Microfinance Organization OnlineKazFinance Joint Stock Company

Financial statements

For the year ended 31 December 2024
with the independent auditor's report

CONTENTS

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

(in thousands of tenge)

	Note	*31 December 2024*	*31 December 2023*
Assets			
Cash and cash equivalents	4	3 349 722	10 034 331
Due from credit and other financial institutions	13	378 282	1 335 034
Investment securities at amortized cost		–	460 910
Derivative financial assets		447 508	–
Loans to customers	5	114 936 568	85 963 814
Receivable from sale of loan portfolios		397 299	1 579 547
Property and equipment		290 740	327 355
Intangible assets	6	4 040 331	3 939 935
Right of use assets		86 867	106 548
Current income tax assets		1 314 248	790 879
Other assets	7	4 614 532	10 772 338
Total assets		129 856 097	115 310 691
Liabilities			
Debt securities issued	8	69 441 950	72 759 519
Due to credit and other financial institutions	9	34 062 230	23 155 129
Derivative financial liabilities	13	–	416 624
Accounts payable	12	449 001	207 250
Deferred income tax liability	10	203 153	172 889
Finance lease liabilities		99 513	113 919
Other liabilities	7	1 319 141	819 194
Total liabilities		105 574 988	97 644 524
Equity			
Authorized capital	3, 11	22 751 548	11 001 000
Impact of hedging		30 939	–
Subordinated debt	19	–	6 564 081
Retained earnings		1 498 622	101 086
Total equity		24 281 109	17 666 167
Total equity and liabilities		129 856 097	115 310 691

Signed and authorized for issue on behalf of the management:

Mukhamedzhanov A.B.
General Director

18 April 2025

Popova N.V.
Acting Chief Accountant

The accompanying notes on pages 5 to 41 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

(in thousands of tenge)

	Note	2024	2023
Interest income calculated using the effective interest rate method	14	32 853 663	29 187 877
Interest expense	14	(21 676 927)	(16 461 427)
Net interest income		11 176 736	12 726 450
Fee and commission income	15	15 205 418	8 207 088
Expenses on expected credit losses	16	(12 749 837)	(11 004 165)
Expenses on transactions with derivative financial instruments		(128 813)	(2 473 669)
Net (losses)/ gains on transactions with foreign currencies:		(243 682)	349 514
- translation differences		*(590 859)*	*582 747*
- trading		*347 177*	*(233 233)*
Other income	17	459 906	1 839 654
Staff costs	18	(6 081 508)	(4 884 057)
Depreciation and amortization	18	(787 735)	(662 499)
Other operating and administrative expenses	18	(5 110 507)	(3 462 777)
Profit before income tax		1 739 978	635 539
Income tax expense	10	(312 608)	(416 405)
Profit for the year		1 427 370	219 134
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Impact of hedging		30 939	–
Other comprehensive income for the year		30 939	–
Total comprehensive income for the year		1 458 309	219 134

The accompanying notes on pages 5 to 41 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

(in thousands of tenge)

	Note	*Authorized capital*	*Subordinated debt*	*Impact of hedging*	*Retained earnings*	*Total equity*
Balance at 1 January 2023		1 120 151	10 278 641	–	7 538 718	18 937 510
Profit for the year		–	–	–	219 134	219 134
Other comprehensive income		–	–	–	–	–
Total comprehensive income for the year		–	–	–	219 134	219 134
Subordinated debt, net		–	(3 714 560)	–	–	(3 714 560)
Interest paid on subordinated debt		–	–	–	(356 766)	(356 766)
Dividends declared	11				(7 300 000)	(7 300 000)
Increase in authorized capital	11	9 880 849	–	–	–	9 880 849
Balance at 31 December 2023		11 001 000	6 564 081	–	101 086	17 666 167
Profit for the year		–	–	–	1 427 370	1 427 370
Other comprehensive income		–	–	30 939	–	30 939
Total comprehensive income for the year		–	–	30 939	1 427 370	1 458 309
Subordinated debt, net		–	(6 564 081)	–	–	(6 564 081)
Interest paid on subordinated debt		–	–	–	(29 834)	(29 834)
Increase in authorized capital	11	13 350 548	–	–	–	13 350 548
Repurchase of own shares	11	(1 600 000)	–	–	–	(1 600 000)
Balance at 31 December 2024		22 751 548	–	30 939	1 498 622	24 281 109

STATEMET OF CASH FLOWS

For the year ended 31 December 2024

(in thousands of tenge)

	Note	*2024*	*2023**
Operating activities			
Interest income received		29 036 264	24 389 586
Interest expense paid		(17 941 268)	(13 318 226)
Fee and commission income received		14 364 842	8 601 720
Loss incurred from derivative financial instruments		(196 713)	(413 066)
Income received\(loss incurred) from trading in foreign currencies		246 686	(1 513 124)
Staff costs paid		(6 165 725)	(5 812 547)
Other operating and administrative expenses paid		(4 208 585)	(5 522 808)
Income tax paid		(569 696)	(788 041)
Cash flows from operating activities before changes in operating assets and liabilities		14 565 805	5 623 494
Net change in operating assets and liabilities			
Decrease/(increase) in due from credit and other financial institutions		285 168	(2 561 684)
Increase in loans to customers		(33 642 077)	(23 356 389)
(Increase)/ decrease in other assets		(5 095 699)	(3 053 057)
(Increase)/decrease in accounts payable and other liabilities		(123 686)	1 535 773
Net cash used in operating activities		(24 010 490)	(21 811 863)
Investing activities			
Loans issued to related parties		(21 031 794)	(6 271 884)
Proceeds from repayment of loans issued to related parties		28 680 344	5 437 816
Acquisition of investment securities		-	(466 947)
Proceeds from redepmtion of investment securities		487 420	-
Acquisition of property and equipment		(126 371)	(177 390)
Acquisition of intangible assets		(693 715)	(743 741)
Development costs on intangible assets		(300 000)	(1 161 265)
Net cash from/(used in) investing activities		7 015 884	(3 383 411)
Financing activities			
Proceeds from credit and other financial institutions	25	28 359 436	13 378 815
Repayment of credit and other financial institutions	25	(18 812 290)	(23 021 927)
Proceeds from debt securities issued	25	39 903 120	60 946 479
Repayment of debt securities issued	25	(45 026 456)	(18 955 534)
Proceeds from subordinated debt		33 330 922	4 472 449
Repayment of subordinated debt	25	(39 895 003)	(6 671 249)
Interest paid on subordinated debt		(29 834)	(356 766)
Dividends paid	11	-	(7 300 000)
Issue of shares	11	13 000 001	9 880 849
Repurchase of shares		(1 600 000)	-
Payments of the principal portion of lease liabilities		(95 889)	(57 292)
Net cash from financing activities		9 484 554	32 315 824
Effect of changes in foreign exchange rates on cash and cash equivalents		823 563	1 079 601
Effect of changes in expected credit losses on cash and cash equivalents		1 880	734
Net (decrease)/increase in cash and cash equivalents		(6 684 609)	8 200 885
Cash and cash equivalents at the beginning of the year		10 034 331	1 833 446
Cash and cash equivalents at the end of the year	4	3 349 722	10 034 331

* The Company changed the method of presentation of the statement of cash flows, changing from an indirect to a direct method.

The accompanying notes on pages 5 to 41 are an integral part of these financial statements.

1. General information

Microfinance Organization OnlineKazFinance Joint Stock Company (hereinafter, the "Company") is registered on the territory of the Republic of Kazakhstan on the basis of the Minutes of the general meeting of participants dated 21 July 2016 and operates in accordance with the legislation of the Republic of Kazakhstan. The Company's registered address is Republic of Kazakhstan, 050012, Almaty, Seifullina ave., 502. Until 9 December 2022, the organizational and legal form of the Company was a limited liability partnership.

In accordance with notification of the National Bank of the Republic of Kazakhstan (hereinafter, the "NBRK") No. KZ41VGY00000314 dated 17 April 2017, the Company was included in the register of the microfinance organizations of the Republic of Kazakhstan on 17 April 2017 under No. 05.17.006. From 1 January 2020, the Company's activities are regulated and overseen by the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market. On 1 March 2021, the Company obtained license No. 02.21.0004.M to perform microfinance activities.

The Company is represented in Kazakhstan as "Solva" trademark. The principal activity of the Company is provision of loans to small and medium enterprises (SMEs) and individuals in the amount ranging from Tenge 200,000 to Tenge 10,000,000 with maturities ranging from 6 months to 5 years.

As at 31 December 2024, the Company's debt securities issued are listed on the Kazakhstan Stock Exchange. As at 31 December 2023, the Company's debt securities issued were listed on the Kazakhstan Stock Exchange and Astana International Exchange.

As at 31 December 2024 and 31 December 2023, the Company's sole controlling shareholder is Solva Capital LLC.

As at 31 December 2024 and 31 December 2023, the Company had no sole controlling beneficial owner. The maximum interest held by one beneficial owner does not exceed 50%, while the largest interest was held by Boris Batin and Aleksander Dunaev.

2. Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards.

OnlineKazFinance JSC maintains its accounting records and prepares its financial statements in accordance with statutory accounting and taxation principles and practices applicable in the Republic of Kazakhstan.

The Company's financial statements are presented in thousands of Kazakhstan tenge, unless otherwise indicated.

