

**JSC «SHINHAN BANK KAZAKHSTAN»**

**Financial statements and  
Independent auditor's report**

**31 December 2025**

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**JSC "SHINHAN BANK KAZAKHSTAN"**

**Management's statement of responsibility for the preparation and approval of the financial statements for the year ended 31 December 2025**

The following statement, to be considered together with the description of auditors' responsibilities contained in the independent auditor's report presented, is made to delineate the responsibilities of the auditors and management of JSC "Shinhan Bank Kazakhstan" (hereinafter referred to as the "Bank") in relation to the Bank's financial statements.

The Bank's management is responsible for the preparation of financial statements that fairly present, in all material respects, the Bank's financial position as of 31 December 2025, as well as its financial performance, cash flows, and changes in equity for the year then ended, in accordance with IFRS Accounting Standards (hereinafter – IFRS).

In preparing the financial statements, the management is responsible for:

- selecting appropriate accounting policies and consistently applying those;
- making reasonable estimates and judgments;
- complying with IFRS requirements or disclosing all material departures from IFRS in the notes to the financial statements; and
- preparing the financial statements on a going concern basis, except when such an assumption is inappropriate.

The management is also responsible for:

- designing, implementing, and maintaining an effective and reliable internal control system within the Bank;
- maintaining accounting records that enable the preparation at any time of information on the Bank's financial position with sufficient accuracy and ensure compliance of financial statements with IFRS requirements;
- maintaining accounting in accordance with the legislation of the Republic of Kazakhstan;
- taking all reasonably possible measures within its authority to safeguard the Bank's assets;
- detecting and preventing fraud and other irregularities.

Approved and authorized for issue by the Bank's management on 30 April 2026:

  
Cho Yong Eun  
Chairman of the Management Board



  
Zhaksybayeva G. Sh.  
Chief Accountant



## Independent Auditor's Report

To the Shareholder and the Board of Directors of Shinhan Bank Kazakhstan JSC

### Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Shinhan Bank Kazakhstan JSC (the "Bank") as at 31 December 2025, and the Bank's financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards.

### What we have audited

The Bank's financial statements comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2025;
- the statement of financial position as at 31 December 2025;
- the statement of cash flows for the year then ended;
- the statement of changes in owners' equity for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

### Basis for opinion

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

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

## **Independence**

We are independent of the Bank in accordance with the ethical requirements of the Law on Audit Activity that are relevant to our audit of the financial statements in the Republic of Kazakhstan and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the ethical requirements of the Republic of Kazakhstan and the IESBA Codes.

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

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

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

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

On behalf of PricewaterhouseCoopers LLP

*PricewaterhouseCoopers LLP*

Approved by:

*Akonratbayev*

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



Signed by:

*Aigul Akhmetova*



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

30 April 2026  
Almaty, Kazakhstan

**JSC "SHINHAN BANK KAZAKHSTAN"**  
**Statement of Profit or Loss and Other Comprehensive Income**

<i>In thousands of Kazakhstan tenge</i>	Note	2025	2024
Interest income calculated using the effective interest rate method	4	104,701,952	107,926,842
Interest expense	4	(66,435,933)	(63,740,704)
<b>Net interest income</b>		<b>38,266,019</b>	<b>44,186,138</b>
Expected credit loss allowance		(168,700)	(249,707)
<b>Net interest income after expected credit loss allowance</b>		<b>38,097,319</b>	<b>43,936,431</b>
Fee and commission income		187,664	184,705
Fee and commission expense		(277,413)	(177,826)
<b>Net fee (expense)/income</b>		<b>(89,749)</b>	<b>6,879</b>
Income less expenses from foreign currency operations		481,172	1,532,590
(Losses)/gains less gains/(losses) from foreign currency revaluation		(90,266)	48,738
Other operating income, net		78,931	338,961
<b>Net operating income</b>		<b>38,477,407</b>	<b>45,863,599</b>
Personnel expenses	5	(2,069,998)	(1,408,018)
Other general and administrative expenses	6	(1,258,111)	(991,040)
<b>Profit before income tax</b>		<b>35,149,298</b>	<b>43,464,541</b>
Income tax expense	7	(14,517,142)	(7,757,293)
<b>PROFIT FOR THE YEAR</b>		<b>20,632,156</b>	<b>35,707,248</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>20,632,156</b>	<b>35,707,248</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share (in tenge)	14	20,573.07	35,604.99

\* For the purpose of improving presentation, the 2024 statement has been aligned with 2025 one.

Approved and authorized for issue by the Bank's management on 30 April 2026:

  
 Cho Yong Eun  
 Chairman of the Management Board



  
 Zhaksybayeva G. Sh.  
 Chief Accountant

**JSC "SHINHAN BANK KAZAKHSTAN"**  
**Statement of Financial Position**

<i>In thousands of Kazakhstan tenge</i>	<b>Note</b>	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>ASSETS</b>			
Cash and cash equivalents	8	532,780,361	529,876,309
Due from other banks	9	4,973,086	184,913
Loans to customers	10	123,570,869	77,950,286
Debt securities measured at amortized cost	11	50,650,637	53,123,428
Current corporate income tax assets		213,661	800,796
Other financial assets		25,077	486,529
Other assets		475,184	165,947
Deferred tax asset		74,020	43,975
Property, plant and equipment		716,207	234,469
Intangible assets		173,937	203,389
Right-of-use assets		449,507	108,803
Non-current assets held for sale		155,691	155,691
<b>TOTAL ASSETS</b>		<b>714,258,237</b>	<b>663,334,535</b>
<b>LIABILITIES</b>			
Due to other banks and deposits		880,564	506,316
Current accounts and customer deposits			
- current accounts and deposits of corporate customers	12	587,922,708	557,696,950
- current accounts and deposits of retail customers	12	8,814,574	8,688,736
Borrowed funds	13	13,116,938	14,058,073
Other financial liabilities		753,432	304,247
Other liabilities		907,767	850,115
<b>TOTAL LIABILITIES</b>		<b>612,395,983</b>	<b>582,104,437</b>
<b>EQUITY</b>			
Share capital	14	10,028,720	10,028,720
Additional paid-in capital		144,196	144,196
Reserve capital		279,516	279,516
Retained earnings		91,409,822	70,777,666
<b>TOTAL EQUITY</b>		<b>101,862,254</b>	<b>81,230,098</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>714,258,237</b>	<b>663,334,535</b>

\* For the purpose of improving presentation, the 2024 statement has been aligned with 2025 one.

Approved and authorized for issue by the Bank's management on 30 April 2026:

  
 Cho Yong Eun  
 Chairman of the Management Board




  
 Zhaksybayeva G. Sh.  
 Chief Accountant

**JSC "SHINHAN BANK KAZAKHSTAN"**  
**Statement of Cash Flows**


<i>In thousands of Kazakhstan tenge</i>	<b>2025</b>	<b>2024</b>
<b>Cash flows from operating activities</b>		
Interest received	104,402,832	106,679,595
Interest paid	(65,027,469)	(62,567,225)
Fee and income received	189,279	185,474
Fee and commission expenses paid	(274,870)	(172,054)
Net foreign currency transactions receipts	478,566	1,532,224
Other operating (payments)/receipts	(64,465)	810,113
Payments to employees	(2,017,527)	(1,417,111)
Other general and administrative expenses paid	(1,825,062)	(1,143,448)
<b>Net (increase)/decrease in operating assets</b>		
Due from banks	(4,903,604)	(5,392)
Loans to customers	(45,186,270)	(29,606,983)
<b>Net increase/(decrease) in operating liabilities</b>		
Due to other banks and deposits	444,072	161,814
Current accounts and customer deposits	30,617,879	140,195,677
<b>Net cash flows received from operating activities before income tax paid</b>	<b>16,833,361</b>	<b>154,652,684</b>
Income tax paid	(13,960,052)	(8,120,208)
<b>Net cash flows received from operating activities</b>	<b>2,873,309</b>	<b>146,532,476</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(519,536)	(20,671)
Acquisition of intangible assets	(4,134)	(18,567)
Acquisition of debt securities measured at amortized cost	(43,518,840)	(47,547,869)
Disposal of debt securities measured at amortized cost	45,596,886	83,629,877
<b>Net cash flows received from investing activities</b>	<b>1,554,376</b>	<b>36,042,770</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowed funds	35,098,700	45,743,227
Repayment of borrowed funds	(36,184,690)	(39,117,473)
Lease liabilities payments	(169,150)	(125,193)
<b>Net cash flows (used in)/received from financing activities</b>	<b>(1,255,140)</b>	<b>6,500,561</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,172,545</b>	<b>189,075,807</b>
Effect of exchange rate changes on cash and cash equivalents	(247,716)	4,835,606
Expected credit loss allowance on cash and cash equivalents	(20,777)	(14,853)
Cash and cash equivalents at the beginning of the year	529,876,309	335,979,749
<b>Cash and cash equivalents at the end of the year</b>	<b>532,780,361</b>	<b>529,876,309</b>

\* For the purpose of improving presentation, the 2024 statement has been aligned with 2025 one.

Approved and authorized for issue by the Bank's management on 30 April 2026:

  
 Cho Yong Eun  
 Chairman of the Management Board



  
 Zhaksybayeva G. Sh.  
 Chief Accountant

**JSC "SHINHAN BANK KAZAKHSTAN"**  
**Statement of Changes in Equity**

<i>In thousands of Kazakhstan tenge</i>	<b>Share capital</b>	<b>Additional paid-in capital</b>	<b>Reserve capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
As of 1 January 2024	10,028,720	144,196	279,516	35,070,418	45,522,850
Profit for the year	-	-	-	35,707,248	35,707,248
Total other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,707,248</b>	<b>35,707,248</b>
<b>As of 31 December 2024</b>	<b>10,028,720</b>	<b>144,196</b>	<b>279,516</b>	<b>70,777,666</b>	<b>81,230,098</b>
Profit for the year	-	-	-	20,632,156	20,632,156
Total other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,632,156</b>	<b>20,632,156</b>
<b>As of 31 December 2025</b>	<b>10,028,720</b>	<b>144,196</b>	<b>279,516</b>	<b>91,409,822</b>	<b>101,862,254</b>

Approved and authorized for issue by the Bank's management on 30 April 2026:

  
 Cho Yong Eun  
 Chairman of the Management Board



  
 Zhaksybayeva G. Sh.  
 Chief Accountant

## **1 General Information about the Bank and its Activities**

### ***Organisation and principal activity***

JSC "Shinhan Bank Kazakhstan" (hereinafter – the "Bank") was established in the Republic of Kazakhstan in 2008 as a joint-stock company. The Bank's principal activities include accepting deposits and maintaining customer accounts, providing loans and guarantees, conducting settlement and cash services, and carrying out transactions with securities and foreign currency.

The Bank's official legal status is established by state registration with the Ministry of Justice of the Republic of Kazakhstan (Certificate of state registration of a legal entity No. 5037-1900-AO (registration reference)), and the right to conduct banking activities is issued by the Agency of the Republic of Kazakhstan for Regulation and Supervision of the Financial Market and Financial Organizations (AFN) (banking and other operations license No. 1.1.258 dated 28 November 2008).

In January 2015, following the enactment of the Law of the Republic of Kazakhstan "On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan Regarding Licensing System Issues," the type of banking operation titled "organization of foreign exchange transactions with foreign currency" was changed to "organization of foreign currency exchange operations," including the organization of exchange operations with cash foreign currency, and the Bank's license was reissued (License of the National Bank of the Republic of Kazakhstan No. 1.1.258 dated 20 January 2015). In January 2017, due to the change in the legal address, the Bank's license was reissued (License of the National Bank of the Republic of Kazakhstan No. 1.1.258 dated 27 January 2017).

The Bank is a participant in the mandatory deposit insurance system of the "Kazakhstan Deposit Insurance Fund" (KDIF). The primary purpose of KDIF is to protect the interests of depositors in the event of compulsory liquidation of a participant bank.

The Bank's legal address is: Republic of Kazakhstan, 050010, Almaty, Dostyk Avenue, 38.

The Bank has no branches. Most of its assets and liabilities are located within the Republic of Kazakhstan.

The Bank is wholly owned by JSC "Shinhan Bank" (Seoul, Republic of Korea) (hereinafter - the "Parent Bank" or "Shareholder"). The ultimate parent company is Shinhan Financial Group Co. Ltd. Related party transactions are disclosed in more detail in Note 18.

## **2 Economic Environment in which the Bank Operates**

### ***War between Russia and Ukraine***

Overall, the economy of the Republic of Kazakhstan continues to exhibit certain characteristics typical of emerging markets. Additionally, the financial sector remains exposed to the impact of political, legislative, fiscal, and regulatory changes in the country. Uncertainty persists regarding the exchange rate of the tenge and commodity prices.

On 24 February 2022, Russia launched a military invasion of Ukraine. In response to the invasion, the United States, the European Union, and a number of other countries imposed broad sanctions against Russia, including banning Russian banks from using the SWIFT system. The long-term consequences of the current political situation and its impact on the economic environment are difficult to predict, and the current expectations and assessments by management may differ from actual outcomes. Russia is Kazakhstan's largest trading partner. Kazakhstan is also heavily dependent on the Caspian Pipeline Consortium (CPC), which transports up to 80% of its oil exports.

The war in Ukraine and the anti-Russian sanctions have affected commodity prices and increased tenge exchange rate volatility. The inflation rate throughout 2025 remained relatively stable, rising to 12.3% in December 2025 compared to 8.6% in December 2024. Economic growth in 2025 was 6.4%, and analysts forecast that the national economy's growth rate will remain at 6.2% in 2026.

As of the date of these financial statements, the official exchange rate set by the National Bank of the Republic of Kazakhstan (hereinafter – "NBRK") was 461.55 tenge per 1 US dollar compared to 502.57 tenge per 1 US dollar as of 31 December 2025 (31 December 2024: 525.11 tenge per 1 US dollar).

In July 2025, the international rating agency Fitch Ratings confirmed Kazakhstan's long-term foreign currency issuer default rating (IDR) at "BBB" with a stable outlook. According to Fitch, Kazakhstan's "BBB" rating is supported by significant sovereign net foreign assets (SNFA), foreign currency reserves, low government debt, rising gold prices, and the Tengiz oil field's production expansion beyond expected volumes. However, these factors are influenced by a high dependence on commodity exports, weak macroeconomic policy and institutional governance, and high inflation.

## **2 Economic Environment in which the Bank Operates (Continued)**

The economic environment significantly impacts the Bank's operations and financial position. Management is taking necessary measures to ensure the Bank's sustainable operations. However, the future consequences of the current economic situation are difficult to predict, and management's current expectations and assessments may differ from actual results. Prospects for future economic stability in the Republic of Kazakhstan largely depend on the effectiveness of economic measures taken by the government, as well as on legal and political changes beyond the Bank's control.

## **3 Basis of Preparation of the Financial Statements**

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter – "IFRS") based on the historical cost accounting basis.

Significant information regarding the accounting policies applied in the preparation of these financial statements is presented in the relevant Notes. These principles have been applied consistently to all periods presented in the financial statements unless otherwise stated.

Certain 2024 disclosures in these financial statements have been aligned with 2025 disclosures for presentation improvement purposes.

### ***Functional and presentation currency***

The Bank's functional currency is the Kazakhstan tenge (hereinafter – "tenge"), which, as the national currency of the Republic of Kazakhstan, best reflects the economic substance of the majority of the Bank's transactions and related circumstances affecting its operations.

The Kazakhstan tenge is also the presentation currency of these financial statements. All amounts presented in tenge are rounded to the nearest thousand tenge unless otherwise stated.

These financial statements are intended for primary users – those who provide debt or equity capital to the Bank. It is assumed that the primary users possess reasonable knowledge of business and economic activities and carefully analyze and consider the information presented. In some cases, even well-informed and diligent users may require expert assistance to understand information about complex economic phenomena reflected in these financial statements.

The purpose of these financial statements is to disclose only the information that management considers material to the primary users. Management strives not to reduce the clarity of this financial reporting by mixing material information with immaterial details. Therefore, only material information about the applied accounting policies, where relevant, is disclosed in the Notes to these financial statements.

The preparation of financial statements in accordance with IFRS requires the use of certain key accounting estimates.

### ***Use of professional judgments, estimates, and assumptions***

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a regular basis. Adjustments to estimates are recognized in the period in which the estimates are revised and in any subsequent periods affected.

Information regarding significant uncertain estimates and critical judgments in applying accounting policies is presented in Note 10 – Credit loss assessment on loans to customers, including banks.

### ***Foreign currency transactions***

Foreign currency transactions are translated into the Bank's functional currency at exchange rates prevailing on the dates of the transactions.

