contracts are managed requires the exercise of judgement. For some product lines, the Group acquires insurance contracts as part of a business combination or a portfolio transfer. Unlike originally issued contracts, contracts acquired in a settlement phase transfer an insurance risk of adverse claims development. The Group considers such risk to be different from contracts it originally issues and aggregates such contracts in separate portfolios by product line.

- *Level of aggregation*: The Group applies judgement when distinguishing between contracts that have no significant possibility of becoming onerous and other profitable contracts.
- *Assessment of eligibility for PAA*: For proportional reinsurance contracts with a coverage period exceeding one year, the Group elects to apply the PAA if at the inception of the group, the Group reasonably expects that it will provide a liability for remaining coverage that would not differ materially from the General Model. The Group exercises judgement in determining whether the PAA eligibility criteria are met at initial recognition.
- *Assessment of significance of modification:* Group recognizes the original contracts and 50recognizes the modified contract as a new contract, if the derecognition criteria are met. The Group applies judgement to assess whether the modified terms of the contract would result in the original contract meeting the criteria for derecognition.
- *Level of aggregation for determining the risk adjustment for non-financial risk*: IFRS 17 does not define the level at which the risk adjustment for non-financial risk should be determined. The level of aggregation for determining the risk adjustment for non-financial risk is not an accounting policy choice and requires judgement. The Group considers that the benefits of diversification occur at an issuing entity level and therefore determines the risk adjustment for non-financial risk at that level. The diversification benefit is then allocated to all groups of insurance contracts 36 Illustrative disclosures for insurers applying IFRS 17 Source International GAAP Insurer Limited for which it has been considered in aggregate. The Group considers that the risk adjustment for non-financial risk allocated to any individual group, as the cost of uncertainty, cannot be negative. Accordingly, when determining the allocation, correlations of non-financial risk between groups are ignored. This is because they have already been considered as part of the diversification benefits in determining the overall entity-level risk adjustment. The Group allocates the total entity-level risk adjustment to groups based on the percentage of the group's expected fulfilment cash flows to the total expected fulfilment cash flows.

Key sources of estimation uncertainty

By applying IFRS 17 to measurement of insurance contracts issued and reinsurance contracts held, the Group has made estimations in the following key areas. They form part of the overall balances of insurance contract assets and liabilities and reinsurance contract assets and liabilities:

- Estimation of future cash flows
- Assessment of directly attributable cash flows (expenses)
- Discount rates
- Risk adjustment for non-financial risk

1) Estimation of future cash flows

In estimating the cash flows for liabilities included within the scope of the contract, the Group considers the range of all possible outcomes in an unbiased manner by determining the cash flows, timing and probability of each scenario that reflects conditions existing at the measurement date using a probability-weighted average. The probability-weighted average is the arithmetic mean of all possible scenarios. In determining possible scenarios, the Group uses all reasonable and supportable information available to it without undue cost or effort, which includes information about past events and current conditions and projections of future conditions. Cash flow estimates include both market variables directly observable in the market or derived directly from market data and non-market variables such as loss ratios, probability of termination, expected settlement and maintenance costs. The Group maximizes the use of observable inputs for market variables and applies internal data specific to the Group.

2) Assessment of directly attributable cash flows (expenses)

The Group uses judgement in assessing whether cash flows are directly attributable to a specific portfolio of insurance contracts. Insurance acquisition cash flows are included in the measurement of a group of insurance contracts only if they are directly attributable to the individual contracts in a group, or to the group itself, or the portfolio of insurance contracts to which the group belongs. When estimating fulfilment cash flows, the Group also allocates fixed and variable overheads fulfilment cash flows directly attributable to the fulfilment of insurance contracts.

3) Risk adjustment for non-financial risk

The non-financial risk allowance represents the amount of compensation required by the Group for accepting uncertainty in the amount and timing of cash flows arising from insurance risk and other non-financial risks, such as loss and expense risk. It measures the degree of variability in expected future cash flows and the price for assuming that risk that is specific to the Group and reflects the Group's risk aversion. Non-financial risk factors, also referred to as underwriting variables, are major sources of estimation uncertainty because they affect estimates of future cash flows and their associated probabilities.

4) Discount rate

To determine the discount rate for insurance contracts denominated in the national currency, a "top-down" approach is used: a portfolio of debt instruments (bonds) denominated in the national currency as at the respective reporting date is used as the underlying portfolio of assets for which the yield curve is to be constructed; the yield curve for the underlying portfolio is constructed by applying the Nelson-Siegel parametric model. The resulting yield curve is adjusted for factors that are not relevant for insurance contracts, such as credit risk. For this purpose, the expected credit risk (ECR) and unexpected credit risk (UCR) components are subtracted from the resulting portfolio yield curve through the application of the rating of the underlying portfolio instruments and their corresponding probability of default.

Every area, including the Group's estimation methods and assumptions used and other sources of estimation uncertainty are discussed below. As at 31 December 2023, the Group's total carrying amount of:

- Insurance contracts issued that are assets was KZT 347,885 thousand (KZT 435,074 thousand as at 31 December 2022)
- Insurance contracts issued that are liabilities was KZT 16,808,589 thousand (KZT 13,028,583 thousand as at 31 December 2022)
- Reinsurance contracts issued that are assets was KZT 1,192,847 thousand (KZT 2,526,896 thousand as at 31 December 2022)
- Reinsurance contracts issued that are liabilities was KZT 172,687 thousand (KZT 517,718 thousand as at 31 December 2022)

(in thousands of Kazakhstani Tenge)

4. Application of new and revised IFRSs

New and amended IFRSs that are effective for the current year

The following amendments and interpretations are effective for the Group since January 1, 2023:

IFRS 17	*Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)*
Amendments to IAS 1	*Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments – Disclosure of Accounting Policies*
Amendments to IAS 12	*Deferred Tax Relating to Assets and Liabilities Arising from a Single Transaction*
Amendments to IAS 12	*Income Taxes—International Tax Reform—Pillar Two Model Rules*
Amendments to IAS 8	*Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates*

The above standards and interpretations were reviewed by the Group's management but did not have a significant effect on the current and prior year period financial statements of the Group, except IFRS 17 "Insurance Contracts".

The effect of the adoption of IFRS 17 is disclosed in Note 4 below.

IFRS 17 Insurance Contracts

Insurance Contracts, issued on 18 May 2017 as amended on 25 June 2020 and 9 December 2021, sets out the principles for recognition of measurement of presentation and disclosure for insurance contracts and replaces IFRS 4 "Insurance contracts". IFRS 17, as amended, is effective for years beginning 1 January 2023 and is to be applied retrospectively. The Group decided to apply a modified retrospective approach with the goal of achieving a result as close as possible to the full retrospective application, while making maximum use of available information.

From 1 January 2023, the Group adopted IFRS 17, which became effective on 1 January 2022. The Group disclosed its statement of financial position as at 1 January 2022 in accordance with IFRS 17. Differences arising between the carrying amount and the presentation of assets and liabilities in accordance with IFRS 17 at the effective date were recorded in retained earnings.

(in thousands of Kazakhstani Tenge)

The table below shows the original IFRS 4 measurement categories and the new IFRS 17 measurement categories for the Group's assets and liabilities as at 1 January 2023:

	Measurement under IFRS 4 as at 31 December 2022	Effect from applying IFRS 17	Measurement under IFRS 17 as at 1 January 2023
ASSETS			
Insurance and reinsurance receivable	2,855,552	(2,855,552)	-
Deferred acquisition costs	4,244,895	(4,244,895)	-
Unearned premium reserve, reinsurers' share	1,740,866	(1,740,866)	-
Loss reserves, reinsurer's share	784,887	(784,887)	-
Insurance contract assets	-	435,074	435,074
Reinsurance contract assets	-	2,790,984	2,790,984
Other assets	1,077,766	114,704	1,192,470
	10,703,966	**(6,285,438)**	**4,418,528**
LIABILITIES			
Insurance and reinsurance payable	3,133,487	(3,133,487)	-
Unearned premium reserve	14,390,027	(14,390,027)	-
Loss reserve	53,796,989	(53,796,989)	-
Insurance contract liabilities	-	69,549,492	69,549,492
Reinsurance contract liabilities	-	517,718	517,718
Other liabilities	678,064	(199,890)	534,674
	71,998,567	**(1,453,183)**	**70,545,384**
Effect of applying IFRS 17 on additional paid-in-capital		(4,343,570)	
Effect of applying IFRS 17 on retained earnings		(488,685)	
Effect of applying IFRS 17 on total equity		**(4,832,255)**	

The impact of the major changes to the presentation of information in the income statement for the year ended 31 December 2022 is reflected in the following table, which sets out the items and related amounts relating to insurance activities in accordance with IFRS 17.

	Measurement under IFRS 4 as at 31 December 2022	Effect from applying IFRS 17	Measurement under IFRS 17 as at 1 January 2023
Insurance revenue	-	24,930,909	24,930,909
Insurance premiums	38,133,004	(38,133,004)	-
Insurance premiums ceded to reinsurance	(381,752)	381,752	-
Insurance services expenses	-	(20,595,993)	(20,595,993)
Net income from reinsurance contracts held	-	(43,268)	(43,268)
Net change in reserve of unearned premiums	(3,280,019)	(1,852,103)	(5,132,122)
Change in reserve of unearned premiums, share of reinsurers	(134,021)	134,021	-
Losses paid, total amount	(7,644,909)	7,644,909	-
Losses paid, share of reinsurers	157,229	(157,229)	-
Change in the reserve for incurred but unreported losses	(10,636,051)	10,636,051	-
Change in the reserve for incurred but unreported losses, share of reinsurers	175,586	(175,586)	-
Change in the reserve for reported but unresolved losses	(460,080)	460,080	-
Change in the reserve for reported but unresolved losses, share of reinsurers	(69,639)	69,639	-
Commission expense	(10,726,032)	10,565,137	(160,895)
Net insurance finance expense from insurance contracts issued	-	(5,196,840)	(5,196,840)
Other (expense)/income	226,266	317,739	544,005
Operating expenses	(8,484,022)	3,442,980	(5,041,042)
	(3,124,440)	**(7,570,806)**	**(10,695,246)**

(in thousands of Kazakhstani Tenge)

The following table sets forth the statement of cash flows for the year ended 31 December 2022, including transitional measurement differences and presentation differences.

	Measurement under IFRS 4 as at 31 December 2022	Effect from applying IFRS 17	Measurement under IFRS 17 as at 1 January 2023
Adjustments to:			
Change in unearned premium reserve, net	3,414,040	(3,414,040)	-
Change in loss reserve, net	1,615,555	(1,615,555)	-
Change in reinsurance contract assets and liabilities	-	(2,819,612)	(2,819,612)
Change in insurance contract assets and liabilities	-	19,851,542	19,851,542
Change in accruals, net	(1,338,162)	(111)	(1,338,273)
Insurance and reinsurance receivables	(1,025,023)	1,025,023	-
Deferred acquisition costs	(218,459)	218,459	-
Other assets	203,688	(427,834)	(224,146)
Insurance and reinsurance payables	1,276,216	(1,276,216)	-
Other liabilities	22,111	108,268	130,379
Change incurred, net of reinsurance	11,811,115	(11,811,115)	-
Claims paid, net of reinsurance	(2,436,486)	2,436,486	-
	13,324,595	**2,275,295**	**15,599,890**

New and revised IFRS Standards in issue but not yet effective

At the date of authorization of these consolidated financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New or revised standard or interpretation	Applicable to annual reporting periods beginning on or after
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2024
Amendments to IAS 1 – "Classification of Liabilities as Current or Non-current"	1 January 2024
Amendments to IAS 1 – "Non-current Liabilities with Covenants"	1 January 2024
Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements	1 January 2024
Amendments to IFRS 16 – Lease liability in a sale and leaseback	1 January 2024

The management of the Group does not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the Group in future periods.

5. Net interest income

	Year ended 31 December 2023	Year ended 31 December 2022
Interest income:		
Financial assets at fair value through profit or loss	152,949,183	52,427,564
Financial assets recorded at amortized cost	76,538,793	14,378,112
Financial assets at fair value through other comprehensive income	26,561,600	10,181,149
Total interest income	**256,049,576**	**76,986,825**
Interest expense on financial liabilities recorded at amortized cost:		
Securities repurchase agreement obligations	(157,620,971)	(49,848,165)
Customer accounts and deposits of customers	(17,018,998)	(6,497,351)
Liabilities from continuing participation	(6,171,011)	(1,095,081)
Lease liabilities	(627,068)	(137,213)
Due to credit institutions	(485,287)	(426,981)
Other interest expense	-	(15,837)
Total interest expense	**(181,923,335)**	**(58,020,628)**
Net interest income before expected credit losses	**74,126,241**	**18,966,197**

(in thousands of Kazakhstani Tenge)

6. Result from insurance activities

Premiums earned and claims incurred for the year ended 31 December 2023, comprised the following:

	Property	Civil liability	Civil liability of car owners	Transport insurance	Other financial losses	Acquired portfolio	Annuity and cumulative life insurance	Accident insurance and non-accumulative life insurance	Other	Total
Insurance revenue	**1,006,029**	**4,122,810**	**3,261,738**	**4,113,221**	**509,957**	**5,050,039**	**4,086,586**	**45,382,059**	**1,141,142**	**68,673,581**
Insurance service expenses:										
Incurred claims and other insurance service expenses	(438,399)	(2,120,674)	(5,040,182)	(2,180,609)	(798,703)	(444,974)	-	-	(953,709)	(11,977,250)
Adjustments to liabilities for incurred claims	(4,509)	(6,069)	459,759	371,858	1,887	(289,673)	-	-	24,284	557,537
Amortization of insurance acquisition cash flows	(39,962)	(133,247)	(117,708)	(262,840)	(1,510)	(225,203)	-	-	(20,142)	(800,612)
Losses and reversals of losses on onerous contracts	-	-	73,250	(3,825)	-	-	-	-	(42,791)	26,634
Incurred claims and other incurred insurance service expenses	-	-	-	-	-	-	(1,476,311)	(524,032)	-	(2,000,343)
Changes that relate to past service periods – adjustments to liabilities for incurred claims	-	-	-	-	-	-	-	(2,316,042)	-	(2,316,042)
Changes that relate to future service - losses on onerous group of contracts and reversal of such losses	-	-	-	-	-	-	(174,967)	-	-	(174,967)
Acquisition cash flows										
- Acquisition expenses	-	-	-	-	-	-	(136,995)	(33,617,376)	-	(33,754,371)
Insurance services expenses	**(482,870)**	**(2,259,990)**	**(4,624,881)**	**(2,075,416)**	**(798,326)**	**(959,850)**	**(1,788,273)**	**(36,457,450)**	**(992,358)**	**(50,439,414)**
Distribution of paid reinsurance premiums	(367,385)	(74,376)	-	(160,868)	(447,275)	(3,453,654)	-	-	(162,659)	(4,666,217)
Reinsurance revenue	110,223	30,491	-	84,720	700,164	217,107	-	-	59,370	1,202,074
Income from reinsurance contracts held	-	-	-	-	-	-	16,155	70,736	-	86,891
Net expense from reinsurance contracts held	**(257,162)**	**(43,885)**	**-**	**(76,148)**	**252,889**	**(3,236,547)**	**16,155**	**70,736**	**(103,289)**	**(3,377,252)**
Insurance services results	**265,997**	**1,818,935**	**(1,363,143)**	**1,961,657**	**(35,480)**	**853,642**	**2,314,468**	**8,995,345**	**45,495**	**14,856,915**

(in thousands of Kazakhstani Tenge)

Premiums earned and claims incurred for the year ended 31 December 2022, comprised the following:

	Property	Civil liability	Civil liability of car owners	Transport insurance	Other financial losses	Acquired portfolio	Annuity and cumulative life insurance	Accidet insurance and non-accumulative life insurance	Medical insurance	Transport owners insurance	Cargo	Environmental Insurance	Other	Total
Insurance revenue	**877,902**	**1,188,956**	**2,822,117**	**541,028**	**427,668**	**283,636**	**1,917,568**	**9,509,531**	**704,411**	**80,169**	**204,937**	**6,655**	**407,110**	**18,971,688**
Insurance service expenses:														
Incurred claims and other insurance service expenses	20,025	(427,170)	(6,283,006)	(469,085)	(6,718)	(374,102)	-	-	-	-	-	-	(263,943)	(7,901,388)
Adjustments to liabilities for incurred claims	(90,545)	77,464	1,150,211	99,474	(1,785)	-	-	-	-	-	-	-	(77,498)	1,157,321
Amortization of insurance acquisition cash flows	(8,479)	(14,811)	(58,240)	(36,432)	(46)	(27,601)	-	-	-	-	-	-	(6,835)	(152,444)
Losses and reversals of losses on onerous contracts	-	-	10,672	(115,016)	-	-	-	-	-	-	-	-	(56,908)	(161,252)
Insurance expenses	(38,130)	(864)	(217,590)	(11,308)	(12,101)	-	-	-	(139,782)	(649)	-	-	-	(420,424)
Expenses for insurance payments under reinsurance agreements	-	-	-	(9,594)	-	-	-	-	-	-	-	-	-	(9,594)
Changes in LIC Loss Liabilities	(48,070)	26,400	45,878	(50,053)	12,641	-	-	(303)	(124,440)	(6)	(959)	644	-	(138,268)
Income related to compensation under recourse claim	-	-	10,139	3,102	-	-	-	-	-	-	-	-	-	13,241
Amortization of acquisition cash flows	(11,791)	(9,921)	(226,104)	(14,395)	(8,740)	-	-	(10)	(57)	(3,528)	(910)	(15)	-	(275,471)
Incurred claims and other incurred insurance service expenses	-	-	-	-	-	-	(827,518)	(200,067)	-	-	-	-	-	(1,027,585)
Changes that relate to past service periods – adjustments to liabilities for incurred claims	-	-	-	-	-	-	-	(115,415)	-	-	-	-	-	(115,415)
Changes that relate to future service - losses on onerous group of contracts and reversal of such losses	-	-	-	-	-	-	(16,025)	-	-	-	-	-	-	(16,025)
Acquisition cash flows	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Acquisition expenses	-	-	-	-	-	-	(72,879)	(5,144,797)	-	-	-	-	-	(5,217,676)
Insurance services expenses	**(176,990)**	**(348,902)**	**(5,568,040)**	**(700,696)**	**(16,749)**	**(401,703)**	**(916,423)**	**(5,460,592)**	**(264,279)**	**(4,183)**	**(1,869)**	**629**	**(405,184)**	**(14,264,980)**
Distribution of paid reinsurance premiums	(164,491)	(11,933)	-	(25,378)	(14,351)	316,095	-	-	-	-	-	-	(61,896)	38,046
Reinsurance revenue	13,994	443	(99)	64,464	1,523	-	-	-	-	-	-	-	7,817	88,142
Expense from reinsurance contracts held	(689,672)	(67,206)	-	(77,124)	(410,687)	-	(1,240)	(8,833)	(251,524)	(76,862)	(200,611)	-	-	(1,783,759)
Net expense from reinsurance contracts held	**(840,169)**	**(78,696)**	**(99)**	**(38,038)**	**(423,515)**	**316,095**	**(1,240)**	**(8,833)**	**(251,524)**	**(76,862)**	**(200,611)**	**-**	**(54,079)**	**(1,657,571)**
Insurance services results	**(139,257)**	**761,358**	**(2,746,022)**	**(197,706)**	**(12,596)**	**198,028**	**999,906**	**4,040,106**	**188,608**	**(876)**	**2,457**	**7,284**	**(52,153)**	**3,049,137**

(in thousands of Kazakhstani Tenge)

7. Finance income and expense from insurance activity and reinsurance contracts held

The tables below provide an analysis of net insurance finance income/expense recognized in profit or loss for the year ended 31 December 2023 and 2022:

	For the period, ended 31 December 2023								
	Property	**Civil liability**	**Transport insurance**	**Other financial losses**	**Acquired portfolio**	**Annuity and cumulative life insurance**	**Accident and non-accumulative life insurance**	**Other**	**Total**
Financial income and expense from insurance activities:									
- Insurance finance income from insurance contracts issued	-	-	-	-	-	3,068,283	-	-	3,068,283
- Insurance finance expenses from insurance contracts issued	(5,699)	(203,511)	(371,805)	(1,282)	(38,429)	(6,793,348)	(620,782)	(3,119)	(8,037,975)
- Gains/losses on exchange differences	-	-	-	-	-	100,962	-	-	100,962
Insurance finance income from reinsurance contracts held	690	197	36	-	30,936	-	-	-	31,859
Financial expense from insurance activities and reinsurance contracts held	**(5,009)**	**(203,314)**	**(371,769)**	**(1,282)**	**(7,493)**	**(3,624,103)**	**(620,782)**	**(3,119)**	**(4,836,871)**

	For the period, ended 31 December 2022						
	Property	**Civil liability**	**Transport insurance**	**Acquired portfolio**	**Annuity and cumulative life insurance**	**Accident and non-accumulative life insurance**	**Total**
Financial income and expense from insurance activities:							
- Insurance finance income from insurance contracts issued	-	-	-	-	67,187	-	67,187
- Insurance finance expenses from insurance contracts issued	(201)	(17,502)	(19,824)	(87,568)	(2,396,359)	(321,548)	(2,843,002)
- Gains/losses on exchange differences	-	-	-	-	(567,643)	-	(567,643)
Insurance finance income from reinsurance contracts held	79	(683)	(2)	71,024	-	-	70,418
Financial expense from insurance activities and reinsurance contracts held	**(122)**	**(18,185)**	**(19,826)**	**(16,544)**	**(2,896,815)**	**(321,548)**	**(3,273,040)**

(in thousands of Kazakhstani Tenge)

8. Fee and commission income and expense

	Year ended 31 December 2023	Year ended 31 December 2022
Fee and commission income:		
Bank services	17,901,315	12,539,409
Brokerage services	4,113,722	6,350,578
Underwriting services	3,926,659	3,606,299
Market making services	194,718	125,088
Asset management services	138,029	157,326
Consulting services	13,142	42,800
Other	334,195	18,315
Total fee and commission income	**26,621,780**	**22,839,815**
Fee and commission expense:		
Bank services	(9,775,850)	(9,506,086)
Brokerage services	(2,199,168)	(1,134,579)
Stock exchange services	(1,391,862)	(976,922)
Central Depositary services	(168,527)	(166,978)
Market maker services	(4,800)	(5,400)
Other	(28,908)	(11,061)
Total fee and commission expense	**(13,569,115)**	**(11,801,026)**

9. Net gain on financial assets at fair value through other comprehensive income

	Year ended 31 December 2023	Year ended 31 December 2022
Realized gain on financial assets at fair value through other comprehensive income	5,662,911	3,848,899
Unrealized gain/(loss) on financial assets at fair value through other comprehensive income	1,275,059	(316,635)
Total net gain on financial assets at fair value through other comprehensive income	**6,937,970**	**3,532,264**

10. Net (loss)/gain on financial assets at fair value through profit or loss

	Year ended 31 December 2023	Year ended 31 December 2022
Unrealized gain on trading securities	15,905,872	20,469,520
Realized gain on trading securities	12,029,913	2,807,577
Unrealized gain on derivative operations	4,070,239	4,064,912
Realized loss on derivative operations	(52,066,426)	(9,804,692)
Total net (loss)/gain on financial assets at fair value through profit or loss	**(20,060,402)**	**17,537,317**

(in thousands of Kazakhstani Tenge)

11. Net gain on foreign exchange operations

	Year ended 31 December 2023	Year ended 31 December 2022
Purchase and sale of foreign currency	33,015,484	16,081,391
Translation difference, net	5,018,037	334,502
Total net gain on foreign exchange operations	**38,033,521**	**16,415,893**

Translation difference, net - includes net realized and unrealized gain/(loss) from revaluation of financial assets and liabilities, denominated in foreign currencies.

12. Operating expenses

	Year ended 31 December 2023	Year ended 31 December 2022
Payroll and bonuses	24,618,087	11,201,626
Sponsorship	4,101,772	577,932
Advertising expenses	3,522,674	1,587,765
Taxes, other than income tax	3,418,975	1,763,360
Communication services	2,120,087	1,283,282
Software support	1,951,747	790,390
Membership fee	1,907,964	590,468
Depreciation and amortization of property, equipment and intangible assets	1,731,805	963,657
Social initiatives	1,689,061	-
Depreciation of right-of-use assets	1,548,059	492,786
Repairs	542,718	293,708
Business trip expenses	464,094	229,773
Plastic cards issuance expenses	447,860	244,616
Professional services	420,881	416,691
Utilities	361,830	228,513
Operating rent	302,031	242,445
Fees paid to the Group's auditor*	169,383	116,449
Transportation services	149,394	68,745
Fines	112,570	237,788
Representation expenses	110,583	61,229
Inventory write-off	89,231	48,006
Insurance expenses	22,904	162,361
Other expenses	2,719,170	800,132
Total operating expenses	**52,522,880**	**22,401,722**

* Deloitte LLP performs an audit of the consolidated financial statements of the Group and separate financial statements of the Company and its subsidiaries. Other than the fees disclosed above, no other fees were paid to the Group's auditor.

During the year ended 31 December 2023, the Group provided sponsorship to the Republican Public Association "Kazakhstan Chess Federation" in the amount of thousand 3,261,153 KZT to support the development of chess in the Republic of Kazakhstan.

(in thousands of Kazakhstani Tenge)

13. Income tax expense

The Group measures and records its current income tax payable and its tax bases in its assets and liabilities in accordance with the tax regulations of the Republic of Kazakhstan where the Group operates, which may differ from IFRS.

The Group 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.

Deferred taxes reflect the net tax effects 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 relate mostly 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 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 the tax law in that jurisdiction.

Temporary differences as at 31 December 2023 and 2022 comprise:

	31 December 2023	31 December 2022
Deductible temporary differences:		
Lease liabilities	6,518,954	3,963,869
Unused vacation reserves	1,701,783	813,421
Total deductible temporary differences	**8,220,737**	**4,777,290**
Taxable temporary differences:		
Right-of-use assets	(6,152,073)	(3,797,963)
Property, equipment and intangible assets	(7,396,019)	(2,690,927)
Total taxable temporary differences	**(13,548,092)**	**(6,488,890)**
Net deductible temporary differences	(5,327,355)	(1,362,384)
Net deductible temporary differences at the statutory rate (20%)	(1,065,471)	(272,477)
Deferred tax assets not recognized	(180,190)	(76,940)
Net deferred tax liability at the statutory rate (20%)	**(1,245,661)**	**(349,417)**

(in thousands of Kazakhstani Tenge)

Relationships between tax expenses and accounting profit for the years ended 31 December 2023 and 2022 are presented as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
Profit before income tax	**57,631,632**	**40,535,714**
Tax at the statutory tax rate 20%	11,526,326	8,107,143
Tax-exempt income on state and other qualifying securities	(10,635,168)	(7,847,951)
Income tax attributable to prior periods	-	(152,538)
Changes in unrecognized deferred tax assets	(103,250)	(22,533)
Income tax expense recognized in profit or loss	**787,908**	**84,121**
Current income tax benefit	(38,493)	(94,090)
Deferred income tax expense	826,401	178,211
Income tax expense recognized in profit or loss	**787,908**	**84,121**

	31 December 2023	31 December 2022
Deferred income tax liabilities		
As at January 1 – deferred income tax liabilities	(419,260)	(475,900)
Deferred income tax assets of acquired subsidiary	-	32,393
Change in deferred income tax balances recognized in consolidated profit or loss	(826,401)	94,090
As at December 31 – deferred income tax liabilities	**(1,245,661)**	**(349,417)**

14. 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:

	Year ended 31 December 2023	Year ended 31 December 2022
Net profit for the year attributable to the owners of the Group	56,843,724	40,451,593
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	11,891,631	10,020,819
Total basic and diluted earnings per share	**4.78**	**4.04**

As required by KASE rules for listed companies, the book value of one share per each class of shares as at 31 December 2023 and 2022 is disclosed as follows:

	31 December 2023	31 December 2022
Total assets	2,630,277,270	1,564,103,997
Less: Intangible assets	(4,926,242)	(2,380,308)
Less: Total liabilities	(2,392,190,966)	(1,411,430,769)
Total Net Assets (as calculated per KASE rules, non – IFRS measure)	**233,160,062**	**150,292,920**
Outstanding shares (Note 30)	12,781,784	10,511,086
Book value of one share, in KZT (per KASE rules, non – IFRS measure)	18,242	14,299

(in thousands of Kazakhstani Tenge)

15. Cash and cash equivalents

	31 December 2023	31 December 2022
Short-term deposits with NBRK	72,468,106	108,290,853
Loans under reverse purchase agreements	48,744,889	56,105,001
Current accounts with banks	41,095,448	26,985,269
Correspondent accounts with NBRK	35,028,681	53,733,419
Cash on hand	22,577,789	9,500,740
Current accounts with stock exchanges	15,771,635	8,344,830
Funds on current accounts with the broker	696,823	918,827
Cash in transit	27,684	-
Current accounts with Central Depositary	24,500	4,079
Less: allowance for expected credit losses	(156,646)	(534,542)
Total cash and cash equivalents	**236,278,909**	**263,348,476**

As at 31 December 2023 and 2022, current accounts and short-term deposits were classified to stage 1 due to absence of significant increase in credit risk since initial recognition.

Recovery of expected credit on cash and cash equivalents, which is reflected in the consolidated statement of profit or loss comprised KZT 377,896 thousand for the year ended 31 December 2023 and credit loss expense in the amount KZT 539,004 thousand for the years ended 31 December 2022.

Fair value of equity pledged and carrying amount of loans under reverse repurchase agreements as at 31 December 2023 and 2022 are presented as follows:

	31 December 2023	
	Fair value of collateral	**Carrying amount of loans**
Government bonds of the Republic of Kazakhstan	17,787,300	17,783,711
Equity securities of Kazakhstan corporations	16,293,711	16,286,609
Bonds of foreign governments	10,759,145	10,769,935
Corporate bonds of Kazakhstan corporations	3,902,830	3,904,379
Equity securities of foreign organizations	255	255
Total	**48,743,241**	**48,744,889**

	31 December 2022	
	Fair value of collateral	**Carrying amount of loans**
Bonds of foreign governments	28,515,789	28,494,829
Government bonds of the Republic of Kazakhstan	18,658,367	18,635,793
Bonds of foreign governments	8,573,604	8,602,994
Equity securities of Kazakhstan corporations	338,102	346,110
Equity securities of foreign organizations	25,197	25,275
Total	**56,111,059**	**56,105,001**

As at 31 December 2023 and 2022, reverse repurchase agreements included accrued interest in the amount of KZT 37,871 and KZT 21,082 thousand, respectively, and had maturity in January 2024 and January - February 2023, respectively.

(in thousands of Kazakhstani Tenge)

16. Due from banks

As at 31 December 2023 and 2022, due from banks comprised:

	31 December 2023	31 December 2022
Funds provided as collateral	45,911,572	45,929,377
Term deposits	1,036,241	986,291
Less: allowance for expected credit losses	(1,144,051)	(54,972)
Total due from banks	**45,803,762**	**46,860,696**

As at 31 December 2023, funds provided as collateral included an insurance deposit of a participant of MasterCard system in the amount of KZT 7,560,089 thousand (31 December 2022: KZT 2,326,035 thousand), an insurance deposit of a participant of Visa International system in the amount of KZT 3,579,991 thousand (31 December 2022: KZT 3,003,287 thousand), deposit placed in a second-tier bank as collateral for settlements with MasterCard and Visa International systems in the amount of KZT 681,840 thousand (31 December 2022: KZT 693,975 thousand), a deposit that is collateral for the Group's obligations to the KASE in the amount of KZT 33,370,325 thousand (31 December 2022: KZT 39,841,780 thousand) and funds in the NBRK to guarantee the transfer of money based on the results of clearing and acceptance of payments in the instant payment system in the amount of KZT 300,000 thousand (31 December 2022: KZT nil).