2. Basis of preparation (continued)

Operating environment

On 24 February 2022 Russia launched a military invasion of Ukraine. In response, the United States, the European Union and a number of other states imposed widespread sanctions on Russia, including banning Russian banks from the Swift system. Russia is Kazakhstan's largest trade partner. Kazakhstan is also heavily reliant on the Caspian Pipeline Consortium (CPC), which carries up to 80% of its oil exports.

Inflation was relatively stable throughout 2024 and moderated to 8.6% in December 2024 compared to 9.8% in December 2023. During 2024 the economy growth slowed to 3.8% compared to 5.1% in 2023. As at the date of issuing these financial statements the official exchange rate of the National Bank of the Republic Kazakhstan was Tenge 516.91 per US Dollar 1 compared to Tenge 523.54 per US Dollar 1 as at 31 December 2024 (31 December 2023: Tenge 454.56 per 1 US Dollar).

In general, the economy of the Republic of Kazakhstan continues to display characteristics of an emerging market. Additionally, microfinance sector in the Republic of Kazakhstan is still impacted by political, legislative, fiscal and regulatory developments. Uncertainty remains in relation to the exchange rate of Tenge and commodity prices.

The economic environment has a significant impact on the Company's operations and financial position. Management believes it is taking appropriate measures to support the sustainability and growth of the Company's business in the current circumstances. The long-term effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from the actual results. The prospects for future economic stability in the Republic of Kazakhstan are largely dependent upon the effectiveness of economic measures undertaken by the government, together with legal and political developments, which are beyond the Company's control.

Segment reporting

The Company's operations are represented by one operating segment, "Lending", under which loans are issued to SMEs and individuals. Operations management is a person or a group of persons distributing resources and evaluating the results of the entity's operations. Operations management analyzes the financial information for assets and liabilities prepared in accordance with IFRS Accounting Standards.

3. Material accounting policies

(a) Basis of preparation

These financial statements have been prepared under the historical cost convention except for assets and liabilities at fair value, as described below *(Note 24)*. Assets and liabilities are subsequently measured at amortized cost or fair value.

(b) Functional and presentation currency

The Company's functional currency is the Kazakhstan tenge as, being the national currency of the Republic of Kazakhstan, it best reflects the economic substance of the majority of the Company's operations and related circumstances relevant to its activities. The Kazakhstan tenge is also the presentation currency of these financial statements. All financial information presented in Tenge has been rounded to the nearest thousand, except when otherwise indicated.

(c) Adoption of new and amended standards and interpretations

The Company applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after 1 January 2024. The Company has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

3. Material accounting policies (continued)

(c) Adoption of new and amended standards and interpretations (continued)

The following new standards and amendments became effective from 1 January 2024, but did not have a significant impact on the Company's financial statements:

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).

Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023).

(d) New and amended standards and interpretations that are not yet effective

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2025 or later, and which the Company has not early adopted.

Amendments to IAS 21 Lack of Exchangeability (Issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025).

Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026).

Contracts Referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7 (issued on 18 December 2024 and effective from 1 January 2026).

IFRS 18 Presentation and Disclosure in Financial Statements (Issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027).

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

IFRS 19 Subsidiaries without Public Accountability: Disclosures (Issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027).

IFRS 14, Regulatory Deferral Accounts (issued on 30 January 2014).

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).

Annual Improvements to IFRS Accounting Standards (Issued in July 2024 and effective from 1 January 2026).

The Company is currently assessing the impact of the amendments on its financial statements.

3. Material accounting policies (continued)

(e) Significant assumptions and sources of estimation uncertainty

When applying the accounting policies, the Company's management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Accounting estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant in certain circumstances. Actual outcomes may differ from these estimates.

Estimates and related assumptions are reviewed on a regular basis. Revisions to estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period to which the revision relates and in future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at end of the reporting period that are likely to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Expected credit losses on financial assets

The measurement of impairment losses across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows when determining expected credit losses and assessing a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of impairment allowances. In addition, large-scale business disruptions may give rise to liquidity issues for some entities and consumers.

The Company's calculations of expected credit losses (ECL) are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime expected credit loss basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including various formulas and the choice of inputs.

More details are provided in *Notes 5 and 21*.

Subordinated debt

As a result of the analysis of the terms of the subordinated debt agreements, management assessed them in the context of requirements of IAS 32 regarding presentation of the financial statements and concluded that these agreements should be classified as an element of equity. The Company's conclusion is based on such contractual terms as a possibility of prolongation of the agreement terms unilaterally, the creditor's inability to demand an early repayment or fulfilment of obligations, the debtor's ability, at its sole discretion, to suspend or resume payments of interest under an agreement, when the Company is liquidated an unsecured liability is satisfied last of all.

3. Material accounting policies (continued)

(f) Income from credit and financial activities

Interest income is recognized within profit or loss using the effective interest rate method. The effective interest rate (hereinafter, the "EIR") is the rate that discounts the estimated future cash payments or receipts over the expected life of the financial instrument to gross carrying amount of the financial asset. When calculating the EIR on financial instruments that are not purchased or generated credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, excluding expected credit losses. For purchased or originated credit-impaired financial assets, the EIR adjusted for credit risk is calculated using the expected future cash flows, including expected credit losses.

For financial assets that become credit-impaired after initial recognition, interest income is calculated by applying the EIR to the amortized cost of the financial asset. If the financial asset is no longer credit-impaired, calculation of interest income is based on the gross carrying amount.

The Company provides insurance agent services providing life insurances of various insurance companies in its points of sale of retail loans and receives agency fees in proportion to the issued insurance premiums. As the purchase of the life insurance is voluntary and is not a condition to receive a loan, it does not affect the interest rate on a loan.

Consequently, agent revenue is not considered to be a part of the EIR. The service is considered to be provided in full after the execution of the insurance policy (insurance agreement); therefore, the Company recognizes the fee immediately when the performance obligation is fulfilled, i.e., when the insurance policy (insurance agreement) is executed.

Penalties are recognized in profit or loss when cash is received based on the statistics of repayment and the practice accepted in the financial market of the RK.

(g) Income tax

Income tax comprises current and deferred tax. Current tax is calculated based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, including any adjustment to income tax payable for previous years.

Deferred tax assets and deferred tax liabilities are recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

(h) Cash and cash equivalents

Cash and cash equivalents are items that are readily convertible to a specified amount of cash and are subject to minor changes in value. Cash and cash equivalents include all bank deposits and reverse repurchase agreements with original maturities of less than three months. Funds that are restricted from being used for a period of more than three months are excluded from cash and cash equivalents in both the statement of financial position and the statement of cash flows. Cash and cash equivalents are carried at amortised cost because, (i), they are held to collect contractual cash flows and those cash flows represent solely payments of principal and interest, and, (ii), they are not classified as at fair value through profit or loss.

3. Material accounting policies (continued)

(i) Capitalized expenses related to the loan issue

A number of transaction costs related to the issue of loans are included in the EIR, which are capitalized by the Company and are subsequently amortized based on the expected average life of the financial asset.

(j) Financial assets

The Company recognizes a financial asset in the statement of financial position when, and only when, it becomes a party to the contractual provisions of such financial instrument. When financial assets are recognized initially, they are measured at fair value, which is usually the price of the transaction, i.e., the fair value of consideration paid or received.

The Company classifies financial assets on the basis of the Company's business model used for managing the financial assets and the characteristics of the financial asset related to the contractual cash flows.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Subsequent to initial recognition, the Company measures financial instruments quoted in an active market at their fair values that are quoted market bid or ask prices for assets and liabilities, respectively, at the measurement date.

(k) Financial liabilities

The Company recognizes a financial liability in the statement of financial position when, and only when, it becomes a party to the contractual provisions of such a financial instrument. When financial liabilities are recognized initially, they are measured at fair value, which is usually the price of the transaction, i.e., the fair value of consideration paid or received.

The Company initially recognizes a financial liability at its fair value less transaction costs that relate directly to the purchase or issue of the financial liability. The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, canceled or expired.

3. Material accounting policies (continued)

(k) Financial liabilities (continued)

Where an existing financial liability is replaced by another liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in their carrying amounts is recognized in profit or loss.

Financial liabilities measured at amortised cost

Financial liabilities measured at amortized cost include loans payable. Loans payable are recognized when the financial organizations, being the Company's counterparties, provide cash and other assets to the Company.

(l) Derivative financial instruments

In the normal course of business, the Company enters into derivative financial instruments (forwards) in the foreign exchange and capital markets. Such financial instruments are initially recognized at fair value. The fair values are estimated based on quoted market prices or pricing models that take into account the current market and contractual prices of the underlying instruments and other factors. Derivative financial instruments are carried as assets when their fair value is positive and as liabilities when it is negative. Gains and losses resulting from transactions with these instruments are included in the statement of comprehensive income.

As part of the currency risk management strategy, the Company hedges cash flows using hedging instruments, namely deliverable and non-deliverable forwards on the following items: (1) issued bonds and (2) debts. Using a developed model, the Company measures the efficiency of transactions with with derivative financial instruments according to the requirements of IFRS. The Company conducts a hypothetical comparison of the fair value of an item of hedging and the fair value of the hedging instrument. Whereby the fair value of the item of hedging is calculated at the current date taking into account discounting and the measurement of the value of the hedging instrument is based on periodic data on published forward exchange rates. If the ratio of the values is equal to one, the hedging is efficient. If when comparing the values the fair value of the hedging instrument exceeds or is less than the fair value of an item of hedging, then the hedging is not efficient regarding the part which accounts for such a deviation.