### 3 Basis of Preparation of the Financial Statements (Continued)

Monetary assets and liabilities denominated in foreign currencies as of the reporting date are translated into the functional currency at the exchange rate as of the reporting date. Profit or loss on monetary assets and liabilities denominated in foreign currency represents the difference between the amortized cost in the functional currency at the beginning of the period, adjusted for interest accrued using the effective interest rate and payments made during the period, and the amortized cost in foreign currency translated into the functional currency at the exchange rate at the end of the reporting period.

Exchange differences arising from foreign currency translation are recognized in profit or loss.

#### **Adoption of new or amended standards and interpretations**

The following new standards and amendments came into effect on 1 January 2025:

- Amendments to IFRS (IAS) 21 "Limited Ability to Exchange" (issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025).

#### **New accounting pronouncements**

A number of new standards and interpretations have been published, mandatory for annual periods beginning on or after 1 January 2026, which the Bank has not early adopted.

- Amendments to classification and measurement requirements of financial instruments — Amendments to IFRS 9 and IFRS 7 (issued 30 May 2024 and effective for annual periods beginning on or after 1 January 2026).
- IFRS 18 "Presentation and Disclosure in Financial Statements" (issued 9 April 2024 and effective for annual periods commencing on or after 1 January 2027). The Bank is currently assessing the impact of the new standard on the financial statements.
- Amendments to IFRS 10 and IAS 28 — "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (issued 11 September 2014 and effective for annual periods commencing on a date to be determined by the IFRS Foundation).
- Annual Improvements to IFRS Accounting Standards (issued July 2024 and effective from 1 January 2026).

Unless otherwise stated above, new standards and interpretations are not expected to have a material impact on the Bank's financial statements.

### 4 Interest Income and Expenses

<i>In thousands of Kazakhstan tenge</i>	<b>2025</b>	<b>2024</b>
<b>Interest income calculated using the effective interest rate method</b>		
Cash and cash equivalents	81,102,085	91,489,736
Loans to customers	16,430,928	10,901,335
Debt securities measured at amortized cost	5,308,720	5,528,583
Due from other banks	1,552,294	7,188
Loans to banks	307,925	-
<b>Total interest income</b>	<b>104,701,952</b>	<b>107,926,842</b>
<b>Interest expense</b>		
Current accounts and customer deposits	(63,866,800)	(62,413,396)
Loan remuneration	(2,519,609)	(1,299,173)
Lease liability	(49,524)	(28,135)
<b>Total interest expense</b>	<b>(66,435,933)</b>	<b>(63,740,704)</b>
<b>Total net interest income</b>	<b>38,266,019</b>	<b>44,186,138</b>

#### **4 Interest Income and Expenses (Continued)**

Interest income and expenses on all debt instruments are recognized on an accrual basis using the effective interest rate method. This calculation includes interest income and expenses, all fees and payments paid and received by the parties to the contract and forming an integral part of the effective interest rate, transaction costs, as well as all other premiums or discounts.

Fees related to the effective interest rate include fees received or paid by the Bank in connection with the origination or acquisition of a financial asset or the issuance of a financial liability (for example, valuation or accounting of guarantees or collateral, arrangement or settlement of terms of the instrument, and processing of transaction documents). Fees for a commitment received by the Bank for granting a loan at market rates are an integral part of the effective interest rate if there is a likelihood that the Bank will enter into a specific loan agreement and does not plan to sell the loan within a short period after its issuance.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for: (i) financial assets that have become impaired (Stage 3) for which interest income is calculated by applying the effective interest rate to their amortized cost (net of expected credit loss allowance); and (ii) purchased or originated credit-impaired financial assets for which the original effective interest rate, adjusted for credit risk, is applied to the amortized cost.

If the credit risk on a Stage 3 financial asset subsequently decreases such that the asset is no longer credit-impaired and the decrease can be objectively related to an event occurring after the asset was determined to be credit-impaired (i.e., asset recovery), it is reclassified out of Stage 3, and interest revenue is calculated by applying the effective interest rate to the gross carrying amount. Additional interest income that was previously not recognized in profit or loss because the asset was classified as Stage 3 but is now expected to be collected following asset recovery is recognized as a reduction of impairment.

#### **5 Personnel Expenses**

Salaries, contributions to the Unified National Pension Fund and Social Insurance Fund, paid vacation and sick leave, bonuses, and non-monetary benefits are accrued as the related services are rendered by the Bank's employees. The Bank has no legal or constructive obligations to provide pensions or similar benefits.

Personnel expenses include contributions to the Unified National Pension Fund amounting to Tenge 113,098 thousand Tenge (2024: Tenge 89,811 thousand).

<i>In thousands of Kazakhstan tenge</i>	<b>2025</b>	<b>2024</b>
Employee remuneration	1,833,037	1,267,688
Payroll taxes and contributions	236,961	140,330
<b>Total personnel expenses</b>	<b>2,069,998</b>	<b>1,408,018</b>

## 6 Other General and Administrative Expenses

<i>In thousands of Kazakhstan tenge</i>	<b>2025</b>	<b>2024</b>
Software support	219,065	110,659
Professional services	184,324	219,694
Depreciation and amortization	179,398	145,016
Taxes, fees, and other mandatory budget payments	106,459	108,434
Communication and information services	93,145	72,474
Sponsorship and charity expenses	53,654	9,938
Operating expenses	51,950	32,834
Operating lease expenses	38,268	30,184
Processing services	35,940	31,525
Membership fees	34,676	17,270
Representation expenses	31,637	23,985
Travel expenses	29,857	20,351
Repairs and maintenance	24,157	20,662
Transportation expenses	18,799	14,874
Security	15,206	18,569
Courier services	10,108	6,339
Insurance expenses	9,454	13,615
Office supplies	5,478	5,824
Advertising and marketing	5,368	1,749
Write-off of property, plant and equipment	2,187	2,106
Other	108,981	84,938
<b>Total other general and administrative expenses</b>	<b>1,258,111</b>	<b>991,040</b>

Professional services include audit services amounting to Tenge 63,000 thousand (2024: Tenge 11,750 thousand). Non-audit services provided by the Bank's auditors in 2026 for the year 2025 amounted to Tenge 5,500 thousand (2024: Tenge 3,000 thousand)

## 7 Income Tax Expenses

The Bank calculates current period tax liabilities based on tax accounting data prepared in accordance with the requirements of the tax legislation of the Republic of Kazakhstan. Expenses for income tax for the years ended 31 December 2025 and 2024 are presented below.

<i>In thousands of Kazakhstan tenge</i>	<b>2025</b>	<b>2024</b>
Reporting period	(14,646,000)	(7,753,000)
Prior period adjustment	98,813	-
Change in deferred taxes due to temporary differences arising and reversing	30,045	(4,293)
<b>Total income tax expense</b>	<b>(14,517,142)</b>	<b>(7,757,293)</b>

The corporate income tax rate in the Republic of Kazakhstan was set at 20% during 2025 and 2024.

In 2025, amendments to the Tax Code of the Republic of Kazakhstan came into force, introducing a number of transitional provisions aimed at the phased application of new tax legislation norms. From 2026, a new Tax Code of the Republic of Kazakhstan was introduced, providing changes in the formation of the tax base, application of deductions and adjustments, as well as certain aspects of tax administration. As of the reporting date, the Bank is analyzing the provisions of the new Tax Code of the Republic of Kazakhstan and assessing its potential impact on the financial statements.

The primary reason for the increase in income tax expenses (CIT) was the application of an additional CIT rate of 10% on certain types of income under the transitional provisions, in particular, on interest on deposits placed with the NBRK for up to one year and on income from government-issued securities.

**7 Income Tax Expenses (Continued)**

Reconciliation of the effective income tax rate for the years ended 31 December 2025 and 2024:

<i>In thousands of Kazakhstan tenge</i>	<b>2025</b>	<b>2024</b>
<b>Profit before income tax</b>	<b>35,149,298</b>	<b>43,464,541</b>
Income tax calculated at the applicable income tax rate	(7,029,860)	(8,692,908)
Non-taxable income from securities transactions	1,061,744	1,105,717
Effect of 10% tax rate changes – deposits placed with NBRK	(8,110,151)	-
Effect of 10% tax rate changes – income from government-issued securities	(520,460)	-
Prior period adjustment	98,813	-
Other non-deductible expenses	(17,228)	(170,102)
<b>Total income tax expense</b>	<b>(14,517,142)</b>	<b>(7,757,293)</b>
<b>Effective income tax rate</b>	<b>41,3%</b>	<b>17,8%</b>

**Deferred tax assets**

Temporary differences arising between the carrying amounts of assets and liabilities recognized in the financial statements and the amounts used for calculating the taxable base result in deferred tax assets as of 31 December 2025 and 2024. According to the tax legislation, the corporate income tax rate for banks for 2026 is set at 25%, except for income from lending to business entities, which is taxed at 20%. Deferred tax assets and liabilities as of the reporting date are measured using the rate of 25%, which is expected to apply in the period of temporary differences reversal.

The change in the amount of temporary differences during the years ended 31 December 2025 and 2024 can be presented as follows:

<i>In thousands of Kazakhstan tenge</i>	<b>Balance as of 1 January 2025</b>	<b>Recognized in profit or loss</b>	<b>Balance as of 31 December 2025</b>
<b>2025</b>			
Property, plant and equipment and intangible assets	(20,276)	(106,133)	(126,409)
Other liabilities	64,251	136,178	200,429
	<b>43,975</b>	<b>30,045</b>	<b>74,020</b>

<i>In thousands of Kazakhstan tenge</i>	<b>Balance as of 1 January 2024</b>	<b>Recognized in profit or loss</b>	<b>Balance as of 31 December 2024</b>
<b>2024</b>			
Property, plant and equipment and intangible assets	(28,159)	7,883	(20,276)
Other liabilities	76,427	(12,176)	64,251
	<b>48,268</b>	<b>(4,293)</b>	<b>43,975</b>

## 8 Cash and Cash Equivalents

<i>In thousands of Kazakhstan tenge</i>	<b>31 December 2025</b>	<b>31 December 2024</b>
Cash on hand	379,471	474,805
Nostro accounts with the NBRK (including mandatory reserves on NBRK accounts)	23,737,217	2,005,555
Nostro accounts with other banks:		
- with credit rating A- to A+	14,897,387	8,250,611
- with credit rating BBB- to BBB+	145,387	232,146
- unrated	23,190	-
Term deposits with the NBRK	475,891,000	518,928,045
Term deposits with other banks:		
- with credit rating BB- to BB+	17,727,486	-
Expected credit loss allowance	(20,777)	(14,853)
<b>Total cash and cash equivalents</b>	<b>532,780,361</b>	<b>529,876,309</b>

Cash and cash equivalents comprise banknotes and coins on hand, free balances (nostro accounts) with the NBRK and other banks, as well as highly liquid financial assets with an original maturity of less than three months that are not subject to significant risk of changes in fair value and are used by the Bank to settle short-term liabilities. Cash and cash equivalents are measured at amortized cost in the statement of financial position.

As of 31 December 2025 and 2024, for the purpose of expected credit loss assessment, cash and cash equivalents balances are classified as Stage 1.

Credit ratings are presented in accordance with the standards of the rating agency Standard & Poor's or equivalent standards of other international rating agencies.

### **Minimum mandatory reserve requirements**

As of 31 December 2025 and 2024, in accordance with the NBRK resolution, minimum reserve requirements are calculated as the average amount of specified ratios for various groups of the Bank's liabilities over twenty-eight calendar days. Banks are required to meet these requirements by maintaining average reserve assets (in the form of cash on hand in the national currency, balances on the Bank's correspondent accounts with the NBRK in the national currency, overnight loans, short-term NBRK notes, derivative transactions, and dealing operations with other banks and international financial organizations) in an amount equal to or exceeding the average minimum requirements. As of 31 December 2025 and 2024, the amount of the minimum reserve is Tenge 23,338,340 thousand and Tenge 2,393,207 thousand, respectively. The amount of reserve assets formed to meet the minimum reserve requirements is included in the line items "Cash on hand" and "Nostro accounts with the NBRK." The increase in mandatory reserves on NBRK accounts in 2025 compared to 2024 is due to the increase in minimum reserve ratios from 1.3% to 3.5% in tenge and from 2.5% to 10% on foreign currency liabilities, as well as changes in classification logic by liability categories.

### **Concentration of cash and cash equivalents**

As of 31 December 2025, the Bank has three banks each accounting for more than 10% of the Bank's equity (31 December 2024: one bank). The total balances as of 31 December 2025 and 2024 amounted to Tenge 530,012,509 thousand and Tenge 520,933,600 thousand, respectively.

## 9 Due from Other Banks

<i>In thousands of Kazakhstan tenge</i>	<b>31 December 2025</b>	<b>31 December 2024</b>
Deposits with other banks with an initial maturity of more than three months		
- unrated	4,788,140	-
Cash held with restricted use	185,000	185,000
Expected credit loss allowance	(54)	(87)
<b>Total due from other banks</b>	<b>4,973,086</b>	<b>184,913</b>

## 9 Due from Other Banks (Continued)

Due to other banks and deposits are measured at amortized cost as they are managed within a business model whose objective is to hold assets in order to collect contractual cash flows that consist SPPI.

As of 31 December 2025, deposits with other banks are secured by guarantees issued by a foreign bank; a legal entity with a rating not lower than the sovereign rating of the Republic of Kazakhstan by the Standard & Poor's rating agency or a rating of a similar level from one of the other rating agencies.

As of 31 December 2025, for the purpose of expected credit loss assessment, cash balances with restricted use were classified as Stage 1, and deposits with other banks with an original maturity of over three months were classified as Stage 2. As of 31 December 2024, all due from other banks were classified as Stage 1.

As of 31 December 2025 and 2024, the Bank had no deposits exceeding 10% of the Bank's equity.

## 10 Loans to Customers

<i>In thousands of Kazakhstan tenge</i>	<b>31 December 2025</b>	<b>31 December 2024</b>
Loans to legal entities and individual entrepreneurs (hereinafter – "IE"):		
- Loans to financial institutions (including banks)	95,487,427	53,361,046
- Loans issued to small and medium-sized enterprises (hereinafter – "SMEs")	12,599,959	12,377,417
<b>Total loans to legal entities and IE</b>	<b>108,087,386</b>	<b>65,738,463</b>
Expected credit loss allowance (hereinafter – "ECL") on loans to legal entities	(283,009)	(244,447)
<b>Total loans to legal entities, net of ECL</b>	<b>107,804,377</b>	<b>65,494,016</b>
Loans to retail customers:		
- Retail loans	15,861,487	12,516,588
<b>Total loans to retail customers</b>	<b>15,861,487</b>	<b>12,516,588</b>
ECL allowance on loans to retail customers	(94,995)	(60,318)
<b>Total loans to retail customers, net of ECL</b>	<b>15,766,492</b>	<b>12,456,270</b>
<b>Total loans to customers, net of ECL allowance</b>	<b>123,570,869</b>	<b>77,950,286</b>

Loans to customers are recognized when the Bank provides funds to the customers. Based on the business model and cash flow characteristics, the Bank classifies loans and advances to customers into categories for measurement at amortized cost.

Expected credit loss allowances are determined using forward-looking expected credit loss models. Information on inputs, assumptions, and calculation methods used in measuring expected credit losses, including an explanation of how the Bank incorporates forward-looking information into the expected credit loss models, is provided in Note 15.

*Amortized cost* represents the cost of a financial instrument at initial recognition less principal repayments, plus accrued interest, and less any expected credit loss allowance. Accrued interest includes the amortization of deferred transaction costs at initial recognition, as well as any premium or discount on the redemption amount, calculated using the effective interest rate method. Accrued interest income and expense, including accrued coupon income and amortized discount or premium (including deferred fees, if any), are not presented separately but are included in the carrying amounts of the related items in the statement of financial position.

## **10 Loans to Customers (Continued)**

*The effective interest rate method* is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period so as to achieve a constant periodic rate of return (effective interest rate) on the carrying amount of the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or, where appropriate, a shorter period to the net carrying amount of the financial asset or liability.

Premiums or discounts are amortized over the expected life of the instrument. The calculation of the present value includes all payments and fees paid or received by the parties to the contract that form an integral part of the effective interest rate.

*Transaction costs* are incremental costs directly attributable to the acquisition of a financial asset. Incremental costs are those costs that would not have been incurred if the transaction had not occurred. Transaction costs include credit application fees and loan arrangement fees.

