



**JOINT-STOCK COMPANY
BANK CENTERCREDIT**

**Consolidated Interim Condensed Financial
Statements for nine months ended
30 September 2024**

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JOINT-STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED INTERIM CONDENSED STATEMENT OF PROFIT AND LOSS FOR NINE MONTHS ENDED 30 SEPTEMBER 2024

(in millions of Kazakhstani tenge, except for earnings per share expressed in tenge)

	Note	For nine months ended 30 September 2024 (unaudited)	For nine months ended 30 September 2023 (unaudited)
Interest income calculated using the effective interest rate method, excluding interest income on loans to customers and banks measured at amortised cost		114,083	108,191
Interest income calculated using the effective interest rate method on loans to customers and banks measured at amortised cost		413,948	269,884
Other interest income		4,117	-
Interest expense		(266,899)	(196,722)
Net interest income before provision for expected credit losses on interest-bearing assets	6	265,249	181,353
Expected credit loss allowance on loans to customers and banks	7	(52,418)	(31,233)
Net interest income		212,831	150,120
Fee and commission income	8	59,994	64,326
Fee and commission expense	8	(31,042)	(26,898)
Net fee and commission income		28,952	37,428
Net gain on financial instruments at fair value through profit or loss	9	10,573	1,918
Net gain on sale and repayment of financial assets measured at fair value through other comprehensive income		1,946	1,277
Net foreign exchange gain	10	55,327	37,952
Expected credit loss allowance on other financial assets and due from banks		(8,736)	(7,048)
Reversal/(Charge) of provision for credit related commitments	29	1,572	(23,532)
Impairment loss on other non-financial assets		(27)	(706)
Other (expenses)/income		(608)	1,759
Net non-interest income		88,999	49,048

Explanatory notes as set out on pages 12 to 59 form an integral part of these consolidated interim condensed financial statements.

JOINT-STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED INTERIM CONDENSED STATEMENT OF PROFIT AND LOSS FOR NINE MONTHS ENDED 30 SEPTEMBER 2024

(in millions of Kazakhstani tenge, except for earnings per share expressed in tenge)

	Note	For nine months ended 30 September 2024 (unaudited)	For nine months ended 30 September 2023 (unaudited)
Operating income		301,830	199,168
Operating expenses	11	(124,631)	(85,633)
Operating income before income tax		177,199	113,535
Income tax expense	12	(32,940)	(9,921)
Profit for the period		144,259	103,614
Profit attributable to:			
Equity holders of the Bank		143,999	103,416
Non-controlling interests		260	198
Earnings per share			
Basic (KZT)	13	773.51	559.77
Diluted (KZT)	13	773.54	559.78

The consolidated interim condensed financial statements as set out on pages 3 to 59 were approved by Bank's Management Board on 11 November 2024 and were signed on its behalf by:

  R.V. Vladimirov President	 A.S. Ovsyannikova Vice President, Member of the Management Board	 A.T. Nurgaliyeva Chief Accountant
11 November 2024 Almaty, Kazakhstan	11 November 2024 Almaty, Kazakhstan	11 November 2024 Almaty, Kazakhstan

Explanatory notes as set out on pages 12 to 59 form an integral part of these consolidated interim condensed financial statements.

JOINT-STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR NINE MONTHS ENDED 30 SEPTEMBER 2024

(in millions of Kazakhstani tenge, except for earnings per share expressed in tenge)

	For nine months ended 30 September 2024 (unaudited)	For nine months ended 30 September 2023 (unaudited)
PROFIT FOR THE PERIOD	144,259	103,614
OTHER COMPREHENSIVE INCOME		
<i>Items that are or may be subsequently reclassified to profit or loss:</i>		
Net gain resulting on revaluation of investment securities during the period (net of tax)	11,245	4,809
Reclassification adjustment relating to investment securities disposed of during the period	(1,946)	(1,277)
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	<i>9,299</i>	<i>3,532</i>
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
Net change in fair value of equity investment securities (net of tax)	(244)	-
<i>Total items that will not be reclassified subsequently to profit or loss</i>	<i>(244)</i>	<i>-</i>
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	9,055	3,532
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	153,314	107,146
Total comprehensive income attributable to:		
Equity holders of the Bank	153,054	106,948
Non-controlling interests	260	198

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R.V. Vladimirov
President

11 November 2024
Almaty, Kazakhstan


A.S. Ovsyannikova
Vice President, Member of the
Management Board

11 November 2024
Almaty, Kazakhstan


A.T. Nurgaliyeva
Chief Accountant

11 November 2024
Almaty, Kazakhstan

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JOINT-STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

	Note	30 September 2024 (unaudited)	31 December 2023
ASSETS:			
Cash and cash equivalents	14	1,053,763	1,353,334
Financial instruments at fair value through profit or loss for the period			
<i>Held by the Group</i>	15	71,014	44,988
<i>Pledged under sale and repurchase agreement</i>	15	10,594	10,426
Investment securities			
<i>Held by the Group</i>	16	920,223	615,833
<i>Pledged under loans from banks</i>	16	92,884	74,519
Due from banks	17	112,851	39,483
Loans to customers and banks			
<i>Loans to corporate customers</i>	18	1,026,453	951,687
<i>Loans to retail customers</i>	18	2,551,275	1,977,162
Current income tax assets		-	15,607
Property, plant and equipment and intangible assets		71,965	69,341
Other assets	19	158,220	138,659
TOTAL ASSETS		6,069,242	5,291,039
LIABILITIES AND EQUITY			
LIABILITIES:			
Due to banks and financial institutions	20	237,522	181,891
Customer accounts			
<i>Due to corporate customers</i>	21	2,079,626	1,787,543
<i>Due to retail customers</i>	21	2,513,643	2,234,525
Debt securities issued	22	75,457	70,532
Current income tax liabilities		2,078	-
Deferred income tax liabilities		11,762	11,399
Subordinated bonds	23	61,503	58,587
Other liabilities	24	515,301	527,196
TOTAL LIABILITIES		5,496,892	4,871,673
EQUITY:			
Equity attributable to owners of the Parent Bank:			
Share capital	25	64,168	64,498
Fair value reserve for securities		(5,265)	(14,315)
Property revaluation reserve		1,371	2,030
Retained earnings		511,190	366,527
Total equity attributable to owners of the Bank		571,464	418,740
Non-controlling interests		886	626
Total equity		572,350	419,366
TOTAL LIABILITIES AND EQUITY		6,069,242	5,291,039
Book value per ordinary share	13	2,976	2,175
Book value per preference share	13	619	298

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R.V. Vladimirov
President

11 November 2024
Almaty, Kazakhstan


A. Ovsyannikova
Vice President, Member of the
Management Board

11 November 2024
Almaty, Kazakhstan


A.T. Nurgaliyeva
Chief Accountant

11 November 2024
Almaty, Kazakhstan

Explanatory notes as set out on pages 12 to 59 form an integral part of these consolidated interim condensed financial statements.

JOINT-STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR NINE MONTHS ENDED 30 SEPTEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

	Share capital	Fair value reserve	Property revaluation reserve	Retained earnings	Total equity attributable to owners of the Group	Non-controlling interests	Total equity
Balance at 1 January 2023	63,676	(23,321)	2,127	231,369	273,851	-	273,851
Total comprehensive income							
Profit for the period (unaudited)	-	-	-	103,416	103,416	198	103,614
Other comprehensive income							
<i>Items that are or may be subsequently reclassified to profit or loss:</i>							
Net change in fair value of debt investment securities at fair value through other comprehensive income (unaudited)	-	3,532	-	-	3,532	-	3,532
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	-	<i>3,532</i>	-	-	<i>3,532</i>	-	<i>3,532</i>
Total other comprehensive income (unaudited)	-	3,532	-	-	3,532	-	3,532
Total comprehensive income for the period (unaudited)	-	3,532	-	103,416	106,948	198	107,146
Other movements in equity							
Transfer of the amount from revaluation resulting from depreciation and disposal (unaudited)	-	-	(96)	96	-	-	-
Total other movements in equity (unaudited)	-	-	(96)	96	-	-	-
Transactions with owners recorded directly in equity							
Non-controlling interest on acquisition of the subsidiary (Note 4) (unaudited)	-	-	-	-	-	365	365
Repurchase of treasury shares (Note 25) (unaudited)	957	-	-	-	957	-	957
Total transactions with owners (unaudited)	957	-	-	-	957	365	1,322
Balance at 30 September 2023 (unaudited)	64,633	(19,789)	2,031	334,881	381,756	563	382,319

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JOINT-STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR NINE MONTHS ENDED 30 SEPTEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

	Share capital	Fair value reserve	Property revaluation reserve	Retained earnings	Total equity attributable to owners of the Group	Non-controlling interests	Total equity
Balance at 1 January 2024	64,498	(14,315)	2,030	366,527	418,740	626	419,366
Total comprehensive income							
Profit for the period (unaudited)	-	-	-	143,999	143,999	260	144,259
Other comprehensive income							
<i>Items that are or may be subsequently reclassified to profit or loss:</i>							
Net change in fair value of debt investment securities at fair value through other comprehensive income (unaudited)	-	9,299	-	-	9,299	-	9,299
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	-	9,299	-	-	9,299	-	9,299
<i>Items that will not be subsequently reclassified to profit or loss:</i>							
Net change in fair value of equity investment securities at fair value through other comprehensive income (net of tax) (unaudited)	-	(244)	-	-	(244)	-	(244)
<i>Total items that will not be subsequently reclassified to profit or loss</i>	-	(244)	-	-	(244)	-	(244)
Total other comprehensive income (unaudited)	-	9,055	-	-	9,055	-	9,055
Total comprehensive income for the period (unaudited)	-	9,055	-	143,999	153,054	260	153,314

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JOINT-STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR NINE MONTHS ENDED 30 SEPTEMBER 2024


(in millions of Kazakhstani tenge unless otherwise stated)


	Share capital	Fair value reserve	Property revaluation reserve	Retained earnings	Total equity attributable to owners of the Group	Non-controlling interests	Total equity
Other movements in equity							
Transfer of the amount from revaluation of equity investment securities at fair value through other comprehensive income (unaudited)	-	(5)	-	5	-	-	-
Transfer of the amount from revaluation resulting from depreciation and disposal (unaudited)	-	-	(659)	659	-	-	-
Total other movements in equity (unaudited)	-	(5)	(659)	664	-	-	-
Transactions with owners recorded directly in equity							
Repurchase of treasury shares (Note 25) (unaudited)	(330)	-	-	-	(330)	-	(330)
Total transactions with owners (unaudited)	(330)	-	-	-	(330)	-	(330)
Balance at 30 September 2024 (unaudited)	64,168	(5,265)	1,371	511,190	571,464	886	572,350

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R.V. Vladimirov
President
11 November 2024
Almaty, Kazakhstan


A.S. Ovsyannikova
Vice President, Member of the Management Board
11 November 2024
Almaty, Kazakhstan


A.T. Nurgaliyeva
Chief Accountant
11 November 2024
Almaty, Kazakhstan

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JOINT-STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR NINE MONTHS ENDED 30 SEPTEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

	For nine months ended 30 September 2024 (unaudited)	For nine months ended 30 September 2023 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received on financial assets, excluding loans to customers and banks	111,864	104,557
Interest received on loans to customers and banks	390,246	252,736
Interest paid	(255,879)	(186,070)
Services fee and commissions received	60,060	65,009
Services fee and commission paid	(31,098)	(27,400)
Net proceeds from derivative instrument transactions	6,154	363
Net foreign exchange gain	54,146	26,621
Other expense payments	(608)	1,758
Operating expenses paid	(114,060)	(76,612)
Cash flow from operating activities before changes in operating assets and liabilities	220,825	160,962
Changes in operating assets:		
Financial instruments at fair value through profit or loss for the period	(22,273)	(17,351)
Due from banks	(69,584)	(24,579)
Loans to customers and banks	(664,395)	(693,976)
Other assets	(22,397)	(17,005)
Changes in operating liabilities:		
Due to banks and financial institutions	51,554	54,870
Customer accounts	503,767	310,971
Other liabilities	(4,410)	19,334
Cash flows used in operating activities before tax	(6,913)	(206,774)
Income tax paid	(14,892)	(13,927)
Net cash flows used in operating activities	(21,805)	(220,701)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash and cash equivalents acquired due to business combination	-	1,758
Acquisition of subsidiary	-	(3,982)
Proceeds from repayment and sale of investment securities	533,584	3,463,578
Acquisition of investment securities	(812,045)	(3,403,837)
Acquisition of property, plant and equipment and intangible assets	(18,277)	(8,056)
Proceeds from sale of property, plant and equipment	1,604	452
Net cash flows (used in)/from investing activities	(295,134)	49,913

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JOINT-STOCK COMPANY BANK CENTERCREDIT

CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR NINE MONTHS ENDED 30 SEPTEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

	For nine months ended 30 September 2024 (unaudited)	For nine months ended 30 September 2023 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Used to repurchase treasury shares	(330)	-
Proceeds from issue of treasury shares	-	957
Proceeds from debt securities issued	5,225	-
Repayment of debt securities issued	(3,380)	(21,854)
Repayment of lease liabilities	(767)	(501)
Net cash flows from/(used in) financing activities	748	(21,398)
Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents	16,620	1,678
NET DECREASE IN CASH AND CASH EQUIVALENTS	(299,571)	(190,508)
CASH AND CASH EQUIVALENTS, beginning of the period	1,353,334	1,117,220
CASH AND CASH EQUIVALENTS, end of the period (Note 14)	1,053,763	926,712

The consolidated interim condensed financial statements as set out on pages 3 to 59 were approved by Bank's Management Board on 11 November 2024 and were signed on its behalf by:

  R.V. Vladimirov President	 A.S. Ovsyannikova Vice President, Member of the Management Board	 A.T. Nurgaliyeva Chief Accountant
11 November 2024 Almaty, Kazakhstan	11 November 2024 Almaty, Kazakhstan	11 November 2024 Almaty, Kazakhstan

Explanatory notes as set out on pages 12 to 59 form an integral part of these consolidated interim condensed financial statements.