Credit loss expense on due from banks, which is reflected in the consolidated statement of profit or loss comprised KZT 1,070,318 thousand and KZT 37,063 thousand for the years ended 31 December 2023 and 2022.

	Stage 1	Stage 2	Stage 3	Total
Allowance for ECL as at January 1, 2023	**(54,972)**	**-**	**-**	**(54,972)**
Net change in provision*	(51,071)	-	(1,019,247)	(1,070,318)
Exchange differences	(1,767)	-	(16,994)	(18,761)
Allowance for ECL as at December 31, 2023	**(107,810)**	**-**	**(1,036,241)**	**(1,144,051)**

*Net change in provision is included in "Expected credit loss" in the Consolidated Statement of Profit or Loss.

(in thousands of Kazakhstani Tenge)

17. Financial assets at fair value through profit or loss

	31 December 2023	31 December 2022
Government bonds of the Republic of Kazakhstan	898,600,096	294,318,044
Bonds of Kazakhstan corporations	474,270,475	451,016,886
Equity securities of Kazakhstan corporations	30,841,559	22,975,136
Bonds of foreign organizations	20,411,597	15,555,408
Equity securities of foreign organizations	2,861,918	735,262
Mutual investments fund	1,400,499	484,958
Preference shares of Kazakhstan corporations	465,474	619,880
Depositary receipts of Kazakhstan banks	145,911	109,899
Derivatives	-	88,145
Total financial assets at fair value through profit or loss	**1,428,997,529**	**785,903,618**

As at 31 December 2023 and 2022, financial assets at fair value through profit or loss included accrued interest in the amount of KZT 81,448,831 thousand and KZT 31,968,022 thousand, respectively.

As at 31 December 2023, the Group had securities of two issuers - Ministry of Finance of the Republic of Kazakhstan, JSC Kazakhstan Sustainability Fund totaling KZT 1,206,407,050 thousand, which individually exceeded 10% of the Group's total equity.
As at 31 December 2022, the Group had securities of five issuers - Ministry of Finance of the Republic of Kazakhstan, JSC Kazakhstan Sustainability Fund, JSC KazAgroFinance, JSC National Managing Holding "Baiterek" and JSC Samruk Kazyna totaling KZT 666,429,882 thousand, which individually exceeded 10% of the Group's total equity.

18. Financial assets measured at amortised cost

	31 December 2023	31 December 2022
Government bonds of the Republic of Kazakhstan	101,602,738	-
Less – Allowance for impairment	(81,127)	-
Total financial assets measured at amortised cost	**101,521,611**	**-**

As at 31 December 2023 the Group invested in bonds of Ministry of Finance of the Republic of Kazakhstan. These bonds are held within a business model to collect contractual cash flows, with cash flows that meet the SPPI criteria. The bonds are managed to collect the contractual principal and interest payments in alignment with the Group's long-term investment objectives and are measured at amortised cost using the effective interest rate method.

(in thousands of Kazakhstani Tenge)

19. Financial assets at fair value through other comprehensive income

	31 December 2023	31 December 2022
Bonds of Kazakhstan corporations	89,316,240	104,161,045
Government bonds of the Republic of Kazakhstan	70,466,696	32,431,628
Bonds of foreign organizations	9,843,249	4,095,376
Equity securities of Kazakhstan corporations	42,870	1,506,241
Equity securities of foreign organizations	-	1,654,815
Mutual investments fund	-	561,275
Total financial assets at fair value through other comprehensive income	**169,669,055**	**144,410,380**

As at 31 December 2023 and 2022, financial assets at fair value through other comprehensive income included accrued interest in the amount of KZT 8,474,177 thousand and KZT 5,509,875 thousand, respectively.

20. Loans to customers

As at 31 December 2023 and 2022, loans to customers comprised as follows:

	31 December 2023	31 December 2022
Mortgage loans	315,040,682	229,678,675
Retail loans	306,920,735	69,627,846
Credit cards	556,553	77,653
	622,517,970	**299,384,174**
Stage 1	610,883,223	298,461,727
Stage 2	3,229,986	207,969
Stage 3	8,404,761	714,478
Loans to customers	**622,517,970**	**299,384,174**
Less: allowance for expected credit losses	(14,072,741)	(4,027,016)
Total loans to customers	**608,445,229**	**295,357,158**

As at 31 December 2023 and 2022, the Group had no borrowers or groups of related borrowers whose loan balances exceed 10% of total loans to customers.

Credit loss expense on loans to customers, which is reflected in the consolidated statement of profit or loss comprised KZT 10,051,042 thousand and KZT 3,686,758 thousand for the years ended 31 December 2023 and 2022, respectively.

(in thousands of Kazakhstani Tenge)

The table below summarizes the amount of loans secured by type of collateral, rather than the fair value of the collateral itself:

	31 December 2023	31 December 2022
Loans collateralized by pledge of real estate	316,948,468	229,678,675
Unsecured loans*	175,423,420	46,554,432
Loans collateralized by movable property	122,386,826	17,217,709
Loans collateralized by guarantees	5,435,135	88,180
Loans collateralized by cash	2,324,121	5,845,178
	622,517,970	**299,384,174**
Less: allowance for expected credit losses	(14,072,741)	(4,027,016)
Total loans to customers	**608,445,229**	**295,357,158**

*Unsecured loans are mainly represented by loans acquired under an assignment agreement.

The table below analyzes information about the significant changes in the gross carrying amount of loans to customers as at 31 December 2023 and 2022.

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at 1 January 2023	**298,461,727**	**207,969**	**714,478**	**299,384,174**
Changes in the gross carrying amount				
- Transfer to stage 1	2,521,212	(2,521,212)	-	-
- Transfer to stage 2	(8,563,920)	9,326,001	(762,081)	-
- Transfer to stage 3	(5,364,461)	(3,563,828)	8,928,289	-
New financial assets originated or purchased	478,848,423	-	-	478,848,423
Financial assets that have been derecognised or repaid	(155,000,135)	(218,944)	(475,925)	(155,695,004)
Write-off	-	-	-	-
Foreign exchange differences and other movements	(19,623)	-	-	(19,623)
Gross carrying amount as at 31 December 2023	**610,883,223**	**3,229,986**	**8,404,761**	**622,517,970**

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at 1 January 2022	**16,103,083**	**15,960**	**32,269**	**16,151,312**
Changes in the gross carrying amount				
- Transfer to stage 1	120,954	(56,036)	(64,918)	-
- Transfer to stage 2	(529,937)	530,456	(519)	-
- Transfer to stage 3	(755,904)	(56,240)	812,144	-
New financial assets originated or purchased	328,408,569	-	-	328,408,569
Financial assets that have been derecognised or repaid	(44,863,589)	(226,171)	(56,532)	(45,146,292)
Write-off	-	-	(7,966)	(7,966)
Foreign exchange differences and other movements	(21,449)	-	-	(21,449)
Gross carrying amount as at 31 December 2022	**298,461,727**	**207,969**	**714,478**	**299,384,174**

(in thousands of Kazakhstani Tenge)

Analysis of movements in ECL allowance of loans for the year ended 31 December 2023 and 2022 are as follows:

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
ECL amount as at 1 January 2023	**(3,825,011)**	**(17,334)**	**(184,671)**	**(4,027,016)**
- Transfer to stage 1	(248,288)	248,288	-	-
- Transfer to stage 2	319,393	(493,750)	174,357	-
- Transfer to stage 3	309,467	1,239,889	(1,549,356)	-
New financial assets originated or purchased	(12,569,360)	-	-	(12,569,360)
Financial assets that have been derecognised or repaid	4,056,944	78,948	56,766	4,192,658
Change in risk parameters	4,241,848	(2,105,930)	(3,810,258)	(1,674,340)
Foreign exchange differences and other movements	5,317	-	-	5,317
ECL amount as at 31 December 2023	**(7,709,690)**	**(1,049,889)**	**(5,313,162)**	**(14,072,741)**

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
ECL amount as at 1 January 2022	**(336,613)**	**(4,078)**	**-**	**(340,691)**
- Transfer to stage 1	(29,914)	12,584	17,330	-
- Transfer to stage 2	82,785	(83,804)	519	-
- Transfer to stage 3	66,902	11,783	(78,685)	-
New financial assets originated or purchased	(4,634,415)	-	-	(4,634,415)
Financial assets that have been derecognised or repaid	1,147,288	216,248	7,428	1,370,964
Change in risk parameters	(121,044)	(170,567)	(139,229)	(430,840)
Write-off	-	-	7,966	7,966
ECL amount as at 31 December 2022	**(3,825,011)**	**(17,334)**	**(184,671)**	**(4,027,016)**

Loans to microfinance organization

In May 2021, the Group entered into an agreement with the Microfinance Organization Freedom Finance Credit LLP (hereinafter referred to as the "MFO"), which is a related party of the Group, an agreement on the assignment of claims on unsecured loans issued on the basis of microcredit agreements concluded with borrowers, under which The MFO transfers to the Group the rights of claim on microcredits. On initial recognition, the Group records claims on microloans at market value determined by an independent appraisal company. As at 31 December 2023, the limit on the total value of claims under micro loans was not more than KZT 130,000,000 thousand (31 December 2022: not more than KZT 158,000,000 thousand).

The Group has the right for reverse sale of microloans to the MFO on any basis within the established limit. During 2023, the Group repurchased rights of claim in the amount of KZT 118,547,435 thousand (during 2022 KZT 89,265,520 thousand) and resold in the amount of KZT 26,608,517 thousand (during 2022: KZT 19,013,408 thousand). As at 31 December 2023, the gross carrying amount of microloans purchased from MFIs with a puttable option was KZT 64,988,420 thousand (31 December 2022: KZT 46,465,155 thousand).

Restructured and modified loans

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

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

As at 31 December 2023 and 2022, no restructuring of loans took place and no gain/(loss) from modification was recognized.

JSC Kazakhstan Sustainability Fund

The Group provides mortgage loans to borrowers on behalf of the JSC Kazakhstan Sustainability Fund ("Program Operator") related to the state mortgage program "7-20-25" and transfers the rights of claim on the loans to the Program Operator. Under this program, borrowers can receive a mortgage at an interest rate of 7%, for 20 years. In accordance with the program and trust management agreement, the Group carries out trust management of transferred mortgage loans and transfers all repayments of principal amounts of mortgages plus 4% of the 7% interest to the Program Operator. The remaining 3% of the 7% interest is retained by the Group as profit margin. Under the program and trust management agreement, the Group is required to repurchase the rights of claims on transferred mortgage loans, when the loan principal amount and interest payments are overdue 90 days or more. The repurchase of delinquent loans is performed at the loan nominal value.

Since the Group sells those loans with recourse for uncollectible amounts, retains part of interest from those loans, and agrees to service those loans after the sale, the Group has determined that it retains control over the mortgage loans transferred and continues recognizing the loans. As the Group continues to recognize the loans, it also recognizes the associated liability in the amount of KZT 224,613,598 thousand as of 31 December 2023 (KZT 147,906,554 thousand as at 31 December 2022), which is presented separately as liability arising from continuing involvement in the consolidated statement of financial position.

21. Accounts receivable

(in thousands of Kazakhstani Tenge)

As at 31 December 2023 and 2022, accounts receivable comprise of:

	31 December 2023	31 December 2022
Debtors on banking activity	4,008,651	98,228
Dividends and bonds coupon receivable	1,587,088	1,107,690
Brokerage services	361,443	2,127,297
Underwriting services	103,949	157,992
Long-term installment receivables	85,260	547,871
Receivable from trust management	65,732	62,623
Market maker services	12,093	16,898
Other	746,811	953,619
	6,971,027	**5,072,218**
Less – Allowance for expected credit losses	(3,212,842)	(1,445,186)
Stage 1	(215,726)	(58,052)
Stage 2	(229,372)	(174,694)
Stage 3	(2,767,744)	(1,212,440)
Total accounts receivable	**3,758,185**	**3,627,032**

The movement in the allowances for expected credit losses is as follows:

	31 December 2023	31 December 2022
At the beginning of the year	**(1,445,186)**	**(619,894)**
Additional allowances recognized	(4,844,616)	(2,531,520)
Recoveries of allowances	2,881,169	1,662,728
Write-off of receivables	157,720	25,520
Exchange rate differences	38,071	17,980
At the end of the year	**(3,212,842)**	**(1,445,186)**

Credit loss expense on accounts receivable, which is reflected in the consolidated statement of profit or loss, comprised KZT 1,963,447 thousand for the year ended 31 December 2023 and KZT 868,792 thousand for the year ended 31 December 2022.

22. Insurance and reinsurance contract assets and liabilities

(in thousands of Kazakhstani Tenge)

	Year ended 31 December 2023			Year ended 31 December 2022		
	Liability for remaining coverage	Liability for incurred claims	Total	Liability for remaining coverage	Liability for incurred claims	Total
Insurance contract assets	67,653	280,232	**347,885**	289,458	145,616	**435,074**
Reinsurance contract assets	963,983	544,317	**1,508,300**	2,640,806	150,178	**2,790,984**
Insurance contract liabilities	85,179,668	11,292,589	**96,472,257**	62,793,783	6,755,709	**69,549,492**
Reinsurance contract liabilities	172,687	-	**172,687**	517,718	-	**517,718**
Total	**86,383,991**	**12,117,138**	**98,501,129**	**66,241,765**	**7,051,503**	**73,293,268**

Freedom Finance Life

The following table shows the balance sheet amounts of insurance contract portfolios as at the end of the reporting period for each activity:

	Year ended 31 December 2023			Year ended 31 December 2022		
	Annuity and cumulative life insurance	Accident insurance and non-accumulative life insurance	Total	Annuity and cumulative life insurance	Accident insurance and non-accumulative life insurance	Total
Reinsurance contract assets	(6,399)	(309,054)	**(315,453)**	(6,515)	(257,573)	**(264,088)**
Insurance contract liabilities	67,099,374	9,594,630	**76,694,004**	50,518,948	6,001,961	**56,520,909**
Total	**67,092,975**	**9,285,576**	**76,378,551**	**50,512,433**	**5,744,388**	**56,256,821**

(in thousands of Kazakhstani Tenge)

The following table shows the reconciliation from the opening to the closing balances of the net liability for the remaining coverage and the liability for incurred claims for the year ended 31 December 2023 and 2022, respectively:

Annuity and cumulative life insurance – contracts without direct participation features

	Liability for remaining coverage			
Year ended 31 December 2023	**Excluding loss component**	**Loss component**	**Liability for incurred claims**	**Total**
Liabilities at the beginning of the period	49,531,288	120,587	867,073	50,518,948
Total balance at the beginning of the period	**49,531,288**	**120,587**	**867,073**	**50,518,948**
Changes in the Statement of Profit and Loss				
Insurance revenue				
Contracts measured using the modified retrospective approach	(530,507)	-	-	(530,507)
Other contracts	(3,556,079)	-	-	(3,556,079)
Insurance revenue	**(4,086,586)**	**-**	**-**	**(4,086,586)**
Insurance services expenses				
Claims incurred and other expenses incurred for insurance services	-	-	1,476,311	1,476,311
Losses under onerous contracts and reversal of such losses	-	174,967	-	174,967
Acquisition cash flows				
- Amortization	136,995	-	-	136,995
Insurance service result	**(3,949,591)**	**174,967**	**1,476,311**	**(2,298,313)**
Finance income or expense on insurance contracts issued recognized in profit or loss	3,945,904	(220,839)	-	3,725,065
Effect of exchange rate changes	(100,962)	-	-	(100,962)
Total changes in the Statement of Profit and Loss	**(104,649)**	**(45,872)**	**1,476,311**	**1,325,790**
Investment components and premium refunds	(16,519,213)	-	16,519,213	-
Derecognition pre-recognition cash flows and other changes	307,564	-	-	307,564
Cash Flows				
Premiums received (including investment components)	34,071,483	-	-	34,071,483
Acquisition cash flows	(713,480)	-	-	(713,480)
Payments for incurred claims and other expenses for insurance services (including investment components)	-	-	(18,410,932)	(18,410,932)
Total Cash Flows	**33,358,003**	**-**	**(18,410,932)**	**14,947,071**
Net balance at the end of the period	**66,572,993**	**74,715**	**451,666**	**67,099,374**

