



**Damu Entrepreneurship Development Fund JSC**

**IFRS Accounting Standards  
Financial Statements and  
Independent Auditor's Report**

**31 December 2023**

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## Independent Auditor's Report

To the Shareholder and the Board of Directors of Damu Entrepreneurship Development Fund JSC:

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### Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Damu Entrepreneurship Development Fund JSC (the "Fund") as at 31 December 2023, and the Fund's financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards.

### What we have audited

The Fund's financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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### 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 Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Republic of Kazakhstan that are relevant to our audit of the financial statements.

## Independent Auditor's Report (Continued)

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### Our audit approach

#### Overview

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<b>Materiality</b>	<ul style="list-style-type: none"><li>Overall Fund materiality: 2,272,000 thousand of Kazakhstani Tenge, which represents approximately 0.8% of amounts due from financial institutions as at 31 December 2023.</li></ul>
<b>Key audit matters</b>	<ul style="list-style-type: none"><li>Assessment of expected credit losses provision for due from financial institutions and financial guarantees made by management in accordance with the International Financial Reporting Standard 9, Financial Instruments (IFRS 9).</li></ul>

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

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

#### Materiality

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

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

## Independent Auditor's Report (Continued)

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<b>Overall Fund materiality</b>	Tenge 2,272,000 thousand
<b>How we determined it</b>	Approximately 0.8% of amounts due from financial institutions as of 31 December 2023
<b>Rationale for the materiality benchmark applied</b>	<p>The Fund is a state-owned development institution. The strategic directions of the Fund are support and development of start-up and active entrepreneurs, and sustainable institutional development of the Fund. Profitability is not a primary objective of the Fund and its management.</p> <p>Thus, we concluded that, the most appropriate benchmark for determination of materiality is due from financial institutions balance. We chose approximately 0.8% which is consistent with quantitative materiality thresholds used for the selected benchmark.</p>

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### Key audit matters

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

## Independent Auditor's Report (Continued)

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Key audit matter	How our audit addressed the key audit matter
<p data-bbox="331 521 813 701"><b>Assessment of expected credit losses provision for due from financial institutions and financial guarantees made by management in accordance with the International Financial Reporting Standard 9, Financial Instruments (IFRS 9)</b></p> <p data-bbox="331 730 813 936">We focused on this area due to the size of the due from financial institutions balances and financial guarantees amount and because IFRS 9 is a complex financial reporting standard, which requires management to apply significant judgment to determine the ECL provision.</p> <p data-bbox="331 952 813 1158">The Fund performed ECL assessment on an individual and portfolio basis. The credit risk parameters (e.g. probability of default, loss given default and exposure at default) applied during the process of ECL calculations were based on external ratings.</p> <p data-bbox="331 1173 694 1205">Key areas of judgment included:</p> <ul data-bbox="331 1220 813 1944" style="list-style-type: none"><li data-bbox="331 1220 813 1332">• Allocation of due from financial institutions and financial guarantees to stages in accordance with IFRS 9;</li><li data-bbox="331 1355 813 1500">• Accounting interpretations and modelling assumptions used to estimate key risk parameters – probability of default, loss given default and exposure at default;</li><li data-bbox="331 1523 813 1579">• Completeness and accuracy of data used to calculate the ECL;</li><li data-bbox="331 1601 813 1944">• Accuracy and adequacy of the financial statement disclosures. Refer to the Notes 4, 8, 26 and 27 of the accompanying financial statements that provide information on material accounting policies, critical accounting estimates and judgements, risk assessment related to ECL provision, as well as disclosures on due from financial institutions and financial guarantees.</li></ul>	<p data-bbox="842 533 1396 593">In assessing ECL provision we have performed, among other audit procedures, the following:</p> <ul data-bbox="842 609 1485 1758" style="list-style-type: none"><li data-bbox="842 609 1485 929">• We assessed the methodologies and models for ECL provision assessment developed by the Fund in order to evaluate their compliance with IFRS 9 requirements and considered their consistency with the models applied in the prior year. We paid particular focus in our procedures on: default definition, factors for determining a "significant increase in credit risk", allocation of due from financial institutions and financial guarantees to stages, and estimation of key risk parameters.</li><li data-bbox="842 952 1485 1758">• For due from financial institutions, we performed:<ul data-bbox="885 1019 1485 1758" style="list-style-type: none"><li data-bbox="885 1019 1485 1321">- On a sample basis, we performed an individual assessment of the ECL provision levels to determine if they were reasonable considering the risk profile, credit risk and the macroeconomic environment. This involved analysis of financial performance and compliance with prudential norms, inspection of official news and various monitoring and risk management reports and checked accuracy of ECL provision calculations.</li><li data-bbox="885 1332 1485 1534">- On a sample basis we assessed reasonability of application of the internal rating for those borrowers where no external ratings are present, as well as determining the credit rating based on the counterparty's financial performance in the absence of the external credit rating.</li><li data-bbox="885 1556 1485 1758">- To verify data quality, on a sample basis, we tested the data used in the ECL calculation by reconciling to source data. We considered data such as the amount of debt at the reporting date, repayment schedules, external credit ratings, payment discipline, macroeconomic indicators.</li></ul></li></ul>

## Independent Auditor's Report (Continued)

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### Key audit matter

### How our audit addressed the key audit matter

- For financial guarantees, we performed collective assessment, which involved:
  - Staging assessment of financial guarantees based on the criteria identified in the methodology of the Fund, such as days past due and restructurings.
  - Assessment of models used by the Fund to estimate probability of default and loss given default using historical data on defaults and recoveries.
  - On a sample basis validated input data used in the ECL models: days past due, restructurings, amounts paid out on guarantees and subsequently recovered from end borrowers, macroparameters used to adjust probability of default.
  - We checked accuracy of ECL provision calculations.
  - Performance of look-back procedures, comparison of changes in ECL reserves for financial guarantees and actual payments on financial guarantees.
- We checked that the disclosures for ECL and credit risk were prepared in accordance with IFRS 7 and IFRS 9 requirements.

### Other information

Management is responsible for the other information. The other information comprises the annual report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## Independent Auditor's Report (Continued)

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

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

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

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

As part of an audit in accordance with ISAs, we exercise professional 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 Fund'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 Fund'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 Fund 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.





**Independent Auditor's Report (Continued)**

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

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

The engagement partner on the audit resulting in this independent auditor's report is Suhrab Azimov. On behalf of PricewaterhouseCoopers LLP

*PricewaterhouseCoopers LLP*

Approved by:

*AK*  
  
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:

  
  
Svetlana Belokurova  
Auditor in charge  
(Qualified Auditor's Certificate №0000357 dated 21 February 1998)