(m) Expected credit losses on financial assets

Impairment losses on loans to customers are calculated based on the expected credit losses (ECL) model. The allowance for ECL is based on credit losses expected to be incurred over the life of the underlying asset (LTECL), if there has been a significant increase in credit risk since the date of initial recognition.

3. Material accounting policies (continued)

(m) Expected credit losses on financial assets (continued)

Otherwise, the allowance for ECL will be equal to 12-month expected credit losses (12mECL). 12mECL are part of lifetime ECL and represent ECL arising from defaults on a financial instrument expected to occur within 12 months after the reporting date. Both the LTECL and the 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has established a policy to perform an assessment, at the end of each reporting period, of whether there has been a significant increase in a financial instrument's credit risk since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Company classifies loans to customers as follows:

Stage 1. Loss allowance based on 12mECL. In this Stage, the Company includes agreements for which the following conditions are met: (1) The agreement is not credit-impaired; (2) there is no significant increase in the credit risk.

The Stage includes loans not overdue and loans overdue from 1 to 30 days inclusive.

Stage 2. Loss allowance based on LTECL. In this Stage, the Company includes agreements, for which the credit risk has increased significantly from the date of initial recognition, but which are not credit-impaired. The criteria of significant increase of the credit risk is the increase of the overdue period. This Stage includes loans overdue from 31 to 90 days inclusive.

Stage 3. Loss allowance on financial assets that are credit-impaired at initial recognition. Significant increase in the overdue period for a loan (i.e., default) serves as the criteria for the loan to be considered credit-impaired. This Stage includes loans overdue for more than 90 days.

ECLs are assessed on a group basis. ECLs under the agreement are measured based on the probability of default (PD), exposure at default (EAD), and loss given default (LGD).

The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

The Exposure at Default (EAD) is an estimate of the exposure at default at a certain future date, adjusted to reflect its changes expected after the reporting date, including payments of interest or principal amount due under a contract or otherwise, repayment of loans to customers and interest accrued on overdue payments.

The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive. It is usually expressed as a percentage of the EAD.

3. Material accounting policies (continued)

(n) Leases

The Company leases offices. Leases are generally concluded for a fixed term of up to 5 years. All leases are recognized as a right of use asset with a relevant liability at the date the Company receives for use a relevant asset which is a leased object.

Lease payments are discounted at the interest rate on the borrowed fund.

(o) Intangible assets

Intangible assets include investments in software licenses and its adaptation to the borrowers' needs.

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over the useful lives of intangible assets. The useful life of software is 10 years, the useful life of licenses is based on contractual terms, if the contract does not set the useful life, then the term of 10 years is accepted. The estimated useful lives and the amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates being accounted for and reported in subsequent periods.

3. Material accounting policies (continued)

(q) Intangible assets (continued)

The cost of an intangible asset developed by the Company is equal to total costs incurred since the date the intangible asset first qualified for recognition, namely:

- It is probable that expected future economic benefits associated with the asset will flow to the entity;
- The cost of the asset can be reliably measured.

The Company must assess the probability that it will receive the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of combined economic conditions that will be present during the useful life of the asset.

The Company uses its professional judgment to assess the degree of certainty with regard to the flow of future economic benefits associated with the use of assets based on the data available as at the date of initial recognition with more focus on the data from external sources.

The cost of an in house-developed intangible asset includes all direct expenses required to develop, produce and prepare the asset for use as per management's intentions. Direct expenses include, for example:

- Materials and services used or consumed in developing an intangible asset;
- Employee benefits related to developing an intangible asset;
- Payments required to register a legal right;
- Amortization of patents and licenses used to develop an intangible asset.

(p) Authorized capital and dividends

Common and preferred shares are classified as equity. Share capital is measured at the fair value of consideration received. External costs directly attributable to the issue of new shares are shown as deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognized as additional paid-in capital.

Dividends are recognized as a liability and deducted from equity at the reporting date only if they are approved on or before the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the financial statements are authorized.

(q) Foreign currencies

When preparing the financial statements, transactions in currencies other than the Company's functional currency ("foreign currencies") are recorded at the NBRK's exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the appropriate rate of exchange prevailing at the reporting date. For the purpose of these financial statements, the Company applied the following exchange rates:

(In thousands of tenge, unless otherwise indicated)

3. Material accounting policies (continued)

	31 December 2024	*31 December 2023*
Tenge to EUR	546,47	502,24
Tenge to USD	523,54	454,56

(u) Changes in presentation

Wherever necessary, the comparative data were adjusted to bring them in line with presentation of the results of the current year.

The Company changed the method of presentation of the statement of cash flows by transferring from an indirect method to a direct method.. The direct method provides reliable and more relevant information, since it reflects real cash flows.

4. Cash and cash equivalents

	31 December 2024	*31 December 2023*
Cash on settlement and savings accounts	1 544 488	182 591
Time deposits with credit institutions up to 90 days	1 452 686	2 113 100
Cash in transit	352 548	485 987
Receivables under everse repurchase agreements with contractual maturity of 90 days or less	–	7 252 653
Total cash and cash equivalents	3 349 722	10 034 331

As at 31 December 2024 and 2023, balances of cash and cash equivalents are not restricted and all balances of cash equivalents are allocated to Stage 1 for ECL purposes.

Cash in transit represent cash received via electronic transfer systems in repayment of loans to customers but not yet received in the current account of the Company.

Concentration of cash and cash equivalents

As at 31 December 2024 the Company has accounts with 3 financial institutions which account for 66% of total cash (31 December 2023: 4 financial institutions, 94%).

As at 31 December 2024 and 31 December 2023, except for reverse repurchase agreements, the balances of cash and cash equivalents are unsecured.

(In thousands of tenge, unless otherwise indicated)

5. Loans to customers

	31 December 2024	*31 December 2023*
SME loans	**79 011 826**	50 422 716
Loans to individuals	**49 603 307**	44 311 307
Loans to customers	**128 615 133**	94 734 023
Allowance for ECL on SME loans	**(6 260 561)**	(3 905 370)
Allowance for ECL on loans to individuals	**(7 418 004)**	(4 864 839)
Total allowance for expected credit losses	**(13 678 565)**	(8 770 209)
SME loans	**72 751 265**	46 517 346
Loans to individuals	**42 185 303**	39 446 468
Total loans to customers less allowance for expected credit losses	**114 936 568**	85 963 814

(In thousands of tenge, unless otherwise indicated)

5. Loans to customers (continued)

Movements in the gross carrying amount and relevant ECL for the year ended 31 December 2024 are as follows:

	Stage 1	*Stage 2*	*Stage 3*	*POCI*	*Total*
Gross carrying value at 1 January 2024	78 766 886	5 801 737	9 571 471	593 929	94 734 023
New assets originated or purchased	126 124 738	-	-	397 230	126 521 968
Interest accrued	31 107 970	693 641	713 472	-	32 515 083
Revaluation of POCI assets	-	-	-	94 307	94 307
Assets repaid	(106 647 771)	(4 040 836)	(727 552)	(427 257)	(111 843 416)
Assets sold	-	-	(11 424 586)	(151 231)	(11 575 817)
Transfers to Stage 1	1 205 576	(1 205 576)	-	-	-
Transfers to Stage 2	(25 193 985)	25 506 849	(312 864)	-	-
Transfers to Stage 3	-	(20 531 808)	20 531 808	-	-
Adjustment of the POCI assets	-	-	-	(3 232)	(3 232)
Write-off	-	-	(1 827 783)	-	(1 827 783)
Gross carrying value at 31 December 2024	105 363 414	6 224 007	16 523 966	503 746	128 615 133

	Stage 1	*Stage 2*	*Stage 3*	*POCI*	*Total*
ECL at 1 January 2024	(2 148 501)	(1 243 030)	(5 459 076)	80 398	(8 770 209)
New assets originated or purchased	(4 975 110)	-	-	-	(4 975 110)
Assets repaid	3 372 537	968 058	388 376	-	4 728 971
Assets sold	-	-	6 107 357	-	6 107 357
Transfers to Stage 1	(284 310)	284 310	-	-	-
Transfers to Stage 2	786 513	(936 928)	150 415	-	-
Transfers to Stage 3	-	4 911 817	(4 911 817)	-	-
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL	(505 056)	(5 621 536)	(6 390 367)	-	(12 516 959)
Adjustment of the POCI assets	-	-	-	(80 398)	(80 398)
Write-off	-	-	1 827 783	-	1 827 783
ECL at 31 December 2024	(3 753 927)	(1 637 309)	(8 287 329)	-	(13 678 565)

Movements in the gross carrying amount and relevant ECL for the year ended 31 December 2023 are as follows:

	Stage 1	*Stage 2*	*Stage 3*	*POCI*	*Total*
Gross carrying value at 1 January 2023	64 433 665	5 676 022	4 014 674	-	74 124 361
New assets originated or purchased	86 142 542	-	-	826 446	86 968 988
Interest accrued	25 631 116	553 710	985 677		27 170 503
Assets repaid	(77 712 157)	(4 554 710)	(1 254 156)	(232 517)	(83 753 540)
Assets sold	-	-	(9 410 282)		(9 410 282)
Transfers to Stage 1	1 616 195	(1 616 195)	-	-	-
Transfers to Stage 2	(18 834 413)	19 023 275	(188 862)	-	-
Transfers to Stage 3	(2 510 062)	(13 280 365)	15 790 427	-	-
Write-off	-	-	(366 007)	-	(366 007)
At 31 December 2023	78 766 886	5 801 737	9 571 471	593 929	94 734 023

(In thousands of tenge, unless otherwise indicated)

5. Loans to customers (continued)

	Stage 1	*Stage 2*	*Stage 3*	*POCI*	*Total*
ECL at 1 January 2023	(1 623 825)	(1 093 516)	(2 110 299)	–	(4 827 640)
New assets originated or purchased	(2 973 233)	–	–	–	(2 973 233)
Assets repaid	2 079 489	814 017	147 126	–	3 040 632
Assets sold	–	–	7 158 689	–	7 158 689
Transfers to Stage 1	(328 820)	328 820	–	–	–
Transfers to Stage 2	494 198	(597 694)	103 496	–	–
Transfers to Stage 3	65 862	2 701 935	(2 767 797)	–	–
Impact on period end ECL of exposures transferred between stages and changes to inputs used for measuring ECL	137 828	(3 396 592)	(8 356 298)	349 090	(11 265 972)
Adjustment of the POCI assets	–	–	–	(268 692)	(268 692)
Write-off	–	–	366 007	–	366 007
At 31 December 2023	(2 148 501)	(1 243 030)	(5 459 076)	80 398	(8 770 209)

Under the terms of the debt agreements effective as at 31 December 2024, loans to customers totaling Tenge 56 248 264 thousand (31 December 2023: Tenge 37 486 944 thousand) were provided as collateral of debts.

As at 31 December 2024 and 31 December 2023, the balances of loans to customers are unsecured.

6. Intangible assets

Movements in intangible assets are as follows:

	Licences	*Software*	*Development costs*	*Total*
Cost				
At 1 January 2023	1 037 687	1 996 974	–	3 034 661
Additions	7 805	338 691	397 247	743 743
Additions – internally developed	–	–	1 161 265	1 161 265
Transfers	–	484 482	(484 482)	–
At 31 December 2023	1 045 492	2 820 147	1 074 030	4 939 669
Additions	**41 580**	**12 064**	-	**53 644**
Reclassification	-	**(55 546)**	-	**(55 546)**
Additions – internally developed	-	-	**684 150**	**684 150**
Transfers	-	**640 071**	**(640 071)**	-
At 31 December 2024	**1 087 072**	**3 416 736**	**1 118 109**	**5 621 917**
Accumulated amortization				
At 1 January 2023	(97 203)	(395 980)	–	(493 183)
Amortization	(104 831)	(401 720)	–	(506 551)
At 31 December 2023	(202 034)	(797 700)	–	(999 734)
Amortization	**(111 274)**	**(470 578)**	-	**(581 852)**
At 31 December 2024	**(313 308)**	**(1 268 278)**	-	**(1 581 586)**
Net carrying amount				
At 1 January 2023 года	940 484	1 600 994	–	2 541 478
At 31 December 2023	843 458	2 022 447	1 074 030	3 939 935
At 31 December 2024	**773 764**	**2 148 458**	**1 118 109**	**4 040 331**

The Company performs an impairment test for intangible assets on an annual basis. As at 31 December 2024 and 31 December 2023, there were no indicators of impairment.

(In thousands of tenge, unless otherwise indicated)

6. Intangible assets (continued)

In 2024, the additions of intangible assets are represented by the costs incurred for the development of software modules as part of the introduction of new credit products. The Company's management believes that the costs incurred met the criteria for recognition as intangible assets. In 2023, the additions of intangible assets are represented by the costs incurred for the development of software modules as part of the transformation from a microfinance organization to a bank and introduction of new credit products.

7. Other assets and liabilities

Other assets are presented as follows:

Other assets	*31 December 2024*	*31 December 2023*
Other financial assets		
Receivable from insurance company for agency services	**1 322 601**	198 002
Receivable from related parties *(Note 20)*	**1 142 311**	1 342 311
Loans issued to related parties *(Note 20)*	**71 775**	8 480 606
Other receivables	**376 363**	16 838
Total other financial assets	**2 913 050**	10 037 575
Other non-financial assets		
Advances issued for goods and services	**1 330 294**	566 775
Deferred expenses	**268 614**	133 337
Inventories	**53 580**	34 469
VAT receivable	**48 994**	–
Total other non-financial assets	**1 701 482**	700 112
Total other assets	**4 614 532**	10 772 338

Other liabilities are presented as follows:

Other liabilities	*31 December 2024*	*31 December 2023*
Other financial liabilities		
Settlement payable to insurance company	**731 243**	87 112
Other current liabilities	**–**	5 376
Total other financial liabilities	**731 243**	92 488
Other non-financial liabilities		
Salaries payable	**487 567**	467 066
Taxes and contributions, except for income tax	**100 090**	256 912
Other current liabilities	**241**	2 728
Total other non-financial liabilities	**587 898**	726 706
Total other liabilities	**1 319 141**	819 194

As at 31 December 2024 and 31 December 2023, other financial assets were classified in Stage 1. Expected credit losses on these balances are insignificant, therefore the Company does not recognize allowance for expected credit losses for other financial assets.

(In thousands of tenge, unless otherwise indicated)

8. Debt securities issued

Debt securities issued comprise:

	Maturity date	*Coupon rate*	*31 December 2024*	*31 December 2023*
Bonds issued (Tenge)	2025-2027	19,0%-21,0%	**61 081 009**	54 646 220
Bonds issued (USD)	2027	10,0%	**8 360 941**	18 113 299
Total debt securities issued			**69 441 950**	72 759 519

According to the terms of the issue of debt securities, the Company should comply with a number of financial and non-financial covenants. As at 31 December 2024 and 31 December 2023, the Company complied with all the covenants.

9. Due to credit and other financial institutions

Due to credit and other financial institutions comprise the following:

	Effective interest rate	*31 December 2024*	*31 December 2023*
Borrowings from international funds	17,8%-22,5%	**21 528 572**	6 047 453
Borrowings raised on regulated investment platforms	9,55%-22,0%	**12 533 658**	15 647 823
Borrowings from banks	22,0%	**–**	1 459 853
Total due to credit and other financial institutions		**34 062 230**	23 155 129

The Company raises borrowings through the stock market and international credit organizations. The borrowings received are mainly long-term and are presented in Tenge, USD and Euro. The analysis of borrowings by currencies is presented in Note 20. According to contractual terms of borrowings, the Company has to comply with a number of financial and non-financial covenants. As at 31 December 2024 and 31 December 2023, the Company complied with all the covenants.

10. Income tax

Income tax expenses comprise the following:

	2024	*2023*
Current income tax expense	**(282 344)**	(434 005)
Deferred income tax – origination and reversal of temporary differences	**(30 264)**	17 600
Income tax expense	**(312 608)**	(416 405)

The statutory income tax rate in 2024 and 2023 was 20%.

Income tax estimated based on applicable income tax rates and profit before tax differs from the income tax recognized in profit or loss.

The reconciliation of the income tax estimated at the statutory rate against actual expenses is presented below:

	2024	*2023*
Profit before income tax	**1 739 978**	635 539
Theoretical income tax at the statutory rate	**(347 996)**	(127 108)
Income tax related to interest expense on subordinated debt recorded in equity	**5 966**	71 353
Change in unrecognized deferred assets	**–**	(364 634)
Other differences	**29 422**	3 984
	(312 608)	(416 405)

(In thousands of tenge, unless otherwise indicated)

10. Income tax (continued)

Deferred tax assets and liabilities as at 31 December, as well as their movements for the respective years comprise the following:

	31 December 2024	*Recognised in profit or loss*	*31 December 2023*
Deferred tax assets			
Due to credit and other financial institutions	8 960	6 865	2 095
Finance lease liabilities	19 903	(2 881)	22 784
Other liabilities (provision for vacations)	78 674	7 830	70 844
Total	107 537	11 814	95 723
Deferred tax liabilities			
Property and equipment and intangible assets	(293 317)	(46 015)	(247 302)
Right of use assets	(17 373)	3 937	(21 310)
Total	(310 690)	(42 078)	(268 612)
Deferred tax liabilities, net	(203 153)	(30 264)	(172 889)

	31 December 2023	*Recognised in profit or loss*	*31 December 2022*
Deferred tax assets			
Due to credit and other financial institutions	2 095	2 095	–
Accounts payable	–	(3 721)	3 721
Derivative financial liabilities	–	(22 976)	22 976
Finance lease liabilities	22 784	(11 458)	34 242
Other liabilities (provision for vacations)	70 844	11 935	58 909
Total	95 723	(24 125)	119 848
Deferred tax liabilities			
Loans to customers	–	22 619	(22 619)
Property and equipment and intangible assets	(247 302)	(72 383)	(174 919)
Due to credit and other financial institutions	–	81 445	(81 445)
Right of use assets	(21 310)	10 044	(31 354)
Total	(268 612)	41 725	(310 337)
Deferred tax liabilities, net	(172 889)	17 600	(190 489)

11. Share capital

As at 31 December 2024, the amount of the Company's paid-in share capital was Tenge 22 751 548 thousand (as at 31 December 2023: Tenge 11 001 000 thousand).