JOINT-STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

1. INTRODUCTION

(a) Principal activity

JSC Bank CenterCredit (the “Bank”) is a Joint Stock Company, which has been incorporated and carrying out its operations in the Republic of Kazakhstan since 1988. The Bank is regulated by the legislation of the Republic of Kazakhstan. The Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market (the “ARDFM”) is a regulatory authority of the Bank. The Bank conducts its business under the license number 1.2.25/195/34, renewed on 3 February 2020.

The Bank's principal activity consists of commercial banking activities, trading with securities, foreign currencies and derivative instruments, loan origination activities and guarantees.

The Bank is a member of the Kazakhstan Deposit Insurance Fund (the “KDIF”).

The registered address is 38, Al Farabi Ave., Almaty, Republic of Kazakhstan.

On 12 October 2023, the Bank obtained a license to carry out regulated activities on the territory of the Astana International Financial Centre (“AIFC”) as a branch of JSC Bank CenterCredit in AIFC. In accordance with this license, the Bank's branch in AIFC accepts deposits, opens and maintains bank accounts, extends loans, provides monetary services, performs custody activities, dealer activities and brokerage activities.

On 19 January 2024, the Bank was classified as a systemically important bank in accordance with the Rules for Classification of Financial Institutions as Systemically Important Banks as approved by the Resolution of the Management Board of the National Bank of the Republic of Kazakhstan (the NBRK) No. 240 dated 23 December 2019 and in accordance with the Order of the Governor of the NBRK No. 17 dated 19 January 2024.

As at 30 September 2024 and 31 December 2023, the Bank had 21 branches in the Republic of Kazakhstan.

On 23 January 2024, the Management Board of the ARDFM adopted the Resolution “On Granting the Permission to Joint-Stock Company Bank CenterCredit for Establishing a Subsidiary - BCC-HUB Limited Liability Partnership”. On 9 February 2024, the state registration of the legal entity was carried out.

On 23 July 2024, the Management Board of the ARDFM adopted the Resolution “On Granting the Permission to Joint-Stock Company Bank CenterCredit for Establishing a Subsidiary Insurance (Reinsurance) Company – Joint-Stock Company “BCC Life” Life Insurance Company. On 26 July 2024, the state registration of the legal entity was carried out.

The Bank is a parent company of a banking group (the “Group”), which consists of the following subsidiaries consolidated for the purposes of these consolidated interim condensed financial statements:

Name	Country of operation	Ownership Interest		Activity
		30 September 2024	31 December 2023	
BCC Project LLP				
(formerly Center Project LLP)	Republic of Kazakhstan	100%	100%	Management of distressed assets
JSC BCC Invest	Republic of Kazakhstan	100%	100%	Brokerage and dealer activity
BCC Leasing LLP				
(formerly Center Leasing LLP)	Republic of Kazakhstan	100%	100%	Finance lease and other types of activity
JSC Sinoasia B&R Insurance Company	Republic of Kazakhstan	92.45%	92.45%	Insurance activity
BCC-HUB LLP	Republic of Kazakhstan	100%	-	IT services
JSC “BCC Life” Life Insurance Company	Republic of Kazakhstan	100%	-	Insurance activity

JOINT-STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

1. INTRODUCTION, CONTINUED

(a) Principal activity, continued

As at 30 September 2024 and 31 December 2023, the number of ordinary shares was allocated as follows:

	30 September 2024	31 December 2023
	%	%
B.R. Baiseitov	49.37	49.04
V.S. Lee	11.37	11.29
Other (individually hold less than 5 %)	39.26	39.67
	100.00	100.00

The consolidated interim condensed financial statements were authorized for issue by the Management Board of JSC Bank CenterCredit on 11 November 2024.

Acquisition of JSC Sinoasia B&R Insurance Company

As at 31 December 2022, the Group owned 9.5% of shares of JSC Sinoasia B&R Insurance Company, that were accounted for in 'Investment securities at fair value through other comprehensive income' in the consolidated statement of financial position.

In May 2023, the Group acquired an additional stock of ordinary voting shares of JSC Sinoasia B&R Insurance Company, thereby having increased the Group's equity interest in the insurance company to 90.1% as of the acquisition date. In August 2023, the Group exchanged 55,000 preference shares held by the Group for ordinary shares of JSC Sinoasia B&R Insurance Company. As a result of the exchange, the Group's interest in the share capital of the subsidiary increased to 92.45%. For more information, see *Note 4*.

(b) Kazakhstan business environment

The Group's operations are primarily located in Kazakhstan. Consequently, the Group is exposed to the economic and financial markets of Kazakhstan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Kazakhstan. In addition, the depreciation of the Kazakhstan tenge, volatility of the global oil price and the continuing military conflict between the Russian Federation and Ukraine increase the level of uncertainty in the business environment.

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

2. BASIS OF PREPARATION

(a) Statement of compliance

The accompanying consolidated interim condensed financial statements (hereinafter "the consolidated financial statements") for nine months ended 30 September 2024 are prepared in accordance with the IAS 34 "Interim Financial Reporting". Selected notes have been included in these consolidated interim condensed financial statements to explain significant events and transactions that are relevant to understand changes in the Group's financial position and performance results after the annual reporting period ended 31 December 2023.

These consolidated interim condensed financial statements do not contain all the information, disclosure of which is required to present a complete annual financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IFRS Standards) and should be read in conjunction with the Group's annual consolidated financial statements as of 31 December 2023.

JOINT-STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

2. BASIS OF PREPARATION, CONTINUED

(b) Basis of measurement

The consolidated interim condensed financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss and at fair value through other comprehensive income are stated at fair value and buildings and constructions are measured at fair value, which increase is stated in the property revaluation reserve.

(c) Functional and presentation currency

The functional currency of the Bank and its subsidiaries is the Kazakhstan tenge (KZT) as, being the national currency of the Republic of Kazakhstan, it reflects the economic substance of the majority of underlying events and circumstances relevant to them.

The KZT is also the presentation currency for the purposes of these consolidated interim condensed financial statements. Financial information presented in KZT is rounded to the nearest million.

(d) Use of estimates and judgements

In preparing these consolidated interim condensed financial statements, management has made judgement, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements, assumptions and estimations uncertainty

The most significant judgments made by management in applying the Group's accounting policies, and in preparing these consolidated interim condensed financial statements, management has made judgement, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from those estimates.

The most significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those described in the most recent annual consolidated financial statements.

3. MATERIAL ACCOUNTING POLICIES

In preparing these consolidated interim condensed financial statements, the Group has used the significant accounting policies applied in the preparation of the financial statements for the year ended December 31, 2023.

The below are the effective revised standards and interpretations that are currently applicable to the Group's operations, or may become applicable to the Group's operations in the future.

New Standards and Interpretations effective from 1 January 2024

A number of amended Standards have become effective for annual periods beginning after 1 January 2024, and did not have a material effect on the Group's consolidated interim condensed financial statements:

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

JOINT-STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES, CONTINUES

New Standards and Interpretations effective from 1 January 2024, continued

A number of new standards will become effective for annual periods beginning after 1 January 2025, and earlier application is permitted. However, the Group has not early adopted the new or amended standards in preparing these consolidated interim condensed financial statements. These new standards and interpretations are not expected to have a significant impact on the Group's consolidated interim condensed financial statements.

4. BUSINESS COMBINATION

Acquisition of JSC Sinoasia B&R Insurance Company

On 20 February 2023, the Agency of the Republic of Kazakhstan on Regulation and Development of Financial Market (the ARDFM) granted permission to JSC Bank CenterCredit to acquire the status of an insurance holding JSC Sinoasia B&R Insurance Company.

The ARDFM Management Board adopted the Resolution No. 6 dated 20 February 2023 "On granting permission to Joint-Stock Company Bank CenterCredit to acquire a subsidiary - JSC Sinoasia B&R Insurance Company" (hereinafter referred to as "Sinoasia B&R").

As at 31 December 2022, the Group owned 9.5% of shares of Sinoasia B&R, that were accounted for in 'Investment securities at fair value through other comprehensive income' in the consolidated statement of financial position. In May 2023, the Group acquired an additional stock of ordinary voting shares of Sinoasia B&R, thereby having increased the Group's equity interest in the insurance company to 90.1% as of the acquisition date. In August 2023, the Group exchanged 55,000 preference shares held by the Group for ordinary shares of JSC Sinoasia B&R Insurance Company. As a result of the exchange, the Group's interest in the share capital of the subsidiary increased to 92.45%.

JSC Sinoasia B&R Insurance Company provides services of all classes of insurance.

Acquisition of ordinary voting shares of the insurance company will provide an opportunity to strengthen the synergy of banking and insurance business, expand the product range in the field of property and health insurance, and also increase the business efficiency of both the Bank and Sinoasia B&R through offering the combined products.

Identifiable assets acquired and liabilities assumed

Fair value of the identifiable assets and liabilities acquired, as well as the bargain purchase gain arising from acquisition of Sinoasia B&R on 1 May 2023, amounted to:

<i>Fair value of Sinoasia B&R as at the acquisition date</i>	<i>At 5 May 2023 (unaudited)</i>
Assets	
Cash and cash equivalents	1,758
Investments measured at fair value through other comprehensive income	6,052
Reverse repurchase agreements	6,626
Current tax liability	88
Property, plant and equipment and intangible assets	71
Other assets	2,606
Total assets	17,201
Liabilities	
Other liabilities	12,364
Total liabilities	12,364
Net identifiable assets	4,837

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NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2024

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4. BUSINESS COMBINATION, CONTINUED

Goodwill

Goodwill arising on the acquisition of a controlling block of shares of Sinoasia B&R was measured as follows:

	(Unaudited)
Fair value of investments to acquire 80.6% of the subsidiary's shares	3,982
Fair value of previously owned interest in the subsidiary's capital (9.5%)	1,324
Fair value of a non-controlling interest (9.9%)	479
	<u>5,785</u>
Fair value of net identifiable assets	4,837
Goodwill	<u>948</u>

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

Assets acquired	Valuation technique
Investments measured at fair value through other comprehensive income	Quoted market price (unadjusted) in an active market for an identical instruments, valuation techniques based on observable inputs, either directly or indirectly.
Reverse repurchase agreements	Quoted prices in an active market (unadjusted) for similar financial instruments, techniques and valuations based on market data, either directly or indirectly.

The methods and assumptions used to determine the fair value of the Group's financial instruments at the acquisition date were substantially consistent with the fair value estimation techniques described in Note 32.

5. FINANCIAL RISK REVIEW

This note presents information about the Group's exposure to financial risks. For information on the Group's financial risk management framework, see Note 28 in the consolidated financial statements of the Group for the year ended 31 December 2023.

Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost, FVOCI investment securities as at 30 September 2024 and 31 December 2023. Unless specially indicated, for financial assets, the amounts in the table represent gross carrying amounts.

	30 September 2024 (unaudited)			Total
	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL for assets not credit- impaired	Stage 3 Lifetime ECL for credit-impaired assets	
Cash and cash equivalents				
- rated from AA- to AA+	116,027	-	-	116,027
- rated from A- to A+	66,346	-	-	66,346
- rated from BBB- to BBB+	635,814	-	-	635,814
- rated from BB- to BB+	58,726	-	-	58,726
- rated from B- to B+	18	-	-	18
- not rated	36,916	-	-	36,916
	<u>913,847</u>	-	-	<u>913,847</u>
Loss allowance	(3,582)	-	-	(3,582)
Total cash and cash equivalents (less cash on hand)	<u>910,265</u>	-	-	<u>910,265</u>

JOINT-STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

5. FINANCIAL RISK REVIEW, CONTINUED

Credit quality analysis, continued

	30 September 2024 (unaudited)			Total
	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL for assets not credit- impaired	Stage 3 Lifetime ECL for credit-impaired assets	
Investment securities measured at amortised cost				
- rated from AA- to AA+	61,317	-	-	61,317
- rated from BBB- to BBB+	147,982	-	-	147,982
- rated from BB- to BB+	6,162	-	-	6,162
	215,461	-	-	215,461
Loss allowance	(15)	-	-	(15)
Total investment securities measured at amortised cost	215,446	-	-	215,446
Investment securities measured at fair value through other comprehensive income - debt				
- rated from AA- to AA+	52,874	-	-	52,874
- rated from A- to A+	3,031	-	-	3,031
- rated from BBB- to BBB+	686,376	-	-	686,376
- rated from BB- to BB+	38,734	-	-	38,734
- rated from B- to B+	6,639	-	-	6,639
- not rated	-	7,751	-	7,751
Total investment securities measured at fair value through other comprehensive income - debt	787,654	7,751	-	795,405
Loss allowance	(195)	(20)	-	(215)
Gross carrying amount of investment securities measured at fair value through other comprehensive income - debt	787,654	7,751	-	795,405
Due from banks				
- rated from AA- to AA+	25,358	-	-	25,358
- rated from A- to A+	916	-	-	916
- rated from BBB- to BBB+	61,727	-	-	61,727
- not rated	24,851	-	-	24,851
	112,852	-	-	112,852
Loss allowance	(1)	-	-	(1)
Total due from banks	112,851	-	-	112,851

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NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2024

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5. FINANCIAL RISK REVIEW, CONTINUED