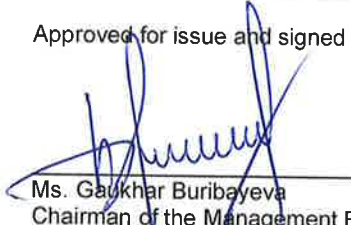
29 February 2024

Almaty, Kazakhstan


**Damu Entrepreneurship Development Fund JSC**  
**Statement of Financial Position**

<i>In thousands of Kazakhstani Tenge</i>	Note	31 December 2023	31 December 2022 (revised)	1 January 2022 (revised)
<b>ASSETS</b>				
Cash and cash equivalents	7	124,974,982	182,037,345	76,882,383
Due from financial institutions	8	284,039,085	220,485,551	275,045,786
Due from subsidy programs		136,338	183,681	77,899
Loans and advances to customers	9	1,214,754	2,600,024	252,248
Investments in debt securities	10	5,692,121	13,787,556	11,259,798
Current income tax prepayment	23	2,075,575	633,394	3,357,383
Other assets	12	1,075,511	5,064,529	4,975,966
Deferred tax asset	23	582,713	-	3,132,896
Premises and equipment	11	2,051,605	2,324,753	2,121,829
Intangible assets		264,471	324,883	267,623
Non-current assets held for sale		28,347	39,262	153,173
<b>TOTAL ASSETS</b>		<b>422,135,502</b>	<b>427,480,978</b>	<b>377,526,984</b>
<b>LIABILITIES</b>				
Borrowed funds	13	148,272,206	167,974,375	169,302,529
Debt securities in issue	14	1,035,039	1,244,178	1,244,178
Liabilities on subsidy programs	15	2,972,435	4,913,288	7,792,965
Deferred tax liability	23	-	1,835,530	-
Deferred income and provision for credit related commitments	16	68,393,748	75,349,867	56,861,826
Other liabilities		889,865	1,174,872	976,702
<b>TOTAL LIABILITIES</b>		<b>221,563,293</b>	<b>252,492,110</b>	<b>236,178,200</b>
<b>EQUITY</b>				
Share capital	17	102,920,273	102,920,273	102,920,273
Additional paid-in-capital		10,735,627	10,735,627	10,735,627
Revaluation reserve for investment securities at fair value through other comprehensive income		(363,647)	(771,353)	26,956
Other reserves		316,430	316,430	316,430
Retained earnings		86,963,526	61,787,891	27,349,498
<b>TOTAL EQUITY</b>		<b>200,572,209</b>	<b>174,988,868</b>	<b>141,348,784</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>422,135,502</b>	<b>427,480,978</b>	<b>377,526,984</b>

Approved for issue and signed on behalf of the Management Board on 29 February 2024.

  
 Ms. Gaukhar Buribayeva  
 Chairman of the Management Board



  
 Ms. Akmaral Bekmuratova  
 Chief Accountant

**Damu Entrepreneurship Development Fund JSC**  
**Statement of Profit or Loss and Other Comprehensive Income**

<i>In thousands of Kazakhstani Tenge</i>	Note	2023	2022 (revised)
Interest income calculated using the effective interest method	18	38,698,263	35,526,551
Other interest income	18	6,887	25,276
Interest expense	18	(8,088,073)	(7,818,871)
<b>Net margin on interest and similar income</b>		<b>30,617,077</b>	<b>27,732,956</b>
Credit loss allowance	7-10	5,765,220	(5,127,897)
<b>Net margin on interest and similar income after credit loss allowance</b>		<b>36,382,297</b>	<b>22,605,059</b>
Net fee and commission income	19	29,756,451	24,853,961
Gains less losses on derecognition of financial assets measured at amortised cost	20	1,471,514	32,793,975
Net loss on initial recognition of financial instruments at rates below market	21	(19,553,280)	(3,267,258)
Gains less losses from securities at fair value through profit or loss		(968)	12,497
Gains less losses from trading in foreign currencies		(12,083)	(105)
Foreign exchange translation gains less losses		(37,301)	384,190
Impairment of other assets	12	(78,447)	66,660
Recovery/ (Provision) for credit related commitments	27	6,594,464	(6,388,865)
Other operating income		911,690	164,704
Expenses for realisation of Fund's programs	22	(1,778,577)	(1,219,306)
General and administrative expenses	22	(6,344,313)	(5,563,952)
<b>Profit before tax</b>		<b>47,311,447</b>	<b>64,441,560</b>
Income tax expense	23	(8,719,430)	(12,481,494)
<b>PROFIT FOR THE YEAR</b>		<b>38,592,017</b>	<b>51,960,066</b>
<b>Other comprehensive income:</b> <i>Items that may be reclassified subsequently to profit or loss:</i>			
Investment securities at fair value through other comprehensive income: Losses less gains arising during the year		407,706	(798,309)
<b>Other comprehensive income/(loss) for the year</b>		<b>407,706</b>	<b>(798,309)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>38,999,723</b>	<b>51,161,757</b>

Profit and total comprehensive income for both periods are fully attributable to the Fund's shareholder.

**Damu Entrepreneurship Development Fund JSC**  
**Statement of Changes in Equity**

<i>In thousands of Kazakhstani Tenge</i>	Share capital	Additional paid-in-capital	Revaluation reserve for investment securities at fair value through other comprehensive income	Other reserves	Retained earnings	Total
<b>Balance at 1 January 2022</b>	<b>102,920,273</b>	<b>10,735,627</b>	<b>26,956</b>	<b>316,430</b>	<b>27,349,498</b>	<b>141,348,784</b>
Profit for the year	-	-	-	-	51,960,066	<b>51,960,066</b>
Other comprehensive loss	-	-	(798,309)	-	-	<b>(798,309)</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(798,309)</b>	<b>-</b>	<b>51,960,066</b>	<b>51,161,757</b>
Dividends declared (Note 17)	-	-	-	-	(17,521,673)	<b>(17,521,673)</b>
<b>Balance at 31 December 2022</b>	<b>102,920,273</b>	<b>10,735,627</b>	<b>(771,353)</b>	<b>316,430</b>	<b>61,787,891</b>	<b>174,988,868</b>
Profit for the year	-	-	-	-	38,592,017	<b>38,592,017</b>
Other comprehensive income	-	-	407,706	-	-	<b>407,706</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>407,706</b>	<b>-</b>	<b>38,592,017</b>	<b>38,999,723</b>
Dividends declared (Note 17)	-	-	-	-	(13,416,382)	<b>(13,416,382)</b>
<b>Balance at 31 December 2023</b>	<b>102,920,273</b>	<b>10,735,627</b>	<b>(363,647)</b>	<b>316,430</b>	<b>86,963,526</b>	<b>200,572,209</b>

The notes set out on pages 5 to 65 form an integral part of these financial statements

**Damu Entrepreneurship Development Fund JSC**  
**Statement of Cash Flows**

<i>In thousands of Kazakhstani Tenge</i>	<b>Note</b>	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities</b>			
Interest received		30,054,995	27,582,539
Interest paid		(1,701,519)	(1,527,789)
Fees and commissions received		29,653,979	36,748,547
Fees and commissions paid		(133,922)	(133,820)
Other operating income received		162,428	147,552
Staff costs paid		(3,623,789)	(2,858,295)
Administrative and other operating expenses paid		(3,891,731)	(3,344,077)
Income taxes paid		(11,146,497)	(3,003,272)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>39,373,944</b>	<b>53,611,385</b>
<i>(Net increase)/decrease in:</i>			
- due from financial institutions		(46,196,182)	45,530,608
- loans and advances to customers		192,643	6,096,677
- other financial assets		(9,268,556)	(4,372,601)
- other assets		5,258,473	48,876
<i>Net increase/(decrease) in:</i>			
- other financial liabilities (liabilities on subsidy programs)		7,339,796	1,308,823
- other liabilities		(139,496)	(91,633)
<b>Net cash (used in)/ from operating activities</b>		<b>(3,439,378)</b>	<b>102,132,135</b>
<b>Cash flows from investing activities</b>			
Acquisition of investment securities		(23,323,389)	(18,880,610)
Proceeds from disposal and redemption of investment securities		9,697,517	47,182,629
Acquisition premises and equipment		(53,121)	(146,073)
Acquisition of intangible assets		(31,298)	(123,472)
Proceeds from disposal of premises and equipment		19,136	249,585
<b>Net cash (used in)/ from investing activities</b>		<b>(13,691,155)</b>	<b>28,282,059</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowed funds		4,350,000	4,366,600
Repayment of borrowed funds		(30,430,863)	(11,987,102)
Redemption/repurchase of issued debt securities		(200,000)	-
Repayment of long-term lease		(226,352)	(184,340)
Dividends paid		(13,416,382)	(17,521,673)
<b>Net cash used in financing activities</b>		<b>(39,923,597)</b>	<b>(25,326,515)</b>
Effect of exchange rate changes on cash and cash equivalents		(256)	(1,209)
Effect of changes in the allowance for impairment on cash and cash equivalents		(7,977)	68,492
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(57,062,363)</b>	<b>105,154,962</b>
Cash and cash equivalents at the beginning of the year	7	182,037,345	76,882,383
<b>Cash and cash equivalents at the end of the year</b>	<b>7</b>	<b>124,974,982</b>	<b>182,037,345</b>