In January 2024, Solva Capital LLC acquired 34 000 000 ordinary shares additionally placed by the Company for the total of Tenge 3 400 000 thousand. In January 2024, the Company repurchased from Solva Capital LLC its placed ordinary shares totaling 15 363 934 for the total of Tenge 1 600 000 thousand, and their subsequent resale to Solva Capital LLC. In January 2024, Solva Group Ltd. acquired 10 000 preference shares of the Company from Solva Capital LLC. In February 2024, Solva Group Ltd. acquired 15 214 852 preference shares additionally placed by the Company for the total of Tenge 152 149 thousand. In February 2024, Neo Crystal Holdings LTD acquired 19 839 798 preference shares additionally placed by the Company for the total of Tenge 198 398 thousand. In April 2024, Solva Capital LLC acquired 6 000 000 ordinary shares additionally placed by the Company for the total of Tenge 600 000 thousand. In September 2024, Solva Group Ltd acquired 74 100 ordinary shares additionally placed by the Company for the total of Tenge 2 000 001 thousand. In October 2024, Solva Group Ltd acquired 67 126 ordinary shares additionally placed by the Company for the total of Tenge 3 261 182 thousand. In October 2024, Solva Capital LLC acquired 44 024 ordinary shares additionally placed by the Company for the total of Tenge 2 138 818 thousand.

(In thousands of tenge, unless otherwise indicated)

11. Share capital (continued)

Movements in the issued, paid-in and outstanding shares are as follows:

	Number of shares, pcs		Par value		Total
	Preference	Ordinary	Preference	Ordinary	
At 1 January 2023	–	11 201 512	–	1 120 151	1 120 151
Increase in the share capital	10 000	98 798 488	1 000	9 879 849	9 880 849
Exchange of shares	11 201 512	(11 201 512)	1 120 151	(1 120 151)	–
At 31 December 2023	11 211 512	98 798 488	1 121 151	9 879 849	11 001 000
Increase in the share capital	35 054 650	55 549 184	350 547	13 000 001	13 350 548
Repurchase	–	(15 363 934)	–	(1 600 000)	(1 600 000)
At 31 December 2024	46 266 162	138 983 738	1 471 698	21 279 850	22 751 548

Preference shares

Preference shares of the Company do not carry voting rights unless the preference dividend payment was delayed for at least three months and they accrue cumulative dividends that are not lower than a guaranteed amount of Tenge 1 per share.

On 29 June 2023, the sole shareholder made the decision to pay dividends on preferred shares for 2023 in the amount of Tenge 7,300,000 thousand at Tenge 730 thousand per share.

Book value of one share

The calculation of the book value of one share presented below is based on the methodology described in the Rules for Disclosure of Information by the Initiators of Listing on KASE.

	31 December 2024	31 December 2023
Assets	129 856 097	115 310 691
Less: Intangible assets	(4 040 331)	(3 939 935)
Less: Liabilities	(105 574 988)	(97 644 524)
Less: Authorized capital, preference shares	(1 471 698)	(1 121 151)
Total net assets	18 769 080	12 605 081
Number of ordinary shares	138 983 738	98 798 488
Total book value of an ordinary share, tenge	135,0	127,6

(In thousands of tenge, unless otherwise indicated)

12. Accounts payable

Accounts payable are presented as follows:

	31 December 2024	*31 December 2023*
Marketing services	**98 389**	47 584
Software maintenance	**89 628**	20 851
Scoring and verification services	**78 815**	9 981
Professional services	**37 003**	5 141
Collection services	**33 136**	20 236
Customer support services	**26 752**	8 904
Underwriting services to issue bonds	**25 257**	33 627
Settlements under cession agreements	**18 973**	715
Processing services	**168**	15 016
Other payables	**40 880**	45 195
Total accounts payable	**449 001**	207 250

13. Derivative financial assets

The Company enters into currency forwards to manage its open currency position. These financial instruments are used to limit the Company's market risk related to adverse changes in foreign exchange rates.

The table below presents the fair values of derivative financial instruments as at 31 December 2024:

Recognized as an asset	*Currency*	*Nominal value in currency, thousand*	*Exchange rate*	*Maturity*	*31 December 2024*
Forward to sell Tenge, to purchase USD	USD	5 000	489,00	April 2025	**242 131**
Forward to sell Tenge, to purchase USD	USD	4 000	489,00	April 2025	**205 377**
Total derivative financial assets					**447 508**

The table below presents the fair values of derivative financial instruments as at 31 December 2023:

Recognized as a liability	*Currency*	*Nominal value in currency, thousand*	*Exchange rate*	*Maturity*	*31 December 2023*
Forward to sell Tenge, to purchase USD	USD	6 000	493,40	March 2024	(176 139)
Forward to sell Tenge, to purchase USD	USD	4 500	509,55	November 2024	(52 475)
Forward to sell Tenge, to purchase USD	USD	6 000	472,43	March 2024	(57 765)
Forward to sell Tenge, to purchase USD	USD	12 000	475,25	March 2024	(130 245)
Total derivative financial liabilities					(416 624)

As at 31 December 2024, amounts in credit and other financial institutions are represented by a deposit in the amount of Tenge 378,282 thousand which represents a collateral for operations on forward foreign exchange transactions (as at 31 December 2023: Tenge 1,335,034 thousand).

(In thousands of tenge, unless otherwise indicated)

14. Net interest income

	2024	*2023*
Interest income calculated using the effective interest rate method		
SME loans	16 459 530	14 153 193
Loans to individuals	15 504 169	13 017 310
Due from credit and other financial institutions and cash equivalents	397 036	156 339
Loans to related parties *(Note 20)*	386 068	1 582 477
Reverse repurchase agreements with financial institutions	95 580	265 194
Investment securities	11 280	13 364
Total interest income calculated using the effective interest rate method	32 853 663	29 187 877
Interest expenses		
Debt securities issued	15 976 690	10 992 649
Due to credit and other financial institutions	5 682 216	5 438 859
Lease liabilities	18 021	29 919
Total interest expenses	21 676 927	16 461 427
Net interest income	11 176 736	12 726 450

15. Fee and commission income

	2024	*2023*
Income from an insurance agent's activity	13 242 289	7 561 831
Income from functions of a paying agent	1 963 129	645 257
Total fee and commission income	15 205 418	8 207 088

The Company's activities related to fee and commission income and agent revenue are concentrated in one geographical region – the Republic of Kazakhstan.

The Company charges fee and commission income and agent revenue immediately after the completion of the transaction, under all contracts, the performance obligation is fulfilled at a certain point in time. Income from functions of a paying agent is recognized at a certain point in time.

(In thousands of tenge, unless otherwise indicated)

16. Credit loss expense

Credit loss expense for 2024 and 2023 is presented as follows:

	Note	*2024*				
		Stage 1	*Stage 2*	*Stage 3*	*POCI*	*Total*
Loans to customers	5	**(2 110 157)**	**(4 653 478)**	**(6 001 991)**	**(80 398)**	**(12 846 024)**
Other assets		**1 880**	**–**	**–**	**–**	**1 880**
		(2 108 277)	**(4 653 478)**	**(6 001 991)**	**(80 398)**	**(12 844 144)**

	Note	*2023*				
		Stage 1	*Stage 2*	*Stage 3*	*POCI*	*Total*
Loans to customers	5	(755 916)	(2 582 575)	(8 209 172)	349 090	(11 198 573)
Other assets		104 151	–	(23 100)	–	81 051
Other liabilities		113 357	–	–	–	113 357
		(538 408)	(2 582 575)	(8 232 272)	349 090	(11 004 165)

17. Other income

	2024	*2023*
Penalties accrued on loans	**388 640**	588 029
Consulting and other services to related parties *(Note 20)*	**–**	1 249 491
Other	**71 266**	2 134
Total other income	**459 906**	1 839 654

Penalties accrued are fines specified by the loan agreement for violation of the established payment deadline.

18. Staff costs, depreciation and amortisation, and other operating and administrative expenses

	2024	*2023*
Salaries	**5 419 776**	4 404 908
Payroll related taxes and charges	**661 732**	479 149
Staff costs	**6 081 508**	4 884 057
Marketing	**1 191 043**	743 156
Software maintenance	**893 906**	295 230
Depreciation and amortisation	**787 735**	662 499
Taxes other than income tax	**538 054**	501 796
Processing	**537 631**	316 774
Scoring and verification	**366 244**	230 401
Customer support	**307 781**	94 460
Collection services	**385 537**	317 043
Professional services	**146 565**	228 160
Other	**743 746**	735 757
Total other operating and administrative expenses	**11 979 750**	9 009 333

The cost of audit services for the year ended 31 December 2024 was Tenge 65 million (for the year ended 31 December 2023: Tenge 79,4 million).