Credit quality analysis, continued

	30 September 2024 (unaudited)				Total
	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL for assets not credit- impaired	Stage 3 Lifetime ECL for credit-impaired assets	Originated credit-impaired financial assets (POCI- assets)	
Loans to corporate customers measured at amortised cost					
Not overdue loans	881,945	90,381	54,578	785	1,027,689
Overdue loans:					
- overdue less than 30 days	7,827	511	1,466	-	9,804
- overdue 31- 60 days	-	2,017	136	-	2,153
- overdue 61- 90 days	-	995	385	-	1,380
- overdue 91-180 days	-	-	4,502	-	4,502
- overdue more than 180 days	-	-	13,439	109	13,548
	889,772	93,904	74,506	894	1,059,076
Loss allowance	(10,534)	(17,536)	(64,828)	-	(92,718)
Total loans to corporate customers measured at amortised cost	879,418	76,368	9,678	894	966,358
Loans to individuals measured at amortised cost					
Not overdue loans	2,481,565	3,864	5,739	388	2,491,556
Overdue loans:					
- overdue less than 30 days	53,293	1,551	1,432	54	56,330
- overdue 31- 60 days	-	10,779	1,348	11	12,138
- overdue 61- 90 days	-	6,769	1,587	9	8,365
- overdue 91-180 days	-	-	14,523	19	14,542
- overdue more than 180 days	-	-	28,375	14	28,389
	2,534,858	22,963	53,004	495	2,611,320
Loss allowance	(29,263)	(6,403)	(24,377)	-	(60,043)
Total loans to individuals measured at amortised cost	2,505,595	16,560	28,627	495	2,551,277
Loans to banks					
Loans to banks	24,045	-	-	-	24,045
Loss allowance	(683)	-	-	-	(683)
Total loans to banks	23,362	-	-	-	23,362
Loans under reverse repurchase agreements					
Reverse repurchase agreements, not overdue	36,731	-	-	-	36,731
Loss allowance	-	-	-	-	-
Total loans under reverse repurchase agreements	36,731	-	-	-	36,731

JOINT-STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

5. FINANCIAL RISK REVIEW, CONTINUED

Credit quality analysis, continued

	31 December 2023			Total
	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL for assets not credit- impaired	Stage 3 Lifetime ECL for credit-impaired assets	
<i>Cash and cash equivalents</i>				
- rated from AA- to AA+	73,453	-	-	73,453
- rated from A- to A+	67,952	-	-	67,952
- rated from BBB- to BBB+	932,950	-	-	932,950
- rated from BB- to BB+	5,157	-	-	5,157
- rated from B- to B+	23	-	-	23
- not rated	62,706	-	-	62,706
	1,142,241	-	-	1,142,241
Loss allowance	(69)	-	-	(69)
Total cash and cash equivalents (less cash on hand)	1,142,172	-	-	1,142,172
<i>Investment securities measured at amortised cost</i>				
- rated from AA- to AA+	56,066	-	-	56,066
- rated from BBB- to BBB+	39,784	-	-	39,784
- rated from BB- to BB+	5,735	-	-	5,735
- rated from B- to B+	5,094	-	-	5,094
	106,679	-	-	106,679
Loss allowance	(20)	-	-	(20)
Total investment securities measured at amortised cost	106,659	-	-	106,659
<i>Investment securities measured at fair value through other comprehensive income - debt</i>				
- rated from AA- to AA+	54,798	-	-	54,798
- rated from A- to A+	2,348	-	-	2,348
- rated from BBB- to BBB+	480,332	-	-	480,332
- rated from BB- to BB+	35,716	-	-	35,716
- rated from B- to B+	3,176	-	-	3,176
- not rated	-	6,273	-	6,273
	576,370	6,273	-	582,643
Loss allowance	(102)	(18)	-	(120)
Gross carrying amount of investment securities measured at fair value through other comprehensive income - debt	576,268	6,255	-	582,523
<i>Due from banks</i>				
- rated from AA- to AA+	23,938	-	-	23,938
- rated from A- to A+	886	-	-	886
- rated from BBB- to BBB+	10,042	-	-	10,042
- not rated	4,662	-	-	4,662
	39,528	-	-	39,528
Loss allowance	(45)	-	-	(45)
Total due from banks	39,483	-	-	39,483

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(in millions of Kazakhstani tenge unless otherwise stated)

5. FINANCIAL RISK REVIEW, CONTINUED

Credit quality analysis, continued

	31 December 2023				Total
	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL for assets not credit- impaired	Stage 3 Lifetime ECL for credit-impaired assets	Originated credit-impaired financial assets (POCI- assets)	
Loans to corporate customers measured at amortised cost					
Not overdue loans	704,603	81,407	50,081	1,607	837,698
Overdue loans:					
- overdue less than 30 days	4,187	44	2,612	78	6,921
- overdue 31- 60 days	-	852	144	40	1,036
- overdue 61- 90 days	-	904	1,298	-	2,202
- overdue 91- 180 days	-	-	2,706	-	2,706
- overdue more than 180 days	-	-	21,701	150	21,851
	708,790	83,207	78,542	1,875	872,414
Loss allowance	(8,273)	(14,132)	(49,546)	-	(71,951)
Total loans to corporate customers measured at amortised cost	700,517	69,075	28,996	1,875	800,463
Loans to individuals measured at amortised cost					
Not overdue loans	1,940,997	3,457	3,000	564	1,948,018
Overdue loans:					
- overdue less than 30 days	20,502	625	619	30	21,776
- overdue 31- 60 days	-	6,252	468	12	6,732
- overdue 61- 90 days	-	4,238	718	6	4,962
- overdue 91- 180 days	-	-	10,220	28	10,248
- overdue more than 180 days	-	-	29,780	116	29,896
	1,961,499	14,572	44,805	756	2,021,632
Loss allowance	(17,333)	(3,262)	(23,745)	(130)	(44,470)
Total loans to individuals measured at amortised cost	1,944,166	11,310	21,060	626	1,977,162
Loans to banks					
Loans to banks	23,068	-	-	-	23,068
Loss allowance	(648)	-	-	-	(648)
Total loans to banks	22,420	-	-	-	22,420
Loans under reverse repurchase agreements					
Reverse repurchase agreements, not overdue	128,804	-	-	-	128,804
Loss allowance	-	-	-	-	-
Total loans under reverse repurchase agreements	128,804	-	-	-	128,804

JOINT-STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2024

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6. NET INTEREST INCOME

	For nine months ended 30 September 2024 (unaudited)	For nine months ended 30 September 2023 (unaudited)
Interest income		
Interest income on financial assets recorded at amortised cost:		
- interest income on assets not credit-impaired	472,267	319,829
- interest income on credit-impaired assets	5,152	3,394
Interest income on financial assets measured at fair value through other comprehensive income	50,612	52,290
Total interest income	528,031	375,513
Interest income on financial assets at amortised cost comprises:		
Interest on loans to customers and banks	413,948	269,884
Interest on due from banks	58,120	28,904
Interest on investment securities measured at amortised cost	5,351	24,435
Total interest income on financial assets recorded at amortised cost	477,419	323,223
Interest income on financial assets at fair value through profit or loss and investments in net finance lease	4,117	2,562
Total interest income	532,148	378,075
Interest expense:		
Interest expense on financial liabilities at amortised cost	(266,899)	(196,722)
Total interest expense	(266,899)	(196,722)
Interest expense on financial liabilities measured at amortised cost:		
Interest on customer accounts	(226,013)	(165,146)
Interest on due to banks and financial institutions	(19,358)	(9,060)
Interest expense on payments to mortgage organisation	(9,150)	(9,438)
Interest on debt securities issued	(6,550)	(7,111)
Interest on subordinated bonds	(5,539)	(5,651)
Lease liabilities	(289)	(316)
Total interest expense on financial liabilities at amortised cost	(266,899)	(196,722)
Net interest income before expected credit loss allowance for interest bearing assets	265,249	181,353

JOINT-STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

7. CHARGE OF EXPECTED CREDIT LOSS ALLOWANCE FOR LOANS TO CUSTOMERS AND BANKS

Nine months ended	Corporate loans	Small and medium-sized enterprises	Mortgage loans	Consumer loans	Business development	Car loans	Loans to banks	Total loans to customers and banks
30 September 2023 and 2024								
1 January 2023	65,470	7,415	6,769	25,375	6,707	245	104	112,085
Charge/(Reversal) of allowance* (unaudited)	2,146	8,259	3,177	4,627	(130)	1,463	225	19,767
New financial assets originated or purchased* (unaudited)	2,750	3,291	871	2,665	1,120	464	305	11,466
Effect of unwinding of discount** (unaudited)	2,587	438	60	1,553	257	16	-	4,911
Write-off of assets (unaudited)	(20,296)	(4,886)	(899)	(14,245)	(1,069)	(154)	-	(41,549)
Recovery of assets previously written-off (unaudited)	-	238	262	971	147	19	-	1,637
Foreign exchange difference (unaudited)	556	144	91	572	69	15	5	1,452
30 September 2023 (unaudited)	53,213	14,899	10,331	21,518	7,101	2,068	639	109,769
1 January 2024	55,074	16,877	9,915	22,693	7,756	4,106	648	117,069
Charge/(Reversal) of allowance* (unaudited)	7,419	6,253	4,816	5,792	3,277	4,110	(633)	31,034
New financial assets originated or purchased* (unaudited)	3,443	4,123	2,099	6,810	2,419	1,820	670	21,384
Effect of unwinding of discount** (unaudited)	1,218	1,058	153	1,597	678	282	-	4,986
Write-off of assets (unaudited)	-	(3,619)	(1,214)	(14,502)	(3,788)	(1,653)	-	(24,776)
Recovery of assets previously written-off (unaudited)	200	865	328	2,013	404	258	-	4,068
Foreign exchange difference (unaudited)	(140)	(53)	(34)	(51)	(22)	(19)	(2)	(321)
30 September 2024 (unaudited)	67,214	25,504	16,063	24,352	10,724	8,904	683	153,444

*Provisions recognised during nine months ended 30 September 2024 and 30 September 2023 are presented in the consolidated condensed statement of profit and loss in "Charge of credit loss allowance on loans to customers and banks" line item.

** Unwinding of discount on present value of expected credit losses.

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8. FEE AND COMMISSION INCOME/(EXPENSE)

	For nine months ended 30 September 2024 (unaudited)	For nine months ended 30 September 2023 (unaudited)
Fee and commission income received:		
Payment cards	31,046	30,347
Settlements	14,828	12,263
Guarantees issued	5,522	3,926
Cash operations	2,762	3,552
Securities purchase and sale	2,198	1,353
Sale of insurance policies	2,171	11,600
Documentary operations	386	272
Custody activities	198	268
Currency conversion	47	56
Trust operations	29	39
Other	807	650
Total services and fee and commission income received	59,994	64,326
Payment Cards	(27,148)	(23,402)
Settlements	(2,352)	(2,279)
Custody activities	(405)	(265)
Documentary operations	(200)	(155)
Securities purchase and sale	(81)	(104)
Currency conversion	(20)	(102)
Other	(836)	(591)
Total fee and commission expense	(31,042)	(26,898)

Commission income that are not integral to the effective interest rate on a financial asset or financial liability, is recognised depending on the type of the service either at the point in time or over time as the Group satisfies its performance obligation under the contract:

- The fees and commission for settlement operations, cash operations, payment card operations, Internet-banking services, foreign exchange operations is charged for the execution of payment order in accordance with tariffs depending on the type of the transaction and recognised as income at the moment of the transaction execution;
- A commission fee on guarantees and letters of credit issued is paid in advance and is recognised as income over the time of the relevant guarantee or letter of credit.

Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	30 September 2024 (unaudited)	31 December 2023
In millions of Kazakhstani tenge		
Receivables which are included in 'other assets' (Note 19)	5,412	5,478

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NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

9. NET GAIN ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	For nine months ended 30 September 2024 (unaudited)	For nine months ended 30 September 2023 (unaudited)
Realised gain/(loss) on operations with derivative financial instruments	5,393	(77)
Realised gain on trading operations	761	440
Unrealised gain on change in fair value	4,517	45
Unrealised (loss)/gain on operations with derivative financial instruments	(98)	1,510
	10,573	1,918

10. NET FOREIGN EXCHANGE GAIN

	or nine months ended 30 September 2024 (unaudited)	or nine months ended 30 September 2023 (unaudited)
Dealing operations, net	54,146	26,621
Translation differences, net	1,181	11,331
	55,327	37,952

11. OPERATING EXPENSES

	For nine months ended 30 September 2024 (unaudited)	For nine months ended 30 September 2023 (unaudited)
Wages and salaries	73,950	47,530
Taxes other than income tax	11,804	8,290
Depreciation and amortisation	8,775	7,526
Administrative expenses	8,417	5,032
Contributions to Deposit Insurance Fund	4,495	1,738
Short-term lease expenses	4,205	4,138
Telecommunications	2,402	2,088
Equipment repair and maintenance	2,191	1,376
Advertising costs	1,659	1,617
Security and alarm expenses	1,602	1,368
Professional services	1,460	644
Collection expenses	961	744
Business trip expenses	487	451
Representation expenses	92	80
Other expenses	2,131	3,011
	124,631	85,633

12. INCOME TAX EXPENSE

	For nine months ended 30 September 2024 (unaudited)	For nine months ended 30 September 2023 (unaudited)
Current income tax expense	(32,577)	(10,192)
Movement in deferred tax liabilities	(363)	271
Total income tax expense	(32,940)	(9,921)

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NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

13. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the net income for the period attributable to equity holders of the parent by the weighted average number of participating shares outstanding during the period.

	For nine months ended 30 September 2024 (unaudited)	For nine months ended 30 September 2023 (unaudited)
Basic earnings per share		
Net earnings attributable to shareholders of the Bank	143,999	103,416
Less: additional dividends payable upon full distribution of profit to the preferred share holders	(164)	(93)
Net earnings attributable to ordinary shareholders	143,835	103,323
Weighted average number of ordinary shares for the purposes of basic earnings per share	185,950,421	184,581,360
Basic earnings per share (in KZT)	773.51	559.77
Diluted earnings per share		
Net earnings attributable to ordinary shareholders	143,835	103,323
Add: additional dividends payable upon full distribution of profit to the preferred share holders	164	93
Earnings used in calculation of diluted earnings per share	143,999	103,416
Weighted average number of ordinary shares	185,950,421	184,581,360
Shares deemed to be issued:		
Weighted average number of ordinary shares that would be issued for the convertible preference shares	204,320	163,827
Weighted average number of ordinary shares for the purposes of diluted earnings per share	186,154,741	184,745,187
Diluted earnings per share (in KZT)	773.54	559.78

The Group has calculated the book value of one share per each class of shares in accordance with the methodology for computation of the book value of one share provided by Kazakhstan Stock Exchange (KASE).