*Impairment: expected credit loss allowance.* The Bank applies a "three-stage" impairment accounting model based on changes in credit quality since initial recognition. A financial instrument that is not impaired at initial recognition is classified as Stage 1. For Stage 1 financial assets, expected credit losses are measured at an amount equal to the portion of lifetime expected credit losses that result from default events that are possible within the next 12 months or until the contractual maturity date if earlier ("12-month expected credit losses"). If the Bank identifies a significant increase in credit risk since initial recognition, the asset is transferred to Stage 2, and expected credit losses for that asset are measured based on lifetime expected credit losses, that is, until the contractual maturity date, taking into account any expected prepayment if applicable ("lifetime expected credit losses"). A description of how the Bank determines a significant increase in credit risk is provided in Note 20. If the Bank determines that a financial asset is impaired, the asset is transferred to Stage 3, and expected credit losses are measured as lifetime expected credit losses. Explanations regarding the Bank's determination of impaired assets and default are presented in Note 15. A loan is considered credit-impaired if the borrower is issued a concession due to financial deterioration, provided there is no evidence that the concession has significantly reduced the risk of non-collection of the contractual cash flows and other evidence of impairment is absent. Financial assets for which a concession was considered but not issued are considered credit-impaired if observable credit impairment indicators exist, including those that meet the definition of default. The definition of default includes indicators of unlikelihood to pay and past due status (90 days or more overdue).

### ***Write-off of financial assets***

Financial assets are written off in whole or in part, when the Bank has exhausted all practical recovery options and has concluded that expectations of recovery of such assets are not justified. A write-off represents derecognition. The Bank may write off financial assets subject to ongoing recovery efforts when it attempts to recover amounts due under the contract, but there are no reasonable expectations of recovery. A decision on partial write-off of the outstanding balance may be made in the following cases: 1) the borrower agrees to repay a substantial part (at least 90%) of the total outstanding balance, and the amount approved by the Bank's small credit committee has been actually received as repayment through fulfillment by the borrower of obligations arising from collateral and/or settlement agreements; 2) The borrower, an individual, has passed away. There are no guarantors, the collateral is real estate acquired with loan funds. The heirs are minor children and/or pensioners. Part of the debt has been repaid using insurance payouts/pension savings/deposits balances.

Full write-off of the debt may be performed: 1) by agreement with the borrower provision in lieu of performance of obligations (payment of money, transfer of property, etc.); 2) set-off against a counter claim of the same nature; 3) by agreement of the parties on replacement of the original obligation by another obligation with a different subject or method of performance; 4) by decision of the Bank's small credit committee to forgive the borrower's debt; 5) by issuance of an act by a government authority rendering the borrower's performance of obligations impossible in whole or in part; 6) in case of death of a citizen borrower provided that all exhaustive measures have been taken to make claims against the debtor's heirs or the trust manager of the estate; 7) upon liquidation of a legal entity or bankruptcy; 8) upon sale of the debt with the Bank's consent (assignment of claim); 9) upon refusal of all judicial authorities to recover the debt from the borrower:

- a) if enforcement of the court decision on debt recovery is impossible due to the absence of assets subject to attachment or due to the borrower's relocation outside the Republic of Kazakhstan for permanent residence;
- b) if debt recovery is impossible due to the absence of original documents confirming the loan issuance (payment order for loan transfer, cash payment order, loan agreement), and the borrower refuses to repay the debt after an internal investigation regarding the loss of original ownership documents has been conducted.

## 10 Loans to Customers (Continued)

### Credit quality of loans to customers

Credit risk levels for borrowers – legal entities – are assessed based on internal credit ratings determined by the Bank independently in accordance with its internal methodology using ongoing monitoring of the borrower's financial condition, calculated based on an analysis of the borrower's financial statements and activities. The rating categories presented in the Bank's loan portfolio, as well as their characteristics, are shown in the table below:

Internal credit rating grade categories	Definitions
«A»	Financial assets with low credit risk and high ability to meet obligations.
«BBB»	Financial assets with moderate credit risk and sufficient ability to meet obligations.
«BB»	Financial assets with increased credit risk and vulnerability to adverse conditions.
«B»	Financial assets with high credit risk and limited ability to meet obligations.
«CCC»/«C»	Financial assets with very high credit risk, characterized by a high probability of default or being in default.

In the tables below, for purposes of representativeness and comparability of credit risk assessment in this analysis, the cumulative probability of default (CPD) has been used, reflecting the accumulated probability of default over a specified time horizon.

The table below presents information on the credit quality of loans issued to financial institutions as of 31 December 2025:

<i>In thousands of Kazakhstan tenge</i>	Stage 1 (12-month ECL)	PD – Weighted average 12M	Stage 2 (Lifetime ECL from significant increase in credit risk)	PD – Weighted average lifetime	Total
<b>Lending to financial institutions (including banks)</b>					
«A»	90,689,489	1.33%	-	-	90,689,489
«BBB»	83,864	1.58%	4,405,804	0.38%	4,489,668
«BB»	308,270	12.13%	-	-	308,270
<b>Gross carrying amount</b>	<b>91,081,623</b>		<b>4,405,804</b>		<b>95,487,427</b>
Expected credit loss allowance	(3,983)		-		(3,983)
<b>Carrying amount</b>	<b>91,077,640</b>		<b>4,405,804</b>		<b>95,483,444</b>

The table below presents information on the credit quality of loans issued to financial institutions as of 31 December 2024:

<i>In thousands of Kazakhstan tenge</i>	Stage 1 (12-month ECL)	PD – Weighted average 12M	Total
<b>Lending to financial institutions (including banks)</b>			
«A»	40,805,345	1.78%	40,805,345
«BBB»	12,213,718	1.75%	12,213,718
«BB»	341,983	13.06%	341,983
<b>Gross carrying amount</b>	<b>53,361,046</b>		<b>53,361,046</b>
Expected credit loss allowance	(406)		(406)
<b>Carrying amount</b>	<b>53,360,640</b>		<b>53,360,640</b>

**10 Loans to Customers (Continued)**

As of 31 December 2025, the loan portfolio of the financial institutions lending segment demonstrated significant growth compared to the data as of 31 December 2024, increasing from 53,360,640 thousand tenge to 95,483,444 thousand tenge, driven by increased lending volumes to financial institutions. The portfolio structure is characterized by a high concentration in Stage 1, which accounted for 95% as of 31 December 2025 (31 December 2024: 100%), indicating the preservation of stable credit quality and a low level of credit risk for this segment. The distribution by internal ratings shows a predominance of counterparties with ratings in grade "A," which accounted for 95% of the loan portfolio within the segment as of 31 December 2025 (31 December 2024: 76%). The amount of expected credit loss allowance is formed taking into account the credit risk level of counterparties and corresponds to the portfolio structure and its rating distribution. Collateral for this segment is predominantly represented by guarantees issued by a foreign bank; a legal entities with a rating not lower than the sovereign rating of the Republic of Kazakhstan by Standard & Poor's or an equivalent rating of another rating agency; covering borrowers' credit debt considering the unused part of credit lines by more than 119% and applicable discounting coefficients.

The table below presents information on the credit quality of loans issued to SMB as of 31 December 2025:

<i>In thousands of Kazakhstan tenge</i>	Stage 1 (12-month ECL)	PD - Weighted average 12M	Stage 2 (Lifetime ECL from significant increase in credit risk)	PD - Weighted average lifetime	Stage 3 (Lifetime ECL for credit- impaired assets)	PD	Total
<b>Lending to SMB</b>							
«BBB»	6,585,235	2.25%	57,114	7.75%	-	-	6,642,349
«BB»	3,435,627	11.50%	473,639	23.22%	361,718	100%	4,270,984
«B»	40,042	12.13%	-	-	419,491	100%	459,533
«CCC»/«C»	-	-	101,686	39.24%	1,125,407	100%	1,227,093
<b>Gross carrying amount</b>	<b>10,060,904</b>		<b>632,439</b>		<b>1,906,616</b>		<b>12,599,959</b>
Expected credit loss allowance	(2,142)		-		(276,884)		(279,026)
<b>Carrying amount</b>	<b>10,058,762</b>		<b>632,439</b>		<b>1,629,732</b>		<b>12,320,933</b>

The table below presents information on the credit quality of loans issued to SMB as of 31 December 2024:

<i>In thousands of Kazakhstan tenge</i>	Stage 1 (12-month ECL)	PD - Average 12M	Stage 2 (Lifetime ECL from significant increase in credit risk)	PD - lifetime	Stage 3 (Lifetime ECL for credit- impaired assets)	PD	Total
<b>Lending to SMB</b>							
«BBB»	5,168,403	3.26%	85,328	10.63%	-	-	5,253,731
«BB»	4,862,974	12.41%	244,873	17.12%	113,857	100%	5,221,704
«B»	160,814	20.82%	230,889	25.40%	374,140	100%	765,843
«CCC»/«C»	-	-	151,868	47.34%	984,271	100%	1,136,139
<b>Gross carrying amount</b>	<b>10,192,191</b>		<b>712,958</b>		<b>1,472,268</b>		<b>12,377,417</b>
Expected credit loss allowance	(3,026)		-		(241,015)		(244,041)
<b>Carrying amount</b>	<b>10,189,165</b>		<b>712,958</b>		<b>1,231,253</b>		<b>12,133,376</b>

As of 31 December 2025, the loan portfolio in the SMB segment demonstrated moderate growth of 1.76% compared to the data as of 31 December 2024, driven by increased lending volumes to borrowers in the "BBB" rating group.

The portfolio structure remains predominantly concentrated in Stage 1, which accounted for 80% as of 31 December 2025 (31 December 2024: 82%), indicating a stable level of credit quality in the SME segment. The weighted average probability of default (PD) indicators in Stage 1 within the segment show a decrease compared to the data as of 31 December 2024 across all rating groups represented in the credit portfolio ("BBB" by 1.01%, "BB" by 0.91%, "B" by 8.69%), reflecting an improvement in borrower credit quality and a reduction in credit risk.

**10 Loans to Customers (Continued)**

Weighted average probability of default (PD) indicators in Stage 2 within the segment show a decrease compared to the data as of 31 December 2024 for the rating groups "BBB" (by 2.89%) and "CCC"/"C" (by 10.11%), which also reflects an improvement in borrower credit quality and a reduction in credit risk. At the same time, there is an increase in the volume of financial assets classified in Stage 3 by 3.24% compared to 31 December 2024 data, reflecting the presence of certain borrowers with impairment indicators and indicating increased credit risk in this part of the portfolio. The amount of expected credit loss allowance is formed considering the level of collateralization of the loan portfolio. Loans in the SMB segment are secured by collateral covering borrowers' credit debt by more than 184%, taking into account the unused portion of credit lines and applicable discounting coefficients. It is also worth noting that the Bank applies a conservative approach to collateral valuation (real estate): liquidity coefficients for real estate at the level of 0.5-0.6 are used for credit risk management purposes, while a higher coverage ratio of 0.7 is applied for expected credit loss allowance calculation in accordance with regulatory requirements, which partly explains the level of expected credit losses.

The table below presents information on the credit quality of retail loans as of 31 December 2025:

<i>In thousands of Kazakhstan tenge</i>	Stage 1 (12-month ECL)	PD - Weighted average 12M	Stage 2 (Lifetime ECL from significant increase in credit risk)	PD - Weighted average lifetime	Stage 3 (Lifetime ECL for credit- impaired assets)	PD	Total
<b>Portfolio of performing retail loans by LGD</b>							
0% - 10%	11,585,631	4.23%	2,055,184	79.21%	359,030	100%	13,999,845
11% - 20%	1,042,663	1.67%	68,428	94.13%	-	-	1,111,091
21% - 30%	5,467	3.62%	-	-	-	-	5,467
31% - 40%	32,510	1.92%	-	-	-	-	32,510
41% and above	86,770	1.98%	-	-	22,727	100%	109,497
<b>Gross carrying amount of performing retail loans</b>	<b>12,753,041</b>		<b>2,123,612</b>		<b>381,757</b>		<b>15,258,410</b>
Expected credit loss allowance	(7,806)		(9,794)		(25,094)		(42,694)
<b>Carrying amount of performing retail loans</b>	<b>12,745,235</b>		<b>2,113,818</b>		<b>356,663</b>		<b>15,215,716</b>
<b>Carrying amount of performing retail loans</b>							
1-30 days	161,249	2.61%	97,056	90.88%	238,951	100%	497,256
31-60 days	-	-	16,881	95.09%	-	-	16,881
61-90 days	-	-	28,908	52.86%	15,107	100%	44,015
More than 90 days	-	-	-	-	44,925	100%	44,925
<b>Gross carrying amount of overdue retail loans</b>	<b>161,249</b>		<b>142,845</b>		<b>298,983</b>		<b>603,077</b>
Carrying amount of overdue retail loans	(62)		(751)		(51,488)		(52,301)
<b>Carrying amount of overdue retail loans</b>	<b>161,187</b>		<b>142,094</b>		<b>247,495</b>		<b>550,776</b>
Total expected credit loss allowance	(7,868)		(10,545)		(76,582)		(94,995)
<b>Carrying amount of retail loans</b>	<b>12,906,422</b>		<b>2,255,912</b>		<b>604,158</b>		<b>15,766,492</b>

**10 Loans to Customers (Continued)**

The table below presents information on the credit quality of retail loans as of 31 December 2025:

<i>In thousands of Kazakhstan tenge</i>	Stage 1 (12-month ECL)	PD - Weighted average 12M	Stage 2 (Lifetime ECL from significant increase in credit risk)	PD - Weighted average lifetime	Stage 3 (Lifetime ECL for credit- impaired assets)	PD	Total
<b>Portfolio of performing retail loans by LGD</b>							
0% - 10%	9,781,954	3.86%	1,492,936	81.63%	349,868	100%	11,624,758
11% - 20%	604,667	2.57%	101,702	72.00%	-	-	706,369
41% and above	12,006	0.99%	-	-	-	-	12,006
<b>Gross carrying amount of performing retail loans</b>	<b>10,398,627</b>		<b>1,594,638</b>		<b>349,868</b>		<b>12,343,133</b>
Expected credit loss allowance	(6,170)		(7,763)		(413)		(14,346)
<b>Carrying amount of performing retail loans</b>	<b>10,392,457</b>		<b>1,586,875</b>		<b>349,455</b>		<b>12,328,787</b>
<b>Portfolio of overdue retail loans by days past due</b>							
1-30 days	82,452	4.50%	-	-	-	-	82,452
31-60 days	-	-	15,140	78.23%	-	-	15,140
More than 90 days	-	-	-	-	75,863	100%	75,863
<b>Gross carrying amount of overdue retail loans</b>	<b>82,452</b>		<b>15,140</b>		<b>75,863</b>		<b>173,455</b>
Expected credit loss allowance	(59)		(52)		(45,861)		(45,972)
<b>Carrying amount of overdue retail loans</b>	<b>82,393</b>		<b>15,088</b>		<b>30,002</b>		<b>127,483</b>
Total expected credit loss allowance	(6,229)		(7,815)		(46,274)		(60,318)
<b>Carrying amount of retail loans</b>	<b>10,474,850</b>		<b>1,601,963</b>		<b>379,457</b>		<b>12,456,270</b>

As of 31 December 2025, the Bank's performing retail loan portfolio is characterized by a high level of collateralization, as reflected in the distribution by loss given default (LGD) categories. The majority of the portfolio is concentrated in the lowest loss category (LGD 0-10%), accounting for 92% of the credit portfolio balance in the segment (31 December 2024: 94%), indicating high quality of collateral and a low level of expected credit losses.

The portfolio structure by impairment stages shows predominance of Stage 1 assets, which accounted for 84% as of 31 December 2025 (31 December 2024: 84%), while the volume of Stage 2 assets is limited, at 14% as of 31 December 2025 (31 December 2024: 13%). Stage 3 assets are minor and characterized by a relatively low loss given default (LGD 0-10%) representing 94% of Stage 3 as of 31 December 2025 (31 December 2024: 100%) with a maximum probability of default (PD) of 100%. It is also worth noting that the Bank applies a conservative approach to collateral valuation (real estate): liquidity coefficients for real estate at the level of 0.5-0.6 are used for credit risk management purposes, while a higher coverage ratio of 0.7 is applied for expected credit loss allowance calculation in accordance with regulatory requirements, which partly explains the level of expected credit losses.

As of 31 December 2025, the Bank's overdue retail loan portfolio is characterized by concentration in the short-term overdue segment (1-30 days), which accounted for 82% as of 31 December 2025 (31 December 2024: 48%), indicating that payment discipline violations are predominantly temporary. Debt with longer overdue periods is presented in limited volumes, accounting for 18% as of 31 December 2025 (31 December 2024: 52%). The distribution by credit risk stages corresponds to the overdue periods.

**10 Loans to Customers (Continued)**

Elevated probability of default (PD) values for the Bank's overdue retail loan portfolio classified as Stage 2 are due to the use of lifetime PD (CPD), which reflects the cumulative probability of default over the entire life of the instrument and does not indicate a comparably high level of credit risk over the short-term horizon. Weighted average PD indicators by overdue categories do not show a strictly increasing trend with the increase in days overdue. This dynamic is explained by the fact that the probability of default is determined considering a combination of credit risk factors, including loan term, borrower scoring characteristics, signs of impairment, repayment schedules, and presence of overdue payments.