The notes set out on pages 5 to 65 form an integral part of these financial statements

## **1 Introduction**

Damu Entrepreneurship Development Fund JSC (the "Fund") was established in pursuance of Decree of the Government of the Republic of Kazakhstan No. 665 dated 26 April 1997. The Fund is incorporated and domiciled in the Republic of Kazakhstan as a joint stock company and provides financial services as a development institution to support development of small and medium size enterprises.

As of 31 December 2023, and 2022, the 100% shareholder of the Fund is JSC National Management Holding Baiterek (hereinafter referred to as the "Parent Company" or "Sole Shareholder"). The ultimate shareholder of the Fund is the Government of the Republic of Kazakhstan. Information on transactions with related parties is disclosed in Note 30.

**Principal activity.** The main activity of the Fund is financing within the framework of lending programs through second-tier banks, microfinance organizations and leasing companies, subsidizing interest rates, guaranteeing, consulting support, distribution of information and analytical materials. The Fund uses its own and borrowed funds to finance small and medium-sized businesses in Kazakhstan.

The Fund has 20 regional branches. The head office is located in Almaty, Kazakhstan. The Fund had 418 employees at 31 December 2023 (2022: 398 employees).

**Registered address and place of business/** The Fund's registered address is: 111 Gogol Street, Almaty, Kazakhstan.

**Presentation currency.** These financial statements are presented in Kazakhstani Tenge, unless otherwise stated.

## **2 Operating Environment of the Fund**

### **Republic of Kazakhstan**

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

The war in Ukraine and sanctions imposed on Russia have affected commodity prices and increased volatility of the Tenge exchange rate. Inflation moderated to 9.8% in December 2023 after peaking at 21.3% in February 2023. During 2023 the economy grew 4.8% and according to the analysts' forecasts, the growth rate of the national economy over the next three years will average just under 4% annually. As at the date of issuing these {consolidated} financial statements the official exchange rate of the National Bank of the Republic Kazakhstan was Tenge 448.89 per US Dollar 1 compared to Tenge 454.56 per US Dollar 1 as at 31 December 2023 (31 December 2022: Tenge 462.65 per 1 US Dollar).

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

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

### 3 Material Accounting Policy

These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS Accounting Standards").

These financial statements have been prepared under the historical cost convention, as modified by the initial recognition of financial instruments at fair value, and by the revaluation of financial instruments categorised at fair value through profit or loss ("FVTPL") and at fair value through other comprehensive income ("FVOCI"). The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. Refer to Note 5.

These financial statements are directed to primary users, being investors who lend or provide equity capital to the reporting entity. These financial statements assume that the primary users have a reasonable knowledge of business and economic activities and review and analyse the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena reported in these financial statements.

These financial statements aim to disclose only information that management considers is material for the primary users. Management seeks not to reduce the understandability of these financial statements by obscuring material information with immaterial information. Hence, only material accounting policy information is disclosed, where relevant, in the related disclosure notes.

**Presentation of statement of financial position in order of liquidity.** The Fund does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of their liquidity. Refer to Note 26 for analysis of financial instruments by expected maturity. The following table provides information on amounts expected to be recovered or settled before and after twelve months after the reporting period for items that are not analysed in Note 26.

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023			31 December 2022		
	Amounts expected to be recovered or settled			Amounts expected to be recovered or settled		
	Within 12 months after the reporting period	After 12 months after the reporting period	Total	Within 12 months after the reporting period	After 12 months after the reporting period	Total
<b>ASSETS</b>						
Premises and equipment	244,658	1,806,947	2,051,605	430,603	1,894,150	2,324,753
Intangible assets	97,526	166,945	264,471	143,542	181,341	324,883
Income tax prepayment	2,075,575	-	2,075,575	570,055	63,339	633,394
Deferred income tax asset	582,713	-	582,713	-	-	-
Non-current assets held for sale	28,347	-	28,347	39,262	-	39,262
Other assets	1,005,500	-	1,005,500	4,851,328	-	4,851,328
<b>LIABILITIES</b>						
Deferred tax liabilities	-	-	-	1,835,530	-	1,835,530
Other liabilities	595,693	-	595,693	573,968	-	573,968

**Changes in presentation.** In 2023, the management decided to reclassify debt securities of financial institution balances to due from financial institutions. In management believes that this presentation better demonstrates the credit risk associated with financial institutions to readers of the financial statements. Where necessary, corresponding figures have been adjusted to conform to the presentation of the current year amounts. The effect of reclassifications for presentation purposes was as follows on amounts at 31 December 2022:

<i>In thousands of Kazakhstani Tenge</i>	As originally presented	Reclassification	As reclassified at 31 December 2022
Due from financial institutions	214,943,399	5,542,152	220,485,551
Investments in debt securities	19,329,708	(5,542,152)	13,787,556

### 3 Material Accounting Policy (continued)

The effect of reclassifications for presentation purposes was as follows on amounts at 1 January 2022:

<i>In thousands of Kazakhstani Tenge</i>	<b>As originally presented</b>	<b>Reclassification</b>	<b>As reclassified at 31 December 2022</b>
Due from financial institutions	239,303,960	35,741,826	275,045,786
Investments in debt securities	47,001,624	(35,741,826)	11,259,798

<i>In thousands of Kazakhstani Tenge</i>	<b>As originally presented</b>	<b>Reclassification</b>	<b>As reclassified for 2022</b>
Credit loss allowance	(4,191,497)	(936,400)	(5,127,897)
Provision for debt securities	(936,400)	936,400	-

The third statement of financial position as of 1 January 2022 is presented in these financial statements as a result of the above-described changes in presentation.

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

The Fund makes estimates and assumptions that affect the amounts recognised in the financial statements, and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

**ECL measurement.** Measurement of ECLs is a significant estimate that involves determination of methodology, models and data inputs. Details of ECL measurement methodology are disclosed in Note 27. The following components have a major impact on credit loss allowance: definition of default, SICR, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"), as well as models of macro-economic scenarios. The Fund regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

In 2023 and 2022, the Fund did not conduct an analysis of macroeconomic variables on loans issued by financial institutions. This is since macroeconomic variables have no significant impact on the probability of default of financial institutions; therefore, macroeconomic factors were considered at the level of 100% (which indicates the absence of influence). For loans and advances, the Fund did not analyse the impact of macroeconomic variables due to the insignificance of the portfolio relative to the assets of the Fund.

**Sensitivity analysis for due from financial institutions.** A 10% increase or decrease in PD estimates would result in an increase or decrease in total expected credit loss allowances of Tenge 418,382 thousand at 31 December 2023 (31 December 2022: increase or decrease of Tenge 982,234 thousand).