(in thousands of Kazakhstani Tenge)

	Liability for remaining coverage			
Year ended 31 December 2022	**Excluding loss component**	**Loss component**	**Liability for incurred claims**	**Total**
Liabilities at the beginning of the period	38,970,214	98,207	204,671	39,273,092
Total balance at the beginning of the period	**38,970,214**	**98,207**	**204,671**	**39,273,092**
Changes in the Statement of Profit and Loss				
Insurance revenue				
Contracts measured using the modified retrospective approach	(653,858)	-	-	(653,858)
Other contracts	(2,866,108)	-	-	(2,866,108)
Insurance revenue	**(3,519,966)**	**-**	**-**	**(3,519,966)**
Insurance services expenses				
Claims incurred and other expenses incurred for insurance services	-	-	1,302,593	1,302,593
Losses under onerous contracts and reversal of such losses	-	130,476	-	130,476
Acquisition cash flows				
- Amortization	111,446	-	-	111,446
Insurance service result	**(3,408,520)**	**130,476**	**1,302,593**	**(1,975,451)**
Finance income or expense on insurance contracts issued recognized in profit or loss	4,335,215	(108,096)	-	4,227,119
Effect of exchange rate changes	355,821	-	-	355,821
Total changes in the Statement of Profit and Loss	**1,282,516**	**22,380**	**1,302,593**	**2,607,489**
Investment components and premium refunds	(11,168,016)	-	11,168,016	-
Derecognition pre-recognition cash flows and other changes	358,549	-	-	358,549
Cash Flows				
Premiums received (including investment components)	20,094,650	-	-	20,094,650
Acquisition cash flows	(6,625)	-	-	(6,625)
Payments for incurred claims and other expenses for insurance services (including investment components)	-	-	(11,808,207)	(11,808,207)
Total Cash Flows	**20,088,025**	**-**	**(11,808,207)**	**8,279,818**
Net balance at the end of the period	**49,531,288**	**120,587**	**867,073**	**50,518,948**

(in thousands of Kazakhstani Tenge)

The following table shows the reconciliation from the opening to the closing balances of the net liability for the remaining coverage and the liability for incurred claims for the year ended 31 December 2023 and 2022, respectively:

Accident insurance and non-accumulative life insurance – contracts without direct participation features

	Liability for remaining coverage		Liability for incurred claims		
Year ended 31 December 2023	**Excluding loss component**	**Loss component**	**Estimates of present value of future cash inflows**	**Risk adjustment for non-financial risk**	**Total**
Liabilities at the beginning of the period	3,433,972	-	2,440,477	127,512	6,001,961
Total balance at the beginning of the period	**3,433,972**	**-**	**2,440,477**	**127,512**	**6,001,961**
Changes in the Statement of Profit and Loss					
Insurance revenue					
Other contracts	(45,382,059)	-	-	-	(45,382,059)
Insurance revenue	**(45,382,059)**	**-**	**-**	**-**	**(45,382,059)**
Insurance services expenses					
Claims incurred and other expenses incurred for insurance services	-	-	524,032	-	524,032
Changes in liabilities for incurred claims	-	-	2,196,376	32,775	2,229,151
Acquisition cash flows	33,617,376	-	-	-	33,617,376
Insurance service result	**(11,764,683)**	**-**	**2,720,408**	**32,775**	**(9,011,500)**
Finance income or expense on insurance contracts issued recognized in profit or loss	414,887	-	205,895	-	620,782
Total changes in the Statement of Profit and Loss	**(11,349,796)**	**-**	**2,926,303**	**32,775**	**(8,390,718)**
Cash flows					
Premiums received (including investment components)	51,256,996		-	-	51,256,996
Acquisition cash flows	(38,696,008)		-	-	(38,696,008)
Payments for incurred claims and other expenses for insurance services (including investment components)	-		(577,601)	-	(577,601)
Total Cash Flows	**12,560,988**	**-**	**(577,601)**	**-**	**11,983,387**
Net balance at the end of the period	**4,645,164**	**-**	**4,789,179**	**160,287**	**9,594,630**

(in thousands of Kazakhstani Tenge)

	Liability for remaining coverage		Liability for incurred claims		
Year ended 31 December 2022	**Excluding loss component**	**Loss component**	**Estimates of present value of future cash inflows**	**Risk adjustment for non-financial risk**	**Total**
Liabilities at the beginning of the period	2,582,270	-	1,783,994	74,675	4,440,939
Total balance at the beginning of the period	**2,582,270**	**-**	**1,783,994**	**74,675**	**4,440,939**
Changes in the Statement of Profit and Loss					
Insurance revenue					
Other contracts	(14,352,790)	-	-	-	(14,352,790)
Insurance revenue	**(14,352,790)**	**-**	**-**	**-**	**(14,352,790)**
Insurance services expenses					
Claims incurred and other expenses incurred for insurance services	-	-	392,327	-	392,327
Changes in liabilities for incurred claims	-	-	613,654	52,837	666,491
Acquisition cash flows	7,547,444	-	-	-	7,547,444
Insurance service result	**(6,805,346)**	**-**	**1,005,981**	**52,837**	**(5,746,528)**
Finance income or expense on insurance contracts issued recognized in profit or loss	431,558	-	69,806	-	501,364
Total changes in the Statement of Profit and Loss	**(6,373,788)**	**-**	**1,075,787**	**52,837**	**(5,245,164)**
Cash flows					
Premiums received (including investment components)	17,327,964	-	-	-	17,327,964
Acquisition cash flows	(10,102,474)	-	-	-	(10,102,474)
Payments for incurred claims and other expenses for insurance services (including investment components)	-	-	(419,304)	-	(419,304)
Total Cash Flows	**7,225,490**	**-**	**(419,304)**	**-**	**6,806,186**
Net balance at the end of the period	**3,433,972**	**-**	**2,440,477**	**127,512**	**6,001,961**

Contractual service margin

The following table shows an analysis of the expected recognition of the CSM remaining at the end of reporting period in profit or loss:

Year ended 31 December 2023	**Up to 1 year**	**1-2 years**	**2-3 years**	**3-5 years**	**5- 10 years**	**10- 20 years**	**More than 20 years**	**As at 31 December 2023**
Insurance contracts								
Annuity and cumulative life insurance	922,357	703,771	623,440	1,192,942	3,124,516	6,529,395	6,153,845	19,250,268
Total contractual service margin	**922,357**	**703,771**	**623,440**	**1,192,942**	**3,124,516**	**6,529,395**	**6,153,845**	**19,250,268**

Year ended 31 December 2022	**Up to 1 year**	**1-2 years**	**2-3 years**	**3-5 years**	**5- 10 years**	**10- 20 years**	**More than 20 years**	**As at 31 December 2022**
Insurance contracts								
Accident insurance and non-ccumulative life insurance	901,040	583,133	461,889	864,964	2,182,679	4,149,267	3,541,664	12,684,636
Total contractual service margin	**901,040**	**583,133**	**461,889**	**864,964**	**2,182,679**	**4,149,267**	**3,541,664**	**12,684,636**

(in thousands of Kazakhstani Tenge)

The following tables provide a reconciliation of the opening and closing balances of net insurance contract liabilities analyzed by component for the years ended 31 December 2023 and 2022:

			Contractual service margin		
Year ended 31 December 2023	**Estimates of present value of future cash flows**	**Change in risk adjustment for non-financial risk**	**Contracts under the modified retrospective approach**	**Other contracts**	**Total**
Liabilities at the beginning of the period	37,287,793	546,519	2,851,583	9,833,053	50,518,948
Total balance at the beginning of the period	**37,287,793**	**546,519**	**2,851,583**	**9,833,053**	**50,518,948**
Changes in the Statement of Profit and Loss					
Changes that relate to current service					
CSM recognised for the period	-	-	(378,536)	(2,364,725)	(2,743,261)
Change in risk adjustment for non-financial risk	-	(56,458)	-	-	(56,458)
Experience adjustment	315,733	-	-	-	315,733
Changes that relate to future service					
Contracts initially recognized in the year	(7,405,059)	208,405	(1,456)	7,464,124	266,014
Changes in estimates that adjust CSM	(305,909)	(102,841)	1,318	407,432	-
Changes in estimates that result in losses and reversal of losses	16,617	(96,958)	-	-	(80,341)
Insurance service result	**(7,378,618)**	**(47,852)**	**(378,674)**	**5,506,831**	**(2,298,313)**
Finance income or expense on insurance contracts issued recognized in profit or loss	2,264,617	25,932	296,425	1,138,091	3,725,065
Effect of exchange rate changes	(103,921)	-	498	2,461	(100,962)
Total changes in the Statement of Profit and Loss	**(5,217,922)**	**(21,920)**	**(81,751)**	**6,647,383**	**1,325,790**
Derecognition of pre-coverage cash flows and other changes	307,565	-	-	-	307,565
Premiums received (including investment components)	34,071,483	-	-	-	34,071,483
Acquisition cash flows	(713,480)	-	-	-	(713,480)
Payments for incurred claims and other expenses for insurance services (including investment components)	(18,410,932)	-	-	-	(18,410,932)
Net balance at the end of the period	**47,324,507**	**524,599**	**2,769,832**	**16,480,436**	**67,099,374**

(in thousands of Kazakhstani Tenge)

			Contractual service margin		
Year ended 31 December 2022	**Estimates of present value of future cash flows**	**Change in risk adjustment for non-financial risk**	**Contracts under the modified retrospective approach**	**Other contracts**	**Total**
Liabilities at the beginning of the period	29,711,512	441,029	2,918,472	6,202,079	39,273,092
Total balance at the beginning of the period	**29,711,512**	**441,029**	**2,918,472**	**6,202,079**	**39,273,092**
Changes in the Statement of Profit and Loss					
Changes that relate to the services of the current period					
CSM recognised for the period	-	-	(465,247)	(2,097,287)	(2,562,534)
Change in risk adjustment for non-financial risk	-	(41,087)	-	-	(41,087)
Experience adjustment	481,989	-	-	-	481,989
Changes that relate to future service					
Contracts initially recognized in the year	(4,931,121)	215,167	4,837	4,926,978	215,861
Changes in estimates that result in losses and reversal of losses	(5,584)	(63,814)			(69,398)
Changes in estimates that adjust CSM	(130,414)	(46,378)	88,413	88,379	-
Insurance service result	**(4,585,130)**	**63,888**	**(371,997)**	**2,918,070**	**-1,975,169**
Finance income or expense on insurance contracts issued recognized in profit or loss	3,151,379	41,602	307,615	726,523	4,227,119
Effect of exchange rate changes	371,947	-	(2,507)	(13,619)	355,821
Total changes in the Statement of Profit and Loss	**(1,061,804)**	**105,490**	**(66,889)**	**3,630,974**	**2,607,771**
Cash Flows					
Derecognition of pre-coverage cash flows and other changes	358,549	-	-	-	358,549
Premiums received (including investment components)	20,094,369	-	-	-	20,094,369
Acquisition cash flows	(6,625)	-	-	-	(6,625)
Payments for incurred claims and other expenses for insurance services (including investment components)	(11,808,208)	-	-	-	(11,808,208)
Net balance at the end of the period	**37,287,793**	**546,519**	**2,851,583**	**9,833,053**	**50,518,948**

(in thousands of Kazakhstani Tenge)

Freedom Finance Insurance

Insurance contract assets and liabilities

	Liability for remaining coverage		Liability for incurred claims		
2023 year	**Excluding loss component**	**Loss Component**	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
Opening assets	289,458	-	145,616	-	435,074
Opening liabilities	(8,439,654)	(1,268,282)	(3,063,400)	(257,247)	(13,028,583)
Net opening balance	**(8,150,196)**	**(1,268,282)**	**(2,917,784)**	**(257,247)**	**(12,593,509)**
Changes in the statement of profit or loss and OCI					
Insurance revenue	**19,204,936**	**-**	**-**	**-**	**19,204,936**
Insurance service expenses					
Incurred claims and other insurance service expenses	-	-	(11,654,489)	(395,755)	(12,050,244)
Amortization of insurance acquisition cash flows	(2,105,510)	-	-	-	(2,105,510)
Adjustments to liabilities for incurred claims	-	-	369,197	188,340	557,537
Losses and reversals of losses on onerous contracts	-	26,634	-	-	26,634
Insurance service expenses	**(2,105,510)**	**26,634**	**(11,285,292)**	**(207,415)**	**(13,571,583)**
Insurance service result from insurance contracts issued	**17,099,426**	**26,634**	**(11,285,292)**	**(207,415)**	**5,633,353**
Insurance finance expenses from insurance contracts recognized in profit or loss	(623,845)	-	-	-	(623,845)
Total changes in the statement of profit or loss and OCI	**16,475,581**	**26,634**	**(11,285,292)**	**(207,414)**	**5,009,508**
Investment components excluded from insurance revenue and insurance service expenses	-	-	-	-	-
Other changes*	365,362	-	-	-	365,362
Other changes related to the acquired portfolio**	1,479,052	-	-	-	1,479,052
Cash flows					
Premiums received	(24,142,245)	-	-	-	(24,142,245)
Claims and other insurance service expenses paid	-	-	9,056,511	-	9,056,511
Insurance acquisition cash flows	1,327,298	-	-	-	1,327,298
Total cash flows	**(22,814,947)**	**-**	**9,056,511**	**-**	**(13,758,436)**
Net closing balance	**(12,645,148)**	**(1,241,648)**	**(5,146,564)**	**(464,661)**	**(19,498,022)**
Closing assets	67,653	-	280,232	-	347,885
Closing liabilities	(12,645,148)	(1,241,648)	(5,426,796)	(464,661)	(19,778,253)
Net closing balance	**(12,577,495)**	**(1,241,648)**	**(5,146,564)**	**(464,661)**	**(19,430,368)**

* other changes - the effect on the financial component of revenue and acquisition expenses not related to cash flows is reflected
** other changes related to the adopted London-Almaty portfolio

(in thousands of Kazakhstani Tenge)

	Liability for remaining coverage		Liability for incurred claims		
2022 year	**Excluding loss component**	**Loss Component**	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
Opening assets	201	-	224,237	-	224,438
Opening liabilities	(2,485,016)	(949,860)	(1,611,946)	(94,336)	(5,141,158)
Net opening balance	**(2,484,815)**	**(949,860)**	**(1,387,709)**	**(94,336)**	**(4,916,720)**
Changes in the statement of profit or loss and OCI					
Insurance revenue	**7,058,153**	**-**	**-**	**-**	**7,058,153**
Insurance service expenses					
Incurred claims and other insurance service expenses	-	-	(9,679,855)	(191,596)	(9,871,451)
Amortization of insurance acquisition cash flows	(192,548)	-	-	-	(192,548)
Adjustments to liabilities for incurred claims	-	-	(24,109)	28,684	4,575
Losses and reversals of losses on onerous contracts	-	(318,422)	-	-	(318,422)
Insurance service expenses	**(192,548)**	**(318,422)**	**(9,703,965)**	**(162,912)**	**(10,377,846)**
Insurance service result from insurance contracts issued	**6,865,605**	**(318,422)**	**(9,703,965)**	**(162,912)**	**(3,319,693)**
Insurance finance expenses from insurance contracts recognized in profit or loss	(184,039)	-	-	-	(184,039)
Total changes in the statement of profit or loss and OCI	**6,681,566**	**(318,422)**	**(9,703,965)**	**(162,912)**	**(3,503,733)**
Investment components excluded from insurance revenue and insurance service expenses	-	-	-	-	-
Other changes*	106,438	-	-	-	106,438
Other changes related to the acquired portfolio**	(1,567,880)	-	-	-	(1,567,880)
Cash flows					
Premiums received	(11,988,823)	-	-	-	(11,988,823)
Claims and other insurance service expenses paid	-	-	8,173,890	-	8,173,890
Insurance acquisition cash flows	1,103,318	-	-	-	1,103,318
Total cash flows	**(10,885,505)**	**-**	**8,173,890**	**-**	**(2,711,615)**
Net closing balance	**(8,150,196)**	**(1,268,282)**	**(2,917,783)**	**(257,248)**	**(12,593,509)**
Closing assets	289,458	-	145,616	-	435,074
Closing liabilities	(8,439,654)	(1,268,282)	(3,063,399)	(257,248)	(13,028,583)
Net closing balance	**(8,150,196)**	**(1,268,282)**	**(2,917,783)**	**(257,248)**	**(12,593,509)**