The amount of expected credit loss allowance is formed taking into account the level of collateralization of the loan portfolio. Loans in the overdue retail segment are secured by collateral covering borrowers' credit debt by more than 131%, considering applicable discounting coefficients. It is also worth noting that the Bank applies a conservative approach to collateral valuation (real estate): liquidity coefficients for real estate at the level of 0.5-0.6 are used for credit risk management purposes, while a higher coverage ratio of 0.7 is applied for expected credit loss allowance calculation in accordance with regulatory requirements, which partly explains the level of expected credit losses.

The movement in accumulated allowances for expected credit losses on loans to customers is presented as follows:

<i>In thousands of Kazakhstan tenge</i>	<b>Expected credit loss allowance</b>			<b>Gross carrying amount</b>		
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Total</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Total</b>
<b>Lending to financial institutions, including banks</b>						
As of 1 January 2025	(406)	-	(406)	53,361,046	-	53,361,046
<i>Changes affecting expected credit loss allowance for the period:</i>						
Transfers:						
- to lifetime expected credit losses (from Stage 1 to Stage 2)	-	-	-	(4,715,662)	4,715,662	-
Newly originated	(1,132)	-	(1,132)	82,622,033	-	82,622,033
Newly originated transferred to Stage 2	-	-	-	1,581,441	1,581,441	-
Derecognized during the period	-	-	-	(40,185,794)	(1,891,299)	(42,077,093)
Changes in assumptions of the expected credit loss model	(2,445)	-	(2,445)	-	-	-
<b>Total changes affecting expected credit loss allowance for the period</b>	<b>(3,577)</b>	<b>-</b>	<b>(3,577)</b>	<b>37,720,577</b>	<b>4,405,804</b>	<b>42,126,381</b>
<b>As of 31 December 2025</b>	<b>(3,983)</b>	<b>-</b>	<b>(3,983)</b>	<b>91,081,623</b>	<b>4,405,804</b>	<b>95,487,427</b>

<i>In thousands of Kazakhstan tenge</i>	<b>Expected credit loss allowance</b>			<b>Gross carrying amount</b>		
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Total</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Total</b>
<b>Lending to financial institutions, including banks</b>						
As of 1 January 2024	(5,124)	-	(5,124)	29,258,659	-	29,258,659
<i>Changes affecting expected credit loss allowance for the period:</i>						
Newly originated or acquired	-	-	-	49,387,369	-	49,387,369
Derecognized during the period	761	-	761	(25,284,982)	-	(25,284,982)
Changes in assumptions of the expected credit loss model	3,957	-	3,957	-	-	-
<b>Total changes affecting expected credit loss allowance for the period</b>	<b>4,718</b>	<b>-</b>	<b>4,718</b>	<b>24,102,387</b>	<b>-</b>	<b>24,102,387</b>
<b>As of 31 December 2024</b>	<b>(406)</b>	<b>-</b>	<b>(406)</b>	<b>53,361,046</b>	<b>-</b>	<b>53,361,046</b>

The low level of provisions formed for loans issued to financial institutions is due to collateral in the form of guarantees provided by foreign financial institutions with international credit ratings not lower than A level according to S&P/Fitch/Moody's scales. The amount of these guarantees exceeds the current gross carrying amount of the respective loans.

10 Loans to Customers (Continued)

	Expected credit loss allowance			Gross carrying amount				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<i>In thousands of Kazakhstan tenge</i>								
<b>Lending to SMB</b>								
As of 1 January 2025	(3,026)		(241,015)	(244,041)	10,192,191	712,958	1,472,268	12,377,417
<i>Changes affecting expected credit loss allowance for the period:</i>								
Transfers:								
- to lifetime expected credit losses (from Stage 1 to Stage 2)	-	-	-	-	(112,181)	112,181	-	-
- to lifetime expected credit losses (from Stage 3 to Stage 2)	-	-	-	-	-	46,500	(46,500)	-
- to impaired assets (from Stage 1 and Stage 2 to Stage 3)	2,166	-	(12,877)	(10,711)	(603,456)	(132,413)	735,869	-
- to 12-month expected credit losses (from Stage 2 and Stage 3 to Stage 1)	-	-	-	-	85,820	(85,820)	-	-
Newly originated or acquired	(1,868)	-	-	(1,868)	3,673,394	-	-	3,673,394
Newly originated transferred to Stage 2	-	-	-	-	-	366,135	-	366,135
Newly originated transferred to Stage 3	-	-	(11,927)	(11,927)	-	-	231,600	231,600
Derecognized during the period	-	-	308,393	308,393	(3,174,864)	(387,102)	(486,621)	(4,048,587)
Changes in assumptions of the expected credit loss model	586	-	(319,458)	(318,872)	-	-	-	-
<b>Total changes affecting expected credit loss allowance for the period</b>	<b>884</b>	<b>-</b>	<b>(35,869)</b>	<b>(34,985)</b>	<b>(131,287)</b>	<b>(80,519)</b>	<b>434,348</b>	<b>222,542</b>
<b>As of 31 December 2025</b>	<b>(2,142)</b>	<b>-</b>	<b>(276,884)</b>	<b>(279,026)</b>	<b>10,060,904</b>	<b>632,439</b>	<b>1,906,616</b>	<b>12,599,959</b>

10 Loans to Customers (Continued)

	Expected credit loss allowance			Gross carrying amount				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<i>In thousands of Kazakhstan tenge</i>								
<b>Lending to SMB</b>								
As of 1 January 2024	(4,410)	(276,124)	(280,534)	7,108,617	295,635	1,935,722	9,339,974	
<i>Changes affecting expected credit loss allowance for the period:</i>								
Transfers:								
- to lifetime expected credit losses (from Stage 1 to Stage 2)	365	-	365	(437,540)	437,540	-	-	
- to lifetime expected credit losses (from Stage 3 to Stage 2)	-	-	-	-	83,895	(83,895)	-	
- to impaired assets (from Stage 1 and Stage 2 to Stage 3)	40	(6,229)	(6,189)	(194,853)	194,853	-	-	
- to 12-month expected credit losses (from Stage 2 and Stage 3 to Stage 1)	-	-	-	358,414	(5,146)	(353,268)	-	
Newly originated or acquired	(2,989)	-	(2,989)	6,143,412	-	-	6,143,412	
Newly originated transferred to Stage 2	-	-	-	-	308,590	-	308,590	
Newly originated transferred to Stage 3	2,365	(1,252)	(1,252)	(2,785,859)	(407,556)	275,075	275,075	
Derecognized during the period	-	49,216	51,581	-	(496,219)	-	(3,689,634)	
Changes in assumptions of the expected credit loss model	1,603	(6,626)	(5,023)	-	-	-	-	
<b>Total changes affecting expected credit loss allowance for the period</b>	<b>1,384</b>	<b>35,109</b>	<b>36,493</b>	<b>3,083,574</b>	<b>417,323</b>	<b>(463,454)</b>	<b>3,037,443</b>	
<i>Changes not affecting expected credit loss allowance for the period:</i>								
Write-offs	-	-	-	-	-	-	-	
<b>As of 31 December 2024</b>	<b>(3,026)</b>	<b>(241,015)</b>	<b>(244,041)</b>	<b>10,192,191</b>	<b>712,958</b>	<b>1,472,268</b>	<b>12,377,417</b>	

10 Loans to Customers (Continued)

	Expected credit loss allowance			Gross carrying amount				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<i>In thousands of Kazakhstan tenge</i>								
<b>Retail lending</b>								
As of 1 January 2025	(6,229)	(7,815)	(46,274)	(60,318)	10,481,079	1,609,778	425,731	12,516,588
Changes affecting expected credit loss allowance for the period:								
Transfers:								
- to lifetime expected credit losses (from Stage 1 to Stage 2)	327	(4,233)	-	(3,906)	(1,058,157)	1,058,157	-	-
- to lifetime expected credit losses (from Stage 3 to Stage 2)	-	(380)	413	33	-	104,191	(104,191)	-
- to impaired assets (from Stage 1 and Stage 2 to Stage 3)	139	189	(52,000)	(51,672)	(302,851)	(74,332)	377,183	-
- to 12-month expected credit losses (from Stage 2 and Stage 3 to Stage 1)	(317)	1,170	-	853	314,885	(215,864)	(99,021)	-
Newly originated or acquired	(1,347)	(102)	(1,855)	(1,347)	5,819,932	40,908	174,216	5,819,932
Newly originated transferred to Stage 2				(102)				40,908
Newly originated transferred to Stage 3				(1,855)				174,216
Derecognized during the period	679	1,021	-	1,700	(2,340,598)	(256,381)	(93,178)	(2,690,157)
Changes in assumptions of the expected credit loss model	(1,120)	(395)	23,134	21,619	-	-	-	-
<b>Total changes affecting expected credit loss allowance for the period</b>	<b>(1,639)</b>	<b>(2,730)</b>	<b>(30,308)</b>	<b>(34,677)</b>	<b>2,433,211</b>	<b>656,679</b>	<b>255,009</b>	<b>3,344,899</b>
<b>As of 31 December 2025</b>	<b>(7,868)</b>	<b>(10,545)</b>	<b>(76,582)</b>	<b>(94,995)</b>	<b>12,914,290</b>	<b>2,266,457</b>	<b>680,740</b>	<b>15,861,487</b>

**10 Loans to Customers (Continued)**

	Expected credit loss allowance			Gross carrying amount				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<i>In thousands of Kazakhstan tenge</i>								
<b>Retail lending</b>								
As of 1 January 2024	(2,222)	(2,158)	(1,126)	(5,506)	8,763,867	801,159	242,622	9,807,648
<i>Changes affecting expected credit loss allowance for the period:</i>								
Transfers:								
- to lifetime expected credit losses (from Stage 1 to Stage 2)	198	(4,178)	-	(3,980)	(1,032,897)	1,032,897	-	-
- to lifetime expected credit losses (from Stage 3 to Stage 2)	-	(1,095)	259	(836)	-	165,186	(165,186)	-
- to impaired assets (from Stage 1 and Stage 2 to Stage 3)	7	826	-	833	(76,187)	(294,683)	370,870	-
- to 12-month expected credit losses (from Stage 2 and Stage 3 to Stage 1)	(155)	306	237	388	184,066	(164,577)	(19,489)	-
Newly originated or acquired	(1,184)	(359)	-	(1,543)	4,629,010	111,027	-	4,629,010
Newly originated transferred to Stage 2	-	-	-	(359)	-	-	-	111,027
Newly originated transferred to Stage 3	-	-	-	(45,343)	-	-	-	58,360
Derecognized during the period	261	-	32	293	(1,986,780)	(41,231)	(61,446)	(2,089,457)
Changes in assumptions of the expected credit loss model	(3,134)	(1,157)	(333)	(4,624)	-	-	-	-
<b>Total changes affecting expected credit loss allowance for the period</b>	<b>(4,007)</b>	<b>(5,657)</b>	<b>(45,148)</b>	<b>(54,812)</b>	<b>1,717,212</b>	<b>808,619</b>	<b>183,109</b>	<b>2,708,940</b>
<b>As of 31 December 2024</b>	<b>(6,229)</b>	<b>(7,815)</b>	<b>(46,274)</b>	<b>(60,318)</b>	<b>10,481,079</b>	<b>1,609,778</b>	<b>425,731</b>	<b>12,516,588</b>

## 10 Loans to Customers (Continued)

### **Estimation of expected credit losses**

The expected credit loss calculation for loans considers the potential estimated impact of changes in macroeconomic parameters on forecasted cash flows, collective loan migration, and collateral coverage.

In measuring credit loss levels, the Bank uses reasonable forward-looking information based on assumptions regarding the future movements of various economic factors and their interrelationships.

Key inputs used for the estimation of expected credit losses include the following:

- Probability of Default (PD) is a key input in measuring credit loss levels. Probability of default is an estimate over a specified time horizon, calculated based on historical data, assumptions, and expectations of future conditions.

Probability of default for individual loans to corporate, small, and medium-sized businesses is assessed using an internal rating model based on quantitative and qualitative borrower characteristics. Probability of default for collectively assessed loans is calculated using historical data and migration matrices.

- Loss Given Default (LGD) represents an estimate of the losses that will arise upon default. It is based on the difference between contractual cash flows due and the cash flows the creditor would expect to receive, considering collateral cash flows.

The calculation of LGD for collectively assessed loans is based on the assessment of recoverability of obligations in the event of collateral realization, applying discounting periods corresponding to the collateral realization terms.

- Exposure at Default (EAD) is an estimate of the risk exposure at the future default date, taking into account expected risk changes after the reporting date, including principal and interest repayments, as well as expected drawdowns of approved credit facilities. The Bank's modeling approach for this measure considers expected changes in the outstanding amount over the repayment term, permitted by current contractual terms such as amortization profiles, prepayments or overpayments, changes in the use of undrawn credit amounts, and risk mitigation actions taken prior to default. To assess exposures at default, the Bank uses models that reflect the characteristics of the relevant portfolios.

ECL allowances for loans in the financial statements have been determined based on existing economic and political conditions. The Bank cannot predict changes in conditions in the Republic of Kazakhstan or the impact such changes may have on the adequacy of ECL allowances for financial assets in future periods.

### **Analysis of collateral and other credit enhancement measures**

The extent of credit risk mitigation related to impaired financial assets measured at amortized cost provided by collateral and other credit enhancement mechanisms is presented by separately disclosing the collateral value for (i) assets whose collateral and other credit enhancement mechanisms are equal to or exceed the carrying amount of the asset ("over-collateralized assets") and (ii) assets whose collateral and other credit enhancement mechanisms are less than the carrying amount of the asset ("under-collateralized assets"). The table below reflects the impact of collateral on impaired assets.

	Over-collateralized assets			
	2025		2024	
	Carrying amount of assets	Collateral value	Carrying amount of assets	Collateral value
<i>In thousands of Kazakhstan tenge</i>				
<b>Impaired assets:</b>				
<i>Loans to legal entities measured at amortized cost</i>				
Lending to financial institutions	-	-	-	-
Lending to SMB	1,629,732	5,359,227	1,231,253	4,861,743
<i>Loans to individuals measured at amortized cost</i>				
Retail lending	604,158	2,132,716	379,457	1,385,569

## 10 Loans to Customers (Continued)

The collateral value for impaired loans is determined as the market value of collateral (residential and commercial real estate), as well as guarantees from government organizations.

There were no under-collateralized assets as of 31 December 2025 and 31 December 2024.

Below is the analysis of collateral for loans issued to customers as of 31 December 2025:

<i>In thousands of Kazakhstan tenge</i>	<b>Lending to financial institutions</b>	<b>Lending to SMB</b>	<b>Retail lending</b>	<b>Total</b>
Bank guarantees				
- with credit rating A- to A+	94,498,231	497,568	-	94,995,799
Other guarantees	-	55,732	-	55,732
Residential real estate	729,797	3,683,769	14,057,087	18,470,653
Commercial real estate	255,416	8,083,864	1,462,105	9,801,385
Cash deposits	-	-	247,300	247,300
<b>Total</b>	<b>95,483,444</b>	<b>12,320,933</b>	<b>15,766,492</b>	<b>123,570,869</b>

\* Other guarantees – guarantees from government organizations

Below is the analysis of collateral for loans issued to customers as of 31 December 2024:

<i>In thousands of Kazakhstan tenge</i>	<b>Lending to financial institutions</b>	<b>Lending to SMB</b>	<b>Retail lending</b>	<b>Total</b>
Bank guarantees	52,488,050	479,158	-	52,967,208
Other guarantees	-	133,550	-	133,550
Residential real estate	633,042	3,504,987	11,353,574	15,491,603
Commercial real estate	239,548	8,015,681	1,099,914	9,355,143
Cash deposits	-	-	2,782	2,782
<b>Total</b>	<b>53,360,640</b>	<b>12,133,376</b>	<b>12,456,270</b>	<b>77,950,286</b>

\* Other guarantees – guarantees from government organizations

Loans to customers are classified by type of collateral based on the quality and highest value of the collateral type.

### *Loans to retail customers*

Loans to retail customers are primarily secured by residential real estate. According to the Bank's policy, the loan-to-value ratio at the loan origination date should not exceed 60%

## 10 Loans to Customers (Continued)

### *Analysis of loan portfolio by industries and geographical regions*

Loans were predominantly issued to customers operating within the Republic of Kazakhstan in the following industries:

<i>In thousands of Kazakhstan tenge</i>	<b>31 December 2025</b>	<b>31 December 2024</b>
Financial and insurance activities	95,483,444	53,360,640
- Microfinance organizations	91,077,640	53,360,640
- Banks	4,405,804	-
Loans to retail customers	15,766,492	12,456,270
Real estate operations	5,373,220	3,924,632
Wholesale and retail trade	1,240,908	1,456,796
Education	1,237,246	1,627,754
Manufacturing	1,220,829	1,270,316
Accommodation and food services	814,424	1,120,041
Provision of other services	506,134	613,922
Professional, scientific, and technical activities	504,250	54,280
Construction	396,873	634,319
Transportation and warehousing	248,922	407,192
Arts, entertainment, and recreation	237,260	287,173
Agriculture	221,974	343,508
Administrative and support service activities	217,853	249,852
Healthcare and social services	101,040	143,591
<b>Total loans issued to customers</b>	<b>123,570,869</b>	<b>77,950,286</b>

### *Concentration of loans issued to customers*

As of 31 December 2025, the Bank has two borrowers whose loan balances exceed 10% of capital (31 December 2024: three borrowers). The total loan balances of these borrowers as of 31 December 2025 amount to Tenge 90,686,525 thousand (31 December 2024: Tenge 52,801,304 thousand).