The book value of one share per each class of share as at 30 September 2024 and 31 December 2023 is as follows:

Type of shares	30 September 2024 (unaudited)			31 December 2023		
	Outstanding shares (number of shares)	Amount for calculation of book value KZT million	Book value of one share, KZT	Outstanding shares (number of shares)	Amount for calculation of book value KZT million	Book value of one share, KZT
Ordinary shares	186,137,583	554,003	2,976	185,377,060	403,115	2,175
Preference shares	211,694	131	619	164,239	49	298
		554,134			403,164	

The book value of one preference share is calculated as the ratio of the amount of equity attributable to preference shares to the total number of preference shares as at the reporting date. The book value of one ordinary share is calculated as the ratio of the amount of net asset value of the Group for ordinary shares to the total number of ordinary shares as at the reporting date. The net asset value of the Group for ordinary shares is calculated as the total equity net of intangible assets and the amount of equity attributable to preference shares as at reporting date. Outstanding number of ordinary and preference shares is calculated as outstanding shares authorised and issued net of repurchased shares by the Group as at the reporting date.

The management believes that the Group fully complies with the requirement of KASE as at the reporting date.

JOINT-STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

14. CASH AND CASH EQUIVALENTS

	30 September 2024 (unaudited)	31 December 2023
Cash on hand	143,498	211,162
Nostro accounts with the NBRK	81,457	248,784
Nostro accounts with other banks		
- rated from AA- to AA+	116,027	73,453
- rated from A- to A+	60,954	52,156
- rated from BBB- to BBB+	2,990	4,075
- rated from BB- to BB+	1,585	5,157
- rated from B- to B+	18	23
- not rated	12,728	16,181
Total gross nostro accounts with other banks	194,302	151,045
Loss allowance	(3,503)	(58)
Total nostro accounts with other banks	190,799	150,987
Term deposits with the NBRK	551,367	680,091
Term deposits with other banks with maturity less than 90 days		
- rated from AA- to AA+	5,392	-
- rated A- to A+	57,141	15,796
- not rated	10,427	-
Gross term deposits with other banks with maturity less than 90 days	72,960	15,796
Loss allowance	(79)	(11)
Total term deposits with other banks with maturity less than 90 days	72,881	15,785
Margin protection at KASE and MSE	13,761	46,525
Total cash and cash equivalents	1,053,763	1,353,334

The credit ratings are presented by reference to the credit ratings of Standard & Poor's rating agency or analogues of similar international rating agencies.

All cash and cash equivalents are categorised into Stage 1 of credit risk grading.

As at 30 September 2024, current account balances with other non-rated banks are mainly represented by Russian banks not included in the sanctions list, for the total amount of KZT 11,413 million (unaudited) (31 December 2023: KZT 13,568 million). Ratings of these banks have been withdrawn by the respective agencies. Prior to the withdrawal, the banks were rated from BB+ to BBB- according to the scale of international rating agencies. According to the Bank, there are no restrictions for withdrawal of these cash balances from such accounts.

Concentration of cash and cash equivalents

As at 30 September 2024, the Group has accounts with 2 banks (31 December 2023: 1 bank), whose balances exceed 10% of equity. The gross value of these balances as at 30 September 2024 is KZT 744,534 million (unaudited) (31 December 2023: KZT 928,875 million).

Minimum reserve requirements

As at 30 September 2024 and 31 December 2023, minimum reserve requirements are calculated in accordance with regulations issued by NBRK. To meet the minimum reserves requirements the Bank places cash in reserve assets, which are required to be maintained at the level of not less than the average amount of cash on hand denominated in national currency and balance on the current account with the NBRK in the national currency for 4 weeks, calculated as certain minimum level of deposits and current accounts of the customers that are residents and non-residents of the Republic of Kazakhstan, and of other liabilities of the Bank. As at 30 September 2024, the minimum reserve requirement is KZT 74,020 mln (unaudited) (31 December 2023: KZT 65,225 mln), and reserve asset was KZT 73,937 million (unaudited) (31 December 2023: KZT 90,253 million).

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15. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 30 September 2024, financial assets at fair value through profit or loss comprise trading securities of KZT 81,461 million (unaudited) and foreign currency swaps of KZT 147 million (unaudited) (31 December 2023: trading securities of KZT 55,352 million, foreign currency swaps of KZT 62 million).

Financial assets at fair value through profit or loss comprise:

	Nominal interest rate, %	30 September 2024 (unaudited)	Nominal interest rate, %	31 December 2023
Trading securities				
<i>Debt securities</i>				
Corporate bonds	0.0-22.7	49,463	2.0-22.0	29,848
The NBRK discount notes		3,727		4,015
Government bonds of the Republic of Kazakhstan	5.5-12.0	3,024	5.0-9.0	528
The US Treasury bills	3.0-5.4	1,756	3.0-5.4	1,803
<i>Equity securities*</i>				
Shares of Kazakhstani companies		5,506		4,064
Equity stakes		4,745		3,911
Shares of international companies		2,646		757
		70,867		44,926
Pledged under sale and repurchase agreements				
Government bonds of the Republic of Kazakhstan	11.0-12.0	5,474	7.7-8.1	846
Corporate bonds	4.8-12.0	5,120	8.5-19.9	9,580
		10,594		10,426
		81,461		55,352

* Ownership interest in equity securities is below 1%.

The table below provides analysis of credit quality of debt securities at fair value through profit or loss based on Standard and Poor's ratings or ratings of other international rating agencies as at 30 September 2024 (unaudited):

	Corporate bonds	Government bonds of the Republic of Kazakhstan, the NBRK discount notes	US Treasury bills	Total
- rated from AA- to AA+	-	-	1,756	1,756
- rated A- to A+	1,722	-	-	1,722
- rated from BBB- to BBB+	29,371	12,225	-	41,596
- rated from BB- to BB+	12,177	-	-	12,177
- rated from B- to B+	8,827	-	-	8,827
- rated CCC+	202	-	-	202
Not rated	2,284	-	-	2,284
	54,583	12,225	1,756	68,564

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15. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS, CONTINUED

The table below provides analysis of credit quality of debt securities at fair value through profit or loss based on Standard and Poor's ratings or ratings of other international rating agencies as at 31 December 2023:

	Corporate bonds	Government bonds of the Republic of Kazakhstan, the NBRK discount notes	US Treasury bills	Total
- rated from AA- to AA+	-	-	1,803	1,803
- rated A- to A+	569	-	-	569
- rated from BBB- to BBB+	17,635	5,389	-	23,024
- rated from BB- to BB+	12,959	-	-	12,959
- rated from B- to B+	6,430	-	-	6,430
Not rated	1,835	-	-	1,835
	39,428	5,389	1,803	46,620

No financial assets at fair value through profit and loss are past due.

16. INVESTMENT SECURITIES

	30 September 2024 (unaudited)	31 December 2023
Investment securities at fair value through other comprehensive income	797,661	583,693
Investment financial assets at amortised cost	215,446	106,659
Total investment securities	1,013,107	690,352

Investment securities at fair value through other comprehensive income

	Nominal interest rate, %	30 September 2024 (unaudited)	Nominal interest rate, %	31 December 2023
<i>Debt securities</i>				
Government bonds of the Republic of Kazakhstan	0.0-16.7	612,235	0-18.7	406,383
Corporate bonds	0.0-22.0	110,624	0.7-22.0	103,440
The US Treasury bills	1.3-2.9	5,181	0.1-2.9	29,834
<i>Equity securities</i>				
Shares of Kazakhstani companies		2,256		1,170
		730,296		540,827
Pledged under loans from banks and direct REPO				
The US Treasury bills	1.3-2.9	46,425	1.3-2.2	23,590
Government bonds of the Republic of Kazakhstan	7.2-14.7	20,940	7.1-10.5	19,396
		67,365		42,986
Allowance for expected credit losses		-		(120)
		797,661		583,693

Investment securities issued by Russian issuers are allocated to Stage 2 of the credit risk grading.

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16. INVESTMENT SECURITIES, CONTINUED

Investment securities at amortised cost

	Nominal interest rate, %	30 September 2024 (unaudited)	Nominal interest rate, %	31 December 2023
<i>Debt securities</i>				
Government bonds of the Republic of Kazakhstan	0.6-8.5	139,826	0.6-8.5	36,025
Corporate bonds	2.0-14.1	13,230	2.0-20.0	13,484
The US Treasury bills	0.8-2.2	36,886	0.1-2.2	25,637
		189,942		75,146
Pledged under sale and repurchase agreements and loans from banks				
The US Treasury bills	1.25-2.24	24,431	1.3-2.2	30,429
Government bonds of the Republic of Kazakhstan	8.4-8.5	1,088	8.4-8.5	1,104
		25,519		31,533
Allowance for expected credit losses		(15)		(20)
		215,446		106,659

17. DUE FROM BANKS

	30 September 2024 (unaudited)	31 December 2023
Due from banks comprise:		
- contingent deposit with the NBRK	11,278	5,344
- term deposit with the NBRK with maturity from 3 months to 1 year	48,200	-
- rated from AA- to AA+	25,358	23,938
- rated from A- to A+	916	886
- rated from BBB- to BBB+	2,249	4,698
- not rated	24,851	4,662
Due from banks before allowance for expected credit losses	112,852	39,528
Allowance for expected credit losses	(1)	(45)
Total due from banks	112,851	39,483

The credit ratings are presented by reference to the credit ratings of Standard & Poor's rating agency or analogues of similar international rating agencies. As at 30 September 2024 and 31 December 2023, a total of due from banks are classified into Stage 1 of the credit risk grading.

As at 30 September 2024, a conditional deposit with the NBRK comprises funds of KZT 5,829 million (unaudited) (31 December 2023: KZT 144 million) received from Development Bank of Kazakhstan JSC ("DBK JSC") and KZT 5,449 million (unaudited) (31 December 2023: KZT 5,200 mln) received from DAMU Entrepreneurship Development Fund JSC ("EDF DAMU JSC") in accordance with the terms and conditions of loan agreements with DBK JSC and EDF DAMU JSC.

Due from banks and other financial institutions, not rated

As at 30 September 2024 and 31 December 2023, deposit balances held with other banks, that are not rated, comprise security deposits and margin protection at KASE, for a total of KZT 24,850 million (unaudited) and KZT 4,604 million, respectively.

Concentration of accounts and deposits with banks

As at 30 September 2024, the Group has no banks whose balances exceed 10% of equity (31 December 2023: none).

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18. LOANS TO CUSTOMERS AND BANKS

	30 September 2024 (unaudited)	31 December 2023
Loans to customers	3,612,648	2,847,566
Accrued interest	57,748	46,480
	3,670,396	2,894,046
Less credit loss allowance	(152,761)	(116,421)
Total loans to customers	3,517,635	2,777,625
Loans to banks	23,902	22,972
Accrued interest	143	96
Less credit loss allowance	(683)	(648)
Total loans to banks	23,362	22,420
Loans under reverse repurchase agreements	36,731	128,804
Total loans to customers and banks	3,577,728	2,928,849

Movement in credit loss allowance for loans to customers and banks for nine months ended 30 September 2024 and 2023 is disclosed in Note 7.

The following table provides information by types of loan products as at 30 September 2024 (unaudited):

	Gross amount	Loss allowance	Carrying amount
Loans to corporate customers			
Corporate loans	632,885	(67,214)	565,671
Small and medium-sized enterprises	426,191	(25,504)	400,687
Loans to individuals			
Mortgage loans (including mortgage loans under the '7-20-25' programme and the Baspana Hit programme)	1,128,949	(16,063)	1,112,886
Consumer loans	584,940	(24,352)	560,588
Business development	360,650	(10,724)	349,926
Auto loans	536,781	(8,904)	527,877
	3,670,396	(152,761)	3,517,635

The following table provides information by types of loan products as at 31 December 2023:

	Gross amount	Loss allowance	Carrying amount
Loans to corporate customers			
Corporate loans	531,362	(55,074)	476,288
Small and medium-sized enterprises	341,052	(16,877)	324,175
Loans to individuals			
Mortgage loans (including mortgage loans under the '7-20-25' programme and the Baspana Hit programme)	917,983	(9,915)	908,068
Consumer loans	456,162	(22,693)	433,469
Business development	252,445	(7,756)	244,689
Auto loans	395,042	(4,106)	390,936
	2,894,046	(116,421)	2,777,625

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18. LOANS TO CUSTOMERS AND BANKS, CONTINUED

Credit quality of corporate loans, loans to small- and medium-sized enterprises and loans to individuals

The following table provides information on the credit quality of loans to customers as at 30 September 2024 (unaudited):

	Corporate loans (unaudited)	Small- and medium-sized enterprises (unaudited)	Mortgage loans (unaudited)	Consumer loans (unaudited)	Business development (unaudited)	Car loans (unaudited)	Total (unaudited)
Loans to customers							
Not overdue loans	632,748	394,941	1,104,689	542,800	329,795	514,272	3,519,245
Overdue loans:							
- overdue less than 30 days	-	9,804	13,225	18,677	13,726	10,702	66,134
- overdue 31- 60 days	-	2,153	2,382	4,150	3,082	2,524	14,291
- overdue 61- 90 days	38	1,342	1,861	3,018	1,671	1,815	9,745
- overdue 91- 180 days	-	4,502	2,144	6,364	3,467	2,567	19,044
- overdue more than 180 days	99	13,449	4,648	9,931	8,909	4,901	41,937
Total loans to customers before loss allowance for expected credit losses	632,885	426,191	1,128,949	584,940	360,650	536,781	3,670,396
Allowance for expected credit losses	(67,214)	(25,504)	(16,063)	(24,352)	(10,724)	(8,904)	(152,761)
Total loans to customers, net of allowance for expected credit losses	565,671	400,687	1,112,886	560,588	349,926	527,877	3,517,635

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18. LOANS TO CUSTOMERS AND BANKS, CONTINUED

Credit quality of corporate loans, loans to small- and medium-sized enterprises and loans to individuals, continued

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

	Corporate loans	Small- and medium-sized enterprises	Mortgage loans	Consumer loans	Business development	Car loans	Total
Loans to customers							
Not overdue loans	521,971	315,727	904,258	421,664	234,349	387,747	2,785,716
Overdue loans:							
- overdue less than 30 days	2,494	4,427	5,767	7,854	4,274	3,881	28,697
- overdue 31- 60 days	31	1,005	1,393	2,292	2,226	821	7,768
- overdue 61- 90 days	-	2,202	949	1,956	1,493	564	7,164
- overdue 91- 180 days	768	1,938	1,503	5,421	2,314	1,010	12,954
- overdue more than 180 days	6,098	15,753	4,113	16,975	7,789	1,019	51,747
Total loans to customers before loss allowance for expected credit losses	531,362	341,052	917,983	456,162	252,445	395,042	2,894,046
Allowance for expected credit losses	(55,074)	(16,877)	(9,915)	(22,693)	(7,756)	(4,106)	(116,421)
Total loans to customers, net of allowance for expected credit losses	476,288	324,175	908,068	433,469	244,689	390,936	2,777,625

Key assumptions and judgements for estimating loss allowance for expected credit losses

As at 30 September 2024, there were no significant changes to key assumptions and judgements in estimating the allowance compared to 31 December 2023.