* other changes - the effect on the financial component of revenue and acquisition expenses not related to cash flows is reflected

** other changes related to the adopted London-Almaty portfolio

(in thousands of Kazakhstani Tenge)

Reinsurance contracts assets and liabilities

	Remaining coverage component		Incurred claims component		
2023	**Excluding loss recovery component**	**Loss recovery component**	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
Opening assets	2,305,622	71,096	139,538	10,640	2,526,896
Opening liabilities	(517,718)	-	-	-	(517,718)
Net opening balance	**1,787,904**	**71,096**	**139,538**	**10,640**	**2,009,178**
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	**(4,666,217)**	**-**	**-**	**-**	**(4,666,217)**
Amounts recovered from reinsurers					
Recoveries on incurred claims and other incurred reinsurance service expenses	-	-	989,305	52,009	1,041,314
Changes in expected recoveries on past claims			119,335	190	119,525
Changes in the loss recovery component	-	41,235	-	-	41,235
Amounts recovered from reinsurers	**-**	**41,235**	**1,108,640**	**52,199**	**1,202,074**
Net expenses from reinsurance contracts held	**(4,666,217)**	**41,235**	**1,108,640**	**52,199**	**(3,464,143)**
Finance income from reinsurance contracts recognized in profit or loss	31,859	-	-	-	31,859
Total changes in the statement of profit or loss and OCI	**(4,634,358)**	**41,235**	**1,108,640**	**52,199**	**(3,432,284)**
Investment components excluded from reinsurance service expenses	-	-	-	-	-
Other changes*	(45,566)				(45,566)
Other changes related to the acquired portfolio**	(768,389)	-	-	-	(768,389)
Cash flows					
Premiums paid	4,023,921	-	-	-	4,023,921
Amounts received from reinsurers relating to incurred claims and other incurred reinsurance services expenses	-	-	(766,700)	-	(766,700)
Total cash flows	**4,023,921**	**-**	**(766,700)**	**-**	**3,257,221**
Net closing balance	**363,512**	**112,331**	**481,478**	**62,839**	**1,020,160**
Closing assets	536,199	112,331	481,478	62,839	1,192,847
Closing liabilities	(172,687)	-	-	-	(172,687)
Net closing balance	**363,512**	**112,331**	**481,478**	**62,839**	**1,020,160**

* other changes - the effect on the financial component of revenue and acquisition expenses not related to cash flows is reflected
** other changes related to the adopted London-Almaty portfolio

(in thousands of Kazakhstani Tenge)

	Remaining coverage component		Incurred claims component		
2022	**Excluding loss recovery component**	**Loss recovery component**	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
Opening assets	38,372	-	122,122	3,493	163,987
Opening liabilities	(12,165)	-	(28)	-	(12,193)
Net opening balance	**26,207**		**122,094**	**3,493**	**151,794**
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	**(15,735)**	**-**	**-**	**-**	**(15,735)**
Amounts recovered from reinsurers					
Recoveries on incurred claims and other incurred reinsurance service expenses	-	-	71,747	5,978	77,725
Changes in expected recoveries on past claims		-	(23,617)	1,169	(22,448)
Changes in the loss recovery component	-	71,096	-	-	71,096
Amounts recovered from reinsurers	**-**	**71,096**	**48,130**	**7,147**	**126,373**
Net expenses from reinsurance contracts held	**(15,735)**	**71,096**	**48,130**	**7,147**	**110,638**
Financial income or expenses from reinsurance contracts recognized in profit or loss	71,503	-	-	-	71,503
Total changes in the statement of profit or loss and OCI	**55,768**	**71,096**	**48,130**	**7,147**	**182,141**
Investment components excluded from reinsurance service expenses	-	-	-	-	-
Other changes*	(52,939)				(52,939)
Other changes related to the acquired portfolio**	775,315	-	-	-	775,315
Cash flows					
Premiums paid	983,553	-	-	-	983,553
Amounts received from reinsurers relating to incurred claims and other incurred reinsurance services expenses	-	-	(30,686)	-	(30,686)
Total cash flows	**983,553**	**-**	**(30,686)**	**-**	**952,867**
Net closing balance	**1,787,904**	**71,096**	**139,538**	**10,640**	**2,009,178**
Closing assets	2,305,622	71,096	139,538	10,640	2,526,896
Closing liabilities	(517,718)	-	-	-	(517,718)
Net closing balance	**1,787,904**	**71,096**	**139,538**	**10,640**	**2,009,178**

* other changes - the effect on the financial component of revenue and acquisition expenses not related to cash flows is reflected
** other changes related to the adopted London-Almaty portfolio

(in thousands of Kazakhstani Tenge)

23. Right-of-use assets

Right-of-use assets	Buildings
Cost	
As at 1 January 2022	**1,720,536**
Additions through business combination	570,970
Additions	2,097,832
Modification*	1,557,085
Disposal	(128,115)
As at 31 December 2022	**5,818,308**
Additions	5,998,671
Modification**	(660,718)
Disposal	(1,849,000)
As at 31 December 2023	**9,307,261**
Accumulated depreciation	
As at 1 January 2022	**(1,239,669)**
Additions through business combination	(149,023)
Charge for the year	(658,673)
Eliminated on disposal	27,020
As at 31 December 2022	**(2,020,345)**
Charge for the year	(1,548,059)
Eliminated on disposal	413,216
As at 31 December 2023	**(3,155,188)**
Carrying amount	
As at 31 December 2022	**3,797,963**
As at 31 December 2023	**6,152,073**

*On 10 November 2022, the Group signed an additional agreement on the lease of the head office, which extended the lease for 5 years.
**On 28 April 2023, the Group signed an additional agreement on the lease of the head office, resulting in a decrease of the rented premises' area.

During the year ended 31 December 2023 and 2022, the Group had no material early terminated lease agreements for office premises.

The Group leases buildings for the average lease term of 4 years.

The maturity analysis of lease liabilities is presented in Note 29.

	Year ended 31 December 2023	Year ended 31 December 2022
Amounts recognized in profit and loss		
Depreciation expense on right-of-use assets	1,548,059	658,673
Interest expense on lease liabilities*	783,840	157,853

* Under IFRS 17, interest expense on lease liabilities will differ from interest expense disclosed in Note 5, as they pertain to lease liabilities and not insurance contract liabilities.

(in thousands of Kazakhstani Tenge)

24. Property, equipment and intangible assets

	Intangible assets	Land and buildings	Vehicles	Furniture	Office equipment	Leasehold improvement	Servers and information storages	Other	Total
At historical cost									
31 December 2021	**2,106,881**	**3,867,748**	**77,594**	**1,431,736**	**1,593,486**	**286,093**	**52,742**	**143,185**	**9,559,465**
Additions through business combination	662,363	624,439	139,862	-	670,105	-	-	142,225	2,238,993
Additions	1,135,184	201,918	218,847	1,250,621	1,927,436	683,699	34,105	165,868	5,617,678
Disposals	(265,146)	-	(85,294)	(90,839)	(95,834)	-	-	(42,338)	(579,450)
Revaluation	-	7,757	-	-	-	-	-	-	7,757
Transfers	-	-	-	(110)	(3,216)	-	-	3,326	-
31 December 2022	3,639,282	4,701,862	351,009	2,591,408	4,091,977	969,792	86,847	412,266	16,844,443
Additions	2,997,087	109,325	40,609	2,330,958	2,549,515	1,787,710	1,255	56,880	9,873,339
Disposals	(5,535)	-	(17,447)	(46,114)	(521,178)	(2,932)	-	(30,462)	(623,668)
Revaluation	-	490,535	-	-	-	-	-	-	490,535
Transfers	-	(37,288)	-	-	-	-	-	37,288	-
31 December 2023	**6,630,834**	**5,264,434**	**374,171**	**4,876,252**	**6,120,314**	**2,754,570**	**88,102**	**475,974**	**26,584,649**
Accumulated depreciation									
31 December 2021	**(846,506)**	**31,538**	**(15,137)**	**(805,487)**	**(721,658)**	**(202,888)**	**(28,100)**	**(57,510)**	**(2,645,748)**
Additions through business combination	(487,116)	(237,408)	(112,670)	-	(548,825)	-	-	(70,200)	(1,456,219)
Charge for the year	(158,108)	(71,456)	(23,929)	(166,382)	(279,795)	(95,894)	(15,787)	(29,729)	(841,080)
Eliminated on disposals	232,757	-	74,807	78,912	65,371	-	-	15,965	467,812
Revaluation	-	3,381	-	-	238	-	-	(238)	3,381
31 December 2022	(1,258,974)	(273,945)	(76,930)	(892,956)	(1,484,668)	(298,782)	(43,887)	(141,711)	(4,471,852)
Charge for the year	(282,901)	(84,177)	(40,081)	(380,555)	(601,272)	(270,916)	(17,488)	(54,415)	(1,731,805)
Eliminated on disposals	2,093	-	15,137	35,726	516,241	2,932	-	22,088	594,217
Revaluation	(164,810)	-	-	-	-	-	-	-	(164,810)
Transfers	-	4,106	-	-	-	-	-	(4,106)	-
31 December 2023	**(1,704,592)**	**(354,016)**	**(101,874)**	**(1,237,785)**	**(1,569,699)**	**(566,766)**	**(61,375)**	**(178,144)**	**(5,774,249)**
Net book value									
31 December 2023	**4,926,242**	**4,910,418**	**272,297**	**3,638,467**	**4,550,615**	**2,187,804**	**26,727**	**297,828**	**20,810,400**
31 December 2022	**2,380,308**	**4,427,917**	**274,079**	**1,698,452**	**2,607,309**	**671,010**	**42,960**	**270,555**	**12,372,590**

As at 31 December 2023 and 2022, intangible assets comprised of software and licenses.

(in thousands of Kazakhstani Tenge)

25. Other assets and liabilities

Other assets comprise:

	31 December 2023	31 December 2022
Other financial assets:		
Other accounts receivable	803,653	64,224
	803,653	**64,224**
Other non-financial assets:		
Other prepayments	3,785,331	704,560
Prepayment for property, equipment and intangible assets	803,762	1,930,155
Inventory	444,569	171,658
Tax settlements, other than income tax	85,096	61,504
Other debtors	15,608	8,687
Other	46,973	678,599
Total other assets	**5,984,992**	**3,619,387**

During the year ended 31 December 2023, the Group made prepayments for equipment for the 2024 Biology Olympiad, as well as for office rent, social initiatives for the construction of a section of the embankment in the city of Konaev and sponsorship-related financial support to soccer clubs and recognized deferred software costs.

Other liabilities comprise:

	31 December 2023	31 December 2022
Other financial liabilities:		
Other accounts payable	3,019,182	1,032,093
	3,019,182	**1,032,093**
Other non-financial liabilities:		
Unused vacation reserve	1,701,783	813,421
Commitments to social initiatives	1,689,061	-
Taxes payable, other than income tax	721,418	317,739
Payroll payable	224,567	590,192
Liabilities on payments to the pension fund	84,729	81,910
Current income tax payable	5,179	204,432
Other	352,810	274,228
Total other liabilities	**7,798,728**	**3,314,015**

26. Securities repurchase agreement obligations

Fair value of assets pledged and carrying amount of loans under securities repurchase agreement obligations as at 31 December 2023 and 2022 are presented as follows:

	31 December 2023	
	Fair value of collateral	Carrying amount of loans
Government bonds of the Republic of Kazakhstan	852,883,281	850,492,500
Bonds of Kazakhstan corporations	405,902,485	407,566,605
Bonds of foreign organisations	14,910,762	14,879,488
Government bonds of foreign countries	8,089,384	8,102,158
Equity securities of foreign organisations	7,555	7,631
Total securities repurchase agreement obligations	**1,281,793,467**	**1,281,048,382**

(in thousands of Kazakhstani Tenge)

	31 December 2022	
	Fair value of collateral	**Carrying amount of loans**
Government bonds of the Republic of Kazakhstan	276,304,397	271,321,859
Bonds of Kazakhstan corporations	252,607,607	256,361,101
Bonds of foreign countries	6,854,151	6,859,499
Total securities repurchase agreement obligations	**535,766,155**	**534,542,459**

As at 31 December 2023 and 2022, securities repurchase agreement obligations included accrued interest in the amount of KZT 2,951,936 thousand and KZT 1,083,189 thousand and had maturity in January-March 2024 and January 2023, respectively.

27. Due to credit institutions

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

	31 December 2023	31 December 2022
Accounts of financial organizations	17,113,786	17,487,588
Time deposits	4,708,867	4,509,539
Total due to credit institutions	**21,822,653**	**21,997,127**

As at 31 December 2023 and 2022, the accounts of financial organizations are represented by accounts in the amount of KZT 17,113,786 thousand received from eight foreign financial organizations and KZT 17,487,588 thousand accordingly received from three foreign banks.

As at 31 December 2023 and 2022, due to credit institutions are represented by deposits of KZT 4,708,867 thousand and KZT 4,509,539 thousand accordingly received from JSC Kazakhstan Sustainability Fund under the state program for refinancing customer mortgage loans a maturity in 2036 - 2050 and interest rates from 0.1% to 2.99%.

28. Customer accounts and deposits of customers

	31 December 2023	31 December 2022
Current accounts		
- Corporate customers	156,327,457	255,393,934
- Retail customers	52,808,005	35,147,063
	209,135,462	**290,540,997**
Term deposits		
- Retail customers	411,923,942	280,620,416
- Corporate customers	124,623,688	43,875,780
	536,547,630	**324,496,196**
Guarantee deposits		
- Corporate customers	2,629,625	382,953
- Retail customers	2,165,388	7,066,590
Total customer accounts and deposits from customers	**750,478,105**	**622,486,736**

(in thousands of Kazakhstani Tenge)

Below is the breakdown of customer accounts and deposits of customers by industry sectors:

	31 December 2023	31 December 2022
Individuals	466,897,335	322,834,068
Professional services	71,266,051	184,644,564
Trade	55,678,870	20,584,620
Financial services	45,587,633	42,480,604
Production	34,363,396	11,496,648
Real estate construction	16,494,371	9,610,252
Communication and information	11,215,729	7,668,023
Holding company activities	7,436,913	8,406,356
Medical services	6,760,409	121,661
Education	6,597,910	1,600,451
Asset management	5,054,796	229,220
Mining industry	4,268,436	596,379
Transport	3,122,686	856,219
Agriculture	3,112,959	400,016
Rent	2,740,627	2,861,695
Electrical power	600,891	609,029
Property	470,640	1,152,367
Non-commercial entities	81,836	15,061
Insurance	21	141,689
Other	8,726,596	6,177,814
Total customer accounts and deposits from customers	**750,478,105**	**622,486,736**

As at 31 December 2023, the Group had ten major clients, which accounted for 16% of the total balance of current accounts and customer deposits (31 December 2022: 34%). The aggregate balance of such customers as at 31 December 2023 was KZT 123,659,161 thousand (31 December 2022: KZT 213,504,922 thousand).