### *Sensitivity analysis of loans issued to customers*

In 2025, the Bank maintained unchanged stress scenario parameters, which assume deterioration in credit quality of financial assets through an increase and decrease in probability of default (PD) by +/- 10% and loss given default (LGD) by +/- 20% in relative terms compared to base values. The sensitivity analysis was performed by applying multiplicative shocks to the base values of PD and LGD across all financial assets while keeping other calculation parameters constant. For financial assets classified as Stage 3, probability of default (PD) was set at 100% and was not subject to change within this analysis.

An increase in PD by 10% as of 31 December 2025 would result in an increase in the total expected credit loss allowance by Tenge 4,849 thousand (31 December 2024: an increase of Tenge 4,857 thousand). A decrease in PD by 10% in relative terms would result in a decrease in the total expected credit loss allowance by Tenge 4,904 thousand (31 December 2024: a decrease of Tenge 4,899 thousand).

An increase in LGD by 20% as of 31 December 2025 would result in an increase in the total expected credit loss allowance by Tenge 5,662 thousand (31 December 2024: an increase of Tenge 3,708 thousand). A decrease in LGD by 20% in relative terms would result in a decrease in the total expected credit loss allowance by Tenge 10,815 thousand (31 December 2024: a decrease of Tenge 10,567 thousand).

**JSC "SHINHAN BANK KAZAKHSTAN"**  
**Notes to the Financial Statements**

**11 Debt securities measured at amortized cost**

<i>In thousands of Kazakhstan tenge</i>	<b>31 December 2025</b>	<b>31 December 2024</b>
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan		
- with credit rating BBB-	43,101,531	53,142,463
USA Department of the Treasury securities		
- with credit rating AA+	7,553,692	-
Expected credit loss allowance	(4,586)	(19,035)
<b>Total debt securities measured at amortized cost</b>	<b>50,650,637</b>	<b>53,123,428</b>

In accordance with the Bank's business model, management intends and has the ability to hold these securities until maturity. Officially published price quotations for similar debt securities with identical terms are available on the local stock exchange.

The Bank calculates expected credit losses not only based on the current credit quality assessments of the counterparty/issuer as of the reporting date, but also considering potential future deterioration in financial condition due to adverse macroeconomic factors affecting the counterparty's (issuer's) operating environment. In particular, the provision level for treasury operations is influenced by the rating outlook (positive, stable, negative) assigned by international rating agencies, which affects the probability of default (PD).

The probability of default for treasury operations is determined based on default studies from international rating agencies (S&P, Fitch, Moody's), which publish tabulated data with default probability values. Default probabilities are maintained up-to-date and reviewed periodically as default statistics are updated.

Loss Given Default (LGD) for treasury operations is determined based on default studies from international rating agencies (S&P, Fitch, Moody's) and depends on the type of debt of the financial asset: senior secured/unsecured, subordinated, sovereign. LGD may also be adjusted if collateral is provided for the asset or if impairment indicators are present on the financial asset (Stage 2 or Stage 3).

In assessing credit impairment of government and corporate debt instruments, the Bank considers factors such as bond yields, credit ratings, and the borrower's ability to attract financing.

As of 31 December 2025 and 2024, for the purpose of expected credit loss assessment, debt securities measured at amortized cost are classified as Stage 1.

**12 Current Accounts and Customer Deposits**

<i>In thousands of Kazakhstan tenge</i>	<b>31 December 2025</b>	<b>31 December 2024</b>
Current accounts and demand deposits		
- Retail customers	2,665,947	3,549,012
- Corporate customers	14,148,381	19,964,439
<b>Total current accounts and demand deposits</b>	<b>16,814,328</b>	<b>23,513,451</b>
Term deposits		
- Retail customers	6,148,627	5,139,724
- Corporate customers	573,774,327	537,732,511
<b>Total term deposits</b>	<b>579,922,954</b>	<b>542,872,235</b>
<b>Total current accounts and customer deposits</b>	<b>596,737,282</b>	<b>566,385,686</b>

Current accounts and customer deposits represent non-derivative financial liabilities to individuals and corporate clients and are measured at amortized cost.

## **12 Current Accounts and Customer Deposits (Continued)**

### **Blocked amounts**

As of 31 December 2025 and 2024, the Bank's customer deposits amounting to Tenge 5,621,121 thousand and Tenge 147,628 thousand, respectively, serve as collateral for the performance of loans issued to customers and off-balance sheet credit instruments provided by the Bank.

### **Concentration of current accounts and customer deposits**

As of 31 December 2025 and 2024, the Bank has four customers each with accounts and deposits exceeding 10% of capital. The total balances as of 31 December 2025 and 2024 amounted to Tenge 540,924,008 tenge and Tenge 520,180,778 thousand, respectively.

## **13 Borrowed funds**

<i>In thousands of Kazakhstan tenge</i>	<b>31 December 2025</b>	<b>31 December 2024</b>
Loans from the European Bank for Reconstruction and Development	13,116,938	14,058,073
<b>Total borrowed funds</b>	<b>13,116,938</b>	<b>14,058,073</b>

In 2020, the Bank entered into two loan agreements with the European Bank for Reconstruction and Development (EBRD):

- Loan agreement No. 50791 dated 13 February 2020 to support small and medium-sized businesses for the amount of 4,186,500,000 tenge. The first tranche of 2,018,100,000 tenge, maturing on 29 September 2025 (repaid), was received in 2020; the second tranche of 2,168,400,000 tenge, maturing on 29 April 2027, was received in 2022;
- Loan agreement No. 50792 dated 13 February 2020 for the development of the "Women in Business" project for the amount of 2,093,250,000 tenge. The first tranche of 1,009,050,000 tenge, maturing on 29 September 2025 (repaid), was received in 2020; the second tranche of 1,084,200,000 tenge, maturing on 29 April 2027, was received in 2022.

In 2021, the Bank entered into one loan agreement with the European Bank for Reconstruction and Development:

- Loan agreement No. 52817 dated 10 December 2021 under the Green Economy Financing Facility (GEFF) program for the amount of 2,330,000,000 tenge, maturing on 24 June 2027. The entire amount was received during 2022.

In 2024, the Bank entered into three loan agreements with the European Bank for Reconstruction and Development:

- Loan agreement No. 54306 dated 12 December 2023 under the "Youth in Business" program. The first tranche of 1,804,000,000 tenge, maturing on 20 March 2028, was received in 2024.
- Loan agreement No. 54986 dated 17 April 2024 to support small and medium-sized businesses for the amount of 5,912,100,000 tenge. The first tranche of 2,850,600,000 tenge, maturing on 18 July 2028, was received in 2024; the second tranche of 3,061,500,000 tenge, maturing on 15 May 2029, was received in 2025.
- Loan agreement No. 55639 dated 21 October 2024 under the Green Economy Financing Facility (GEFF) program. The first tranche of 4,985,900,000 tenge, maturing on 26 November 2027, was received in 2024.

Interest on the loans is accrued at a floating rate and paid quarterly in accordance with the loan agreements. At the end of the reporting period, the interest rates under Loan Agreements No. 50791 and 50792 were 15.95%, under Loan Agreement No. 52817 was 15.45%, under Loan Agreement No. 54306 was 19.23%, under Loan Agreement No. 55639 was 17.86%, under the first tranche of Loan Agreement No. 54986 was 17.78%, and under the second tranche of Loan Agreement No. 54986 was 17.84%.

During 2025 and 2024, the Bank attracted short-term loans from the Parent Bank amounting to Tenge 32,037,200 thousand and Tenge 36,102,727 thousand, respectively, to maintain current liquidity. At the end of each reporting period, these loans were repaid.

The Bank is required to comply with certain financial covenants under the above loan agreements. These covenants include agreed financial ratios used in performance indicators. The Bank was in compliance with all such covenants as of 31 December 2025 and 2024.

### 13 Borrowed funds (Continued)

#### ***Movement of liabilities arising from financing activities***

The table below presents changes in liabilities from financing activities, including both changes arising from cash flows and changes not related to cash flows. Liabilities arising from financing activities are those liabilities whose cash flows have been or will be classified as cash flows from financing activities in the statement of cash flows.

<i>In thousands of Kazakhstan tenge</i>	<b>2025</b>	<b>2024</b>
Balance at the beginning of the year	14,058,073	7,023,267
Loan repayments	(36,184,690)	(39,117,473)
Loan proceeds	35,098,700	45,743,227
Other changes	144,855	409,052
<b>Balance as of 31 December</b>	<b>13,116,938</b>	<b>14,058,073</b>

\* Other changes include changes not related to cash flows from financing activities, loan discount amounts and their subsequent amortization, foreign exchange differences, as well as changes in accrued fees.

### 14 Share Capital

#### ***Issued and additional paid-in capital***

The authorized, issued, and outstanding share capital of the Bank consists of 1,002,872 ordinary shares (2024: 1,002,872 ordinary shares). All shares have a nominal value of 10,000 tenge.

Holders of ordinary shares are entitled to receive dividends as declared and have the right to one vote per share at the Bank's annual and general shareholder meetings.

#### ***Earnings per share***

The earnings and weighted average number of ordinary shares used to calculate basic earnings per share are presented below.

<i>In thousands of Kazakhstan tenge</i>	<b>31 December 2025</b>	<b>31 December 2024</b>
Net profit for the year attributable to the Bank's shareholders	20,632,156	35,707,248
Weighted average number of ordinary shares for calculating basic earnings per share	1,002,872	1,002,872
<b>Total basic and diluted earnings per share</b>	<b>20.57</b>	<b>35.60</b>

No transactions with the Bank's ordinary shares were conducted in 2024 and 2025.

No transactions with the Bank's ordinary shares were conducted in 2024 and 2025. The Bank's ordinary shares are not publicly traded; however, the Bank has independently decided to disclose information on earnings per share calculated in accordance with IFRS (IAS) 33 "Earnings Per Share."

#### ***Dividends***

The Bank's ability to declare and pay dividends is determined in accordance with the legislation of the Republic of Kazakhstan.

Dividends on ordinary shares are recognized as a distribution of retained earnings for the period for which they were accrued. As of the issuance of the financial statements for 2025 and 2024, no dividends were declared.

## **15 Risk Management**

Risk management is fundamental to banking activities and constitutes a critical element of the Bank's operations. Market risk, credit risk, and liquidity risk are the main risks the Bank encounters in conducting its business.

### ***Risk management policies and procedures***

The Bank's risk management policy aims to identify, analyze, and manage the risks to which the Bank is exposed, establish risk limits and corresponding controls, and continuously assess risk levels and their compliance with established limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, offered banking products and services, and emerging best practices.

The Bank's Board of Directors is responsible for the proper functioning of the risk management control system, managing key risks, approving risk management policies and procedures, and approving major transactions.

The Bank's Management Board is responsible for monitoring and implementing risk mitigation measures and ensuring that the Bank operates within established risk limits. The Management Board is accountable for overall risk management and compliance oversight with applicable laws and regulations, as well as for monitoring the application of general principles and methods for identifying, assessing, managing, and reporting both financial and non-financial risks.

Credit risk, market risk, and liquidity risk are managed and controlled by the Credit Committee and the Asset and Liability Management Committee (ALCO) both at the portfolio level and individual transaction level.

Both external and internal risk factors are identified and managed within the organization. Particular attention is given to identifying the full range of risk factors and assessing the adequacy of existing risk mitigation procedures.

In addition to standard credit and market risk analysis, the Management Board monitors financial and non-financial risks through regular meetings with operational units to obtain expert assessments on specific areas.

### ***Market risk***

Market risk is the risk of changes in the fair value or future cash flows of a financial instrument resulting from changes in market prices. Market risk comprises foreign exchange risk, interest rate risk, and other price risks. Market risk arises from open positions in interest rate, foreign exchange, and equity financial instruments that are exposed to general and specific market changes and fluctuations in market price volatility.

The objective of market risk management is to control and manage exposure to market risk within acceptable parameters while optimizing the return earned for the risk taken. The Asset and Liability Management Committee (ALCO), chaired by the Chairman, is responsible for managing market risk and liquidity risk. ALCO approves market risk and liquidity risk limits based on recommendations from the Risk Management Department.

The Bank manages market risk by setting limits on open positions regarding portfolio size for individual financial instruments, interest rate repricing periods, foreign exchange positions, loss limits, and by conducting regular monitoring of compliance, the results of which are reviewed and approved by the Management Board.

### ***Interest rate risk***

Interest rate risk is the risk of changes in the fair value or future cash flows of a financial instrument due to changes in market interest rates. The Bank is exposed to fluctuations in prevailing market interest rates, which affect its financial position and cash flows. Such fluctuations can increase the interest margin, but may also decrease it or, in the event of unexpected rate changes, result in losses.

Interest rate risk is primarily managed through monitoring interest rate changes.

**JSC "SHINHAN BANK KAZAKHSTAN"**  
Notes to the Financial Statements

**15 Risk Management (Continued)**

**Analysis of interest rate repricing periods**

Interest rate risk is primarily managed through monitoring interest rate changes. Brief information regarding the repricing periods of principal interest-bearing financial instruments as of 31 December 2025 is presented as follows:

<i>In thousands of Kazakhstan tenge</i>	Less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Non-interest bearing	Total
<b>ASSETS</b>							
Cash and cash equivalents	532,780,361	-	-	-	-	-	532,780,361
Due from other banks	-	-	4,788,140	-	-	184,946	4,973,086
Loans to customers, including banks	5,068,788	8,756,596	62,473,623	37,924,664	9,347,198	-	123,570,869
Debt securities measured at amortized cost	25,142,278	12,295,845	9,696,359	3,516,156	-	-	50,650,638
Other financial assets	25,077	-	-	-	-	-	25,077
<b>Total assets</b>	<b>563,016,504</b>	<b>21,052,441</b>	<b>76,958,122</b>	<b>41,440,820</b>	<b>9,347,198</b>	<b>184,946</b>	<b>712,000,031</b>
<b>LIABILITIES</b>							
Due to other banks and deposits	(880,564)	-	-	-	-	-	(880,564)
Current accounts and customer deposits	(568,019,132)	(12,887,090)	(15,697,134)	(133,925)	-	-	(596,737,281)
Borrowed funds	(3,899,234)	(4,273,330)	(4,944,374)	-	-	-	(13,116,938)
Other financial liabilities	(753,432)	-	-	-	-	-	(753,432)
<b>Total liabilities</b>	<b>(573,552,362)</b>	<b>(17,160,420)</b>	<b>(20,641,508)</b>	<b>(133,925)</b>	<b>-</b>	<b>-</b>	<b>(611,488,215)</b>
<b>Net interest sensitivity gap at 31 December 2025</b>	<b>(10,535,858)</b>	<b>3,892,021</b>	<b>56,316,614</b>	<b>41,306,894</b>	<b>9,347,198</b>	<b>184,946</b>	<b>100,511,816</b>

15 Risk Management (Continued)

Brief information regarding the repricing periods of principal interest-bearing financial instruments as of 31 December 2024 is presented as follows:

<i>In thousands of Kazakhstan tenge</i>	Less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Non-interest bearing	Total
<b>ASSETS</b>							
Cash and cash equivalents	529,876,309	-	-	-	-	-	529,876,309
Due from other banks	-	-	-	-	-	184,913	184,913
Loans to customers, including banks	1,626,008	2,666,226	39,850,102	24,409,655	9,398,295	-	77,950,286
Debt securities measured at amortized cost	3,395,417	4,970,173	13,363,461	31,394,377	-	-	53,123,428
Other financial assets	486,529	-	-	-	-	-	486,529
<b>Total assets</b>	<b>535,384,263</b>	<b>7,636,399</b>	<b>53,213,563</b>	<b>55,804,032</b>	<b>9,398,295</b>	<b>184,913</b>	<b>661,621,465</b>
<b>LIABILITIES</b>							
Due to other banks and deposits	(506,316)	-	-	-	-	-	(506,316)
Current accounts and customer deposits	(542,801,923)	(9,508,559)	(13,936,736)	(138,468)	-	-	(566,385,686)
Borrowed funds	(5,079,708)	(2,404,379)	(6,573,986)	-	-	-	(14,058,073)
Other financial liabilities	(304,247)	-	-	-	-	-	(304,247)
<b>Total liabilities</b>	<b>(548,692,194)</b>	<b>(11,912,938)</b>	<b>(20,510,722)</b>	<b>(138,468)</b>	<b>-</b>	<b>-</b>	<b>(581,254,322)</b>
<b>Net interest sensitivity gap at 31 December 2024</b>	<b>(13,307,931)</b>	<b>(4,276,539)</b>	<b>32,702,841</b>	<b>55,665,564</b>	<b>9,398,295</b>	<b>184,913</b>	<b>80,367,143</b>

## 15 Risk Management (Continued)

### Average effective interest rates

The table below reflects the average effective interest rates on interest-bearing assets and liabilities as of 31 December 2025 and 2024:

<i>In thousands of Kazakhstan tenge</i>	Average effective interest rate, %			
	2025		2024	
	Tenge	US dollars	Tenge	US dollars
<b>Interest-bearing assets</b>				
Cash and cash equivalents	17.14	1.94	15.23	3.05
Due from other banks	19.66	-	-	-
Loans to customers	18.91	6.31	17.74	6.22
Debt securities measured at amortized cost	12.45	3.54	12.02	-
<b>Interest-bearing liabilities</b>				
Current accounts and customer deposits				
- Term deposits	14.79	0.95	11.16	0.50
Borrowed funds	14.57	-	13.62	-

### Sensitivity analysis to interest rate changes

Management of interest rate risk based on repricing period analysis is complemented by monitoring the sensitivity of financial assets and liabilities. Sensitivity analysis of the Bank's net profit or loss and equity (net of taxes) to changes in interest rates (repricing risk), prepared based on a simplified scenario of parallel yield curve shifts of 100 basis points up and down and the revised positions of interest-bearing assets and liabilities as of 31 December 2024 and 2025, is presented as follows:

	2025		2024	
	Profit or loss	Equity	Profit or loss	Equity
Parallel shift of 100 basis points downward	(114,122)	-	(32,429)	-
Parallel shift of 100 basis points upward	114,122	-	32,429	-

### Foreign exchange risk

The Bank holds assets and liabilities denominated in multiple foreign currencies.