**Significant increase in credit risk ("SICR").** In order to determine whether there has been a significant increase in credit risk, the Fund compares the risk of a default occurring over the life of a financial instrument at the end of the reporting date with the risk of default at the date of initial recognition. The assessment considers relative increase in credit risk rather than achieving a specific level of credit risk at the end of the reporting period. The Fund considers all reasonable and supportable forward-looking information available without undue cost and effort, which includes a range of factors, including behavioural aspects of particular customer portfolios. The Fund identifies behavioural indicators of increases in credit risk prior to delinquency and incorporated appropriate forward-looking information into the credit risk assessment, either at an individual instrument, or on a portfolio level (Note 26).

Should ECL on all loans and advances to customers be measured at lifetime ECL (that is, including those that are currently in Stage 1 measured at 12-months ECL), the expected credit loss allowance would be higher by Tenge 1,972,935 thousand as of 31 December 2023 (31 December 2022: higher by Tenge 11,039,104 thousand).



#### **4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (continued)**

**Initial recognition of financial instruments issued at rates below market and related party transactions.** In the normal course of business, the Fund enters into transactions with its related parties. IFRS 9 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analysis. Terms and conditions of related party balances are disclosed in Note 30.

The Fund also recognized a net loss on initial recognition of funds in financial institutions at below market rates in the amount of Tenge 19,553,280 thousand (2022: Tenge 1,446,683 thousand). The nominal rate of these loans is 2%, the market rate according to the Fund's estimate was 15.03%-17.22% (2022: 16.95% - 16.98%). Refer to Notes 8 and 22.

The application of effective interest rates to the cost of loans to banks resulted in the recognition of an expense on initial recognition in the statement of profit or loss.

**Fair value of financial guarantees issued.** As part of the support programs for small and medium-sized businesses, the Fund provides guarantees to small and medium-sized businesses, covering up to 85% of the loan amount. As at 31 December 2023, the amount of guarantees issued was Tenge 402,145,305 thousand (31 December 2022: Tenge 379,112,302 thousand). To calculate expected credit losses on financial guarantees, the Fund determines the probability of default using migration matrices based on the number of days past due. When compiling migration matrices, the Fund takes into account the industries in which borrowers who have received the Fund's guarantees operate and correlates default risks in these industries with macroeconomic indicators. The Fund uses the following macroeconomic indicators in this analysis:

- Brent oil price;
- USD/KZT exchange rate;
- Inflation rate;
- Unemployment rate;
- GDP growth.

On January 10, 2022, the Order of the Chairman of the Agency of the Republic of Kazakhstan for the regulation and development of the financial market "On measures to support individuals and legal entities affected by the introduction of a state of emergency" was issued, under which individuals and legal entities affected by the introduction of a state of emergency were provided with deferral of loan payments. Among the companies that requested such deferrals were small and medium-sized businesses, to which the Fund issued financial guarantees. The Fund assesses that such restructurings are indicative of a significant increase in credit risk, as a result of which these financial guarantees have been moved to stage 2 of the expected credit loss model. If, apart from the restructuring, other credit deterioration factors were present, the Fund included these guarantees in stage 3 of the expected credit loss model.

As at 31 December 2023, expected credit losses on guarantees issued to small and medium-sized businesses amounted to Tenge 23,811,092 thousand (31 December 2022: Tenge 33,925,140 thousand). Information on deferred income and provision for credit related commitments is presented in Note 16. Information on contingent liabilities, including an analysis of the credit quality of credit related commitments, is presented in Note 27.

## **5 Adoption of New or Revised Standards and Interpretations**

The following amended standards became effective from 1 January 2023:

**IFRS 17 “Insurance Contracts” (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).** IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. As a consequence, it was difficult for investors to compare and contrast the financial performance of otherwise similar insurance companies. IFRS 17 is a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard requires recognition and measurement of groups of insurance contracts at: (i) a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) (ii) an amount representing the unearned profit in the group of contracts (the contractual service margin). Insurers are now recognising the profit from a group of insurance contracts over the period they provide insurance coverage, and as they are released from risk. If a group of contracts is or becomes loss-making, an entity is recognising the loss immediately. The adoption of the amendments did not have a material impact on these consolidated financial statements.

**Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).** The amendments include a number of clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and transition. The adoption of the amendments did not have a material impact on these consolidated financial statements.

**Transition option for insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).** The amendment to the transition requirements in IFRS 17 provides insurers with an option aimed at improving the usefulness of information to investors on initial application of IFRS 17. The adoption of the amendments did not have a material impact on these consolidated financial statements.

**Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).** IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity’s financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information.

To support this amendment, IFRS Practice Statement 2, ‘Making Materiality Judgements’ was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments resulted in changes in presentation of these financial statements, primarily by removing significant accounting policies that do not represent material accounting policy information.

**Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).** The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates. The adoption of the amendments did not have a material impact on these consolidated financial statements.

**Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).** The amendments to IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which both an asset and a liability are recognised. The amendments clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendment did not have a material impact on these consolidated financial statements.

**Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023).** In May 2023, the IASB issued narrow-scope amendments to IAS 12, ‘Income Taxes’. This amendment was introduced in response to the imminent implementation of the Pillar Two model rules released by the Organisation for Economic Co-operation and Development’s (OECD) as a result of international tax reform. The amendments provide a temporary exception from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules. Companies may apply the exception immediately, but disclosure requirements are required for annual periods commencing on or after 1 January 2023. The amendment did not have a material impact on these consolidated financial statements.

## 6 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2024 or later, and which the Fund has not early adopted.

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).
- Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023).
- Amendments to IAS 21 Lack of Exchangeability (Issued on 15 August 2023).

Unless otherwise noted above, these new standards and interpretations are not expected to have a significant impact on the Fund's financial statements.

## 7 Cash and Cash Equivalents

<i>In thousands of Kazakhstani Tenge</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Balances on demand accounts with the Ministry of Finance of the Republic of Kazakhstan (MF RK)	55,586,431	29,550,933
Reverse sale and repurchase agreements (REPO) with other banks with original maturities of less than three months	42,417,787	94,904,031
Account balances with the State National Bank of the Republic of Kazakhstan (NB RK)	23,907,543	52,589,572
Balances on demand accounts in commercial banks	3,038,790	4,996,203
NB RK notes with a maturity of less than three months	35,865	-
Less allowance for credit losses	(11,434)	(3,394)
<b>Total cash and cash equivalents</b>	<b>124,974,982</b>	<b>182,037,345</b>

Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include and reverse sale and repurchase agreements and securities with original maturities of less than three months. Funds restricted for a period of more than three months on origination are excluded from cash and cash equivalents, both in the statement of financial position and for the purposes of the statement of cash flows. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

The Fund holds funds received to support development of Small and Medium Entrepreneurship through subsidization on current accounts with banks (Note 15).

During 2023, the Fund primarily managed temporarily available cash flow through short-term reverse repurchase agreements.