Loans to banks

	30 September 2024 (unaudited)	31 December 2023
- rated from BB- to BB+	23,273	21,060
- rated from B- to B+	399	-
- not rated (commercial banks of the Republic of Kazakhstan and the Republic of Tajikistan)	373	2,008
	24,045	23,068
Less: loss allowance	(683)	(648)
	23,362	22,420

Loans to banks are categorised into Stage 1 of the credit risk grading.

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18. LOANS TO CUSTOMERS AND BANKS, CONTINUED

Loan portfolio analysis

As at 30 September 2024, the Group has 1 borrower or group of related borrowers, (31 December 2023: 1 borrower), whose loan balances exceed 10% of equity. The gross value of these balances as at 30 September 2024 is KZT 66,842 million (unaudited) (31 December 2023: KZT 45,497 million).

Industry and geographical analysis of the loan portfolio

Loans were issued primarily to customers located within the Republic of Kazakhstan who operate in the following economic sectors.

	30 September 2024 (unaudited)	31 December 2023
Individuals	2,611,320	2,021,632
Trade	188,271	168,952
Rent of real estate	104,731	91,383
Energy	98,752	81,132
Metallurgy	65,956	39,613
Transport and telecommunications	63,439	58,082
Financial services	61,803	29,219
Oil and gas industry	60,816	48,169
Manufacturing	57,542	51,216
Industrial construction	48,956	43,902
Transportation and equipment maintenance services	39,898	37,535
Housing construction	38,485	32,220
Food industry	36,904	32,284
Mining and refining the precious metals	36,252	39,474
Agriculture	24,401	21,743
Machinery manufacturing	6,620	5,738
Other	126,250	91,752
Total	3,670,396	2,894,046
Allowance for expected credit losses	(152,761)	(116,421)
	3,517,635	2,777,625

The fair value of assets received as collateral and the carrying amount of reverse repurchase agreements as at 30 September 2024 and 31 December 2023 are as follows:

	30 September 2024 (unaudited)		31 December 2023	
	Carrying amount of loans	Fair value of collateral	Carrying amount of loans	Fair value of collateral
Government bonds of the Republic of Kazakhstan	19,754	19,084	88,392	83,417
Corporate bonds	16,977	16,112	40,412	38,649
	36,731	35,196	128,804	122,066

Loan maturities

The maturity of the Bank's loan portfolio as at the reporting date is presented in *Note 27*, which shows the remaining period from the reporting date to the contractual maturity of the loans. Due to the short-term nature of the loans issued by the Group, it is likely that part of the loans will be extended at maturity. Accordingly, the effective maturity of the loan portfolio may be significantly longer than the contractually agreed term.

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19. OTHER ASSETS

	30 September 2024 (unaudited)	31 December 2023
Other financial assets		
Other receivables	18,273	12,645
Mutual settlements with international payment system	13,417	7,289
Receivables from sale of own assets	6,185	6,412
Accrued commission	5,412	5,478
Western Union and other wireless transfers	1,384	896
	44,671	32,720
Allowance for expected credit losses	(8,212)	(2,894)
	36,459	29,826
Current other non-financial assets		
Repossessed collateral	58,993	49,160
Advances paid	22,743	18,063
Receivables under joint arrangements	14,538	20,049
Taxes receivable, other than income tax	2,905	2,040
Inventories	417	474
Other assets	947	7
	100,543	89,793
Non-current other financial assets		
Investment property	17,055	15,253
Receivables under joint arrangements	8,155	8,155
Other assets	-	230
	125,753	113,431
Loss allowance	(3,992)	(4,598)
	121,761	108,833
	158,220	138,659

As at 30 September 2024, other financial assets of KZT 32,645 million are classified into Stage 1 of the credit risk grading (unaudited) (31 December 2023: KZT 26,860 million), and of KZT 2,367 million (unaudited) are classified into Stage 2 of the credit risk grading (31 December 2023: KZT 777 million), and of KZT 9,659 million (unaudited) are classified into Stage 3 of the credit risk grading (31 December 2023: KZT 5,083 million).

Receivables under joint arrangements

In May 2020, the Group entered into joint arrangements with the construction company RAMS Kazakhstan LLP, to sell land plots intended for construction of a multi-purpose housing estate worth KZT 20,051 million. Under the contract, payments for land plots will be cashless and made through transfer into the ownership of the Group of a part of residential and non-residential premises of the housing estate. Non-cash consideration was measured at fair value as of the sale date. On 13 December 2023, an acceptance act for new-build facilities commissioned by RAMS Kazakhstan LLP was signed. As of the date of issuance of these consolidated condensed financial statements, the Group recorded on its balance sheet property worth KZT 5,494 million out of total receivables under the joint arrangement.

During 2023, the Group entered into a joint arrangement with construction companies to sell land plots intended for construction of a multifamily apartment complex with built-in premises and a parking space worth KZT 3,025 million, KZT 3,130 million and KZT 2,000 million, respectively. Under the contract, payments for land plots will be cashless and made through transfer into the ownership of the Group of a part of residential and non-residential premises of the multifamily apartment complex. Non-cash consideration was measured at fair value as of the sale date.

Repossessed collateral

Repossessed collateral comprises real estate pledged as collateral, accepted by the Group in exchange for its liabilities on credit-impaired loans. These assets have been initially measured at fair value and subsequently measured at the lower of fair value less cost to sell and the carrying value. The Group's policy is to sell these assets as soon as it is practicable.

When measuring the fair value as at 30 September 2024 and 31 December 2023, management used the market approach, which is based on an analysis of the prices of the latest comparable sales of similar properties.

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19. OTHER ASSETS, CONTINUED

Investment property

The fair value of investment property was measured using the market approach, which reflects the prices of latest transactions on similar real estate items, and as at 30 September 2024 and 31 December 2023 amounted to KZT 17,055 million (unaudited) and KZT 16,911 million, respectively.

The fair value of investment property is categorised into Level 3 of the fair value hierarchy.

Included into operating lease income is rental income from investment property for nine months ended 30 September 2024 and 2023, of KZT 2,932 million (unaudited) and KZT 1,231 million, respectively. Operating expenses related to investment property from which the Group earned rental income for nine months ended 30 September 2024 and 2023 amounted to KZT 2,144 million (unaudited) and KZT 219 million, respectively.

20. DUE TO BANKS AND FINANCIAL INSTITUTIONS

	Nominal interest rate, %	30 September 2024 (unaudited)	Nominal interest rate, %	31 December 2023
Long-term loans due to banks and financial institutions	1.00-12.5	103,593	1.00-12.00	82,138
Loans due to international credit organizations	12.15-14.70	59,855	13.45-17.66	39,782
Correspondent accounts of banks		57,263		47,678
Other loans		10		10
Accrued interest expense		2,745		1,907
		223,466		171,515
Loans under repurchase agreements	3.34-14.00	14,056	14.75-15.75	10,376
		237,522		181,891

Long-term loans due to banks and financial institutions comprise long-term loans from DAMU JSC, DBK JSC, Industrial Development Fund JSC ("IDF JSC") and Agrarian Credit Corporation JSC ("ACC JSC"), in the amount of KZT 54,937 million (unaudited) at 1.0%-12.5% p.a., maturing in 2025-2035; of KZT 20,064 million (unaudited) at 1.0%-2.0% p.a., maturing in 2034-2037; of KZT 20,592 million (unaudited) at 1.0% p.a., maturing in 2030; and of KZT 8,000 million (unaudited) at 1.5% p.a., maturing in 2025, respectively (31 December 2023: KZT 41,306 million, KZT 10,901 million, KZT 27,500 million, respectively, and a loan from ACC JSC in the amount of KZT 2,431 million at 1.5% p.a., maturing in 2024).

During nine months ended 30 September 2024 and 2023, the Group has been repaying principal and interest according to the repayment schedules.

During nine months ended 30 September 2024, the Group received long-term loans of KZT 14,267 million (unaudited) from EDF DAMU JSC; loans bear interest rates of 3%-12.5% p.a. and mature in 2025-2035. Loans received were intended to further extend loans to end borrowers.

During nine months ended 30 September 2024, the Group repaid principal on loans due to EDF DAMU JSC for a total of KZT 636 million (unaudited) at 1.0-8.58% p.a.

As at 30 September 2024, loans received from EDF DAMU JSC are secured by debt securities of KZT 5,638 million (31 December 2023: not secured by debt securities) (Note 16).

During nine months ended 30 September 2024, the Group received long-term loans from DBK JSC for a total of KZT 9,230 million (unaudited), at 1%-2% p.a., maturing in 2034-2035.

Loans received from DBK JSC are intended to further provide financing to large enterprises ("LEs") operating in the processing industry, and to further provide loans to individuals, buyers of cars manufactured in Kazakhstan.

During nine months ended 30 September 2024, the Group received long-term loans from ACC JSC for a total of KZT 8,000 million (unaudited), at 1.5% p.a., maturing in 2025. Loans received were intended to further provide loans to end borrowers to assist with spring farm work and harvest work.

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20. DUE TO BANKS AND FINANCIAL INSTITUTIONS

During nine months ended 30 September 2024, the Group has repaid principal on loans due to ACC JSC for a total of KZT 2,431 million (unaudited) at 1.5% p.a.

During nine months ended 30 September 2024, the Group received no additional tranches of long-term loans from IDF JSC.

During nine months ended 30 September 2024, the Group has repaid prematurely principal on loans due to IDF JSC for a total of KZT 6,908 million (unaudited) at 1.0% p.a., which was in line with the original contractual terms.

As at 30 September 2024, loans received from IDF JSC are secured by debt securities of KZT 13,612 million (unaudited) (31 December 2023: KZT 20,500 million) (*Note 16*).

Loans under the Preferential Lending Programme for small and medium-sized enterprises (the “Programme”)

Loans from EDF DAMU JSC were received in accordance with the Government Programme aimed at financing small and medium-sized enterprises (“SME”) operating in specific industries (“the Programme”). Under the loan agreement between EDF DAMU JSC and the Group, the Group extends loans to SME borrowers eligible to participate in the Programme at the interest rate with margin of 4 % and with maturity not exceeding 10 years. The Group’s obligation to repay the loan payable to EDF DAMU JSC is not contingent on collectibility of loans extended to the SME borrowers. The Group is obliged to pay a 15 % penalty on the amounts that were not extended to the SME borrowers within 3- 9 months since the proceeds from borrowed funds from DAMU EDF JSC have been received.

The Group’s management believes that no other financial instruments similar to loans received from EDF DAMU JSC, DBK JSC, IDF JSC and ACC JSC, bearing the interest rates of 1.0% - 12.0% p.a., exist in the market, and due to the specific nature of activities of LSE and SME clients and individuals under the auto loan preferential programme, this product represents a separate market. Therefore, loans received from EDF DAMU JSC, DBK JSC, IDF JSC and ACC JSC, bearing the interest rates of 1.0%- 12.0% p.a., represent the orderly transactions on the separate market and as such, transactions have been recorded at fair value at the recognition date.

Loans due to international credit organizations

Loans due to international credit organisations comprise loans from the European Bank for Reconstruction and Development (“EBRD”) bearing interest rates at 12.15% -14.70% p.a., maturing in 2025-2027.

During nine months ended 30 September 2024, the Group received loans from the European Bank for Reconstruction and Development JSC in the amount of KZT 28,044 million (unaudited) at 13.10%-13.75% per annum, maturing in 2027.

During nine months ended 30 September 2024, the Group has repaid principal according to the repayment schedules, for a total of KZT 7,771 million (unaudited).

Loans received from international credit institutions are secured by debt securities for a total of KZT 70,856 million (31 December 2023: KZT 54,019 million) (*Note 16*).

The Group is obligated to comply with financial covenants in relation to ‘due to banks and financial institutions’ mentioned above. These covenants include the established ratios including debt-to-equity ratios and other coefficients used for financial performance ratios. As at 30 September 2024 (unaudited) and 31 December 2023, the Group was in compliance with these covenants.

Loans under repurchase agreements

As at 30 September 2024 and 31 December 2023, due to banks and financial institutions included loans received under repurchase agreements of KZT 14,056 million (unaudited) and KZT 10,376 million that were repaid in October and January 2024, respectively. The fair value of assets pledged under repurchase agreements amounted to KZT 13,372 млн million (unaudited) and KZT 10,426 million as at 30 September 2024 and 31 December 2023, respectively (*Note 15 and 16*).

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20. DUE TO BANKS AND FINANCIAL INSTITUTIONS, CONTINUED

Correspondent accounts of banks

As at 30 September 2024, deposits received from other banks included correspondent accounts opened by foreign banks for a total of KZT 53,972 million (unaudited) and Kazakh second-tier banks for a total of KZT 3,291 million (unaudited) (31 December 2023: deposits received from other banks included correspondent accounts received from foreign banks for a total of KZT 45,776 million and Kazakh second-tier banks for a total of KZT 1,902 million).