Foreign exchange risk is the risk of changes in the fair value or future cash flows of a financial instrument due to fluctuations in foreign exchange rates. Although the Bank hedges its foreign exchange risk exposure, such operations do not meet the definition of hedge relationships under IFRS. The Bank establishes a system of limits/constraints/risk appetite levels for market risk, including foreign exchange risk, to maintain the current risk appetite within the approved risk appetite level. Foreign exchange risk limits are used to restrict potential losses from adverse currency movements during foreign exchange transactions (by setting limits on foreign currency purchase and sale, and on opening foreign currency positions). The Bank monitors exchange rate changes and foreign currency position sizes, maintains liquidity in major foreign currencies, and maintains adequate open FOREX limits from counterparties. Additionally, hedging is achieved by balancing assets and liabilities denominated in the same currencies (i.e., funding and placement occur in the same currency).

**15 Risk Management (Continued)**

The structure of financial assets and liabilities by currency as of 31 December 2025 is presented as follows:

<i>In thousands of Kazakhstan tenge</i>	<b>Tenge</b>	<b>US dollars</b>	<b>Euro</b>	<b>Russian rubles</b>	<b>Other</b>	<b>Total</b>
<b>ASSETS</b>						
Cash and cash equivalents	499,852,512	31,561,446	1,337,965	23,243	5,195	532,780,361
Due from other banks	4,973,086	-	-	-	-	4,973,086
Loans to customers	123,242,656	328,213	-	-	-	123,570,869
Debt securities measured at amortized cost	43,097,479	7,553,158	-	-	-	50,650,637
Other financial assets	25,077	-	-	-	-	25,077
<b>Total financial assets</b>	<b>671,190,810</b>	<b>39,442,817</b>	<b>1,337,965</b>	<b>23,243</b>	<b>5,195</b>	<b>712,000,030</b>
<b>LIABILITIES</b>						
Due to other banks and deposits	(68,199)	(808,522)	(3,843)	-	-	(880,564)
Current accounts and customer deposits	(556,235,945)	(39,153,515)	(1,324,400)	(23,422)	-	(596,737,282)
Borrowed funds	(13,116,938)	-	-	-	-	(13,116,938)
Other financial liabilities	(639,809)	(113,524)	(99)	-	-	(753,432)
<b>Total financial liabilities</b>	<b>(570,060,891)</b>	<b>(40,075,561)</b>	<b>(1,328,342)</b>	<b>(23,422)</b>	<b>-</b>	<b>(611,488,216)</b>
<b>NET POSITION</b>	<b>101,129,919</b>	<b>(632,744)</b>	<b>9,623</b>	<b>(179)</b>	<b>5,195</b>	<b>100,511,814</b>

The structure of financial assets and liabilities by currency as of 31 December 2024 is presented as follows:

<i>In thousands of Kazakhstan tenge</i>	<b>Tenge</b>	<b>US dollars</b>	<b>Euro</b>	<b>Russian rubles</b>	<b>Other</b>	<b>Total</b>
<b>ASSETS</b>						
Cash and cash equivalents	494,892,794	34,423,336	540,975	17,719	1,485	529,876,309
Due from other banks	184,913	-	-	-	-	184,913
Loans to customers	77,536,043	414,243	-	-	-	77,950,286
Debt securities measured at amortized cost	53,123,428	-	-	-	-	53,123,428
Other financial assets	466,873	19,656	-	-	-	486,529
<b>Total financial assets</b>	<b>626,204,051</b>	<b>34,857,235</b>	<b>540,975</b>	<b>17,719</b>	<b>1,485</b>	<b>661,621,465</b>
<b>LIABILITIES</b>						
Due to other banks and deposits	(48,010)	(452,350)	(5,956)	-	-	(506,316)
Current accounts and customer deposits	(532,308,905)	(33,526,434)	(532,285)	(18,062)	-	(566,385,686)
Borrowed funds	(14,058,073)	-	-	-	-	(14,058,073)
Other financial liabilities	(188,973)	(115,183)	(91)	-	-	(304,247)
<b>Total financial liabilities</b>	<b>(546,603,961)</b>	<b>(34,093,967)</b>	<b>(538,332)</b>	<b>(18,062)</b>	<b>-</b>	<b>(581,254,322)</b>
<b>NET POSITION</b>	<b>79,600,090</b>	<b>763,268</b>	<b>2,643</b>	<b>(343)</b>	<b>1,485</b>	<b>80,367,143</b>

The impact on profit before tax and equity based on the value of financial assets is calculated using foreign exchange rate volatility analysis. As of 31 December 2025 and 2024, the Bank's management considers a 15% currency rate movement as a possible scenario.

A depreciation of the tenge, as shown below, against the specified currencies as of 31 December 2025 and 2024 would have increased (decreased) equity and profit or loss by the amounts indicated below. This analytical information is presented net of tax and is based on foreign exchange rate fluctuations that the Bank considered reasonably possible as of the end of the reporting period. The analysis is conducted on the assumption that all other variables, in particular interest rates, remain constant.

**15 Risk Management (Continued)**

	2025		2024	
	Profit or loss	Equity	Profit or loss	Equity
15% increase in the US dollar exchange rate against the tenge	(75,929)	(75,929)	91,592	91,592
15% increase in the euro exchange rate against the tenge	1,155	1,155	317	317
15% increase in the Russian ruble exchange rate against the tenge	(21)	(21)	(41)	(41)

**Credit risk**

Credit risk is the risk of financial loss arising from the failure of a borrower or counterparty to fulfill their obligations to the Bank. The Bank manages credit risk (on recognized financial assets and unrecognized contractual commitments) through the application of approved policies and procedures, including requirements for setting and adhering to credit risk concentration limits, and through the establishment of the Credit Committee, which actively monitors credit risk. The credit policy is reviewed and approved by the Board of Directors.

The credit policy establishes:

- procedures for reviewing and approving credit applications;
- methodologies for assessing the creditworthiness of borrowers (corporate clients and individuals);
- methodologies for assessing the creditworthiness of counterparties;
- methodologies for assessing proposed collateral;
- requirements for credit documentation;
- procedures for ongoing monitoring of loans and other products bearing credit risk.

Loan applications from corporate clients are prepared by the relevant client relationship managers within the lending department and then forwarded for review to the credit analysis unit, which is responsible for the portfolio of loans issued to legal entities. Analysts' reports in this unit are based on a structural analysis of the borrower's business and financial condition. Subsequently, applications and reports undergo independent review by the risk management unit, which issues a second opinion verifying compliance with the credit policy requirements. The Credit Committee approves loan applications based on documents provided by the lending department, credit analysis unit, comprehensive security unit, collateral valuation unit, legal department, and risk management unit.

The Bank continuously monitors the condition of individual loans and regularly re-assesses the creditworthiness of its borrowers. Re-assessment procedures are based on analysis of the borrower's financial statements as of the latest reporting date or other information provided by the borrower or otherwise obtained by the Bank. Loan approval decisions are made by the Credit Committee after completion of all necessary procedures, enabling comprehensive control of the credit process with a small number of incoming applications.

In addition to individual borrower analysis, the risk management unit assesses the credit portfolio as a whole with respect to credit concentration and market risks.

The maximum credit risk generally is reflected in the carrying amount of financial assets in the statement of financial position and in the amount of unrecognized contractual commitments. The possibility of offsetting assets and liabilities is not significant in reducing potential credit risk..

Banking sector organizations as a whole are exposed to credit risk arising from financial assets and contingent liabilities. The Bank's credit risk is concentrated in the Republic of Kazakhstan. The level of credit risk is continuously monitored to ensure compliance with credit limits and creditworthiness in accordance with the Bank's approved risk management policy.

## 15 Risk Management (Continued)

The maximum level of credit risk exposure in respect of financial assets as of the reporting date can be presented as follows:

<i>In thousands of Kazakhstan tenge</i>	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>ASSETS</b>		
Cash and cash equivalents	532,780,361	529,876,309
Due from other banks	4,973,086	184,913
Loans to customers	123,570,869	77,950,286
Debt securities measured at amortized cost	50,650,637	53,123,428
Other financial assets	25,077	486,529
Credit lines	12,817,622	5,354,034
Issued guarantees	114,734	102,460
<b>Total maximum credit risk exposure</b>	<b>724,932,386</b>	<b>667,077,959</b>

Analysis of collateral for loans issued to customers and concentration of credit risk on loans issued to customers is presented in Note 13.

As of 31 December 2025, the Bank has one borrower whose credit risk exposure exceeds 10% of the Bank's equity calculated under the regulatory authority's methodology. As of 31 December 2024, such borrowers did not exist.

### **Expected credit loss allowances**

For the purpose of early recognition of credit losses, due to the need to recognize 12-month expected credit losses for all financial assets and contingent liabilities and lifetime expected credit losses, the Bank divides the portfolio into stages:

- Stage 1: Financial assets and contingent liabilities for which no significant increase in credit risk has occurred since initial recognition. All financial assets and contingent liabilities at initial recognition are classified as Stage 1, except for purchased or originated credit-impaired financial assets and contingent liabilities.
- Stage 2: Financial assets and contingent liabilities for which a significant increase in credit risk has occurred.
- Stage 3: Financial assets and contingent liabilities that are impaired.

Expected credit losses are estimated using an allowance, the amount of which equals:

- the amount of credit losses expected over the next 12 months, i.e., the portion of lifetime credit losses representing expected losses arising from default events that may occur within 12 months after the reporting date ("Stage 1");
- the amount of credit losses expected over the lifetime of the financial instrument, which arise from all possible default events over the instrument's lifetime ("Stage 2" and "Stage 3").

The creation of an allowance for the full amount of lifetime expected credit losses is required in case of a significant increase in credit risk on the instrument since initial recognition. In all other cases, ECL allowances are formed at an amount equal to the 12-month ECL.

- For undrawn credit lines, ECL represents the present value of the difference between contractual cash flows due to the Bank if the credit line is drawn down and the cash flows the Bank expects to receive in the event of such drawdown.
- For financial guarantee contracts, ECL is determined as the present value of expected payments necessary to reimburse the holder of the guaranteed debt instrument, net of the present value of amounts the Bank expects to recover from the borrower, guarantor, or other parties.

ECL assessment is performed on individual loans or portfolios of loans with similar risk characteristics. The calculation of the ECL allowance (whether on an individual or collective basis) is based on the present value of expected cash flows for the asset using the original effective interest rate (hereinafter – EIR).

### **Definition of default**

Financial assets in default carry maximum credit risk, with no likelihood of repayment within the originally established terms; they require restructuring or, if restructuring is not feasible, recognition of a loss in whole or in part.

## **15 Risk Management (Continued)**

The decision to recognize default is made by the Bank's Credit Committee. Generally, this decision follows either a realized or highly probable expected event.

The quantitative factor for impairment of collectively assessed loans is a past due period exceeding 90 days, and for individually assessed loans, a past due period exceeding 60 days.

Qualitative factors for impairment of financial assets include write-off of part or all of the debt amount caused by a significant increase in credit risk since the financial asset was originated, sale of financial assets at a significant discount (15% or more), loan restructuring related to deterioration of financial condition, downgrade of internal credit rating, misuse of the loan, filing of bankruptcy petition against the counterparty, as well as disappearance of an active market for the security, decline in collateral value, or other observable data.

### *Significant increase in credit risk*

The Bank monitors all financial assets subject to impairment requirements for significant increases in credit risk since initial recognition. Upon identifying a significant increase in credit risk, the Bank calculates the allowance based on the expected credit losses over the entire life of the loan, not merely the next 12 months.

The Bank uses various criteria to determine whether the credit risk on a portfolio has significantly increased. Both quantitative changes in probability of default and qualitative factors are utilized as criteria.

A quantitative factor indicating a significant increase in credit risk since initial recognition is the occurrence of one or more of the following cases:

- a) the presence of overdue principal and/or interest for more than 30 (thirty) calendar days, including being in the stabilization period;
- b) as of the reporting date, the probability of default (PD) over the lifetime of the financial asset exceeds its value at initial recognition (but not earlier than the adoption date of IFRS 9) by an amount determined by the Bank based on verified statistical data, or in the absence of statistics, by at least 200 (two hundred) percent. In assessing significant credit risk increase, loans with a 12-month PD exceeding 5 (five) percent are considered, except in cases of significant changes in the Methodology or internal rating model. In case of significant changes in the Methodology or internal rating model, loans with a 12-month PD exceeding 10 (ten) percent are considered;

The Bank sets an absolute probability of default threshold based on verified Bank statistics, or in the absence of statistics, if the absolute value of the 12-month PD exceeds 20 (twenty) percent;

- c) the significance of credit risk increase is assessed as the change in default risk over the expected life of the financial asset by comparing the default risk calculated according to the following provisions with the default risk at initial recognition:

Qualitative factors indicating a significant increase in credit risk since initial recognition include the occurrence of one or more of the following cases:

- a) actual or expected significant adverse change in the borrower's operating results (decline in production/sales volumes, revenue reduction, insufficient working capital, production disruptions and potential license revocation, increased accounts receivable payment terms);
- b) presence of factors causing material damage to the borrower (co-borrower) or preventing continuation of other commercial activity;
- c) actual or expected adverse changes in regulatory, economic, or technological conditions affecting the borrower's operations, resulting in a significant change in the borrower's ability to meet debt obligations;
- d) an internal credit rating of the counterparty according to the Bank's internal rating model of "CCC" or lower;
- e) an external credit rating of the counterparty/financial asset of "CCC" or lower;
- f) restructuring of a financial asset (excluding loans) one or more times in the last 12 (twelve) months.

Credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk as of the reporting date. The Bank applies this simplification to all sovereign exposures and all exposures to banks with ratings equal to or above BBB-/Baa3 (investment grade). Therefore, such financial instruments and counterparties are not subject to significant increase in credit risk assessment.

The Bank has implemented monitoring procedures to ensure that the criteria used to identify significant increases in credit risk are effective, meaning significant credit risk increases are identified before default risk or when the asset becomes 30 days past due.

## 15 Risk Management (Continued)

### *Incorporation of forward-looking information*

The Bank uses forward-looking information, available without excessive cost or effort, in assessing significant credit risk increases and expected credit losses.

Inclusion of forward-looking elements reflects the Bank's expectations. The Bank considers scenarios, the number of which depends on the probability of occurrence, materiality of the scenario, changes in circumstances, and the macroeconomic environment.

The purpose of using scenarios is to model the nonlinear impact of macroeconomic factors on expected credit losses.

To incorporate this adjustment into the probability of default parameters, a regression model is applied that explains historical default rate behavior using selected macroeconomic variables. This function (if statistically applicable to the portfolio) is used to adjust the probability of default, making it more accurate and forward-looking (to some degree).

The objective of modeling the macroeconomic function is to include forecast information in the expected credit losses assessment (through the probability of default parameter), such as the influence of macroeconomic variables and the economic cycle.

The Bank's Credit Committee decides on the use of Bank default data, alternative sources of credit risk information for modeling the impact of macroeconomic factors on the probability of default of the Bank's financial assets and contingent liabilities.