## 7 Cash and Cash Equivalents (continued)

The credit quality of cash and cash equivalents balances may be summarised based on Standard and Poor's ratings as follows at 31 December 2023:

<i>In thousands of Kazakhstani Tenge</i>	Current accounts	Cash balances with the NBRK	Reverse repo	Note NB RK	Total
<i>Neither past due nor impaired</i>					
- NB RK	-	23,907,543	-	35,865	23,943,408
- MF RK	55,586,431	-	-	-	55,586,431
- BBB- to BBB+ rated	1,824,249	-	42,417,787	-	44,242,036
- BB- to BB+ rated	1,185,386	-	-	-	1,185,386
- B- to B+ rated	21,799	-	-	-	21,799
- Unrated	7,356	-	-	-	7,356
<b>Total cash and cash equivalents, excluding cash on hand</b>	<b>58,625,221</b>	<b>23,907,543</b>	<b>42,417,787</b>	<b>35,865</b>	<b>124,986,416</b>

The credit quality of cash and cash equivalents balances may be summarised based on Standard and Poor's ratings as follows at 31 December 2022:

<i>In thousands of Kazakhstani Tenge</i>	Current accounts with banks	Cash balances with the NBRK	Reverse repo	Total
<i>Neither past due nor impaired</i>				
- NB RK	-	52,589,572	-	52,589,572
- MF RK	29,550,933	-	-	29,550,933
- BBB- to BBB+ rated	2,528,443	-	94,904,031	97,432,474
- BB- to BB+ rated	668,189	-	-	668,189
- B- to B+ rated	1,160,211	-	-	1,160,211
- Unrated	639,360	-	-	639,360
<b>Total cash and cash equivalents, excluding cash on hand</b>	<b>34,547,136</b>	<b>52,589,572</b>	<b>94,904,031</b>	<b>182,040,739</b>

The credit quality of reverse repo based on ratings of securities, which are provided as collateral.

The credit ratings are based on Standard & Poor's ratings, where available, or Moody's rating converted to the nearest equivalent on the Standard & Poor's rating scale.

For the purpose of ECL measurement cash and cash equivalents balances are included in Stage 1. The ECL for these balances represents an insignificant amount, therefore the Fund did not recognise any credit loss allowance for cash and cash equivalents. Refer to Note 26 for the ECL measurement approach.

Refer to Note 28 for disclosure of the fair value of cash and cash equivalents. Interest rate analysis of cash and cash equivalents is disclosed in Note 26. Information on related party balances is disclosed in Note 30.

In 2023 and 2022, there were no investment and financial transactions that did not require the use of cash and cash equivalents and were not included in the cash flow statement.

## **8 Due from Financial Institutions**

<i>In thousands of Kazakhstani Tenge</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Loans given to financial institutions	184,486,192	161,441,921
Placements with other banks with original maturities of more than three months	60,081,304	50,090,033
Debt securities of financial institutions	29,793,560	6,498,065
Loans given in the framework of the Islamic financing programs	15,952,054	16,053,869
Less allowance for credit losses	(6,274,025)	(13,598,337)
<b>Total due from financial institutions</b>	<b>284,039,085</b>	<b>220,485,551</b>

Amounts due from other banks are recorded when the Fund advances money to counterparty banks. Amounts due from other banks are carried at AC when: (i) they are held for the purposes of collecting contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Due from financial institutions are carried at amortized cost, except for debt securities of financial institutions, which are measured at fair value through other comprehensive income.

**8 Due from Financial Institutions (continued)**

Analysis by credit quality of amounts due from financial institutions outstanding at 31 December 2023 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	Loans given to financial institutions	Loans given in the framework of the Islamic financing programs	Placements with other banks with original maturities of more than three months	Debt securities of financial institutions	Total
<i>Neither past due nor impaired</i>					
- AAA rated				23,824,250	23,824,250
- BBB- to BBB+ rated	47,604,817	10,481,125	10,053,906	-	68,139,848
- BB- to BB+ rated	99,245,328	-	50,027,398	5,969,310	155,242,036
- B- to B+ rated	28,015,582	-	-	-	28,015,582
<i>Internal valuation of the Fund</i>					
- Excellent level	332,101	-	-	-	332,101
- Good	5,785,903	4,097,992	-	-	9,883,895
- Satisfactory	3,263,353	-	-	-	3,263,353
<b>Total neither past due nor impaired</b>	<b>184,247,084</b>	<b>14,579,117</b>	<b>60,081,304</b>	<b>29,793,560</b>	<b>288,701,065</b>
<i>Balances individually determined to be impaired</i>					
<i>Overdue</i>					
- from 91 to 180 days	-	415,266	-	-	415,266
- from 181 to 360 days	-	309,299	-	-	309,299
- above 360 days overdue	239,108	648,372	-	-	887,480
<b>Total individually impaired (gross)</b>	<b>239,108</b>	<b>1,372,937</b>	<b>-</b>	<b>-</b>	<b>1,612,045</b>
<b>Less: Credit loss allowance</b>	<b>(6,033,859)</b>	<b>(56,721)</b>	<b>(181,357)</b>	<b>(2,088)</b>	<b>(6,274,025)</b>
<b>Total due from financial institutions</b>	<b>178,452,333</b>	<b>15,895,333</b>	<b>59,899,947</b>	<b>29,791,472</b>	<b>284,039,085</b>

**8 Due from Financial Institutions (continued)**

Analysis by credit quality of amounts due from financial institutions outstanding at 31 December 2022 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	Loans given to financial institutions	Loans given in the framework of the Islamic financing programs	Placements with other banks with original maturities of more than three months	Debt securities of financial institutions	Total
<i>Neither past due nor impaired</i>					
- BBB- to BBB+ rated	45,537,972	-	76,334	-	45,614,306
- BB- to BB+ rated	19,465,318	-	-	5,546,378	25,011,696
- B- to B+ rated	76,069,756	-	-	-	76,069,756
- unrated	-	-	-	951,687	951,687
<i>Internal valuation of the Fund</i>					
- Good	12,816,698	10,998,024	-	-	23,814,722
- Satisfactory	7,309,667	5,055,845	50,013,699	-	62,379,211
<b>Total neither past due nor impaired</b>	<b>161,199,411</b>	<b>16,053,869</b>	<b>50,090,033</b>	<b>6,498,065</b>	<b>233,841,378</b>
<i>Balances individually determined to be impaired</i>					
<i>Overdue</i>					
- from 91 to 180 days	3,402	-	-	-	3,402
- above 360 days overdue	239,108	-	-	-	239,108
<b>Total individually impaired (gross)</b>	<b>242,510</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>242,510</b>
<b>Less: Credit loss allowance</b>	<b>(7,479,490)</b>	<b>(196,882)</b>	<b>(4,966,052)</b>	<b>(955,913)</b>	<b>(13,598,337)</b>
<b>Total due from financial institutions</b>	<b>153,962,431</b>	<b>15,856,987</b>	<b>45,123,981</b>	<b>5,542,152</b>	<b>220,485,551</b>

**8 Due from Financial Institutions (continued)**

The credit ratings are based on Standard and Poor's ratings where available or Moody's rating converted to the nearest equivalent on the Standard and Poor's rating scale.