(In thousands of tenge, unless otherwise indicated)

19. Related party transactions

Transactions with the Parent and other related parties

During 2024, the Company entered into the following transactions with related parties:

Recognized in comprehensive income	*Controlling shareholder*	*Entities under common control*	*Other*	*Total*
Interest income calculated using the effective interest rate method *(Note 14)*	–	386 068	–	386 068
Interest expenses	–	(30 975)	–	(30 975)
Other income *(Note 18)*	–	50 999	–	50 999
Other operating and administrative expenses	–	(100 423)	(1 897)	(102 320)
Financing activities				
Subordinated debt				
Net repayment of subordinated debt	–	(6 564 081)	–	(6 564 081)

During 2023, the Company entered into the following transactions with related parties:

Recognized in comprehensive income	*Controlling shareholder*	*Entities under common control*	*Other*	*Total*
Interest income calculated using the effective interest rate method *(Note 15)*	119 706	1 462 771	4 136	1 586 613
Income on credit losses	–	217 508	–	217 508
Other income *(Note 18)*	–	1 249 491	–	1 249 491
Other operating and administrative expenses	–	(41 964)	(286 626)	(328 590)
Financing activities				
Due to credit and other financial institutions				
Repayment of borrowings, including interest	–	(57 516)	–	(57 516)
Subordinated debt				
Net repayment of subordinated debt	(1 947 073)	(596 038)	(12 455)	(2 555 566)

During 2023, the Company performed an offset of a subordinated debt from an entity under common control against a loan issued to another entity under common control in the amount of Tenge 1 515 760 thousand.

(In thousands of tenge, unless otherwise indicated)

19. Related party transactions (continued)

Transactions with the Parent and other related parties (continued)

As at 31 December 2024, the Company had the following balances with related parties under all signed agreements:

	Controlling shareholder	*Entities under common control*	*Other*	*Total*
Assets				
Receivable from sale of loan portfolios	–	419 251	–	419 251
Interest receivable *(Note 7)*	–	71 775	–	71 775
Other financial assets *(Note 7)*	–	1 518 059	–	1 518 059
Liabilities				
Other payables	–	(22 100)	–	(22 100)

All assets and liabilities with related parties are short-term and denominated in Tenge. As at 31 December 2023, the Company had the following balances with related parties under all signed agreements:

	Controlling shareholder	*Entities under common control*	*Other*	*Total*
Assets				
Receivable from sale of loan portfolios	–	183 210	–	183 210
Loans issued *(Note 7)*	–	8 480 606	–	8 480 606
Other financial assets *(Note 7)*	–	1 342 311	–	1 342 311
Liabilities				
Accounts payable to related parties	–	3 917	1 610	5 527
Equity				
Subordinated debt	–	6 564 081	–	6 564 081

The issuance and repayment of loans to related parties is related to group-wide liquidity management strategy.

Related parties may enter into transactions which would not be made between unrelated parties. The prices and terms of such transactions might differ from the prices and terms of transactions between unrelated parties.

Compensation to key management personnel

The accrued compensation to members of the Company's key management personnel, including salary, bonuses and other benefits, considering personal income tax and social tax, was Tenge 169 million for 2024 (2023: Tenge 159 million).

20. Risk management

Introduction

The Company manages risks through a process of ongoing identification, measurement and monitoring, subject to risk limits and other internal controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk and market risk. The Company is also subject to operating risks.

Risk management structure

The General Director is responsible for overall risk management. However, there are also separate independent bodies that are responsible for managing and controlling risks. In particular, the General Director's competence includes:

1) Approval of key risk management principles and assessment of the Company's organizational structure for compliance with these principles;

2) Control of the Company's risk management units, identification of weaknesses in the risk management system and taking appropriate measures.

Financial risks are managed though setting limits on transactions that are obligatory for relevant structural units and officers of the Company authorized to perform such transactions.

The Company's structural units prepare management reporting forms for the Company's management bodies on a regular basis to provide information supporting the decision-making process. The Company manages and assesses the following risks on an ongoing basis.

Board of Directors

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles.

Risk management

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

(a) Credit risk

The Company takes on exposure to credit risk which is the risk that a borrower will be unable to pay amounts in full when due. The Company sets relevant limits with regard to the transactions exposed to credit risk, such as limits on borrowers, loan products or other aspects of the loan portfolio. At the same time, the Company ensured full automation of the limit management process in order to timely identify and eliminate the reasons for higher credit risk.

The purpose of credit risk management is to minimize the Company's losses that may arise due to borrowers' failure to perform their obligations and to maximize the Company's return with due regard to credit risk.

Credit risk management objectives are as follows:

- Analyze and assess credit risks;
- Determine amounts of risks;
- Manage credit risks;
- Control the efficiency of the credit risk management process.

(In thousands of tenge, unless otherwise indicated)

20. Risk management (continued)

(a) Credit risk (continued)

Definition of default and cure

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

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

- The borrower requesting emergency funding from the Company;
- The borrower is deceased;
- The debtor (or any legal entity within the debtor's group) filing for bankruptcy or declaring itself bankrup.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the borrower shows a significant improvement in the quality of debt service, makes payments for at least two consecutive months. The decision about whether to classify an asset as Stage 2 or Stage 1 once cured depends on subsequent signs of a significant improvement in the quality of debt service.

Exposure at Default

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

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

Cash and cash equivalents, due from credit institutions and securities

Under its credit risk and liquidity risk management, the Company regularly analyzes the financial stability of financial and banking institutions where it places cash and cash equivalents. As at 31 December 2024 and 2023, cash and cash equivalents, due from credit institutions and securities were rated from B- to BBB-. Reverse repurchase agreements are secured by securities with credit rating BBB-.

Loan to customers

The Company uses a multi-factor system to assess loans to customers. The Company's Risk Management Function develops and updates credit risk limits and controls compliance with them. In assessing the level of credit risk for all exposed assets, the Company uses a portfolio approach, where the risk level is assessed using a pool of homogenous loans combined in portfolios with no individual loans being analyzed (individual approach). Loans are combined in one portfolio based on the product under which they are issued: (1) loans to small and medium business (SME), (2) consumer loans to individuals for up to five years. In assessing a loan portfolio, the Risk Management Function assesses risk concentration within the loan portfolio. The concentration may be in various forms and arises when numerous loans have similar characteristics. The Company considers the diversification of the loan portfolio using a number of criteria, the most important of which are: maturity, the number of borrowers' applications, interest rates, and the number of overdue days.

(In thousands of tenge, unless otherwise indicated)

20. Risk management (continued)

(a) Credit risk (continued)

Loan to customers (continued)

The key aspect to assess the quality of the Company's loan portfolio is the level of principal overdue: the Company regularly analyzes the amount of and movements in the principal overdue to control compliance of planned values with actual values.

The ageing analysis of loans to customers is provided below.

As at 31 December 2024, loans to SME and individuals were as follows:

(1) SME loans	*Loans to customers*	*ECL allowance*	*Loans to customers, less allowance*
Not overdue	67 201 745	(1 596 405)	65 605 340
Overdue 1–30 days	2 945 999	(567 413)	2 378 586
Overdue 31–60 days	1 837 664	(335 114)	1 502 550
Overdue 61–90 days	2 055 147	(661 676)	1 393 471
Overdue more than 90 days	4 866 750	(3 099 953)	1 766 797
POCI	104 521	-	104 521
Total	79 011 826	(6 260 561)	72 751 265

(2) Loans to individuals	*Loans to customers*	*ECL allowance*	*Loans to customers, less allowance*
Not overdue	39 177 365	(2 261 176)	36 916 189
Overdue 1–30 days	2 286 145	(810 629)	1 475 516
Overdue 31–60 days	1 061 820	(174 087)	887 733
Overdue 61–90 days	779 730	(220 812)	558 918
Overdue more than 90 days	5 848 390	(3 951 300)	1 897 090
POCI	449 857	-	449 857
Total	49 603 307	(7 418 004)	42 185 303

As at 31 December 2023, loans to SME and individuals were as follows:

(3) SME loans	*Loans to customers*	*ECL allowance*	*Loans to customers, less allowance*
Not overdue	42 140 116	(968 568)	41 171 548
Overdue 1–30 days	2 677 170	(386 475)	2 290 695
Overdue 31–60 days	1 268 390	(217 945)	1 050 445
Overdue 61–90 days	974 683	(323 062)	651 621
Overdue more than 90 days	3 190 884	(1 993 625)	1 197 259
POCI	171 473	(15 695)	155 778
Total	50 422 716	(3 905 370)	46 517 346

(4) Loans to individuals	*Loans to customers*	*ECL allowance*	*Loans to customers, less allowance*
Not overdue	34 101 367	(1 214 277)	32 887 090
Overdue 1–30 days	3 057 443	(613 476)	2 443 967
Overdue 31–60 days	997 208	(200 152)	797 056
Overdue 61–90 days	1 326 781	(469 812)	856 969
Overdue more than 90 days	4 406 052	(2 463 215)	1 942 837
POCI	422 456	96 093	518 549
Total	44 311 307	(4 864 839)	39 446 468

Loans to customers were issued in the Republic of Kazakhstan.

(In thousands of tenge, unless otherwise indicated)

20. Risk management (continued)

(b) Liquidity risk

Liquidity risk is defined as the risk that maturities of assets and liabilities may not match.

Liquidity is assessed:

- Based on the number of assets held by the Company and possible timeframe for their sale causing no significant losses for the Company;
- Based on liabilities, their maturities and movements in the number of liabilities over time.