The following macroeconomic parameters (variables) are considered to calculate the statistical significance of risk levels:

- Gross Domestic Product (GDP)
- Unemployment rate
- Consumption growth
- Nominal interest rate (real rate plus inflation)
- Total household consumption
- Consumption growth
- Current account balance

Based on analysis of criteria (statistics), the Bank decides on the inclusion of variables for modeling the impact of macroeconomic factors on the probability of default of financial assets and contingent liabilities of the Bank.

Using statistical criteria, a set of statistically acceptable models is selected for evaluation and final decision-making. All acceptable models are verified for consistency of statistical results with economic and business rationale.

Based on the modeling results, the Bank's Credit Committee makes a decision on the application of the macroeconomic factor in assessing the probability of default of the Bank's financial assets and contingent liabilities.

### *Statistical indicators for multiple linear regression..*

<b>№</b>	<b>Variable names</b>	<b>P-value</b>	<b>Coefficients (B)</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Standard Error</b>	<b>Significance F</b>
1	Unemployment rate	0,4567	-2,3802				
2	Base interest rate	0,2545	-0,9580				
3	Current account balance	0,9948	-0,0001				
4	Consumption growth Total household	0,9174	-0,3481	0.1276	-0.0904	0.4905	0.7387
5	consumption	0,4986	3,6256				
6	Gross domestic product	0,6708	0,0609				

As of 31 December 2025 and 31 December 2024, based on the conducted analysis, a negligible correlation was identified between credit risk parameters (credit default swap (CDS) rates for Kazakhstan) through multiple and univariate linear regressions for each macroeconomic parameter. Due to the absence of confirmed influence of macroeconomic factors on credit risk parameters, no inclusion in PD calculation is performed.

## **15 Risk Management (Continued)**

### *Liquidity risk*

Liquidity risk is the risk that the Bank may encounter difficulties in obtaining funds to meet its obligations. Liquidity risk arises from mismatches in the maturities of assets and liabilities. Matching and/or controlled mismatching of asset and liability maturities and interest rates is fundamental in liquidity risk management. Due to the diversity of transactions and associated uncertainties, perfect matching of asset and liability maturities is not customary for financial institutions, which allows increased profitability but raises the risk of losses.

The Bank maintains required liquidity levels to ensure continuous availability of cash necessary to meet obligations as they fall due. The liquidity management policy is reviewed and approved by the Board of Directors. The Bank actively seeks to maintain a diversified and stable funding base composed of long-term loans from international financial institutions, short-term loans from other banks, deposits from major corporate clients and individuals, as well as a diversified portfolio of highly liquid assets to enable the Bank to promptly and smoothly respond to unforeseen liquidity demands.

The section of the corporate risk management policy related to liquidity risk management consists of:

- forecasting cash flows by major currencies and calculating the required level of liquid assets related to these cash flows;
- maintaining a diversified funding structure;
- managing concentration and structure of borrowed fund;
- developing plans for raising funds through borrowings;
- maintaining a portfolio of highly liquid assets that can be readily sold as a protective measure in the event of cash liquidity gaps;
- developing contingency plans to maintain liquidity and required funding levels;
- monitoring compliance with liquidity ratios established by legislation.

The Treasury receives information from divisions about the liquidity structure of their financial assets and liabilities and cash flow forecasts expected from planned future business.

The Treasury then forms an appropriate portfolio of short-term liquid assets, consisting mainly of short-term liquid trading securities, deposits placed with banks, and other interbank products to ensure the necessary liquidity level for the Bank as a whole.

The Treasury conducts daily monitoring of the liquidity position and regularly performs stress tests considering various potential market scenarios under both normal and adverse conditions. Under normal market conditions, liquidity status reports are provided to senior management on a weekly basis. Decisions regarding liquidity management policy are made by ALCO and implemented by the Treasury.

The tables below show undiscounted cash flows for financial assets, financial liabilities, and credit-related contingent liabilities based on the earliest contractual maturity date. The total cash inflows and outflows presented in these tables represent contractual undiscounted cash flows for financial assets, liabilities, or credit-related contingent liabilities. For issued financial guarantee contracts, the maximum guarantee amount is allocated to the earliest period when the guarantee may be called upon.

**15 Risk Management (Continued)**

The analysis of financial liabilities by maturity as of 31 December 2025 is presented as follows:

<i>In thousands of Kazakhstan tenge</i>	On demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total cash outflows	Carrying amount
<b>Non-derivative financial liabilities</b>							
Due to other banks and deposits	880,564	-	-	-	-	880,564	880,564
Current accounts and customer deposits	79,049,824	12,923,586	335,569,955	199,431,476	899,271	627,874,112	596,737,282
Borrowed funds	3,321,850	561,262	2,784,632	3,695,889	5,820,354	16,183,987	13,116,938
Other financial liabilities	403	767	1,182	2,391	(1,827)	2,915	2,915
<b>Total liabilities</b>	<b>83,252,641</b>	<b>13,485,615</b>	<b>338,355,769</b>	<b>203,129,756</b>	<b>6,717,798</b>	<b>644,941,578</b>	<b>610,737,699</b>
<b>Credit-related contingent liabilities</b>	<b>12,932,356</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,932,356</b>	<b>12,932,356</b>
<b>Total non-derivative financial liabilities</b>	<b>96,184,996</b>	<b>13,485,615</b>	<b>338,355,769</b>	<b>203,129,756</b>	<b>6,717,798</b>	<b>657,873,934</b>	<b>623,670,055</b>

**15 Risk Management (Continued)**

The analysis of financial liabilities by maturity as of 31 December 2024 is presented as follows:

<i>In thousands of Kazakhstan tenge</i>	<b>On demand and less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 6 months</b>	<b>From 6 to 12 months</b>	<b>More than 1 year</b>	<b>Total cash outflows</b>	<b>Carrying amount</b>
<b>Non-derivative financial liabilities</b>							
Due to other banks and deposits	506,316	-	-	-	-	506,316	506,316
Current accounts and customer deposits	33,809,851	9,523,328	504,867,714	38,993,202	149,704	587,343,799	566,385,686
Borrowed funds	1,247,753	780,746	2,247,071	3,214,907	9,060,279	16,550,756	14,058,073
Other financial liabilities	1,074,576	756	1,165	2,195	-	1,078,692	1,078,692
<b>Total liabilities</b>	<b>36,638,496</b>	<b>10,304,830</b>	<b>507,115,950</b>	<b>42,210,304</b>	<b>9,209,983</b>	<b>605,479,563</b>	<b>582,028,767</b>
<b>Credit-related contingent liabilities</b>	<b>5,456,494</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,456,494</b>	<b>5,456,494</b>
<b>Total non-derivative financial liabilities</b>	<b>42,094,990</b>	<b>10,304,830</b>	<b>507,115,950</b>	<b>42,210,304</b>	<b>9,209,983</b>	<b>610,936,057</b>	<b>587,482,261</b>

In accordance with the legislation of the Republic of Kazakhstan, depositors have the right to withdraw their term deposits from the bank at any time; however, in most cases, they forfeit the right to accrued interest income. These deposits are presented based on the contractual maturity dates..

The Bank's management believes that these accounts represent a long-term and stable source of funding, regardless of the presence of early withdrawal options and the fact that a significant portion of the deposits are demand deposit accounts. This is evidenced by past experience resulting from the Bank's strategy aimed at creating the most convenient and attractive service conditions to encourage clients towards long-term cooperation.

Management expects that the timing of cash flows for certain financial assets and liabilities may differ from the contractual maturity dates, either because management is authorized to manage cash flows or because past experience shows that the timing of cash flows on these financial assets and liabilities may differ from the contractual terms.

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**15 Risk Management (Continued)**

The table presents an analysis of the maturity of amounts recognized in the statement of financial position as of 31 December 2025:

<i>In thousands of Kazakhstan tenge</i>	<b>On demand and less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 12 months</b>	<b>From 1 to 5 years</b>	<b>More than 5 years</b>	<b>No maturity</b>	<b>Overdue</b>	<b>Total</b>
<b>Non-derivative assets</b>								
Cash and cash equivalents	532,780,361	-	-	-	-	-	-	532,780,361
Due from other banks	4,715,919	184,946	4,788,140	-	-	-	-	4,973,086
Loans to customers	25,142,278	8,756,596	62,473,623	37,924,664	9,347,198	-	352,869	123,570,869
Debt securities measured at amortized cost	-	12,295,845	9,696,359	3,516,156	-	-	-	50,650,638
Other financial assets	-	-	25,077	-	-	-	-	25,077
<b>TOTAL ASSETS</b>	<b>562,638,558</b>	<b>21,237,387</b>	<b>76,983,199</b>	<b>41,440,820</b>	<b>9,347,198</b>	<b>-</b>	<b>352,869</b>	<b>712,000,031</b>
<b>Non-derivative financial liabilities</b>								
Due to other banks and deposits	(880,564)	-	-	-	-	-	-	(880,564)
Current accounts and customer deposits	(84,789,748)	(12,887,090)	(498,926,519)	(133,925)	-	-	-	(596,737,282)
Borrowed funds	(625,654)	(358,046)	(4,972,036)	(7,161,202)	-	-	-	(13,116,938)
Other financial liabilities	(753,432)	-	-	-	-	-	-	(753,432)
<b>TOTAL LIABILITIES</b>	<b>(87,049,398)</b>	<b>(13,245,136)</b>	<b>(503,898,555)</b>	<b>(7,295,127)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(611,488,216)</b>
<b>Net position</b>	<b>475,589,160</b>	<b>7,992,251</b>	<b>(426,915,356)</b>	<b>34,145,693</b>	<b>9,347,198</b>	<b>-</b>	<b>352,869</b>	<b>100,511,815</b>

**15 Risk Management (Continued)**

The table presents an analysis of the maturity of amounts recognized in the statement of financial position as of 31 December 2024:

<i>In thousands of Kazakhstan tenge</i>	On demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Overdue	Total
<b>Non-derivative assets</b>								
Cash and cash equivalents	529,876,309	-	-	-	-	-	-	529,876,309
Due from other banks	-	184,913	-	-	-	-	-	184,913
Loans to customers	1,325,153	2,666,226	39,850,102	24,409,655	9,398,295	-	300,855	77,950,286
Debt securities measured at amortized cost	3,395,417	4,970,173	13,363,461	31,394,377	-	-	-	53,123,428
Other financial assets	-	-	486,529	-	-	-	-	486,529
<b>TOTAL ASSETS</b>	<b>534,596,879</b>	<b>7,821,312</b>	<b>53,700,091</b>	<b>55,804,032</b>	<b>9,398,295</b>	<b>-</b>	<b>300,855</b>	<b>661,621,465</b>
<b>Non-derivative financial liabilities</b>								
Due to other banks and deposits	(506,316)	-	-	-	-	-	-	(506,316)
Current accounts and customer deposits	(33,815,302)	(9,508,559)	(522,923,357)	(138,468)	-	-	-	(566,385,686)
Borrowed funds	(285,972)	(371,627)	(3,501,214)	(9,899,260)	-	-	-	(14,058,073)
Other financial liabilities	(300,131)	(756)	(3,360)	-	-	-	-	(304,247)
<b>TOTAL LIABILITIES</b>	<b>(34,907,721)</b>	<b>(9,880,942)</b>	<b>(526,427,931)</b>	<b>(10,037,728)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(581,254,322)</b>
<b>Net position</b>	<b>499,689,158</b>	<b>(2,059,630)</b>	<b>(472,727,839)</b>	<b>45,766,304</b>	<b>9,398,295</b>	<b>-</b>	<b>300,855</b>	<b>80,367,143</b>

## 16 Capital Management

The Bank's capital management objectives are as follows: (i) compliance with capital requirements established by the National Bank of the Republic of Kazakhstan (NBRK); (ii) ensuring the Bank's ability to continue as a going concern; and (iii) maintaining a capital base at a level necessary to meet the capital adequacy ratio. The primary objective of capital management for the Bank is to ensure compliance with external capital requirements and maintain a high credit rating and capital adequacy standards necessary to operate and maximize shareholder value.

*Capital adequacy ratios set by the authorized body.* Since 1 January 2018, the NBRK requires the Bank to maintain a Tier 1 capital adequacy ratio (k1) of 8%, a Tier 1 capital adequacy ratio including additional Tier 1 capital (k1-2) of 9%, and a total capital adequacy ratio (k2) of 10,5% of assets and off-balance-sheet commitments and contingencies weighted for risk and operational risk, according to the rules approved by the NBRK.

*Capital adequacy ratio calculations according to NBRK rules:*

- Tier 1 capital adequacy ratio (k1) is the ratio of Tier 1 capital to the sum of assets and off-balance-sheet commitments and contingencies weighted for risk and operational risk;
- Tier 1 capital adequacy ratio including additional Tier 1 capital (k1-2) is the ratio of Tier 1 capital plus additional Tier 1 capital to the sum of assets and off-balance-sheet commitments and contingencies weighted for risk and operational risk;
- Total capital adequacy ratio (k2) is the ratio of total capital to the sum of assets and off-balance-sheet commitments and contingencies weighted for risk and operational risk.

As of 31 December 2025 and 31 December 2024, the Bank's capital adequacy ratio exceeded the regulatory minimum.

Based on information provided internally to key management personnel, the amount of equity managed by the Bank as of 31 December 2025 was Tenge 101,862,254 thousand (2024: Tenge 81,230,098 thousand). Regulatory capital, comprising Tier 1 capital and total capital, amounted to Tenge 101,504,865 thousand (2024: Tenge 80,910,429 thousand). The Bank complied with all externally imposed capital requirements during 2025 and 2024.

As of 31 December 2025 and 31 December 2024, the Bank met all prudential requirements.

## 17 Credit-Related Contingency Liabilities

### *Credit-related contingent liabilities*

The Bank issues bank guarantees and opens letters of credit to secure the performance of its clients' obligations to third parties. These agreements set limits on obligations and typically have terms of up to five years.

The Bank applies the same risk management policies and procedures for financial guarantees and credit-related contingent liabilities as it does for loans to customers.

The table below presents information on credit lines as of 31 December 2025:

<i>In thousands of Kazakhstan tenge</i>	Stage 1 (12-month ECL)	PD - Average 12M	Stage 2 (Lifetime ECL from significant increase in credit risk)	PD - lifetime	Stage 3 (Lifetime ECL for credit- impaired assets)	PD	Total
<b>Credit lines</b>							
«A»	5,926,600	1.35%	-	-	-	-	5,926,600
«BBB»	760,589	3.57%	4,854,245	3.08%	-	-	5,614,834
«BB»	1,102,032	10.99%	61,421	18.17%	42,131	100%	1,205,584
«B»	45,000	21.57%	-	-	-	-	45,000
«CCC»/«C»	-	-	-	-	28,160	100%	28,160
<b>Gross carrying amount</b>	<b>7,834,221</b>		<b>4,915,666</b>		<b>70,291</b>		<b>12,820,178</b>
Expected credit loss allowance	(2,556)		-		-		(2,556)
<b>Carrying amount</b>	<b>7,831,665</b>		<b>4,915,666</b>		<b>70,291</b>		<b>12,817,622</b>

## 17 Credit-Related Contingency Liabilities (Continued)

The table below presents information on credit lines as of 31 December 2024:

<i>In thousands of Kazakhstan tenge</i>	Stage 1 (12-month ECL)	PD - Average 12M	Stage 2 (Lifetime ECL from significant increase in credit risk)	PD - lifetime	Stage 3 (Lifetime ECL for credit- impaired assets)	PD	Total
<b>Credit lines</b>							
«A»	1,200,500	2.19%	-	-	-	-	1,200,500
«BBB»	2,227,072	4.34%	10,209	10.92%	-	-	2,237,281
«BB»	1,279,836	16.90%	52,558	22.61%	10,848	100%	1,343,242
«B»	-	-	27,376	26.65%	1,295	100%	28,671
«CCC»/«C»	-	-	472,599	39.29%	71,878	100%	544,477
<b>Gross carrying amount</b>	<b>4,707,408</b>		<b>562,742</b>		<b>84,021</b>		<b>5,354,171</b>
Expected credit loss allowance	(137)		-		-		(137)
<b>Carrying amount</b>	<b>4,707,271</b>		<b>562,742</b>		<b>84,021</b>		<b>5,354,034</b>

As of 31 December 2025, the volume of credit lines demonstrated significant growth compared to 31 December 2024, driven by expanded lending volumes to borrowers. The portfolio structure is characterized by a high concentration in Stage 1, accounting for more than 61% as of 31 December 2025 (31 December 2024: 88%). It should be noted that some assets were classified as Stage 2 due to indications of significant increases in credit risk, including breaches of prudential regulations by certain counterparties, which affected the reallocation of assets between stages and resulted in a decrease in the proportion of Stage 1 assets. For representativeness and comparability of credit risk assessment in this analysis, the cumulative probability of default (CPD), reflecting the accumulated probability of default over a specified time horizon, was used. Weighted average probability of default (PD) indicators in Stage 1 by credit line ratings show a decrease compared to 31 December 2024 for rating groups "A" by 0.84%, "BBB" by 0.77%, and "BB" by 5.91%, reflecting an improvement in credit quality and a reduction of credit risk..