In accordance with the Civil Code of the Republic of Kazakhstan, the Group is obliged to issue the deposit amount upon the first request of the depositor. According to the current terms of deposit acceptance, in cases where a term deposit is returned to the depositor at their request before the expiration of the term, interest on the deposit is paid for the actual period of placement of the deposit.

29. Lease liabilities

	31 December 2023	31 December 2022
Maturity analysis:		
Year 1	1,818,689	1,257,580
Year 2	1,776,298	1,151,186
Year 3	1,889,138	1,029,326
Year 4	2,510,748	913,271
Year 5	325,618	545,822
Year 6	-	68,766
Less: unearned interest	(1,801,537)	(1,002,082)
Total lease liabilities	**6,518,954**	**3,963,869**
Analysed as:		
Current	1,795,345	872,601
Non-current	4,723,609	3,091,268
Total lease liabilities	**6,518,954**	**3,963,869**

(in thousands of Kazakhstani Tenge)

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

			Non-cash changes				
	31 December 2022	Repayments	New leases	Modifications	Disposal	Other changes	31 December 2023
Lease liabilities	3,963,869	(1,997,939)	5,912,079	(692,887)	(29,364)	(636,804)	6,518,954

			Non-cash changes				
	31 December 2021	Repayments	New leases	Addition through business combination	Disposal	Other changes	31 December 2022
Lease liabilities	673,368	(905,513)	3,597,636	446,073	(21,894)	174,199	3,963,869

30. Share capital

As at 31 December 2023, the authorized and issued share capital comprised of 12,781,784 ordinary shares for the total amount of KZT 98,510,824 thousand (31 December 2022: the authorized and issued share capital comprised of 10,511,086 ordinary shares for the total amount of KZT 66,822,797 thousand).

During the years ended 31 December 2023 and 31 December 2022, dividends were not declared and paid.

During the years ended 31 December 2023 and 2022, the shareholders of the Group made a decision to increase share capital by means of an equity injection by cash in the total amount of KZT 25,988,027 thousand (1,770,698 ordinary shares) and KZT 5,400,003 thousand (514,286 ordinary shares), respectively.

On 5 August 2022, the Parent Company made cash contributions for the total amount of KZT 5,700,000 thousand, which are reflected as an additional paid-in capital. As of 31 December 2023 this amount was reclassed to share capital from the additional paid-in capital.

During 2021 year, the Group concluded agreement with Freedom Holding Corp. to terminate subordinated debt agreements, according to which Freedom Holding Corp. made a full forgiveness of the subordinated debt, which was reflected in the additional paid-in capital of the Group in the amount of KZT 2,978,199 thousand.

31. Commitments and contingencies

Capital commitments

As at 31 December 2023 and 2022, the Group had no material commitments for capital expenditure outstanding.

(in thousands of Kazakhstani Tenge)

Operating lease commitments

As at 31 December 2023, where the Group is the lessee, the future minimum lease payments under non-cancelable leases of office premises are as follows:

Contractual obligations	Less than 1 year	1-3 years	3-5 years	Total
Operating office lease	106,330	157,477	-	**263,807**
Total	**106,330**	**157,477**	**-**	**263,807**

As at 31 December 2022, where the Group is the lessee, the future minimum lease payments under non-cancelable leases of office premises are as follows:

Contractual obligations	Less than 1 year	1-3 years	3-5 years	Total
Operating office lease	624,905	957,562	970,830	**2,553,297**
Total	**624,905**	**957,562**	**970,830**	**2,553,297**

Credit related commitments

As at 31 December 2023 and 2022, the Group's credit related commitments were as follows:

	31 December 2023	31 December 2022
Unused credit lines	57,648,437	8,715,337
Guarantees issued	3,337,447	2,255,041
TOTAL	**60,985,884**	**10,970,378**

Legal proceedings

In the ordinary course of business, the Group could be subject to legal actions and claims. Management believes that no material unaccrued losses will be incurred and accordingly no provision has been made in these consolidated financial statements as the result of these claims.

Taxation

Kazakhstani commercial and tax legislation may give rise to varying interpretations and amendments, which may be retrospective in nature. In addition, as management's interpretation of tax legislation may differ from that of the tax authorities, transactions may be challenged by the tax authorities, and as result the Group may be assessed additional taxes, penalties and interest. The Group believes that it has already made all tax payments, and therefore no allowance has been made in the consolidated financial statements. Tax years remain open to review by the tax authorities for three years.

Pensions and retirement plans

JSC Unified Accumulative Pension Fund pays state pension benefits to employees in accordance with the laws of the Republic of Kazakhstan. As at 31 December 2023 and 2022, the Group was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

Fiduciary activities

In the normal course of its business the Group enters into agreements with limited right on decision making with clients for their assets management in accordance with specific criteria established by clients. The Group may be liable for losses or actions aimed at appropriation of the clients' funds until such funds or securities are not returned to the client due to gross negligence or willful misconduct by the Group only. The maximum potential financial risk of the Group at any given moment is equal to the volume of the clients' funds plus/minus any unrealized income/loss on the clients' position.

The carrying amount of the financial assets under management of the Group approximates to the fair value due to the nature of the assets under management. The commission income is determined as a certain percentage from the financial assets.

Operating environment

Emerging markets such as Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Kazakhstan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Kazakhstan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market. Also, the government expenses on major infrastructure projects and various socio-economic development programs have a significant impact on the country's economy.

The military and political conflict between Russia and Ukraine escalated in early 2022. As a result, several countries introduced economic sanctions against Russia and Belarus, including measures to ban new investment and restrict interaction with major financial institutions and many state enterprises.

In 2023, the average price for Brent crude oil was 83 USD per barrel (2022: 101 USD per barrel). According to preliminary estimates, the Kazakhstan's gross domestic product ("GDP") grew by 4.9% per annum in 2023 (2022: 3.2%). Inflation in the country declined in 2023 to 9.8% per annum (2022: inflation was 20.3% per annum).

In 2023, the National Bank of the Republic of Kazakhstan reduced the base rate from 16.75% to 15.75% per annum with a corridor of +/- 1.0 percentage points. In January 2024, the base rate further decreased to 15.25% per annum with a corridor of +/- 1.0 percentage points. However, the uncertainty still exists related to future development of the geopolitical risks and their impact on the economy of Kazakhstan.

Management of the Group is monitoring developments in the economic, political, and geopolitical situation and taking measures it considers necessary to support the sustainability and development of the Group's business for the foreseeable future. However, the consequences of these events and related future changes may have a significant impact on the Group's operations.

(in thousands of Kazakhstani Tenge)

32. Transactions with related parties

Related parties or transactions with related parties are assessed in accordance with IAS 24 "*Related Party Disclosures*". Related parties may enter into transactions which unrelated parties might not. Terms, conditions and amounts of related party transactions are usually same as those between unrelated parties. Transactions with related parties are settled on an arm's-length basis and recognised in the consolidated financial statements according to the same accounting policy as for similar transactions with unrelated parties.

Considering each possible related party not only their legal status is taken into account but also the substance of the relationship between these parties.

	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
Financial assets at fair value through profit and loss	56,595	1,428,997,529	-	785,903,618
-the Parent company, companies affiliated through the Parent Company	56,595		-	
Financial assets at fair value through other comprehensive income	-	169,669,055	43,775	144,410,380
- key management personnel of the Group or its Parent Company	-		43,775	
Loans to customers	125,751	608,445,229	-	295,357,158
- key management personnel of the Group or its Parent Company	200		-	
-the Parent Company, companies affiliated through the Parent Company	125,551		-	
Accounts receivable before allowances for expected credit losses	186,485	6,971,027	686,982	5,072,218
- key management personnel of the Group or its Parent Company	39,452		6,095	
-the Parent company, companies affiliated through the Parent Company	127,240		640,435	
-ultimate shareholder	19,793		40,452	
Allowances for expected credit losses on accounts receivable	(47,135)	(3,212,842)	(178,516)	(1,445,186)
- key management personnel of the Group or its Parent Company	(24)		(2,421)	
-the Parent Company, companies affiliated through the Parent Company	(46,497)		(168,697)	
-ultimate shareholder	(614)		(7,398)	
Other assets	7,142	5,984,992	139	3,619,387
- key management personnel of the Group or its Parent Company	7,142		139	
Insurance contract liabilities	(168,184)	(96,472,257)	(653,070)	(69,549,492)
-the Parent Company, companies affiliated through the Parent Company	(168,184)		(653,070)	
Other liabilities	(65,483)	(7,798,728)	(20,658)	(3,314,015)
- key management personnel of the Group or its Parent Company	(26)		(20,658)	
-the Parent Company, companies affiliated through the Parent Company	(65,457)		-	

(in thousands of Kazakhstani Tenge)

As at 31 December 2023, the subsidiary of the Group – JSC Freedom Finance Bank acquired microloans from Microfinance Organization "Freedom Finance Credit" LLP, which is a related party of the Group and those loans amounted to KZT 64,988,420 thousand (31 December 2022: KZT 46,465,155 thousand).

The following amounts, which were recognized in transactions with related parties included in the consolidated statement of profit or loss for the years ended 31 December 2023 and 2022:

	For the year ended 31 December 2023		For the 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 calculated using the effective interest method	-	76,538,793	6,114	14,378,112
-companies affiliated through the Parent Company	-		6,114	
Interest expense	(1,037,883)	(181,923,335)	(103,696)	(58,020,628)
- key management personnel of the Group or its Parent company	(5,866)		-	
-companies affiliated through the Parent Company	(1,032,016)		(103,696)	
Insurance revenue	26,125	68,673,581	17,341	18,971,688
- the Parent company, companies affiliated through the Parent Company	26,125		17,341	
Insurance services expenses	(97,110)	(50,439,414)	(49,104)	(14,264,980)
-the Parent company, companies affiliated through the Parent Company	(97,110)		(49,104)	
Fee and commission income	1,668,593	26,621,780	3,366,217	22,839,815
- key management personnel of the Group or its Parent company	11,951		292,171	
- the Parent Company, companies affiliated through the Parent Company	1,393,119		2,898,226	
- ultimate shareholder	263,523		175,820	
Fee and commission expense	-	(13,569,115)	(23,715)	(11,801,026)
-the Parent company, companies affiliated through the Parent Company	-		(62)	
Net gain on foreign exchange operations	1,383,619	38,033,521	2,418,320	16,415,893
- key management personnel of the Group or its Parent company	230		686	
-the Parent company, companies affiliated through the Parent Company	1,383,389		2,417,634	
Operating expenses	(4,007,560)	(52,522,880)	(118,951)	(22,401,722)
- key management personnel of the Group or its Parent company	(13,768)		(118,951)	
-the Parent company, companies affiliated through the Parent Company	(3,993,792)		-	
Payroll expenses, represented by short-term benefit	(842,708)	(24,618,087)	(223,607)	(12,436,998)
- key management personnel of the Group or its Parent company	(842,708)		(223,607)	

(in thousands of Kazakhstani Tenge)

33. Fair value of financial instruments

IFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

The table below summarizes the Group's financial assets and liabilities held at fair value by valuation methodology as at 31 December 2023 and 2022 before any allowances for expected credit losses:

	Fair value as at					
Financial Assets/Financial Liabilities	**31 December 2023**	**31 December 2022**	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value**
Non-derivative financial assets at fair value through profit or loss (Note 17)	482,871,323	696,408,866	Level 1	Quoted bid prices in an active market*.	Not applicable	Not applicable
Non-derivative financial assets at fair value through profit or loss (Note 17)	945,786,981	89,376,074	Level 2	Quoted bid prices in a market that is not active.	Not applicable	Not applicable
Non-derivative financial assets at fair value through profit or loss (Note 17)	315,948	118,678	Level 3	Present value of expected future cash flows, using the discount rate of similar financial instrument in the market	Not applicable	Not applicable
Derivative financial assets at fair value through profit or loss (Note 16)	23,277	-	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period).	Not applicable	Not applicable
Total financial assets at fair value through profit or loss	**1,428,997,529**	**785,903,618**				
Non-derivative financial assets at fair value through other comprehensive income (Note 18)	86,527,120	100,831,380	Level 1	Quoted bid prices in an active market*.	Not applicable	Not applicable
Non-derivative financial assets at fair value through other comprehensive income (Note 18)	83,099,066	43,543,119	Level 2	Quoted bid prices in a market that is not active.	Not applicable	Not applicable
Non-derivative financial assets at fair value through other comprehensive income (Note 18)	42,869	35,881	Level 3	Simplified approach is applied due to low volume of securities.	Not applicable	Not applicable
Total financial assets at fair value through other comprehensive income	**169,669,055**	**144,410,380**				
Derivative financial liabilities at fair value through profit or loss	373,717	-	Level 2	Observable inputs other than quoted prices	Not applicable	Not applicable
Total financial liabilities at fair value through profit or loss	**373,717**	-				

* Market, where at least 10 trades take place within a quarter and the volume of trades is not less than KZT 100,000 thousand.

(in thousands of Kazakhstani Tenge)

As of 31 December 2023, there were reclassifications from Level 1 to Level 2 and from Level 2 to Level 1. As of the date of the change in circumstances that caused the transfer of financial assets represented by investment securities measured at fair value through profit and loss from Level 1 to Level 2, the effect was KZT 349,286,695 thousand and from Level 2 to Level 1 the effect was KZT 11,639,117 thousand. The reclassification between levels occurred due to a decrease in trading volume and market prices.

During the years ended 31 December 2022, there were no significant transfers of financial instruments between levels, or changes in methodology used to value the financial instruments.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

As at 31 December 2023 and 2022, the carrying amounts of cash and cash equivalents, accounts receivable, securities repurchase agreement obligations, trade payables and other financial liabilities approximates its' fair value due to the short-term nature of such financial instruments.

As at 31 December 2023 and 2022, the fair value for loans to customers was determined by discounting the scheduled future cash flows of the individual loans through the estimated maturity using prevailing market rates as at the respective year-end.

As at 31 December 2023 and 2022, interest rates charged to customer accounts and deposits of customers closely approximate market interest rates and accordingly, the carrying amounts approximate fair values.

As at 31 December 2023 and 2022, the fair value for due from banks and due to credit institutions maturing within one month, the carrying amount approximates fair value due to the relatively short-term maturity of these financial instruments. For the assets and liabilities maturing in over one month, the fair value was estimated as the present value of the estimated future cash flows, discounted at the appropriate year-end market rates.

As at 31 December 2023 and 2022, the carrying amounts of due from banks, customer accounts and deposits of customers and due to credit institutions approximates its' fair value, since it was recognized at fair value on the date of business combination, and it has not changed significantly.

The following table sets out the carrying amount and fair values of financial assets and liabilities not carried at their fair values:

	31 December 2023	
	Carrying amount	**Fair value**
Financial assets		
Loans to customers	608,445,229	491,951,647
Financial assets at amortized cost	101,521,611	106,136,566
Financial liabilities		
Due to credit institutions	21,822,653	21,177,592
Customer accounts and deposits of customers	750,478,105	733,341,943
Liabilities from continuing participation	224,613,599	92,224,372

(in thousands of Kazakhstani Tenge)

	31 December 2022 Carrying amount	Fair value
Financial assets		
Loans to customers	295,357,158	295,343,815
Financial liabilities		
Customer accounts and deposits of customers	622,486,736	611,594,135
Due to credit institutions	21,997,127	21,303,140
Liabilities from continuing participation	147,906,555	60,351,247

The Group's valuation approach and fair value hierarchy categorization for certain significant classes of financial instruments recognized and presented at fair value at 31 December 2023 and 2022 are as follows:

	Level 1	Level 2	Level 3	31 December 2023 Total
Assets measured at fair value				
Financial assets at fair value through profit or loss	482,871,323	945,810,258	315,948	1,428,997,529
Financial assets at fair value through other comprehensive income	86,527,120	83,099,066	42,869	169,669,055
Derivative financial assets at fair value through profit or loss	-	373,717	-	373,717
Assets for which fair values are disclosed				
Loans to customers	-	-	491,951,647	491,951,647
Liabilities for which fair values are disclosed				
Customer accounts and deposits of customers	-	-	733,341,943	733,341,943
Liabilities from continuing participation	-	92,224,372	-	92,224,372
Due to credit institutions	-	-	21,177,592	21,177,592

	Level 1	Level 2	Level 3	31 December 2022 Total
Assets measured at fair value				
Financial assets at fair value through profit or loss	696,408,866	89,376,074	118,678	785,903,618
Financial assets at fair value through other comprehensive income	100,831,380	43,543,119	35,881	144,410,380
Assets for which fair values are disclosed				
Loans to customers	-	-	152,384,218	152,384,218
Liabilities for which fair values are disclosed				
Due to credit institutions	-	-	21,303,140	21,303,140
Derivative financial liabilities at fair value through profit or loss	-	373,717	-	317,717
Customer accounts and deposits of customers	-	-	611,594,135	611,594,135
Liabilities from continuing participation	-	60,351,247	-	60,351,247

34. Risk management policies

Management of risk is fundamental to the Group's business and is an essential element of the Group's operations. The main risks inherent to the Group's operations are those related to market movements in interest rates, fair values and currencies as well as liquidity risk. A summary description of the Group's risk management policies in relation to the financial risks is discussed below.