A line item is considered to be exposed to risk, when liquid assets and expected financial resources are not sufficient to settle liabilities within a certain period of time.

The General Director or their deputy coordinates liquidity management by controlling short-term, mid-term and long-term liquidity.

Liquidity risk is managed through control over cash resource deficit/surplus, their distribution and redistribution among instruments depending on maturities, liquidity and return. Liquidity management requires an analysis of the level of liquid assets which is necessary to settle liabilities when due; access to diversified finance sources; action plans in case of fund-raising problems and control over compliance of balance sheet liquidity ratios with the requirements of the legislation. As at 31 December 2024 and 2023, the relevant ratios exceeded thresholds.

Analysis of financial liabilities by maturity

The table below summarizes the maturity profile of the Company's financial liabilities as at 31 December based on contractual undiscounted repayment obligations.

At 31 December 2024	*Within 1 month*	*1 to 6 months*	*6 months to 1 year*	*1 to 3 years*	*Over 3 years*	*Total*
Financial liabilities						
Due to credit and other financial institutions	**1 851 130**	**5 951 088**	**7 085 205**	**30 183 553**	**6 206 717**	**51 277 692**
Debt securities issued	**1 022 592**	**25 627 116**	**23 762 412**	**35 010 463**	–	**85 422 582**
Accounts payable	**189 235**	**253 441**	**6 324**	–	–	**449 001**
Lease liabilities	**13 052**	**48 360**	**38 101**	–	–	**99 513**
Other financial liabilities	**731 243**	–	–	–	–	**731 243**
Total financial liabilities	**3 807 252**	**31 880 004**	**30 892 042**	**65 194 016**	**6 206 717**	**137 980 031**

At 31 December 2023	*Within 1 month*	*1 to 6 months*	*6 months to 1 year*	*1 to 3 years*	*Over 3 years*	*Total*
Financial liabilities						
Due to credit and other financial institutions	583 434	7 957 543	7 821 889	10 823 679	495 193	27 681 738
Debt securities issued	762 405	34 495 676	18 314 841	33 178 643	–	86 751 565
Derivative financial liabilities	–	364 149	52 475	–	–	416 624
Accounts payable	90 425	116 825	–	–	–	207 250
Lease liabilities	4 062	21 331	28 000	73 907	–	127 300
Other financial liabilities	5 376	554 177	–	–	–	559 553
Total financial liabilities	1 445 702	43 509 701	26 217 205	44 076 229	495 193	115 744 030

(In thousands of tenge, unless otherwise indicated)

20. Risk management (continued)

(b) Liquidity risk (continued)

The Company does not use the above analysis of liabilities by maturity without considering discounting to manage liquidity. Instead, the Company controls the expected maturities and expected liquidity gap, which are presented in the table below:

At 31 December 2024	*During 12 months*	*Over 12 months*	*Total*
Assets			
Financial assets	66 913 285	56 823 392	123 736 677
Financial liabilities	50 610 120	54 173 817	104 783 937
Net surplus of liquidity based on expected maturities	16 303 165	2 649 575	18 952 740

At 31 December 2023	*During 12 months*	*Over 12 months*	*Total*
Financial assets	49 481 529	59 929 864	109 411 393
Financial liabilities	59 265 277	37 479 652	96 744 929
Net (gap)/surplus of liquidity based on expected maturities	(9 783 748)	22 450 212	12 666 464

(In thousands of tenge, unless otherwise indicated)

20. Risk management (continued)

(c) Market and currency risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables.

Currency risk is the risk of losses incurred due to unfavorable changes in foreign exchange rates on open currency positions in foreign currencies.

The Company manages its currency risk by balancing its financial assets and financial liabilities denominated in US dollars and euros. The Company also hedges currency risk by using derivative financial instruments.

The table below presents financial assets and liabilities of the Company by currencies as at 31 December 2024:

	Denominated in Tenge	Denominated in RUB	Denominated in USD	Denominated in EUR	Total
Cash and cash equivalents	2 594 240	–	755 482	–	3 349 722
Due from credit and other financial entities	–	–	378 282	–	378 282
Derivative financial instruments	–	–	12 728 311	–	12 728 311
Loans to customers	115 657 569	–	–	–	115 657 569
Receivables from sale of portfolios	397 299	–	–	–	397 299
Other assets	4 614 532	–	–	–	4 614 531
Total financial assets	123 263 640	–	13 862 075		137 125 715
Debt securities issued	61 081 009	–	8 360 941	–	69 441 950
Due to banks and other entities	28 794 817	–	2 168 280	3 099 133	34 062 230
Derivative financial liabilities	12 317 087	–	–	–	12 317 087
Accounts payable	348 140	12 476	78 609	9 776	449 001
Lease liabilities	99 513	–	–	–	99 513
Other liabilities	2 040 142	–	–	–	2 040 142
Total financial liabilities	104 680 708	12 476	10 607 830	3 108 909	118 409 923

The table below presents financial assets and liabilities of the Company by currencies as at 31 December 2023:

	Denominated in Tenge	Denominated in RUB	Denominated in USD	Denominated in EUR	Total
Cash and cash equivalents	10 032 403	1 918	10	-	10 034 331
Due from credit and other financial entities	-		1 335 034		1 335 034
Investment securities	-	-	460 910	-	460 910
Derivative financial instruments	-	-	12 727 573	-	12 727 573
Loans to customers	85 963 814	-	-	-	85 963 814
Receivables from sale of portfolios	1 579 547	-	-	-	1 579 547
Other assets	9 950 628	-	821 710	-	10 772 338
Total financial assets	107 526 392	1 918	15 345 237	-	122 873 547
Debt securities issued	54 646 220	-	18 113 299	-	72 759 519
Due to banks and other entities	6 820 567	1 420 694	2 791 654	12 122 214	23 155 129
Derivative financial liabilities	13 144 197	-	-	-	13 144 197
Accounts payable	205 808	1 442	-	-	207 250
Lease liabilities	113 919	-	-	-	113 919
Other liabilities	819 194	-	-	-	819 194
Total financial liabilities	75 749 905	1 422 136	20 904 953	12 122 214	110 199 208

(In thousands of tenge, unless otherwise indicated)

20. Risk management (continued)

(c) Market and currency risk (continued)

Currency risk is assessed on a monthly basis using the sensitivity analysis. The following table shows movements in the Company's profit before tax considering historical volatility of foreign currencies to the Kazakhstan tenge and the currency position at the end of each reporting period. It is assumed that all other parameters, interest rates in particular, are held constant.

	31 December 2024			*31 December 2023*		
	Change in exchange rate, in %	*Effect on profit before tax*	*Effect on equity*	*Change in exchange rate, in %*	*Effect on profit before tax*	*Effect on equity*
Increase in Tenge exchange rate:						
USD	10,00%	325 425	260 340	14,15%	(517 459)	(413 967)
EUR	10,00%	(310 891)	(248 713)	12,95%	(1 397 994)	(1 118 395)
Decrease in Tenge exchange rate:						
USD	10,00%	(325 425)	(260 340)	14,15%	517 459	413 967
EUR	10,00%	310 891	248 713	12,95%	1 397 994	1 118 395

(d) Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Company is able to manage the risks.

Controls should include effective segregation of duties, access, authorization and reconciliation procedures, staff training and assessment processes, including the use of internal reviews.

(e) Interest rate risk

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

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

At 31 December 2024	*Within 12 months*	*After 12 months*	*Total*
Financial assets	61 912 955	56 823 392	118 736 347
Financial liabilities	49 429 876	54 173 817	103 603 693
Total:	12 483 079	2 649 575	15 132 654

At 31 December 2023	*Within 12 months*	*After 12 months*	*Total*
Financial assets	46 344 831	59 929 864	106 274 695
Financial liabilities	58 548 915	37 479 652	96 028 567
Total:	(12 204 084)	22 450 212	10 246 128

(In thousands of tenge, unless otherwise indicated)

20. Risk management (continued)

(e) Interest rate risk (continued)

The Company monitors interest rates for its financial instruments. The table below summarises interest rates at the respective reporting date based on reports reviewed by key management personnel of the Company. For securities, the interest rates represent yields to maturity based on market quotations at the reporting date:

In % p.a.	2024			2023		
	Tenge	USD	EUR	Tenge	USD	EUR
Assets						
Cash and cash equivalents	13,60%	2,60%	–	15,30%	3,20%	–
Due from credit and other financial entities	–	2,60%	–	–	3,20%	–
Investment securities at amortized cost	–	–	–	–	3,88%	–
Loans to customers	38,20%	–	–	38,83%	–	–
Liabilities						
Debt securities issued	20,04%	10,00%	–	20,19%	10,00%	–
Due to credit and other financial entities	20,85%	13,38%	13,23%	23,75%	–	16,37%
Financial lease liabilities	21,00%	–	–	19,60%	–	–

21. Maturity analysis of assets and liabilities

The Company does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of their liquidity. Refer to Note 20 for analysis of financial instruments by their maturity. The following table provides information on amounts expected to be recovered or settled before and after twelve months after the reporting period for items that are not analysed in Note 20:

As at 31 December 2024	*Within 12 months*	*After 12 months*	*Total*
Assets			
Property and equipment	–	290 740	290 740
Intangible assets	–	4 040 331	4 040 331
Right-of-use assets	83 577	3 290	86 867
Current income tax assets	1 314 248	–	1 314 248
Other assets	1 973 696	–	1 973 696
Liabilities			
Deferred income tax liabilities	–	203 153	203 153
Other liabilities	587 898	–	587 898

(In thousands of tenge, unless otherwise indicated)

21. Maturity analysis of assets and liabilities

As at 31 December 2023	*Within 12 months*	*After 12 months*	*Total*
Assets			
Property and equipment	–	327 355	327 355
Intangible assets	–	3 939 935	3 939 935
Right-of-use assets	–	106 548	106 548
Current income tax assets	790 879	–	790 879
Other assets	734 581	–	734 581
Liabilities			
Deferred income tax liabilities	–	172 889	172 889
Other liabilities	726 706	–	726 706

(In thousands of tenge, unless otherwise indicated)

22. Capital adequacy

Management's primary objective in capital management is to ensure that the Company will continue as a going concern and maximize shareholders' value by maintaining an optimum equity to debt ratio and the quality of the loan portfolio.