21. CUSTOMER ACCOUNTS

	30 September 2024 (unaudited)	31 December 2023
Customer accounts		
- Retail	2,513,643	2,234,525
- Corporate	2,079,626	1,787,543
	<u>4,593,269</u>	<u>4,022,068</u>
	30 September 2024 (unaudited)	31 декабря 2023 года
Term deposits	3,239,572	2,772,328
Call deposits	1,329,254	1,228,812
	<u>4,568,826</u>	<u>4,001,140</u>
Accrued interest	24,443	20,928
	<u>4,593,269</u>	<u>4,022,068</u>

As at 30 September 2024, the Group has 1 customer (31 December 2023: 2 customers), whose balances exceed 10% of equity (unaudited). The gross value of these balances as at 30 September 2024 is KZT 107,530 million (unaudited) (31 December 2023: KZT 111,451 million).

22. DEBT SECURITIES ISSUED

	Currency	Issue date	Maturity date	Interest rate,%	30 September 2024 (unaudited)	Interest rate,%	31 December 2023
Bonds issued in Kazakhstan	KZT	05/02/2018- 09/11/2021	27/12/2025- 09/11/2028	10.75-12.00	70,362	10.75-12.00	69,827
	USD	09/08/2024	09/02/2025	-	1,894		-
					<u>72,256</u>		<u>69,827</u>
Accrued interest					3,201		705
					<u>75,457</u>		<u>70,532</u>

Coupons on debt securities issued are repayable semi-annually; principal is repayable at maturity. Interest payment dates for perpetual instruments are: March 3, June 3, September 3, and December 3, paid annually.

23. SUBORDINATED BONDS

	Currency	Issue date	Maturity date	Interest rate,%	30 September 2024 (unaudited)	Interest rate,%	31 December 2023
Fixed rate	KZT	27/11/2009 – 03/11/2017	27/11/2024 – 03/11/2032	4.00-11.00	59,042	4.00-11.00	57,574
					<u>59,042</u>		<u>57,574</u>
Accrued interest					2,461		1,013
					<u>61,503</u>		<u>58,587</u>

Coupons on subordinated bond are repayable semi-annually; principal is repayable at maturity.

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23. SUBORDINATED BONDS, CONTINUED

Reconciliation of movements of liabilities and cash flows arising from financing activities (unaudited)

	Liabilities		Total
	Debt securities issued	Subordinated bonds	
Balance at 1 January 2024	70,532	58,587	129,119
Changes from financing cash flows			
Issue of debt securities	5,225	-	5,225
Repayment of debt securities issued	(3,380)	-	(3,380)
Total changes from financing cash flows	1,845	-	1,845
Interest expense	6,550	5,539	12,089
Interest paid	(3,470)	(2,623)	(6,093)
Balance at 30 September 2024	75,457	61,503	136,960

	Liabilities		Total
	Debt securities issued	Subordinated bonds	
Balance as of 1 January 2023	96,183	60,405	156,588
Changes from financing cash flows			
Repayment of debt securities issued	(21,854)	-	(21,854)
Total changes from financing cash flows	(21,854)	-	(21,854)
Interest expense	7,111	5,651	12,762
Interest paid	(4,323)	(2,836)	(7,159)
Balance at 30 September 2023	77,117	63,220	140,337

24. OTHER LIABILITIES

	30 September 2024 (unaudited)	31 December 2023
Other financial liabilities:		
Liability from continuing involvement	416,317	424,544
Settlements on other liabilities	40,445	31,658
Insurance contract provisions	34,835	19,255
Liabilities under guarantees issued*	4,854	35,679
Provisions for guarantees and letters of credit	3,707	3,854
Lease liability	2,903	2,892
Accrued fee and commission expense	1,977	2,033
Accrued administrative and operating expenses	2,927	1,755
	507,965	521,670
Current other non-financial liabilities:		
Taxes payable other than income tax	5,362	4,738
Other non-financial liabilities:	1,974	788
Total other liabilities	515,301	527,196

* As at 31 December 2023, liabilities under guarantees issued included liabilities of KZT 31,204 million under the guarantee issued to one counterparty. The liability arose due to the occurrence of a guaranteed event. During nine months ended 30 September 2024, the Group has paid liabilities of KZT 27,481 million under the guarantee issued to one counterparty (unaudited).

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25. SHARE CAPITAL

As at 30 September 2024, the Bank's share capital comprises the following (unaudited):

	Authorised share capital	Unissued share capital	Placement of authorised ordinary shares	Repurchased share capital from shareholders	Total share capital
Ordinary shares (number of shares)	1,211,140,611	(1,023,111,576)	-	(1,891,452)	186,137,583
Preference shares (number of shares)	39,249,255	-	-	(39,037,561)	211,694

As at 30 September 2024, the Bank's share capital comprises the following (unaudited):

	Authorised and issued share capital	Placement of authorised ordinary shares	(Repurchased)/ issued shares	Total
Ordinary shares	64,497	-	(459)	64,038
Preference shares	1	-	129	130
	64,498	-	(330)	64,168

As at 31 December 2023, the Bank's share capital comprises the following:

	Authorised share capital	Unissued share capital	Placement of authorised ordinary shares	Repurchased share capital from shareholders	Total share capital
Ordinary shares (number of shares)	1,211,140,611	(1,023,111,576)	-	(2,651,975)	185,377,060
Preference shares (number of shares)	39,249,255	-	-	(39,085,016)	164,239

As at 31 December 2023, the Bank's share capital comprised:

	Authorised and issued share capital	Placement of authorised ordinary shares	Issued/ (repurchased) shares	Total
Ordinary shares	63,519	-	978	64,497
Preference shares	35	-	(34)	1
	63,554	-	944	64,498

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26. SEGMENT REPORTING

The segment information below is presented on the basis used by the Group's chief operating decision maker to evaluate performance, in accordance with IFRS 8 and in accordance with the segment reporting presented in the consolidated interim condensed financial statements for nine months ended 30 September 2024 and 30 September 2023.

Информация по операционным сегментам приведена ниже.

	Retail banking (unaudited)	Corporate banking (unaudited)	Investing activities (unaudited)	Insurance activities (unaudited)	For nine months ended 30 September 2024 (unaudited)
Interest income calculated using the effective interest method	298,332	115,616	114,083	-	528,031
Other interest income	-	-	4,117	-	4,117
Interest expense	(142,444)	(93,008)	(31,447)	-	(266,899)
Charge of credit loss allowance for interest-bearing assets	(31,143)	(21,275)	-	-	(52,418)
Net non-interest income	15,537	70,684	-	2,778	88,999
Operating expenses	(57,925)	(29,737)	(35,822)	(1,147)	(124,631)
Profit before income tax	82,357	42,280	50,931	1,631	177,199
Segment assets *	2,552,011	2,266,587	1,207,566	43,078	6,069,242
Segment liabilities*	2,524,454	2,547,528	374,482	36,588	5,483,052
Other segment items					
Depreciation/amortisation expense on property and equipment and intangible assets	(4,078)	(2,094)	(2,522)	(81)	(8,775)
Loans to customers and banks	2,551,277	1,026,451	-	-	3,577,728
Customer accounts	2,513,643	2,079,626	-	-	4,593,269
Financial guarantees and credit related commitments	93,712	229,186	-	-	322,898

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26. SEGMENT REPORTING, CONTINUED

	Retail banking (unaudited)	Corporate banking (unaudited)	Investing activities (unaudited)	Insurance activities (unaudited)	For nine months ended 30 September 2023 (unaudited)
Interest income calculated using the effective interest method	178,387	113,025	83,214	887	375,513
Other interest income	-	-	2,562	-	2,562
Interest expense	(94,644)	(84,827)	(17,251)	-	(196,722)
Charge of credit loss allowance for interest-bearing assets	(14,257)	(16,976)	-	-	(31,233)
Net non-interest income	17,347	33,111	(1,713)	303	49,048
Operating expenses	(35,660)	(20,735)	(28,726)	(512)	(85,633)
Profit before income tax	51,173	23,598	38,086	678	113,535
Segment assets*	2,706,309	1,132,771	1,031,837	2,593	4,873,510
Segment liabilities*	2,118,983	2,123,046	242,409	700	4,485,138
Other segment items					
Depreciation/amortisation expense on property and equipment and intangible assets	(3,134)	(1,822)	(2,525)	(45)	(7,526)
Loans to customers and banks	1,811,740	909,384			2,721,124
Customer accounts	1,995,143	1,598,605			3,593,748
Financial guarantees and credit related commitments	95,313	202,269			297,582

* - net of goodwill, current and deferred income tax. Income tax expense is not allocated.

The majority of the Group's assets are located in the Republic of Kazakhstan and the Group generates income from operations conducted within the Republic of Kazakhstan.

Major customers

For nine months ended 30 September 2024 and 2023, the reporting segments have no corporate or retail customers, whose income from transactions individually exceed 10% of the Group's total income (unaudited).

27. RISK MANAGEMENT POLICY

Management of risk is fundamental to the Group's business of banking and is an essential element of the Group's operations. The major (significant) risks faced by the Group are those related to market risk, credit risk, liquidity risk and operating risk, legal risk and reputational risk.

Risk Management Structure

The Board of Directors has overall responsibility for risk identification and oversight. However, there are also separate independent bodies responsible for risk management and control. The Group's risk management structure has not changed significantly in nine months ended 30 September 2024.

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27. RISK MANAGEMENT POLICY, CONTINUED

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rates risk and other price risks.

(i) Currency risk

The Group's exposure to foreign currency exchange rate risk as at 30 September 2024 (unaudited) is presented in the table below:

	KZT	USD USD 1.00 = KZT 481.19	EUR EUR 1.00 = KZT 538.45	Other currency	30 September 2024 Total
Financial assets:					
Cash and cash equivalents	484,077	351,691	111,823	106,172	1,053,763
Financial instruments at FVTPL	59,651	21,810	-	-	81,461
Investment financial assets at FVOCI	542,516	190,687	64,458	-	797,661
Investment financial assets at amortised cost	5,264	199,871	10,311	-	215,446
Due from banks	13,585	99,209	-	57	112,851
Loans to customers and banks	3,242,797	317,211	17,370	350	3,577,728
Other financial assets	31,612	3,541	803	503	36,459
Total financial assets	4,379,502	1,184,020	204,765	107,082	5,875,369
Financial liabilities:					
Due to banks and financial institutions	188,980	45,851	1,960	731	237,522
Customer accounts	3,166,098	1,106,405	221,864	98,902	4,593,269
Debt securities issued	73,563	1,894	-	-	75,457
Subordinated bonds	61,503	-	-	-	61,503
Other financial liabilities	494,711	8,677	1,900	2,677	507,965
Total financial liabilities	3,984,855	1,162,827	225,724	102,310	5,475,716
Open position	394,647	21,193	(20,959)	4,772	399,653
Effect of derivative financial instruments held for risk management purposes	15,698	(26,139)	20,963	(10,418)	
Net position	410,345	(4,946)	4	(5,646)	

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27. RISK MANAGEMENT POLICY, CONTINUED

(a) Market risk, continued

(i) Currency risk, continued

The Group's exposure to foreign currency exchange rate risk as at 31 December 2023 is presented in the table below:

	KZT	USD USD 1.00 = KZT 454.56	EUR EUR 1.00 = KZT 502.24	Other currency	31 December 2023 Total
Financial assets:					
Cash and cash equivalents	456,898	635,212	173,751	87,473	1,353,334
Financial instruments at FVTPL	41,494	13,858	-	-	55,352
Investment financial assets at FVOCI	420,043	134,099	29,551	-	583,693
Investment financial assets at amortised cost	6,188	91,076	9,395	-	106,659
Due from banks	10,099	29,372	-	12	39,483
Loans to customers and banks	2,698,830	213,446	15,991	582	2,928,849
Other financial assets	25,032	4,047	747	-	29,826
Total financial assets	3,658,584	1,121,110	229,435	88,067	5,097,196
Financial liabilities:					
Due to banks and financial institutions	136,932	37,538	4,244	3,177	181,891
Customer accounts	2,650,504	1,063,077	223,784	84,703	4,022,068
Debt securities issued	70,532	-	-	-	70,532
Subordinated bonds	58,587	-	-	-	58,587
Other financial liabilities	489,304	29,552	1,151	1,663	521,670
Total financial liabilities	3,405,859	1,130,167	229,179	89,543	4,854,748
Open position	252,725	(9,057)	256	(1,476)	
Effect of derivative financial instruments held for risk management purposes	(4,541)	4,546	-	-	
Net position	248,184	(4,511)	256	(1,476)	

A weakening of the KZT, as indicated below, against the following currencies at 30 September 2024 and 31 December 2023, would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is on net of tax basis and is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	30 September 2024 (unaudited)	31 December 2023
20% appreciation of USD against KZT	(791)	(722)
20% appreciation of EUR against KZT	1	41
20% appreciation of other currencies against KZT	(903)	(236)

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27. RISK MANAGEMENT POLICY, CONTINUED

(b) Credit risk

Credit risk is the risk of financial loss occurring as a result of default by a borrower or counterparty on their obligation to the Group.

The maximum exposure to credit risk from financial assets at the reporting date is as follows.

	30 September 2024 (unaudited)	31 December 2023
ASSETS		
Cash and cash equivalents	910,265	1,142,172
Financial instruments at FVTPL	68,564	46,620
Investment financial assets at FVOCI - debt financial instruments	795,405	582,523
Investment financial assets at amortised cost	215,446	106,659
Due from banks	112,851	39,483
Loans to customers and banks	3,577,728	2,928,849
Other financial assets	36,459	29,826
Total maximum exposure	5,716,718	4,876,132

Concentration of credit risk in respect of loans to customers is presented in Note 18.