Credit risk

Financial assets, which potentially subject the Group to credit risk, consist principally of cash equivalents, due from banks, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, accounts receivables and loans to customers. The Group has policies in place to ensure that sales of services are made to customers with an appropriate credit history. The carrying amount of accounts receivable less allowance for expected credit losses represents the maximum amount exposed to credit risk. The Group has no significant concentrations of credit risk.

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

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

Impairment assessment

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

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

Definition of default and cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 60 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- Death of the borrower (co-borrower);
- The debtor (or any legal entity within the debtor's group) filing for bankruptcy application/protection;
- The debt was restructured due to deterioration of financial condition of the borrower once or more over the last 12 months with due account for the criteria for credit quality cure;
- Decision of the authorized body to assign a default status to a financial asset.

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present at the reporting date subject to a reduction of the debt on this financial instrument as a result of the repayment of its portion, as well as in the case of restructuring, the borrower made at least three consequent contractual payments as appropriate. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Retail lending

Retail lending includes unsecured loans to individuals, credit cards, overdrafts and loans secured by real estate. Evaluation of unsecured products is carried out using an automated scoring system based on qualitative and quantitative indicators. The main indicators used in the models are as follows: length of employment at the last job, credit history, frequency of pension contributions, education, marital status, as well as the ratio of the amount of the contribution on the expected loan to the average monthly income of the client. Evaluation of products secured by real estate is carried out by determining the level of solvency and the ratio of the loan to the collateral value of the collateral.

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12mECL. For Stage 2, Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The Group determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The IFRS 9 PDs are then assigned to each economic scenario based on the outcome of Group's models.

The Group's product offering for its clients, small and medium-sized businesses, and retail customers includes a variety of overdraft and credit cards facilities, in which the Group has the right to cancel and/or reduce the facilities. The Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behaviour, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities. The interest rate used to discount the ECLs for credit cards is based on the average effective interest rate that is expected to be charged over the expected period of exposure to the facilities.

Loss given default

For lending to small and medium businesses, LGD values are assessed at least monthly by account managers and reviewed and approved by the Risk Management Department.

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

The Group segments its retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

Where appropriate, further recent data and forward-looking economic scenarios are used in order to determine the IFRS 9 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in, collateral values including property prices for mortgages, payment status or other factors that are indicative of losses in the group.

LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and POCI segment of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries.

Forward-looking information and multiple economic scenarios

In its ECL models, the Group relies on a broad range of forward-looking information as economic inputs, such as:

- Index of the physical volume of gross domestic product using the production method;
- Base rates of the NBRK;
- Unemployment rates;
- Inflation.

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

(in thousands of Kazakhstani Tenge)

The Group obtains the forward-looking information from third party sources (external rating agencies, governmental bodies e.g. NBRK and international financial institutions). Experts of the Group's Risk Management Department determine the weights attributable to the multiple scenarios. The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations.

		2024	
Key drivers	**Base**	**Positive**	**Negative**
Brent oil prices, USD	83	120	74.7
GDP Index, %	105.1	115.61	
Inflation rate, %	9.8	7.5	10.8
Currency exchange rate, USD to KZT	456.24	410.61	501.86
Real wage index	115.8	127.38	104.32
Unemployment rate, %	4.7	4	5.4

Maximum exposure risk

The Group's maximum exposure to credit risk varies significantly and is dependent on both individual risks to which specific assets are exposed and general market economy risks.

The following table presents the maximum exposure to credit risk of financial assets. For financial assets the maximum exposure is equal to the carrying amount of those assets prior to any offset or collateral.

As at 31 December 2023:

	Maximum exposure and net exposure after offset	**Collateral pledged**	**Net exposure after offset and collateral**
Cash and cash equivalents	236,278,909	48,737,692	187,541,217
Due from banks	45,803,762	-	45,803,762
Financial assets at fair value through profit or loss	1,428,997,529	-	1,428,997,529
Financial assets measured at amortised cost	101,521,611	-	101,521,611
Financial assets at fair value through other comprehensive income	169,669,055	-	169,669,055
Loans to customers	608,445,229	444,600,797	163,844,432
Accounts receivable	3,758,185	85,260	3,672,925

As at 31 December 2022:

	Maximum exposure and net exposure after offset	**Collateral pledged**	**Net exposure after offset and collateral**
Cash and cash equivalents	263,348,476	56,132,656	207,215,820
Due from banks	46,860,696	-	46,860,696
Financial assets at fair value through profit or loss	785,903,618	-	785,903,618
Financial assets at fair value through other comprehensive income	144,410,380	-	144,410,380
Loans to customers	295,357,158	252,291,274	43,065,884
Accounts receivable	3,627,032	626,910	3,000,122

Financial assets are graded according to the current credit rating they have been issued by an international rating agency such as Fitch, Standard & Poor's and Moody's. The highest possible rating is AAA. Investment grade financial assets have ratings from AAA to BBB. Financial assets which have ratings lower than BBB are classed as speculative grade.

(in thousands of Kazakhstani Tenge)

The following table details the credit ratings of financial assets held by the Group:

	BBB and higher	<BBB	Not rated	31 December 2023 Total
Cash and cash equivalents	35,471,257	152,037,779	48,769,873	236,278,909
Due from banks	11,135,821	978,727	33,689,214	45,803,762
Financial assets at fair value through profit or loss	1,282,564,823	126,972,959	19,459,747	1,428,997,529
Financial assets at fair value through other comprehensive income	126,611,990	42,882,606	174,459	169,669,055
Financial assets measured at amortised cost	101,521,611	-	-	101,521,611
Loans to customers	-	-	608,445,229	608,445,229
Accounts receivable	1,420,243	-	2,337,942	3,758,185

	BBB and higher	<BBB	Not rated	31 December 2022 Total
Cash and cash equivalents	14,987,547	231,394,956	16,965,973	263,348,476
Due from banks	680,522	5,326,561	40,853,613	46,860,696
Financial assets at fair value through profit or loss	659,009,364	123,904,131	2,990,123	785,903,618
Financial assets at fair value through other comprehensive income	82,295,370	61,507,824	607,186	144,410,380
Loans to customers	-	-	295,357,158	295,357,158
Accounts receivable	833,507	4,872	2,788,653	3,627,032

The finance industry is generally exposed to credit risk through its financial assets and contingent liabilities. The exposure is monitored on a regular basis to ensure that the credit limits and credit worthiness guidelines established by the Group's risk management policy are not breached.

Geographical concentration

The Investment Committee exercises control over the risk in the legislation and regulatory area and assesses its influence on the Group's activity. This approach allows the Group to minimize potential losses from the investment climate fluctuations in the Republic of Kazakhstan.

(in thousands of Kazakhstani Tenge)

The geographical concentration of the financial assets and liabilities at 31 December 2023 and 2022 is set out below:

	Republic of Kazakhstan	OECD countries	Non-OECD countries	31 December 2023 Total
FINANCIAL ASSETS				
Cash and cash equivalents	180,808,062	4,596,809	50,874,038	236,278,909
Due from banks	34,347,582	11,135,821	320,359	45,803,762
Financial assets at fair value through profit or loss	1,387,350,174	23,016,139	18,631,216	1,428,997,529
Financial assets measured at amortised cost	101,521,611	-	-	101,521,611
Financial assets at fair value through other comprehensive income	159,825,807	8,176,973	1,666,275	169,669,055
Loans to customers	608,445,229	-	-	608,445,229
Accounts receivable	3,516,208	28,117	213,860	3,758,185
TOTAL FINANCIAL ASSETS	**2,475,814,673**	**46,953,859**	**71,705,748**	**2,594,474,280**
FINANCIAL LIABILITIES				
Securities repurchase agreement obligations	1,277,809,198	2,211,299	1,027,885	1,281,048,382
Due to credit institutions	4,708,867	491,043	16,622,743	21,822,653
Customer accounts and deposits of customers	361,801,249	16,447,338	372,229,518	750,478,105
Trade payables	1,109,342	425,393	111,489	1,646,224
Financial liabilities at fair value through profit and loss	27,366	-	346,351	373,717
Liabilities from continuing participation	224,613,597	-	-	224,613,597
Lease liabilities	6,510,394	-	8,560	6,518,954
Other financial liabilities	2,954,659	52,612	8,106	3,015,377
TOTAL FINANCIAL LIABILITIES	**1,879,534,672**	**19,627,685**	**390,354,652**	**2,289,517,009**
Position by deals with foreign currency	**357,479,850**	**-**	**73,723,789**	**431,203,639**
NET POSITION	**953,759,851**	**27,326,174**	**(244,925,115)**	

	Republic of Kazakhstan	OECD countries	Non-OECD countries	31 December 2022 Total
FINANCIAL ASSETS				
Cash and cash equivalents	231,242,215	136,927	31,969,334	263,348,476
Due from banks	40,519,559	5,326,561	1,014,576	46,860,696
Financial assets at fair value through profit or loss	754,114,062	24,666,569	7,122,987	785,903,618
Financial assets at fair value through other comprehensive income	138,304,094	5,870,322	235,964	144,410,380
Loans to customers	295,357,158	-	-	295,357,158
Accounts receivable	3,392,806	186,574	47,652	3,627,032
TOTAL FINANCIAL ASSETS	**1,462,929,894**	**36,186,953**	**40,390,513**	**1,539,507,360**
FINANCIAL LIABILITIES				
Securities repurchase agreement obligations	525,639,791	6,859,499	2,043,169	534,542,459
Due to credit institutions	4,509,539	-	17,487,588	21,997,127
Customer accounts and deposits of customers	622,486,736	-	-	622,486,736
Trade payables	813,328	-	2,034	815,362
Liabilities from continuing participation	147,906,554	-	-	147,906,554
Lease liabilities	3,952,914	-	10,955	3,963,869
Other financial liabilities	596,087	279,098	156,908	1,032,093
TOTAL FINANCIAL LIABILITIES	**1,305,904,949**	**7,138,597**	**19,700,654**	**1,332,744,200**
NET POSITION	**157,024,945**	**29,048,356**	**20,689,859**	

Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments associated with financial instruments as they actually fall due.

The Investment Committee controls these types of risks by means of maturity analysis, determining the Group's strategy for the next financial period. Current liquidity is managed by the Treasury Department, which deals in the money markets for current liquidity support and cash flow optimization. In order to manage liquidity risk, the Group performs daily monitoring of future expected cash flows on clients' and other operations, which is a part of assets/liabilities management process. Stress testing is also used to assess the Group's ability to withstand liquidity outflows when capital markets are inaccessible, i.e. market reliance. The Group manages and monitors liquidity risks and ensures that liquidity risk management systems and arrangements are adequate with regard to the internal risk appetite, the strategy and regulatory requirements. The Group's funding and liquidity position is underpinned by its significant customers' base, and is supported by strong relationships across customer segments. Funding concentration by counterparty, currency and tenor is monitored on an ongoing basis and where concentrations do exist, these are managed as part of the planning process and limited by the internal funding and liquidity risk monitoring framework, with analysis regularly provided to senior management.

In the table below, equity securities of financial assets at fair value through profit or loss are presented having "up to 1 month" maturity, because the Group believes that if needed it will be able to realize those securities within short period of time, as those securities are actively traded in the market. The Group can monetize liquid assets quickly, either through the securities repurchase agreement obligation (repos and reverse repos) market or through outright sale in addition to the sale of financial assets at fair value through profit or loss, which are presented below according to remaining contractual maturities of "3 months to 1 year", "1 year to 5 years" and "over 5 years", if this is necessary to restore the liquidity positions, prevailing on any existing business or risk management strategies. Securities repurchase agreement obligation presented in the maturity of "up to 1 month" were closed subsequently in accordance with contractual terms. To fulfill the liquidity gaps, the Group will refinance its liabilities through conclusion of securities repurchase agreement obligations.

(in thousands of Kazakhstani Tenge)

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 December 2023 Total
FINANCIAL ASSETS		-	-	-	-	
Cash and cash equivalents	236,278,909	-	-	-	-	236,278,909
Due from banks	45,803,762	-	-	-	-	45,803,762
Financial assets at fair value through profit or loss	849,514,588	1,284,494	47,264,250	282,871,986	248,062,211	1,428,997,529
Financial assets measured at amortised cost	-	-	-	-	101,521,611	101,521,611
Financial assets at fair value through other comprehensive income	14,140,690	9,225,484	22,069,471	49,108,752	75,124,658	169,669,055
Loans to customers	503,519	2,021,364	20,111,536	210,599,955	375,208,855	608,445,229
Accounts receivable	833,421	2,147,391	773,971	3,402	-	3,758,185
Total financial assets	**1,147,074,889**	**14,678,733**	**90,219,228**	**542,584,095**	**799,917,335**	**2,594,474,281**
FINANCIAL LIABILITIES						
Securities repurchase agreement obligations	1,263,234,805	17,813,577	-	-	-	1,281,048,382
Due to credit institutions	17,113,786	-	-	-	4,708,867	21,822,653
Customer accounts and deposits of customers	209,988,371	90,939,979	175,353,554	274,196,201	-	750,478,105
Trade payables	-	1,202,208	444,016	-	-	1,646,224
Financial liabilities at fair value through profit and loss	27,366	346,351	-	-	-	373,717
Liabilities from continuing participation	9,653	-	-	1,169,709	223,434,235	224,613,597
Lease liabilities	147,062	221,752	1,100,279	5,049,861	-	6,518,954
Other financial liabilities	1,250,192	960,634	742,501	62,050	3,805	3,019,182
Total financial liabilities	**1,491,771,235**	**111,484,501**	**177,640,350**	**280,477,821**	**228,146,907**	**2,289,520,814**
Liquidity gap	**(344,696,346)**	**(96,805,768)**	**(87,421,122)**	**262,106,274**	**571,770,428**	

The Group's financial assets at fair value through profit or loss are represented by the trading portfolio. This portfolio primarily consists of level 1 and level 2 investment securities, with the contractual maturity ranging from 1 to 5 years and over 5 years. These securities are strategically positioned to be readily sold at fair value within a month to address any liquidity gaps that may arise.