In accordance with the requirements of the NBRK, the capital adequacy ratio should be maintained at the level of at least 10%. As at 31 December 2024 and 2023, the Company complied with statutory capital adequacy requirements.

As at 31 December 2024 and 2023, the Company's capital adequacy ratio calculated as required by the NBRK was as follows:

	31 December 2024	*31 December 2023*
Equity	**24 281 109**	17 666 167
Credit risk weighted assets	**169 620 699**	151 155 349
Capital adequacy ratio	**14,3%**	11,7%

23. Commitments and contingencies

(a) Legal proceedings

In the normal course of business, the Company may be subject to various legal claims. The Company's management believes that the ultimate liabilities of the Company resulting from legal claims (if any) will have no material impact on the Company's financial position or performance in the future.

(b) Taxation

The taxation system in Kazakhstan is characterized by frequent changes in legislation, official pronouncements and court decisions (including those that relate to income, expenses and other items in the financial statements in accordance with IFRS Accounting standards and transfer pricing norms) which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. Fiscal periods remain open to review by the tax authorities for five subsequent calendar years; however, under certain circumstances reviews may cover longer periods.

The interpretation of this legislation, including transfer pricing norms, by the Company's management in relation to the Company's operations and activities may be challenged by the relevant state authorities. In practice, the tax authorities may take a more assertive position when interpreting and applying certain provisions of this legislation and conducting tax audits. As a result, at any time in the future, the tax authorities may file claims for those transactions and operations of the Company that have not been challenged in the past. As a result, significant additional taxes, penalties and interest may be accrued by the relevant authorities.

The Company's management believes that it has provided adequately for tax liabilities based on its interpretations of applicable tax legislation, regulatory requirements and court decisions.

(In thousands of tenge, unless otherwise indicated)

24. Financial assets and liabilities: fair value and accounting classifications

(a) Accounting classifications and fair value

The fair value measurement is intended to determine 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 judgments, the fair value should not be interpreted as realizable in an immediate sale of assets or transfer of liabilities.

The fair value of financial assets and financial liabilities quoted in an active market is determined based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines their fair values using other valuation techniques. However, given the existing uncertainties and the use of subjective judgments, the fair value should not be considered as being realizable in an immediate sale of assets or settlement of liabilities.

The estimated fair values of all financial instruments approximate their carrying amounts.

(b) Fair value hierarchy

The Company measures fair values using the following fair value hierarchy that reflects the significance of inputs used in making the measurements:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: other techniques which use inputs which have a significant effect on the recorded fair value are unobservable, either directly or indirectly.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

	Fair value measurement using			
At 31 December 2024	*Level 1 inputs*	*Level 2 inputs*	*Level 3 inputs*	*Total*
Assets and liabilities measured at fair value				
Derivative financial assets	–	447 508	–	447 508
Assets for which fair values are disclosed				
Cash and cash equivalents	–	3 349 722	–	3 349 722
Due from credit and other financial institutions	–	378 282	–	378 282
Loans to customers	–	–	115 657 569	115 657 569
Receivable from sale of loan portfolios	–	–	397 299	397 299
Other financial assets	–	–	2 913 050	2 913 050
Liabilities for which fair values are disclosed				
Due to credit and other financial institutions	–	–	34 062 230	34 062 230
Debt securities issued	–	69 441 950	–	69 441 950
Accounts payable	–	–	449 001	449 001
Other financial liabilities	–	–	731 243	731 243

(In thousands of tenge, unless otherwise indicated)

24. Financial assets and liabilities: fair value and accounting classifications (continued)

(b) Fair value hierarchy (continued)

At 31 December 2023	*Fair value measurement using* *Level 1 inputs*	*Level 2 inputs*	*Level 3 inputs*	*Total*
Assets and liabilities measured at fair value				
Derivative financial liabilities	–	416 624	–	416 624
Assets for which fair values are disclosed				
Cash and cash equivalents	–	10 034 331	–	10 034 331
Due from credit and other financial institutions	–	1 335 034	–	1 335 034
Investment securities at amortized cost	460 910	–	–	460 910
Loans to customers	–	–	85 963 814	85 963 814
Receivable from sale of loan portfolios	–	–	1 579 547	1 579 547
Other financial assets	–	–	10 205 563	10 205 563
Liabilities for which fair values are disclosed				
Due to credit and other financial institutions	–	–	23 155 129	23 155 129
Debt securities issued	–	72 759 519	–	72 759 519
Accounts payable	–	–	207 250	207 250
Other financial liabilities	–	–	92 488	92 488

Set out below is a comparison by class of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities.

	31 December 2024			*31 December 2023*		
	Carrying amount	*Fair value*	*Unrecognized gain/(loss)*	*Carrying amount*	*Fair value*	*Unrecognized gain/(loss)*
Financial assets						
Cash and cash equivalents	3 349 722	3 349 722	–	10 034 331	10 034 331	–
Due from credit and other financial institutions	378 282	378 282	–	1 335 034	1 335 034	–
Investment securities at amortized cost	–	–	–	460 910	459 683	(1 227)
Loans to customers	114 936 568	116 056 648	1 120 080	85 963 814	86 201 127	237 313
Receivable from sale of loan portfolios	397 299	397 299	–	1 579 547	1 579 547	–
Other financial assets	2 913 050	2 913 050	–	10 205 563	10 205 563	–
Financial liabilities						
Due to credit and other financial institutions	34 062 230	34 106 756	(44 018)	23 155 129	23 013 995	141 134
Debt securities issued	69 441 950	69 985 963	(544 013)	72 759 519	72 789 746	(30 227)
Accounts payable	449 001	449 001	–	207 250	207 250	–
Other financial liabilities	731 243	731 243	–	559 553	559 553	–
Total unrecognized change in fair value			532 049			346 993

(In thousands of tenge, unless otherwise indicated)

24. Financial assets and liabilities: fair value and accounting classifications (continued)

(b) Fair value hierarchy (continued)

Valuation models and assumptions

The following describes the techniques and assumptions used to determine fair values for assets and liabilities recorded at fair value in the financial statements and those items that are not measured at fair value in the statement of financial position, but whose fair value is disclosed.

Assets for which fair value approximates their carrying amount

For financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months), it is assumed that the carrying amount approximates their fair value. This assumption is also applied to cash and cash equivalents, due from credit and other financial institutions, receivables and payables, and other financial assets and liabilities.

Derivative financial instruments

Derivative instruments valued using a valuation model with market observable inputs are currency forwards. The valuation model includes forward pricing using present value calculations. The model incorporates various inputs including the credit quality of counterparties, foreign exchange forward and spot rates and interest rate curves.

Financial assets and financial liabilities at amortized cost

Fair value of quoted bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans to customers, due from credit institutions and other financial assets and liabilities is estimated by discounting future cash flows using rates currently available for debt with similar terms, credit risk and remaining maturities.

During the reporting period, there were no transfers of financial assets and liabilities between the levels in the fair value hierarchy.

25. Changes in liabilities arising from financing activities

	Debt securities issued	*Due to credit and other financial institutions*	*Total liabilities arising from financing activities*
Carrying amount at 31 December 2022	31 123 436	33 208 251	64 331 687
Proceeds from issue	60 946 479	13 378 815	74 325 295
Redemption	(18 955 534)	(23 021 927)	(41 977 461)
Foreign exchange differences	(498 135)	(270 219)	(768 354)
Other	143 273	(139 792)	3 481
Carrying amount at 31 December 2023	72 759 519	23 155 129	35 683 211
Proceeds from issue	**39 903 120**	**28 359 436**	**68 262 556**
Redemption	**(45 026 456)**	**(18 812 290)**	**(63 838 746)**
Foreign exchange differences	**839 047**	**529 673**	**1 368 720**
Other	**966 720**	**830 282**	**1 797 002**
Carrying amount at 31 December 2024	**69 441 950**	**34 062 230**	**103 504 180**

The "Other" line includes the effect of accrued but not yet paid interest on bonds issued, other borrowed funds.

26. Events after the reporting period

In January 2025, the Company raised Tenge 2.9 billion at the rate of 21% from an international investment fund, BlueOrchard Microfinance Fund, with a maturity of 3 years.

In March 2025, the Company issued three-year bonds in the amount of Tenge 6.9 billion with a yield to maturity of 21.5% per annum.