Weighted average probability of default (PD) indicators in Stage 2 by credit line ratings also show a decrease compared to 31 December 2024 for rating groups "BBB" (by 7.84%), "BB" (by 4.44%), and "CCC"/"C" (by 2.48%), reflecting an improvement in credit quality and a reduction in credit risk. The expected credit loss allowance is formed taking into account the level of collateralization of the loan portfolio. Credit lines are secured by collateral such as real estate and guarantees issued by a second-tier bank; legal entities with a rating not lower than the sovereign rating of the Republic of Kazakhstan by Standard & Poor's or an equivalent rating from another rating agency; and quasi-government sector entities covering borrowers' credit debt, considering the unused portion of credit lines exceeding 119% and applicable discounting coefficients.

The table below presents information on financial guarantees as of 31 December 2025:

<i>In thousands of Kazakhstan tenge</i>	Stage 1 (12-month ECL)	PD - Average 12M	Total
<b>Financial guarantees</b>			
«BBB»	10,429	10.24%	10,429
«BB»	103,660	10.24%	103,660
«B»	645	10.24%	645
<b>Gross carrying amount</b>	<b>114,734</b>		<b>114,734</b>
Expected credit loss allowance	-		-
<b>Carrying amount</b>	<b>114,734</b>		<b>114,734</b>

## 17 Credit-Related Contingency Liabilities (Continued)

The table below presents information on financial guarantees as of 31 December 2024:

<i>In thousands of Kazakhstan tenge</i>	<b>Stage 1 (12-month ECL)</b>	<b>PD - Average 12M</b>	<b>Total</b>
<b>Financial guarantees</b>			
«BB»	102,460	19.64%	102,460
<b>Gross carrying amount</b>	<b>102,460</b>		<b>102,460</b>
Expected credit loss allowance	-		-
<b>Carrying amount</b>	<b>102,460</b>		<b>102,460</b>

Collateral backing the issued guarantees consists of real estate and cash, covering counterparties' credit debt by more than 115%, considering applicable discounting coefficients.

### **Ongoing litigation**

Management is not aware of any material actual or ongoing litigation, nor potential claims that may be brought against the Bank.

### **Tax liabilities**

Kazakhstan's tax system, being relatively new, is characterized by frequent changes in legislation, official interpretations, and court rulings that are often vague and contradictory, allowing for ambiguous interpretations by various tax authorities. This includes differing views on the accounting for income, expenses, and other items in financial statements prepared under IFRS. Regulatory bodies at various levels conduct inspections and investigations regarding tax compliance and have the authority to impose substantial fines and charge interest. The accuracy of tax calculations for the reporting period can be checked over the following five calendar years, although under certain circumstances this period may be extended.

These circumstances may result in tax risks in Kazakhstan being significantly higher than in other countries. Management believes that the tax liabilities have been fully recognized in these financial statements based on management's interpretation of current tax legislation, official commentaries on regulatory documents, and judicial decisions. However, considering that interpretations of tax legislation by different regulatory authorities may differ from management's view, if enforcement actions are applied by regulators, their impact on the Bank's financial statements could be material..

## 18 Related Party Transactions

### **Control relationships**

The Bank's parent company is JSC "Shinhan Bank" (Seoul, Republic of Korea). The Bank's parent company prepares financial statements available to external users.

The Bank's ultimate parent company is Shinhan Financial Group Co. Ltd., which has the authority to direct the Bank's activities at its own discretion and in its own interests.

**18 Related Party Transactions (Continued)**

**Transactions with members of the Board of Directors and Management**

The total remuneration included in "Personnel expenses" for the years ended 31 December 2025 and 2024 is presented as follows:

<i>In thousands of Kazakhstan tenge</i>	<b>Remuneration amount for 2025 including taxes and contributions</b>	<b>Taxes and contributions in 2025</b>	<b>Remuneration amount for 2024 including taxes and contributions</b>	<b>Taxes and contributions in 2024</b>
Board of Directors	23,555	2,634	14,228	1,352
Management Board	447,501	49,194	287,880	31,129
	<b>471,056</b>	<b>52,128</b>	<b>302,108</b>	<b>32,481</b>

As of 31 December 2025 and 2024, account balances and average interest rates on transactions with members of the Board of Directors and Management Board were as follows:

<i>In thousands of Kazakhstan tenge</i>	<b>31 December 2025</b>	<b>Average interest rate, %</b>	<b>31 December 2024</b>	<b>Average interest rate, %</b>
<b>Statement of financial position</b>				
Loans to customers	14,076	7	-	-
Other assets	2,415	-	19,787	-
Current accounts	(9,114)	-	(4,213)	-
Deposits	(15,750)	1.13	(6,381)	4.94
Other employee-related liabilities	(43,341)	-	(37,074)	-

Amounts included in profit or loss for transactions with members of the Board of Directors and Management Board for the year ended 31 December 2025 are presented as follows:

<i>In thousands of Kazakhstan tenge</i>	<b>2025</b>	<b>2024</b>
<b>Statement of profit or loss and other comprehensive income</b>		
Foreign currency transaction income	963	695
Interest income	821	-
Fee and commission income	343	227
Interest expense	(545)	(675)
Other general and administrative expenses	(1,353)	(1,957)

**18 Related Party Transactions (Continued)**

**Transactions with other related parties**

As of 31 December 2025 and 2024, balances on accounts and corresponding average interest rates, as well as the related profit or loss from transactions with other related parties for the years ended on these dates, were as follows:

<i>In thousands of Kazakhstan tenge</i>	Parent bank		Companies under control and significant influence of the ultimate Parent company		Other related parties**	
	31 December 2025	%	31 December 2025	%	31 December 2025	%
<b>Statement of financial position</b>						
<b>ASSETS</b>						
Cash and cash equivalents						
- in euro	-	-	1,056,324	-	-	-
- in other currencies	-	-	5,195	-	-	-
Loans to customers						
- in tenge	-	-	45,579,734	17.56	111,337	7.5
Other assets						
- in tenge	59,669	-	-	-	447	-
<b>LIABILITIES</b>						
Due to other banks and deposits						
- in tenge	68,199	-	-	-	-	-
- in US dollars	808,522	-	-	-	-	-
- in euro	3,843	-	-	-	-	-
Current accounts and customer deposits						
- in tenge	-	-	181,967	5.98	7,531	4.97
- in US dollars	-	-	-	-	3,847	0.01
Other liabilities						
- in tenge	-	-	41	-	12	-
- in US dollars	96,321	-	46,916	-	-	-
Off-balance sheet items						
Received guarantees*						
- in tenge	-	-	3,850,000	-	23,000	-
- in US dollars	13,902,075	-	-	-	-	-

<i>In thousands of Kazakhstan tenge</i>	31 December 2025		
	Parent bank	Companies under control and significant influence of the ultimate Parent company	Other related parties**
<b>Statement of profit or loss and other comprehensive income</b>			
Interest income	-	5,073,666	10,011
Interest expense	(19,802)	(16,051)	(1,433)
Fee and commission income	2,006	7,825	87
Fee and commission expense	(116,767)	(2,569)	-
(Loss)/gain on foreign currency transactions	132	6,435	12
Other general and administrative expenses	(177,030)	-	(318)

\* As of 31 December 2025, guarantees received include US dollar guarantees provided by the parent bank for loans issued to corporate clients. The expiration dates of these guarantees are 5 October 2026, 30 December 2026, and 30 June 2027. Guarantees received from companies controlled by or significantly influenced by the ultimate parent entity include tenge guarantees for loans issued to the Bank's corporate clients. The expiration dates of these guarantees are 27 April 2026 and 25 September 2026. Guarantees received from other related parties include a tenge guarantee provided by a family member of a senior Bank executive for a loan issued to that executive. The guarantee is interest-free, with an expiration date of 2 February 2038.

\*\* Other related parties include transactions with the Bank's key management personnel and their family members, as well as other individuals related to the Bank by special relationships.

**18 Related Party Transactions (Continued)**

	Parent bank		Companies under control and significant influence of the ultimate Parent company		Other related parties**	
	31 December 2024	%	31 December 2024	%	31 December 2024	%
	<i>In thousands of Kazakhstan tenge</i>					
<b>Statement of financial position</b>						
<b>ASSETS</b>						
Cash and cash equivalents						
- in euro	-	-	35,539	-	-	-
- in other currencies	-	-	1,485	-	-	-
Loans to customers						
- in tenge	-	-	24,821,439	15.3	110,250	7.46
Other assets						
- in tenge	36,049	-	-	-	-	-
<b>LIABILITIES</b>						
Due to other banks and deposits						
- in tenge	48,010	-	-	-	-	-
- in US dollars	452,351	-	-	-	-	-
- in euro	5,956	-	-	-	-	-
Current accounts and customer deposits						
- in tenge	-	-	291,053	5.99	28,518	7.13
- in US dollars	-	-	-	-	2,409	0.02
Other liabilities						
- in tenge	421	-	46	-	13	-
- in US dollars	107,855	-	-	-	-	-
Off-balance sheet items						
Received guarantees*						
- in tenge	-	-	3,850,000	-	-	-
- in US dollars	14,960,384	-	-	-	-	-
Credit lines	-	-	-	-	-	-

	31 December 2024		
	Parent bank	Companies under control and significant influence of the ultimate Parent company	Other related parties**
<i>In thousands of Kazakhstan tenge</i>			
<b>Statement of profit or loss and other comprehensive income</b>			
Interest income	-	2,835,685	10,414
Interest expense	(36,736)	(15,288)	(1,132)
Fee and commission income	2,153	8,633	297
Fee and commission expense	(66,765)	(2,039)	-
(Loss)/gain on foreign currency transactions	(22)	5,459	696
Other general and administrative expenses	(113,520)	-	(2,138)

\* As of 31 December 2024, guarantees received include US dollar guarantees provided by the parent bank for loans issued to corporate clients. The expiration dates of these guarantees are 26 May 2026, 5 October 2026, 30 December 2026, and 30 June 2027. Guarantees received from companies controlled by or significantly influenced by the ultimate parent entity include tenge guarantees for loans issued to the Bank's corporate clients. The expiration dates of these guarantees are 27 April 2026 and 25 September 2026.

\*\* Other related parties include transactions with the Bank's key management personnel and their family members, as well as other individuals related to the Bank by special relationships.

## **19 Financial Assets and Liabilities: Fair Value and Accounting Classification**

Fair value measurement aims to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction conducted in an active market between market participants at the measurement date. However, given uncertainty and the use of subjective judgments, fair value should not be interpreted as the amount realizable in an immediate sale of assets or transfer of liabilities.

Fair value of financial assets and liabilities traded in an active market is based on market quotations or dealer prices. The Bank determines the fair value of all other financial instruments using other valuation methods.

Valuation methods include models for estimating the net present value and discounted cash flows, comparison with similar instruments for which market quotations are available. Judgments and data used for valuation include risk-free and base interest rates and other adjustments used for discount rate estimation, currency exchange rates, as well as expected price fluctuations and their benchmarking. The valuation methods aim to determine the fair value reflecting the value of the financial instrument as of the reporting date, which would be determined by independent market participants.

### ***Fair value hierarchy***

The Bank measures fair value using the following fair value hierarchy, considering the significance of data used in forming these measurements.

- Level 1: Unadjusted quoted prices in active markets for identical financial instruments.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable either directly (i.e., as quotes) or indirectly (i.e., derived from quotes). This category includes instruments valued using market quotations in active markets for similar instruments, market quotations for similar instruments in markets not considered active, or other valuation methods, where all data used are derived directly or indirectly from observable inputs.
- Level 3: Inputs that are not based on observable market data. This category includes instruments valued using information not based on observable inputs, where such unobservable inputs have a significant impact on the instrument's valuation. This category includes instruments valued based on quotations for similar instruments that require significant unobservable adjustments or judgments to reflect differences between the instruments.

The Bank has a control system for fair value measurement. This system includes the risk management division, which is independent from front-office management and reports to the Bank's Board of Directors, responsible for independently reviewing trading and investment transaction results as well as all significant fair value measurements. Specific control mechanisms include:

- verification of observable quotes;
- recalculations using valuation models;
- review and approval process for new models and model changes involving the risk management division;
- quarterly model review and back-testing against observable market transactions;
- analysis and examination of significant daily changes in valuations;
- Board review of significant unobservable inputs, valuation adjustments, and material changes in fair value measurements of Level 3 instruments compared to the previous month.

**19 Financial Assets and Liabilities: Fair Value and Accounting Classification (Continued)**

The tables below present an analysis of the fair value of financial instruments not measured at fair value as of 31 December 2025 and 2024, by levels of the fair value hierarchy:

<i>In thousands of Kazakhstan tenge</i>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair value</b>	<b>Carrying amount</b>
<b>2025</b>				
<b>Financial assets</b>				
Cash and cash equivalents, excluding cash on hand	532,400,890	-	532,400,890	532,400,890
Due from other banks	-	4,973,086	4,973,086	4,973,086
Loans to customers	-	-	-	-
- to financial institutions	-	95,443,934	95,443,934	95,483,444
- to small and medium-sized businesses	-	12,260,495	12,260,495	12,320,640
- to retail customers	-	15,091,473	15,091,473	15,766,492
Debt securities measured at amortized cost	-	48,719,526	48,719,526	50,650,637
Other financial assets	25,077	-	25,077	25,077
	<b>532,425,967</b>	<b>176,488,514</b>	<b>708,914,481</b>	<b>711,620,559</b>
<b>Financial liabilities</b>				
Due to other banks and deposits	(880,564)	-	(880,564)	(880,564)
Current accounts and customer deposits	(596,737,282)	-	(596,737,282)	(596,737,282)
Borrowed funds	(13,116,938)	-	(13,116,938)	(13,116,938)
Other financial liabilities	(753,432)	-	(753,432)	(753,432)
	<b>(611,488,216)</b>	<b>-</b>	<b>(611,488,216)</b>	<b>(611,488,216)</b>

<i>In thousands of Kazakhstan tenge</i>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair value</b>	<b>Carrying amount</b>
<b>2024</b>				
<b>Financial assets</b>				
Cash and cash equivalents, excluding cash on hand	529,401,504	-	529,401,504	529,401,504
Due from other banks	-	184,913	184,913	184,913
Loans to customers:	-	-	-	-
- to financial institutions	-	53,169,997	53,169,997	53,360,640
- to small and medium-sized businesses	-	12,521,401	12,521,401	12,133,376
- to retail customers	-	12,275,354	12,275,354	12,456,270
Debt securities measured at amortized cost	-	51,426,493	51,426,49	53,123,428
Other financial assets	486,529	-	486,529	486,529
	<b>486,529</b>	<b>129,578,158</b>	<b>130,064,687</b>	<b>131,745,156</b>
<b>Financial liabilities</b>				
Due to other banks and deposits	(506,316)	-	(506,316)	(506,316)
Current accounts and customer deposits	(566,385,686)	-	(566,385,686)	(566,385,686)
Borrowed funds	(14,058,073)	-	(14,058,073)	(14,058,073)
Other financial liabilities	(304,247)	-	(304,247)	(304,247)
	<b>(581,254,322)</b>	<b>-</b>	<b>(581,254,322)</b>	<b>(581,254,322)</b>

Level 1: Cash on hand as of 31 December 2025 and 2024 amounted to 379,472 thousand tenge and 474,805 thousand tenge, respectively.

Management used discount rates of 17.34% and 18.07% (2024: 16.01% and 17.64%) to discount future cash flows when measuring the fair value of loans issued to corporate and retail clients in tenge, respectively. For discounting future cash flows in measuring the fair value of loans issued to corporate clients in US dollars, a discount rate of 6.44% (2024: 6.13%) was applied.

As of 31 December 2025 and 2024, the fair value of loans issued to customers does not materially differ from their carrying amount, because 76% (2024: 78%) of the loan portfolio consisted of loans issued during the reporting period. According to management, interest rates applied to the respective instruments reflected current market conditions as of the measurement date.

The carrying amount of borrowed funds by the Bank is a reasonable approximation of their fair value at the reporting date, as the interest rates on such loans are floating and regularly reviewed in line with current market conditions.

The fair value of debt securities measured at amortized cost is determined based on quoted prices of financial instruments obtained from publicly available market sources, multiplied by the number of securities held by the Bank at the reporting date.

For all other financial assets and financial liabilities, fair value approximately equals carrying amount due to the short-term nature of the instruments.

## **20 Events after Reporting Date**

No other events have occurred in the Bank up to the date of approval of the financial statements that would require adjustment or disclosure in the notes to the financial statements.