The following table explains the changes in the credit loss allowance and gross carrying amount of placements with other banks between the beginning and the end of 2023 due to these factors:

In thousands of Kazakhstani Tenge	Credit loss allowance		Gross carrying amount	
	Stage 1 (12-months ECL)	Total	Stage 1 (12 months ECL)	Total
<b>Placements with other banks</b>				
<b>As at 1 January 2023</b>	<b>(4,966,052)</b>	<b>(4,966,052)</b>	<b>50,090,033</b>	<b>50,090,033</b>
<b>Movements with impact on credit loss allowance charge for the period:</b>				
<b>New originated or purchased</b>	-	-	22,810,122	22,810,122
<b>Derecognised during the period</b>	4,784,695	4,784,695	(12,814,912)	(12,814,912)
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>4,784,695</b>	<b>4,784,695</b>	<b>9,995,210</b>	<b>9,995,210</b>
<b>Movements without impact on credit loss allowance charge for the period:</b>				
<b>Foreign exchange translation and other movements</b>	-	-	(3,939)	(3,939)
<b>As at 31 December 2023</b>	<b>(181,357)</b>	<b>(181,357)</b>	<b>60,081,304</b>	<b>60,081,304</b>

The following table explains the changes in the credit loss allowance and gross carrying amount of placements with other banks between the beginning and the end of 2022 due to these factors:

In thousands of Kazakhstani Tenge	Credit loss allowance		Gross carrying amount	
	Stage 1 (12-months ECL)	Total	Stage 1 (12 months ECL)	Total
<b>Placements with other banks</b>				
<b>As at 1 January 2022</b>	<b>(9,234)</b>	<b>(9,234)</b>	<b>5,133,864</b>	<b>5,133,864</b>
<b>Movements with impact on credit loss allowance charge for the period:</b>				
<b>New originated or purchased</b>	(4,956,799)	(4,956,799)	52,219,363	52,219,363
<b>Derecognised during the period</b>	-	-	(8,809,753)	(8,809,753)
<b>Total movements with impact on credit loss allowance charge for the period</b>	<b>(4,956,799)</b>	<b>(4,956,799)</b>	<b>43,409,610</b>	<b>43,409,610</b>
<b>Movements without impact on credit loss allowance charge for the period:</b>				
<b>Foreign exchange translation and other movements</b>	(19)	(19)	1,546,559	1,546,559
<b>As at 31 December 2022</b>	<b>(4,966,052)</b>	<b>(4,966,052)</b>	<b>50,090,033</b>	<b>50,090,033</b>



## 8 Due from Financial Institutions (continued)

During 2023, due to the improvement in the probability of default associated with the credit rating of Bereke Bank JSC, the Fund restored the previously recognized expected credit ratings.

The following table explains the changes in the credit loss allowance and gross carrying amount of loans given to financial institutions between the beginning and the end of 2023 due to these factors:

<i>In thousands of Kazakhstani Tenge</i>	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit- impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit- impaired)	Total
<b>Placements with other banks</b>								
At 1 January 2023	(2,702,193)	(4,461,367)	(315,930)	(7,479,490)	145,508,676	13,986,751	1,946,494	161,441,921
<i>Movements with impact on credit loss allowance charge for the period:</i>								
New originated and purchased	(354,491)	-	-	(354,491)	47,423,392	-	-	47,423,392
Derecognised during the period	1,367,867	378,754	53,501	1,800,122	(22,767,289)	(678,295)	(933,537)	(24,379,121)
<b>At 31 December 2023</b>	<b>(1,688,817)</b>	<b>(4,082,613)</b>	<b>(262,429)</b>	<b>(6,033,859)</b>	<b>170,164,779</b>	<b>13,308,456</b>	<b>1,012,957</b>	<b>184,486,192</b>

The following table explains the changes in the credit loss allowance and gross carrying amount of loans given to financial institutions between the beginning and the end of 2022 due to these factors:

<i>In thousands of Kazakhstani Tenge</i>	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit- impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit- impaired)	Total
<b>Placements with other banks</b>								
At 1 January 2022	(3,349,049)	(6,677,131)	(385,441)	(10,411,621)	197,108,830	27,890,939	3,752,905	228,752,674
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Transfers:								
- to lifetime expected credit losses (from Stage 1 to Stage 2)	240,546	(240,546)	-	-	(478,223)	478,223	-	-
- to impaired assets (from Stage 1 and Stage 2 to Stage 3)	19,504	-	(19,504)	-	(233,431)	-	233,431	-
New originated and purchased	(1,218,564)	-	-	(1,218,564)	51,667,609	-	-	51,667,609
Derecognised during the period	2,063,875	2,456,310	89,015	4,609,200	(102,556,109)	(14,382,411)	(2,039,842)	(118,978,362)
Changes to ECL measurement model assumptions	(458,505)	-	-	(458,505)	-	-	-	-
<b>At 31 December 2022</b>	<b>(2,702,193)</b>	<b>(4,461,367)</b>	<b>(315,930)</b>	<b>(7,479,490)</b>	<b>145,508,676</b>	<b>13,986,751</b>	<b>1,946,494</b>	<b>161,441,921</b>

**8 Due from Financial Institutions (continued)**

The table below explains the changes in the allowance for loan losses and the gross carrying amount of loans issued under Islamic finance programs that occurred between the beginning and the end of 2023:

<i>In thousands of Kazakhstani Tenge</i>	<b>Stage 1 (12-months ECL)</b>	<b>Total</b>	<b>Stage 1 (12-months ECL)</b>	<b>Total</b>
<b>Loans given in the framework of Islamic financing programs</b>				
<b>At 1 January 2023</b>	<b>(196,882)</b>	<b>(196,882)</b>	<b>16,053,869</b>	<b>16,053,869</b>
<i>Changes affecting on the allowance for credit losses for the period:</i>				
Changes to ECL measurement model assumptions	140,161	140,161	(101,815)	(101,815)
<b>At 31 December 2023</b>	<b>(56,721)</b>	<b>(56,721)</b>	<b>15,952,054</b>	<b>15,952,054</b>

The table below explains the changes in the allowance for loan losses and the gross carrying amount of loans issued under Islamic finance programs that occurred between the beginning and the end of 2022:

<i>In thousands of Kazakhstani Tenge</i>	<b>Stage 1 (12-months ECL)</b>	<b>Total</b>	<b>Stage 1 (12-months ECL)</b>	<b>Total</b>
<b>Loans given in the framework of Islamic financing programs</b>				
<b>At 1 January 2022</b>	<b>(286,980)</b>	<b>(286,980)</b>	<b>16,125,258</b>	<b>16,125,258</b>
<i>Changes affecting on the allowance for credit losses for the period:</i>				
New originated or purchased	(7,297)	(7,297)	410,000	410,000
Derecognised during the period	11,220	11,220	(481,389)	(481,389)
Changes to ECL measurement model assumptions	86,175	86,175	-	-
<b>At 31 December 2022</b>	<b>(196,882)</b>	<b>(196,882)</b>	<b>16,053,869</b>	<b>16,053,869</b>

Refer to Note 28 for the estimated fair value of each class of amounts due from financial institutions. Interest rate analysis of due from financial institutions is disclosed in Note 26. Information on related party balances is disclosed in Note 30.

The extent to which collateral and other credit enhancements mitigate credit risk for financial assets carried at amortised cost that are credit impaired, is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset ("over-collateralised assets") and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset ("under-collateralised assets").

The effect of collateral on credit impaired assets at 31 December 2023 is as follows.

<i>In thousands of Kazakhstani Tenge</i>	<b>Over-collateralised Assets</b>		<b>Under-collateralised assets</b>	
	<b>Carrying value of the assets</b>	<b>Value of collateral</b>	<b>Carrying value of the assets</b>	<b>Value of collateral</b>
<b>Credit impaired assets:</b>				
<i>Due from financial institutions</i>				
Loans given to financial institutions	773,849	2,601,974	239,108	31,791

## 8 Due from Financial Institutions (continued)

The effect of collateral on credit impaired assets at 31 December 2022 is as follows.