The Bank calculates and monitors, on the ongoing basis, the mandatory norm of the maximum risk per one borrower or group of related borrowers, which regulates the Bank's credit risk with regard to a single borrower or group of related borrowers and determines the maximum ratio of the total liabilities of a borrower (borrowers included in the group of related borrowers) to the Bank to the Bank's equity. As at 30 September and 31 December 2023, the maximum allowable value of k-3 norm established by NBRK was 25%. The value of k-3 norm calculated by the Bank as at 30 September 2024 (unaudited) and 31 December 2023 was in compliance with the statutory norm.

As at 30 September 2024 and 31 December 2023 the Group did not have debtors or groups of connected debtors, where credit risk exposure exceeded 10% maximum credit risk exposure.

(c) Liquidity risk

The following tables show analysis of financial assets and liabilities grouped according to the principle of period remaining from the balance sheet date till maturity date, except for the financial assets through profit or loss and investment financial assets at fair value through other comprehensive income, that have been classified as "on demand and less than 1 month" as they may be realised, as necessary, at any time.

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27. RISK MANAGEMENT POLICY, CONTINUED

(c) Liquidity risk, continued

30 September 2024 (unaudited)	Weighted average effective interest rate	On demand and up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	30 September 2024 Total
Financial assets							
Cash and cash equivalents	10.83%	576,179	48,069	-	-	-	624,248
Financial instruments at FVTPL	10.18%	68,564	-	-	-	-	68,564
Investment financial assets at FVOCI	8.18%	795,405	-	-	-	-	795,405
Investment financial assets at amortised cost	3.81%	27,232	29,159	107,568	51,487	-	215,446
Due from banks	5.02%	-	12,048	36,152	-	-	48,200
Loans to customers and banks	18.90%	205,297	199,064	596,249	1,537,228	1,039,890	3,577,728
Total interest-bearing assets		1,672,677	288,340	739,969	1,588,715	1,039,890	5,329,591
Cash and cash equivalents		429,515	-	-	-	-	429,515
Financial instruments at FVTPL		13,044	-	-	-	-	13,044
Investment financial assets at FVOCI		2,256	-	-	-	-	2,256
Due from banks		64,651	-	-	-	-	64,651
Other financial assets		36,459	-	-	-	-	36,459
Total financial assets		2,218,602	288,340	739,969	1,588,715	1,039,890	5,875,516
Financial liabilities							
Due to banks and financial institutions	7.32%	93,881	1,766	14,629	69,330	653	180,259
Customer accounts	10.66%	499,395	845,522	1,496,019	333,674	12,468	3,187,078
Debt securities issued	12.12%	1,316	1,701	2,078	70,362	-	75,457
Subordinated bonds	12.87%	-	9,684	21,858	-	29,961	61,503
Other financial liabilities	3.07%	4,738	3,062	14,264	87,959	306,294	416,317
Total interest-bearing liabilities		599,330	861,735	1,548,848	561,325	349,376	3,920,614
Due to banks and financial institutions		57,263	-	-	-	-	57,263
Customer accounts		1,352,780	930	14,579	33,517	4,385	1,406,191
Other financial liabilities		91,648	-	-	-	-	91,648
Total financial liabilities		2,101,021	862,665	1,563,427	594,842	353,761	5,475,716
Liquidity gap		117,581	(574,325)	(823,458)	993,873	686,129	
Interest sensitivity gap		1,073,347	(573,395)	(808,879)	1,027,390	690,514	
Cumulative interest sensitivity gap		1,073,347	499,952	(308,927)	718,463	1,408,977	
Cumulative interest sensitivity gap as a percentage of total financial assets		20.22%	9.47%	(5.69)%	13.62%	26.44%	

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27. RISK MANAGEMENT POLICY, CONTINUED

(c) Liquidity risk, continued

31 December 2023	Weighted aver age effective interest rate	On demand and up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	31 December 2023 Total
Financial assets							
Cash and cash equivalents	10.45%	695,876	-	-	-	-	695,876
Financial instruments at FVTPL	17.04%	46,620	-	-	-	-	46,620
Investment financial assets at FVOCI	13.01%	582,523	-	-	-	-	582,523
Investment financial assets at amortised cost	4.61%	11,531	14,306	23,397	56,391	1,034	106,659
Loans to customers and banks	18.26%	540,695	138,974	376,642	1,027,131	845,407	2,928,849
Total interest-bearing assets		1,877,245	153,280	400,039	1,083,522	846,441	4,360,527
Cash and cash equivalents		657,458	-	-	-	-	657,458
Financial instruments at FVTPL		8,732	-	-	-	-	8,732
Investment financial assets at FVOCI		1,170	-	-	-	-	1,170
Due from banks		32,194	7,289	-	-	-	39,483
Other financial assets		25,613	-	4,213	-	-	29,826
Total financial assets		2,602,412	160,569	404,252	1,083,522	846,441	5,097,196
Financial liabilities							
Due to banks and financial institutions	7.25%	23,214	1,671	12,378	41,636	55,314	134,213
Customer accounts	10.99%	788,840	459,156	1,513,911	403,117	16,530	3,181,554
Debt securities issued	12.40%	-	484	221	69,827	-	70,532
Subordinated bonds	12.82%	-	560	7,824	21,639	28,564	58,587
Other financial liabilities	3.07%	3,101	2,996	13,966	86,833	317,648	424,544
Total interest-bearing liabilities		815,155	464,867	1,548,300	623,052	418,056	3,869,430
Due to banks and financial institutions		47,678	-	-	-	-	47,678
Customer accounts		787,275	2,402	14,733	33,407	2,697	840,514
Other financial liabilities		97,126	-	-	-	-	97,126
Total financial liabilities		1,747,234	467,269	1,563,033	656,459	420,753	4,854,748
Liquidity gap		855,178	(306,700)	(1,158,781)	427,063	425,688	
Interest sensitivity gap		1,062,090	(311,587)	(1,148,261)	460,470	428,385	
Cumulative interest sensitivity gap		1,062,090	750,503	(397,758)	62,712	491,097	
Cumulative interest sensitivity gap as a percentage of total financial assets		24.36%	17.21%	(9.12%)	1.44%	11.26%	

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27. RISK MANAGEMENT POLICY, CONTINUED

(c) Liquidity risk, continued

In accordance with Kazakhstan legislation, depositors can withdraw their term deposits at any time, losing in most of the cases the accrued interest. These deposits are classified in accordance with their stated maturity dates.

However, management believes that in spite of this early withdrawal option and the fact that a substantial portion of customer accounts are on demand, diversification of these customer accounts and deposits by number and type of depositors, and the past experience of the Group indicates that these customer accounts provide a long-term and stable source of funding.

Management expects that the cash flows from certain financial assets and liabilities will be different from their contractual terms either because management has the discretionary ability to manage the cash flows or because past experience indicates that cash flows will differ from contractual terms.

28. CAPITAL MANAGEMENT

NBRK sets and monitors capital requirements for the Bank as a whole.

The Bank defines as capital those items defined by statutory regulation as capital for credit institutions:

- Tier 1 capital is a total of basic and additional capital. Basic capital comprises paid-in ordinary share capital, share premium, current and prior periods' retained earnings and reserves created thereof, less treasury share capital, intangible assets including goodwill, and current and prior periods losses, deferred tax asset net of deferred tax liability, excluding deferred tax assets recognised in relation to deductible temporary differences, other revaluation reserves, gains from sales related to asset securitisation transactions, gains or losses from revaluation of financial liabilities at fair value related to change in own credit risk, regulatory adjustments to be deducted from the additional capital, but due to insufficient levels of it deducted from basic capital, and investments in financial instruments of investees not consolidated in the Group with certain limitations. Additional capital comprises of perpetual contracts and paid-in preference share capital less adjustments for the Bank's investment in its own perpetual financial instruments, treasury preference shares, investments in financial instruments of investees not consolidated in the Group with certain limitations and regulatory adjustments to be deducted from the tier 2 capital, but due to insufficient levels of it deducted from additional capital.
- Tier 2 capital comprises subordinated debt in KZT less investments in subordinated debt of financial institutions the Bank holds 10% and more shares in.

Total capital is the sum of tier 1 and tier 2 capital.

There is a set of different limitations and classification criteria applied to the above listed total capital elements.

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28. CAPITAL MANAGEMENT, CONTINUED

In accordance with the regulations set by the NBRK the Bank has to maintain total capital adequacy within the following coefficients:

- a ratio of basic capital to the sum of credit risk-weighted assets and contingent liabilities, market risk-weighted assets and contingent assets and liabilities, and quantified operational risk (k1);
- a ratio of tier 1 capital to the sum of credit risk-weighted assets and contingent liabilities, market risk-weighted assets and contingent assets and liabilities, and quantified operational risk (k1-2);
- a ratio of total capital to the sum of credit risk-weighted assets and contingent liabilities, market risk-weighted assets and contingent assets and liabilities, and quantified operational risk (k2).

As at 30 September 2024, the Bank complied with all prudential capital ratios k1, k1-2 and k2, and the actual ratios were 0.162, 0.162 and 0.181, respectively (unaudited) (31 December 2023: k1 –0.154, k1-2 –0.154 and k2 –0.181).

The following table shows the composition of the capital position as at 30 September 2024 calculated in accordance with the requirements established by the resolution of Board of National Bank of the Republic of Kazakhstan of 13 September 2018, No. 170 “On establishment of normative values and techniques of calculations of prudential standard rates and other regulations, obligatory to observance, and limits of the size of the capital of bank for the certain date and Rules of calculation and limits of the open foreign exchange position of bank” with amendments and additions.

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28. CAPITAL MANAGEMENT, CONTINUED

	30 September 2024 (unaudited)	31 December 2023
Tier 1 capital		
Basic capital:		
Share capital	65,648	65,648
Statutory retained earnings of prior years	356,431	225,818
Retained earnings of current period	139,769	130,613
Reserves formed from statutory retained earnings of prior years	4,981	4,981
Revaluation surplus for buildings	-	-
Revaluation reserve for investment securities	(5,926)	(13,883)
Statutory adjustments:		
Intangible assets	(17,992)	(15,994)
Total basic capital	542,911	397,183
Additional capital:		
Paid-in preference share capital not satisfying basic capital requirements	11,775	11,775
Bank's treasury preference shares	(11,686)	(11,686)
Tier 1 capital	543,000	397,272
Tier 2 capital		
Subordinated debt	64,358	67,626
Total Tier 2 capital	64,358	67,626
Total capital	607,358	464,898
Positive difference between regulatory impairment provisions and IFRS impairment provisions	-	-
Risk-weighted assets, contingent liabilities and derivative financial instruments and operational risk		
Credit risk-weighted assets	2,940,972	2,301,707
Credit risk-weighted contingent liabilities	190,665	118,365
Market risk-weighted assets, contingent assets and liabilities	64,203	51,599
Operational risk	159,035	103,165
Risk-weighted assets, contingent liabilities and derivative financial instruments and operational risk	3,354,875	2,574,836
k1	0.162	0.154
k1-2	0.162	0.154
k2	0.181	0.181

29. CREDIT RELATED COMMITMENTS

The Group has outstanding commitments to extend loans. These credit related commitments take the form of approved loans and credit card limits and overdraft facilities.

The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to five years.

The Group applies the same credit risk management policies and procedures when granting credit commitments, financial guarantees and letters of credit as it does for granting loans to customers.

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29. CREDIT RELATED COMMITMENTS, CONTINUED

The contractual amounts of credit related commitments are set out in the following table by category. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the reporting date if the counterparties failed completely to perform as contracted.

As at 30 September 2024 and 31 December 2023, the nominal values or contractual values and risk-weighted amounts are as follows:

	30 September 2024 (unaudited)		31 December 2023	
	Nominal value	Risk-weighted value*	Nominal value	Risk-weighted value
Guarantees issued and other similar liabilities	216,520	177,710	193,598	134,799
Credit card commitments	93,712	18,742	92,921	18,584
Letters of credit and other contingent liabilities related to other transaction	12,666	2,533	16,978	3,396
	322,898	198,985	303,497	156,779

* guarantees issued and other similar liabilities are stated net of cash collateral in the amount of KZT 38,810 million (unaudited) (31 December 2023: KZT 58,799 million); credit cards and letters of credit liabilities of 20% of the nominal value.

Management expects that loans and liabilities under credit facilities will be financed as required at the expense of the amounts received from repayment of the current loan portfolio according to the payment schedules.

As at 30 September 2024, the guarantees issued in the amount of KZT 214,423 million (unaudited) and credit card commitments in the amount of KZT 93,248 million (unaudited) are classified as Stage 1 of the credit risk gradings (31 December 2023: KZT 161,298 million and KZT 92,263 million), KZT 401 million (unaudited) and KZT 135 million (unaudited) are classified as Stage 2 of credit risk gradings (31 December 2023: KZT 33 million and KZT 114 million, respectively), KZT 1,696 million (unaudited) and KZT 329 million (unaudited) are classified as Stage 3 of the credit risk gradings (31 December 2023: KZT 32,267 million and KZT 544 million, respectively). Net decrease in provision for credit related commitments was KZT 1,572 million (unaudited) for nine months ended 30 September 2024 (for nine months ended 30 September 2023: net increase of KZT 23,532 million (unaudited)).

The following table shows the guarantees issued and other similar liabilities secured by different types of collaterals and not the fair value of the collateral itself:

	30 September 2024 (unaudited)		31 December 2023	
Corporate guarantees		56,963		17,829
Real estate		55,875		50,537
Cash		38,810		58,799
Unsecured		18,747		16,415
Movable property		2,541		988
Goods in turnover		808		554
Other		42,776		48,476
Total		216,520		193,598

The following table shows the letters of credit issued and other contingent liabilities secured by different types of collaterals and not the fair value of the collateral itself:

	30 September 2024 (unaudited)		31 December 2023	
Cash		7,387		10,128
Other		5,279		6,850
Total		12,666		16,978

These commitments do not necessarily represent future cash requirements, as these credit related commitments may expire or terminate without being funded.

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30. CUSTODIAN SERVICES

The Group provides custodian services to individuals, trusts, retirement benefit plans and other institutions, whereby it accounts and holds assets or make settlements on the customers' transactions with different financial instruments at the direction of the customer. The Group receives fee income for providing these services. Assets received under custodian management are not assets of the Group and are not recognised in the consolidated interim condensed statement of financial position. The Group is not exposed to any credit risk related to such activities, as it does not guarantee these investments.