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 December 2022 Total
FINANCIAL ASSETS						
Cash and cash equivalents	263,348,476	-	-	-	-	263,348,476
Due from banks	45,886,852	973,844	-	-	-	46,860,696
Financial assets at fair value through profit or loss	293,807,707	118,678	38,416,517	249,046,907	204,513,809	785,903,618
Financial assets at fair value through other comprehensive income	971,500	-	28,841,534	67,853,269	46,744,077	144,410,380
Loans to customers	291,126	465,302	27,875,348	33,630,378	233,095,004	295,357,158
Accounts receivable	2,299,886	759,393	521,078	46,675	-	3,627,032
Total financial assets	**606,605,547**	**2,317,217**	**95,654,477**	**350,577,229**	**484,352,890**	**1,539,507,360**
FINANCIAL LIABILITIES						
Securities repurchase agreement obligations	534,542,459	-	-	-	-	534,542,459
Due to credit institutions	17,487,588	-	-	-	4,509,539	21,997,127
Customer accounts and deposits of customers	278,195,209	17,321,557	94,516,991	232,452,979	-	622,486,736

(in thousands of Kazakhstani Tenge)

Trade payables	-	815,362	-	-	-	815,362
Liabilities from continuing participation	14,630	-	-	520,743	147,371,181	147,906,554
Lease liabilities	77,336	158,150	553,097	3,175,286	-	3,963,869
Other financial liabilities	840,046	-	192,047	-	-	1,032,093
Total financial liabilities	**831,157,268**	**18,295,069**	**95,262,135**	**236,149,008**	**151,880,720**	**1,332,744,200**
Liquidity gap	**(224,551,721)**	**(15,977,852)**	**392,342**	**114,428,221**	**332,472,170**	

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 December 2023 Total
FINANCIAL LIABILITIES						
Securities repurchase agreement obligations	1,258,138,230	22,910,152	-	-	-	1,281,048,382
Due to credit institutions	16,659,226	105,973	326,010	1,713,674	8,858,012	27,662,895
Customer accounts and deposits of customers	211,027,892	92,520,805	183,310,564	280,646,093	888,431	768,393,785
Trade payables	-	1,289,546	444,016	-	-	1,733,562
Financial liabilities at fair value through profit and loss	27,366	346,351	-	-	-	373,717
Liabilities from continuing participation	9,653	-	-	1,171,078	223,879,657	225,060,388
Lease liabilities	185,950	333,899	1,563,263	5,953,184	-	8,036,296
Other financial liabilities	1,250,192	760,634	742,501	62,050	3,805	2,819,182
Total financial liabilities	**1,487,298,509**	**118,267,360**	**186,386,354**	**289,546,079**	**233,629,905**	**2,315,128,207**

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 December 2022 Total
FINANCIAL LIABILITIES						
Securities repurchase agreement obligations	534,542,459	-	-	-	-	534,542,459
Due to credit institutions	17,487,588	-	-	-	4,509,539	21,997,127
Customer accounts and deposits of customers	279,562,950	17,321,557	94,516,991	232,452,979	-	623,854,477
Trade payables	2,486,261	1,324,859	5,587	185,444	-	4,002,151
Liabilities from continuing participation	14,630	-	-	520,743	147,371,181	147,906,554
Lease liabilities	77,336	158,150	551,935	2,930,479	-	3,717,900
Other financial liabilities	840,046	5,988,020	778,962	-	-	7,607,028
Total financial liabilities	**835,011,270**	**24,792,586**	**95,853,475**	**236,089,645**	**151,880,720**	**1,343,627,696**

Market risk

Market risk covers interest rate risk, currency risk and other pricing risks to which the Group is exposed. In 2023 and 2022, there have been no significant changes as to the way the Group measures risk or to the risk it is exposed.

The Investment Committee also manages interest rate and market risks by matching the Group's interest rate position, which provides the Group with a positive interest margin. The Management Board conducts monitoring of the Group's current financial performance, estimates the Group's sensitivity to changes in interest rates and its influence on the Group's profitability.

The Investment Committee determines and approves the investment strategy, approves the list of securities for recommended purchases, makes investment decisions and performs the investment portfolio analysis of the Group.

Insurance risks

The Group is exposed to insurance risk through the inherent uncertainties as to the occurrence, amount and timing of insurance liabilities, the risk of improper (erroneous) assessment of insurance risks, and the risk of insufficient (inadequate) insurance reserves and the risk of insufficient reinsurance cover or inability of the reinsurer to repay under reinsurance agreement. The Group is also exposed to the risk that its pricing assumptions will result in negative cash flows as a result of adverse claims data. The Group establishes internal policies and limits on insurance (insurance liability amounts) under separate insurance (reinsurance) agreement by classes of insurance (types) under agreement of incoming and outgoing reinsurance and limits of insurance payments which stipulate who may accept which risks and up to which amounts. These limits are being continuously monitored.

(in thousands of Kazakhstani Tenge)

The Group assesses the likelihood that the dynamics of future losses will be more unfavorable than the expectations and is cautious in planning of reserves where there are significant uncertainties. As a result, the uncertainty associated with unfavorable growth of the losses, which are claimed in the year of assessment, are higher than those recognized in the same year at their early stage of development. As such, the Group recognizes the surplus of reserves to guarantee the adequacy to the maximum level. With the development of the loss dynamics amount of additional adverse losses becomes more certain, and hence the guarantee reserve is further reduced, which is also taken into consideration when assessment of reserves is made.

Concentration risk

Freedom Finance Life

An analysis of the concentration of insurance risks by class of the Group is given in the following table.

	As at 31 December 2023			As at 31 December 2022		
Concentration by Group Class	**Insurance contracts**	**Reinsurance contracts held**	**Net**	**Insurance contracts**	**Reinsurance contracts held**	**Net**
Annuity and savings life insurance	67,099,373	6,399	67,092,974	50,518,948	6,514	50,512,434
Accident insurance and non-accumulative life insurance	9,594,630	309,054	9,285,576	6,001,961	257,573	5,744,388

An analysis of concentrations of the reinsurance risk on individual reinsurers is given in the following tables. The amounts shown in the table represent gross book values.

Groups of assets under reinsurance contracts	**As at 31 December 2023**	**As at 31 December 2022**
Concentration by reinsurers		
JSC "Life insurance Company Standard Life"	175,994	163,367
JSC "Life insurance Company "NOMAD LIFE"	53,772	37,097
General Reinsurance AG	24,249	12,648
Others	61,438	50,976
Total	**315,453**	**264,088**

(in thousands of Kazakhstani Tenge)

Freedom Finance Insurance

The Group monitors insurance risk depending on the class of business. An analysis of the concentration of the Group's insurance risks by business class and region is given in the following tables.

	For the year ended 31 December 2023							
	Property	Civil liability	Civil liability of car owners	Transport insurance	Other financial losses	Acquired portfolio	Other	Total
Insurance contract assets	20,804	28,719	137,089	123,786	6,868	644	29,975	347,885
Insurance contract liabilities	705,025	5,095,940	4,699,403	4,981,685	183,311	606,404	536,821	16,808,589
Net balances	**(684,221)**	**(5,067,221)**	**(4,562,314)**	**(4,857,899)**	**(176,443)**	**(605,760)**	**(506,846)**	**(16,460,704)**

	For the year ended 31 December 2023							
	Property	Civil liability	Civil liability of car owners	Transport insurance	Other financial losses	Acquired portfolio	Other	Total
Reinsurance contract assets	225,520	64,337	-	89,201	199,185	241,460	373,144	1,192,847
Reinsurance contract liabilities	155,140	-	-	130	1,776	15,616	25	172,687
Net balances	**70,380**	**64,337**	**-**	**89,071**	**197,409**	**225,844**	**373,119**	**1,020,160**

	For the year ended 31 December 2022							
	Property	Civil liability insurance	Civil liability of car owners	Transport insurance	Other financial losses	Acquired portfolio	Other	Total
Insurance contract assets	544	-	138,129	7,487	-	34,695	254,219	435,074
Insurance contract liabilities	325,130	1,692,616	5,270,292	1,990,796	5,440	355,498	3,388,811	13,028,583
Net balances	**(324,586)**	**(1,692,616)**	**(5,132,163)**	**(1,983,309)**	**(5,440)**	**(320,803)**	**(3,134,592)**	**(12,593,509)**

	For the year ended 31 December 2022							
	Property	Civil liability insurance	Civil liability of car owners	Transport insurance	Other financial losses	Acquired portfolio	Other	Total
Reinsurance contract assets	55,820	7,535	-	77,942	13,515	2,096,808	275,276	2,526,896
Reinsurance contract liabilities	27,680	283	-	-	-	474,163	15,592	517,718
Net balances	**28,140**	**7,252**	**-**	**77,942**	**13,515**	**1,622,645**	**259,684**	**2,009,178**

(in thousands of Kazakhstani Tenge)

Interest rate risk

The Group manages interest rate risk through periodic estimation of potential losses that could arise from adverse changes in market conditions. The Group's exposure to changes in interest rates relates primarily to the investment portfolio and outstanding debt. The Group's investment policies generally require securities to be investment grade and limit the amount of credit exposure to any one issuer (other than government and quasi-government securities). To provide a meaningful assessment of the interest rate risk associated with the investment portfolio, the management of the Group performed a sensitivity analysis to determine the impact a change in interest rates would have on the value of the investment portfolio assuming a 100 basis point parallel shift in the yield curve. Based on the investment positions of the Group as at 31 December 2023 and 2022, a hypothetical 100 basis point increase in interest rates across all maturities would have resulted in KZT (55,639,553) thousand and KZT (28,657,466) thousand incremental decline in the fair market value of the portfolio, respectively. Such losses would only be realized if the Group sold the investments prior to maturity. A hypothetical 100 basis point decrease in interest rates across all maturities would have resulted in KZT 56,920,772 thousand and KZT 33,432,014 thousand incremental rise in the fair market value of the portfolio, respectively.

Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to the effects of fluctuations in the foreign currency exchange rates on its financial position and cash flows.

The Group's exposure to foreign currency exchange rate risk is presented in the table below:

	KZT	USD	Other currencies	31 December 2023 Total
Financial assets				
Cash and cash equivalents	92,557,990	62,266,409	81,454,510	236,278,909
Due from banks	33,668,856	11,814,547	320,359	45,803,762
Financial assets at fair value through profit or loss	1,359,897,887	65,850,876	3,248,766	1,428,997,529
Financial assets at fair value through other comprehensive income	148,661,440	19,864,580	1,143,035	169,669,055
Loans to customers	608,445,229	-	-	608,445,229
Accounts receivable	3,484,685	215,017	58,483	3,758,185
Total financial assets	**2,246,716,087**	**160,011,429**	**86,225,153**	**2,492,952,669**
Financial liabilities				
Securities repurchase agreement obligations	1,263,851,027	17,197,355	-	1,281,048,382
Due to credit institutions	5,728,418	13,471,373	2,622,862	21,822,653
Customer accounts and deposits of customers	264,126,545	344,435,415	141,916,145	750,478,105
Trade payables	1,609,847	36,066	311	1,646,224
Financial liabilities at fair value through profit and loss	27,366	96,075	250,276	373,717
Liabilities from continuing participation	224,613,597	-	-	224,613,597
Lease liabilities	6,510,394	-	8,560	6,518,954
Other financial liabilities	2,127,503	617,834	273,846	2,819,182
Total financial liabilities	**1,768,594,697**	**375,854,118**	**145,072,000**	**2,289,520,814**
OPEN BALANCE SHEET POSITION	**478,121,391**	**(215,842,689)**	**(58,846,847)**	

(in thousands of Kazakhstani Tenge)

	KZT	USD	Other currencies	31 December 2022 Total
Financial assets				
Cash and cash equivalents	78,000,244	102,213,271	83,134,961	263,348,476
Due from banks	39,839,037	6,007,083	1,014,576	46,860,696
Financial assets at fair value through profit or loss	743,959,996	37,855,518	4,088,104	785,903,618
Financial assets at fair value through other comprehensive income	123,060,200	20,430,264	919,916	144,410,380
Loans to customers	295,259,349	-	97,809	295,357,158
Accounts receivable	3,559,637	65,279	2,116	3,627,032
Total financial assets	**1,283,678,463**	**166,571,415**	**89,257,482**	**1,539,507,360**
Financial liabilities				
Securities repurchase agreement obligations	520,073,152	14,469,307	-	534,542,459
Due to credit institutions	4,630,515	17,014,707	351,905	21,997,127
Customer accounts and deposits of customers	161,040,440	379,987,420	81,458,876	622,486,736
Trade payables	786,967	26,786	1,609	815,362
Liabilities from continuing participation	147,906,554	-	-	147,906,554
Lease liabilities	3,963,869	-	-	3,963,869
Other financial liabilities	1,030,798	1,086	209	1,032,093
Total financial liabilities	**839,432,295**	**411,499,306**	**81,812,599**	**1,332,744,200**
OPEN BALANCE SHEET POSITION	**444,246,168**	**(244,927,891)**	**7,444,883**	

Currency risk sensitivity

The following table details the Group's sensitivity to a 30% increase and decrease in the USD against KZT as at 31 December 2023 and 2022, respectively. These sensitivity rates are used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a percentage change in foreign currency rates.

Impact on profit or loss before income tax and equity based on asset values as at 31 December 2023 and 2022:

	As at 31 December 2023		As at 31 December 2022	
	KZT/USD +30%	**KZT/USD -30%**	**KZT/USD +30%**	**KZT/USD -30%**
Impact on profit before income tax and equity	33,311,137	(33,311,137)	(73,478,367)	73,478,367

Limitations of sensitivity analysis

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration that the Group's assets and liabilities are actively managed. Additionally, the financial position of the Group may vary at the time that any actual market movement occurs. For example, the Group's financial risk management strategy aims to manage the exposure to market fluctuations. As investment markets move past various trigger levels, management actions could include selling investments, changing investment portfolio allocation and taking other protective action. Consequently, the actual impact of a change in the assumptions may not have any impact on the liabilities, whereas assets are held at market value on the statement of financial position. In these circumstances, the different measurement bases for liabilities and assets may lead to volatility in shareholder equity.

Other limitations in the above sensitivity analyses include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty; and the assumption that all interest rates move in an identical fashion.

Price risk

The Group follows a number of principles in its investment policies: it makes investments from which it expects an appropriate return, and ensures that they offer a high degree of security. Sufficient liquidity is also important at all times coupled with a targeted diversification in terms of type of investment. The Group's equity investments are susceptible to market price risk arising from uncertainties about future values of such investment securities. Equity price risk results from fluctuations in the price and level of the equity securities or instruments the Group holds. An analysis of 31 December 2023 and 2022 balance sheets estimates a decrease of 10% in the equity price would have reduced the value of the equity securities or instruments the Group held by approximately KZT 3,084,156 thousand and KZT 2,176,063 thousand, respectively.

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes.

35. Subsequent events

Management has not identified events that occurred after 31 December 2023, requiring recognition for disclosure.

(in thousands of Kazakhstani Tenge)

36. Statements of net assets position of Mutual investment funds – Fixed Income and Goodwill

Information related to the statements of net assets position of mutual investment funds is not part of these consolidated financial statements prepared in accordance with IFRS, is disclosed below as an additional financial information and is presented for the purpose of additional analysis. Such additional financial information has been prepared in accordance with investment portfolio managing rule No.10 dated 3 February 2014 approved by the Management Board of the NBRK.

Statement of net assets position of Mutual investment fund - Fixed Income:

	31 December 2023	31 December 2022
ASSETS:		
Cash and cash equivalents	302,340	1,349,532
Financial assets at fair value through profit or loss	7,595,934	5,436,042
Shares of mutual investment funds	229,313	-
Accounts receivable	10,591	16,969
TOTAL ASSETS	**8,138,178**	**6,802,543**
LIABILITIES:		
Securities repurchase agreement obligations	3,216,883	1,941,632
Dividend payable	36,583	35,972
Trade payables	43,582	64,641
TOTAL LIABILITIES	**3,297,048**	**2,042,245**
NET ASSETS	**4,841,130**	**4,760,298**

Statement of net assets position of Mutual investment fund – Goodwill:

	31 December 2023	31 December 2022
ASSETS:		
Cash and cash equivalents	16,943	376,976
Financial assets at fair value through profit or loss	1,951,944	741,785
TOTAL ASSETS	**1,968,887**	**1,118,761**
LIABILITIES:		
Securities repurchase agreement obligations	1,141,649	516,939
Dividend payable	26,550	19,725
Trade payables	26,061	978
TOTAL LIABILITIES	**1,194,260**	**537,642**
NET ASSETS	**774,627**	**581,119**