<i>In thousands of Kazakhstani Tenge</i>	Over-collateralised Assets		Under-collateralised assets	
	Carrying value of the assets	Value of collateral	Carrying value of the assets	Value of collateral
<b>Credit impaired assets:</b>				
<i>Due from financial institutions</i>				
Loans given to financial institutions	1,707,386	5,556,544	239,108	31,791

The table below discloses investments in debt securities at 31 December 2023 by measurement categories and classes:

<i>In thousands of Kazakhstani Tenge</i>	Debt securities at FVOCI	Debt securities at AC	Total
International financial organisation bonds	-	23,824,250	23,824,250
Corporate bonds	586,876	5,384,522	5,971,398
<b>Total investments in debt securities at 31 December 2023 (fair value or gross carrying value)</b>	<b>586,876</b>	<b>29,208,772</b>	<b>29,795,648</b>
Credit loss allowance	(2,088)	-	(2,088)
<b>Total investments in debt securities at 31 December 2023 (carrying value)</b>	<b>584,788</b>	<b>29,208,772</b>	<b>29,793,560</b>

The table below discloses investments in debt securities at 31 December 2022 by measurement categories and classes:

<i>In thousands of Kazakhstani Tenge</i>	Debt securities at FVOCI	Debt securities at AC	Total
Corporate bonds	1,490,103	5,007,962	6,498,065
<b>Total investments in debt securities at 31 December 2022 (fair value or gross carrying value)</b>	<b>1,490,103</b>	<b>5,007,962</b>	<b>6,498,065</b>
Credit loss allowance	(955,913)	-	(955,913)
<b>Total investments in debt securities at 31 December 2022 (carrying value)</b>	<b>534,190</b>	<b>5,007,962</b>	<b>5,542,152</b>

*Investments in debt securities at FVOCI*

<i>In thousands of Kazakhstani Tenge</i>	Stage 1 (12 months ECL)	Total
<b>Corporate bonds</b>		
- BB- to BB+ rated	663,941	663,941
<b>Total AC gross carrying amount on 31 December 2023</b>	<b>663,941</b>	<b>663,941</b>
Less: expected credit losses	(2,088)	(2,088)
Less: fair value adjustment from AC to FV	(77,065)	(77,065)
<b>Carrying value (fair value) on 31 December 2023</b>	<b>584,788</b>	<b>584,788</b>

**8 Due from Financial Institutions (continued)**

<i>In thousands of Kazakhstani Tenge</i>	<b>Stage 1 (12 months ECL)</b>	<b>Stage 3 (lifetime ECL for credit- impaired)</b>	<b>Total</b>
<b>Corporate bonds</b>			
- BBB- to BBB+ rated	655,335	-	655,335
- no rating	-	1,002,343	1,002,343
<b>Total AC gross carrying amount on 31 December 2022</b>	<b>655,335</b>	<b>1,002,343</b>	<b>1,657,678</b>
Less: expected credit losses	(4,226)	(951,687)	(955,913)
Less: fair value adjustment from AC to FV	(116,919)	(50,656)	(167,575)
<b>Carrying value (fair value) on 31 December 2022</b>	<b>534,190</b>	<b>-</b>	<b>534,190</b>

The debt securities at FVOCI are not collateralised. During 2023, there were no significant increases in credit risk and default indicators and provisions were calculated equal to 12-month expected credit losses. During 2022, the Fund recognized reserves on bonds of Subsidiary VTB Bank JSC (Kazakhstan), which were purchased in 2023, which led to the restoration of reserves.

*Investments in debt securities at AC*

In 2023, the Fund purchased bonds of the European Bank for Reconstruction and Development in the amount of 23,000,000 thousand tenge. As part of bond loans, these funds were provided to Bank CenterCredit JSC for the purpose of financing small and medium-sized businesses.

On 13 and 14 December 2018, the Fund purchased the bonds of "TsesnaBank" JSC in exchange for loans that the Fund issued earlier to "Tsesnabank" JSC. The nominal value of these bonds is Tenge 32,800,312 thousand, excluding accrued interest. The Fund estimated the fair value of the bonds by the method of discounted payments at a rate of 15.45% which amounted to Tenge 3,935,983 thousand as at 31 December 2018. The absence of credit loss allowances is due to the fact that these bonds were purchased at the end of the year and the recoverable amount is equal to the carrying amount.

The Fund's management intends to hold these bonds in order to receive contractual cash flows. These bonds passed the SPPI test at initial recognition and are carried at amortized cost. The debt securities at AC are not collateralised.

The debt securities at AC are not collateralised.

**9 Loans and advances to customers**

<i>In thousands of Kazakhstani Tenge</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Loans to small and medium enterprises	1,619,047	3,351,788
Receivables for paid guarantees	5,903,027	4,112,681
Less allowance for credit losses	(6,307,320)	(4,864,445)
<b>Total loans and advances to customers</b>	<b>1,214,754</b>	<b>2,600,024</b>

Due to the increased risk of imposing sanctions on subsidiaries of Russian banks in Kazakhstan, the Fund took measures to reduce the funds placed with these banks (Note 2). One of these measures was the assignment of claims on the portfolios of these banks to the Fund in repayment of the banks' debt to the Fund.

On 11 March 2022, the Fund entered into an assignment agreement with one of these banks and accepted a portfolio of loans in the amount of Tenge 1,346,970 thousand. On 8 and 12 April 2022, the Fund entered into assignment agreements with another bank and accepted a portfolio of loans in the amount of Tenge 10,305,120 thousand. The Fund calculated the fair value of these loan portfolios at initial recognition and recognized a loss on initial recognition in the amount of Tenge 1,820,575 thousand (Note 21). During 2023, the Fund did not receive a portfolio of loans from other banks.

Receivables for paid guarantees represent the Fund's claims in respect of small and medium-sized businesses to which the Fund has issued financial guarantees and for which the Fund has made payments in connection with the default of these companies on their loans in second-tier banks. Historically, the Fund has received insignificant payments on these receivables, and therefore an allowance for expected credit losses has been recognized for the entire amount of this receivable.

The table below discloses changes in the credit loss allowance and the gross carrying amount of loans and advances to customers measured at amortized cost between the beginning and the end of the reporting period. The table does not disclose the amount of provisions for receivables under paid guarantees in the amount of Tenge 5,903,027 thousand (2022: Tenge 4,112,681 thousand).

**Damu Entrepreneurship Development Fund JSC**  
**Notes to the Financial Statements – 31 December 2023**

**9 Loans and Advances to Customers (continued)**

	Credit loss allowance			Gross carrying amount				Total
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit- impaired)	Originally created credit- impaired asset	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit- impaired)	
<i>In thousands of Kazakhstani Tenge</i>								
<b>Loans to small and medium enterprises</b>								
<b>At 1 January 2023</b>	(78,570)	(18,979)	(448,493)	(211,289)	2,316,197	174,744	621,389	239,458
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Transfer:								
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	-	-	-	-	-	-	-	-
- to lifetime expected credit losses (from Stage 1 and Stage 3 to Stage 2)	6,794	(6,794)	-	-	(268,371)	268,371	-	-
- to impaired assets (from Stage 1 and Stage 2 to Stage 3)	-	10,728	(10,728)	-	-	(186,388)	186,388	-
Derecognised during the period	46,664	7,320	86,208	(19,189)	(1,399,646)	(172,342)	(458,541)	(8,499)
Changes to ECL measurement model assumptions	-	-	-	-	-	-	-	-
Amortization of discount and interest accrued	-	-	-	-	370,480	48,720	118,046	(481)
<b>Total changes affecting credit loss allowance charge for the period</b>	<b>(25,112)</b>	<b>(7,725)</b>	<b>(373,013)</b>	<b>(230,478)</b>	<b>1,018,660</b>	<b>133,105</b>	<b>467,282</b>	<b>230,478</b>
<i>Movements with no impact on credit loss allowance for the period:</i>								
Write-off	-	-	-	230,478	-	-	-	(230,478)
<b>At 31 December 2023</b>	<b>(25,112)</b>	<b>(7,725)</b>	<b>(373,013)</b>	<b>-</b>	<b>1,018,660</b>	<b>133,105</b>	<b>467,282</b>	<b>-</b>
								<b>1,619,047</b>