Fiduciary assets are categorised as follows based on their nominal value:

	30 September 2024	31 December 2023
	(unaudited)	
Securities	908,944	406,714
Investments in buildings, machinery, equipment, transport and other property	6,261	6,261
Unit investment funds	26	25
Bank deposits	-	47
Total fiduciary assets	915,231	413,047

The Group keeps accounting and prepares reporting for assets and investment funds, asset management and other legal entities and transactions with assets and makes reconciliation with the management company with regard to the assets being served, in accordance with the requirements of the legislation of the Republic of Kazakhstan and NBRK rules.

31. CONTINGENCIES

(a) Insurance

The insurance industry in the Republic of Kazakhstan is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group does not have full coverage for its premises and equipment, business interruption, or third-party liability in respect of property or environmental damage arising from accidents on its property or related to operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on operations and financial position of the Group.

(b) Litigation

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

(c) Taxation contingencies in Kazakhstan

The taxation system in Kazakhstan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities, in particular recognition of income, expenses and other items of the financial statements under IFRS. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. A tax year generally remains open for review by the tax authorities for five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

These circumstances may create tax risks in Kazakhstan that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

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32. FINANCIAL ASSETS AND LIABILITIES: FAIR VALUES AND ACCOUNTING CLASSIFICATIONS

(a) Accounting classifications and fair values

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 30 September 2024 (unaudited):

	Financial instruments at fair value through profit or loss	Financial instruments at fair value through other comprehensive income	Amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	-	1,053,763	1,053,763	1,053,763
Financial instruments at FVTPL	81,608	-	-	81,608	81,608
Investment financial assets at FVOCI	-	797,661	-	797,661	797,661
Investment financial assets at amortised cost	-	-	215,446	215,446	214,358
Due from banks	-	-	112,851	112,851	112,851
Loans to customers and banks	-	-	3,577,728	3,577,728	3,505,001
Other financial assets	-	-	36,459	36,459	36,459
	81,608	797,661	4,996,247	5,875,516	5,801,701
Due to banks and financial institutions	-	-	237,522	237,522	237,522
Customer accounts	-	-	4,593,269	4,593,269	4,533,811
Debt securities issued	-	-	75,457	75,457	74,092
Subordinated bonds	-	-	61,503	61,503	58,731
Other financial liabilities	-	-	507,965	507,965	507,965
	-	-	5,475,716	5,475,716	5,412,121

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32. FINANCIAL ASSETS AND LIABILITIES: FAIR VALUES AND ACCOUNTING CLASSIFICATIONS, CONTINUED

(a) Accounting classifications and fair values, continued

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2023:

	Financial instruments at fair value through profit or loss	Financial instruments at fair value through other comprehensive income	Amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	-	1,353,334	1,353,334	1,353,334
Financial instruments at FVTPL	55,414	-	-	55,414	55,414
Investment financial assets at FVOCI	-	583,693	-	583,693	583,693
Investment financial assets at amortised cost	-	-	106,659	106,659	104,760
Due from banks	-	-	39,483	39,483	39,483
Loans to customers and banks	-	-	2,928,849	2,928,849	2,911,512
Other financial assets	-	-	29,826	29,826	29,826
	55,414	583,693	4,458,151	5,097,258	5,078,022
Due to banks and financial institutions	-	-	181,891	181,891	181,891
Customer accounts	-	-	4,022,068	4,022,068	4,019,165
Debt securities issued	-	-	70,532	70,532	65,859
Subordinated bonds	-	-	58,587	58,587	57,386
Other financial liabilities	-	-	521,670	521,670	521,670
	-	-	4,854,748	4,854,748	4,845,971

The estimates of fair value are intended to approximate 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.

However, given the uncertainties and the use of subjective judgement, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

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32. FINANCIAL ASSETS AND LIABILITIES: FAIR VALUES AND ACCOUNTING CLASSIFICATIONS, CONTINUED

(a) Accounting classifications and fair values, continued

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market-observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices and foreign currency exchange rates. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives such as interest rate swaps.

For more complex instruments, the Group uses proprietary valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Example of instruments involving significant unobservable inputs include certain loans and securities for which there is no active market.

The following assumptions are used by management to estimate the fair values of financial instruments:

- discount rates of 6.7%-21.8% p.a. and 22.2%-34.7% p.a. (unaudited) are used for discounting future cash flows from USD- and KZT-denominated loans to corporate customers and loans to retail customers, respectively (31 December 2023: 6.9%-21.1% p.a. and 20.6%-28.4% p.a.);
- discount rates starting from 7.22% p.a. (unaudited) are used for discounting future cash flows from mortgage loans issued under the '7-20-25' programme (31 December 2023: 7.0% to 14.64% p.a.). The Bank applies nominal interest rates to discount future cash flows assuming that making the assumption that this government programme represents a separate market segment;
- discount rates of 2.6%-13.2% p.a. and 0.9%-13.4% p.a. (unaudited) are used to calculate expected future cash flows from KZT- and USD-denominated current accounts and deposits of corporate and retail customers, respectively (31 December 2023: 2.6%-14.6% and 0.9%-13.7%);
- quoted market prices are used for determination of fair value of debt securities issued.

The estimates of fair value are intended to approximate the amount for which a financial instrument can be exchanged between knowledgeable, willing parties in an arm's length transaction. However, given the uncertainties and the use of subjective judgement, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

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32. FINANCIAL ASSETS AND LIABILITIES: FAIR VALUES AND ACCOUNTING CLASSIFICATIONS, CONTINUED

(b) Fair value hierarchy

The Group measures fair values for financial instruments recorded on the consolidated interim condensed statement of financial position using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument;
- Level 2: valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for identical or similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data;
- Level 3: valuation techniques using unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect difference between the instruments.

The table below analyses financial instruments measured at fair value at 30 September 2024, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Level 1	Level 2	Level 3	Total
Non-derivative financial instruments at FVTPL – debt securities	1,978	66,586		68,564
Non-derivative financial instruments at FVTPL – equity securities	2,759	10,138		12,897
Investment financial assets at FVOCI - debt financial instruments	54,295	733,359	7,751	795,405
Investment financial assets at FVOCI - equity financial instruments	1,115	1,141	-	2,256
	60,147	811,224	7,751	879,122

The table below analyses financial instruments measured at fair value at 31 December 2023, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1	Level 2	Level 3	Total
Non-derivative financial instruments at FVTPL – debt securities	4,239	42,381	-	46,620
Non-derivative financial instruments at FVTPL – equity securities	2,049	6,683	-	8,732
Investment financial assets at FVOCI - debt financial instruments	58,417	517,851	6,255	582,523
Investment financial assets at FVOCI - equity financial instruments	1,170	-	-	1,170
	65,875	566,915	6,255	639,045

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32. FINANCIAL ASSETS AND LIABILITIES: FAIR VALUES AND ACCOUNTING CLASSIFICATIONS, CONTINUED

(b) Fair value hierarchy, continued

The following table shows a reconciliation for nine months ended 30 September 2024 for fair value measurements in Level 3 of the fair value hierarchy:

	For nine months ended 30 September 2024 (unaudited)	For nine months ended 30 September 2023 (unaudited)
Balance at 1 January 2024	6,255	12,285
Net interest income	200	312
Interest received	(62)	(232)
Repayment	-	(6,706)
Net gain on change in fair value	1,358	740
Balance at 30 September 2024	7,751	6,399

During the year ended 31 December 2023, securities of Russian issuers were transferred to Level 3 of the fair value hierarchy, where significant inputs used to make these estimates, previously observable, became unobservable: these securities were listed on the stock exchange and observable transactions with those securities on an arm's length basis were conducted.

The table below sets out information about significant unobservable inputs used at year end in the measuring fair value of net assets categorised as Level 3 in the fair value hierarchy as at 30 September 2024, together with a sensitivity analysis for shifts in these inputs which the Bank considers were reasonably possible at the reporting date, assuming all other variables remain unchanged.

	Fair value of financial assets KZT mln	Valuation technique	Significant unobservable inputs	Reasonable shift	Sensitivity analysis of fair value to unobservable inputs
30 September 2024 (unaudited)	7,751	Cash price method of securities database	Bid-ask spreads	+/-10.0%	775

Unobservable valuation differences on initial recognition

In many cases all significant inputs into the valuation techniques are wholly observable, for example by reference to information from similar transactions in the currency market. In cases where all inputs are not observable, for example because there are no observable trades in a similar risk at the reporting date, the Group uses valuation techniques that rely on unobservable inputs – e.g. volatilities of certain underlying, expectations of termination periods. When fair value at initial recognition is not evidenced by a quoted price in an active market or based on a valuation technique that uses data only from observable markets, any difference between the fair value at initial recognition and the transaction price is not recognised in profit or loss immediately but is deferred.

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

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32. FINANCIAL ASSETS AND LIABILITIES: FAIR VALUES AND ACCOUNTING CLASSIFICATIONS, CONTINUED

(b) Fair value hierarchy, continued

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 30 September 2024 (unaudited):

	Level 2	Level 3	Total fair values	Total carrying amount
Assets:				
Cash and cash equivalents	1,053,763	-	1,053,763	1,053,763
Investment financial assets at amortised cost	214,358	-	214,358	215,446
Due from banks	112,851	-	112,851	112,851
Loans to customers and banks	3,465,307	39,694	3,505,001	3,577,728
Other financial assets	36,459	-	36,459	36,459
Liabilities				
Due to banks and financial institutions	237,522	-	237,522	237,522
Customer accounts	4,533,811	-	4,533,811	4,593,269
Debt securities issued	74,092	-	74,092	75,457
Subordinated bonds	58,731	-	58,731	61,503
Other financial liabilities	507,965	-	507,965	507,965

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2023:

	Level 2	Level 3	Total fair values	Total carrying amount
Assets:				
Cash and cash equivalents	1,353,334	-	1,353,334	1,353,334
Investment financial assets at amortised cost	104,760	-	104,760	106,659
Due from banks	39,483	-	39,483	39,483
Loans to customers and banks	2,868,885	42,627	2,911,512	2,928,849
Other financial assets	29,826	-	29,826	29,826
Liabilities				
Due to banks and financial institutions	181,891	-	181,891	181,891
Customer accounts	4,019,165	-	4,019,165	4,022,068
Debt securities issued	65,859	-	65,859	70,532
Subordinated bonds	57,386	-	57,386	58,587
Other financial liabilities	521,670	-	521,670	521,670

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33. RELATED PARTY TRANSACTIONS

Mr B.R. Baiseitov is an ultimate controlling party of the Group.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. Transactions between the Bank and its subsidiaries, which are related parties of the Bank, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and related parties are disclosed below:

	30 September 2024 (unaudited)		31 December 2023	
	Related party transactions	Average nominal interest rate	Related party transactions	Average nominal interest rate
Loans to customers and banks, gross	26,602		25,353	
- key management personnel of the Group				
- in KZT	90	16.09%	97	10.36%
- close relatives of key management personnel				
- in KZT	24	3.38%	25	18.25%
- entities under common control				
- in USD	25,468	5.00%	24,055	5.00%
- in KZT	1,020	18.25%	1,176	19.00%
Provision for losses on loans to customers and banks	(25,468)		(18,764)	
- entities under common control	(25,468)		(18,764)	
Customer accounts	7,632		6,684	
- key management personnel of the Group				
- in KZT	726	13.9%	298	14.06%
- in USD	293	0.74%	748	0.79%
- in other currencies	86	0.01%	80	0.10%
- close relatives of key management personnel				
- in KZT	1,324	14.25%	3,004	14.00%
- in USD	212	0.71%	368	1.5%
- in other currencies	33	0.01%	14	-
- other				
- in KZT	3,551	13.33%	298	14.37%
- in USD	1,393	1.75%	1,855	0.75%
- in other currencies	14	-	19	0.10%

JOINT-STOCK COMPANY BANK CENTERCREDIT

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 SEPTEMBER 2024

(in millions of Kazakhstani tenge unless otherwise stated)

33. RELATED PARTY TRANSACTIONS, CONTINUED

Secured and unsecured loans and guarantees are issued to key management personnel and other related parties in the ordinary course of business. These loans are issued mostly on the same terms, including interest rates, that are used in other similar transactions with the persons of similar status or, if applicable, with other companies and employees. The transactions did not involve more than the normal risk of repayment or present other unfavourable features.

Amounts deposited by the Group's key management personnel and other related parties earn interest at the same rates as those offered to the market or on the same terms and conditions applicable to other employees within the Group.

Included in the consolidated interim condensed statement of profit or loss for nine months ended 30 September 2024 and 2023, are the following amounts, which arose due to transactions with related parties:

	Nine months ended 30 September 2024 (unaudited)	Nine months ended 30 September 2023 (unaudited)
Interest income	165	432
- key management personnel of the Group	11	4
- close relatives of key management personnel	1	1
- entities under common control	153	427
Interest expense	(230)	(477)
- key management personnel of the Group	(28)	(59)
- close relatives of key management personnel	(86)	(327)
- other	(116)	(91)
Expected credit loss allowance on loans to customers and banks	(4,924)	(3,799)
- entities under common control	(4,924)	(3,799)
Operating expenses	(1,143)	(900)
- key management personnel of the Group	(1,143)	(900)

Key management personnel remuneration for nine months ended 30 September 2024 and 2023 represent short-term employee benefits. Total remuneration of members of the Board of Directors and the Management Board amounted to KZT 1,143 mln and KZT 900 million for nine months ended 30 September 2024 and 2023, respectively.

34. SUBSEQUENT EVENTS

In accordance with the Resolution of the Bank's Board of Directors dated 15 October 2024, the Parent Bank made a monetary contribution of KZT 6,000 million (unaudited) to the share capital of JSC BCC Invest.

In accordance with the Resolution of the Bank's Board of Directors dated 15 October 2024, the Parent Bank made a monetary contribution of KZT 3,174 million (unaudited) to the share capital of BCC-HUB LLP.