**Damu Entrepreneurship Development Fund JSC**  
**Notes to the Financial Statements – 31 December 2023**

**9 Loans and Advances to Customers (continued)**

	Credit loss allowance				Gross carrying amount					
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit- impaired)	Originally created credit- impaired asset	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit- impaired)	Originally created credit- impaired asset	Total
<i>In thousands of Kazakhstani Tenge</i>										
<b>Loans to small and medium enterprises</b>										
<b>At 1 January 2022</b>	-	-	(234,004)	(242,964)	(476,968)	994	-	234,003	493,855	728,852
<i>Movements with impact on credit loss allowance charge for the period:</i>										
Transfer:										
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(134,380)	118,397	15,983	-	-	309,188	(278,703)	(30,485)	-	-
- to lifetime expected credit losses (from Stage 1 and Stage 3 to Stage 2)	3,611	(283,068)	279,457	-	-	(561,088)	742,422	(181,334)	-	-
- to impaired assets (from Stage 1 and Stage 2 to Stage 3)	133,581	135,622	(269,203)	-	-	(460,837)	(255,962)	716,799	-	-
New originated and purchased	(545,672)	-	-	-	(545,672)	10,484,749	-	-	-	10,484,749
Derecognised during the period	447,233	26,664	88,867	31,675	594,439	(7,763,831)	(52,958)	(156,358)	(262,041)	(8,235,188)
Changes to ECL measurement model assumptions	110,235	(14,473)	(340,262)	-	(244,500)	-	-	-	-	-
Amortization of discount and interest accrued	(93,178)	(2,121)	(4,363)	-	(99,662)	307,022	19,945	53,796	7,644	388,407
<b>Total changes affecting credit loss allowance charge for the period</b>	<b>(78,570)</b>	<b>(18,979)</b>	<b>(229,521)</b>	<b>31,675</b>	<b>(295,395)</b>	<b>2,315,203</b>	<b>174,744</b>	<b>402,418</b>	<b>(254,397)</b>	<b>2,637,968</b>
<i>Movements with no impact on credit loss allowance for the period:</i>										
Write-off	-	-	15,032	-	15,032	-	-	(15,032)	-	(15,032)
<b>At 31 December 2022</b>	<b>(78,570)</b>	<b>(18,979)</b>	<b>(448,493)</b>	<b>(211,289)</b>	<b>(757,331)</b>	<b>2,316,197</b>	<b>174,744</b>	<b>621,389</b>	<b>239,458</b>	<b>3,351,788</b>

## 9 Loans and Advances to Customers (continued)

The table below provides an analysis of credit risk for loans and advances to customers measured at amortized cost, for which an allowance for expected credit losses has been recognized. In the table below, the carrying amount of loans and advances to customers also reflects the Fund's maximum exposure to credit risk on these loans.

The following is an analysis of loan quality as at 31 December 2023:

<i>In thousands of Kazakhstani Tenge</i>	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit-impaired)	Originally created credit-impaired asset	Total
<b>Loans to small and medium enterprises</b>					
<i>Not overdue</i>	1,018,443	132,281	219,299	-	1,370,023
<i>Overdue:</i>					
- with a payment delay of less than 31 days	217	-	-	-	217
- with a payment delay from 31 to 90 days	-	824	-	-	824
- with a payment delay of more than 90 days	-	-	247,983	-	247,984
<b>Gross carrying amount</b>	<b>1,018,660</b>	<b>133,105</b>	<b>467,282</b>	<b>-</b>	<b>1,619,047</b>
Credit loss allowance for the period	(25,112)	(7,725)	(373,013)	-	(405,850)
<b>Carrying amount</b>	<b>993,548</b>	<b>125,380</b>	<b>94,269</b>	<b>-</b>	<b>1,213,197</b>

The following is an analysis of loan quality as at 31 December 2022:

<i>In thousands of Kazakhstani Tenge</i>	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit-impaired)	Originally created credit-impaired asset	Total
<b>Loans to small and medium enterprises</b>					
<i>Not overdue</i>	2,295,572	173,316	328,373	10,781	2,808,042
<i>Overdue:</i>					
- with a payment delay of less than 31 days	20,627	-	-	-	20,627
- with a payment delay from 31 to 90 days	-	1,428	-	-	1,428
- with a payment delay of more than 90 days	-	-	293,016	228,675	521,691
<b>Gross carrying amount</b>	<b>2,316,199</b>	<b>174,744</b>	<b>621,389</b>	<b>239,456</b>	<b>3,351,788</b>
Credit loss allowance for the period	(78,570)	(18,979)	(448,493)	(211,289)	(757,331)
<b>Carrying amount</b>	<b>2,237,629</b>	<b>155,765</b>	<b>172,896</b>	<b>28,167</b>	<b>2,594,457</b>



**9 Loans and Advances to Customers (continued)**

Below is the concentration of loans by sectors of the economics:

<i>In thousands of Kazakhstani Tenge</i>	<b>31 December 2023</b>		<b>31 December 2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Wholesale and retail trade; car and motorcycle repair	308,465	25,43%	946,563	36,48%
Food industry	342,774	28,25%	481,125	18,54%
Manufacturing industry	303,267	25,00%	413,492	15,94%
Provision of services	228,035	18,80%	605,287	23,33%
Transport and warehousing	17,886	1,47%	95,681	3,69%
Agriculture, forestry and fisheries	5,185	0,43%	33,415	1,29%
Other industries	7,585	0,62%	18,894	0,73%
<b>Total loans and advances to customers at amortized cost</b>	<b>1,213,197</b>		<b>2,594,457</b>	

The following is an analysis of collateral for corporate loans measured at amortized cost as at 31 December 2023:

<i>In thousands of Kazakhstani Tenge</i>	<b>Loans to small and medium enterprises</b>	<b>Total</b>
Collateralized loans:		
- by residential real estate	177,795	177,795
- production premises	815,883	815,883
- other real estate objects	40,203	40,203
- vehicles and equipment	118,750	118,750
<b>Total</b>	<b>1,152,631</b>	<b>1,052,631</b>
Uncollateralized loans	62,123	62,123
<b>Total carrying amount of loans and advances to customers measured at amortized cost (amount representing the exposure to credit risk for each class of loans measured at amortized cost)</b>	<b>1,214,754</b>	<b>1,214,754</b>

The following is an analysis of collateral for corporate loans measured at amortized cost as at 31 December 2022:

<i>In thousands of Kazakhstani Tenge</i>	<b>Loans to small and medium enterprises</b>	<b>Total</b>
Collateralized loans:		
- by residential real estate	746,389	746,389
- other real estate objects	1,355,430	1,355,430
- vehicles and equipment	358,137	358,137
<b>Total</b>	<b>2,459,956</b>	<b>2,459,956</b>
Uncollateralized loans	134,501	134,501
<b>Total carrying amount of loans and advances to customers measured at amortized cost (amount representing the exposure to credit risk for each class of loans measured at amortized cost)</b>	<b>2,594,457</b>	<b>2,594,457</b>

## 9 Loans and Advances to Customers (continued)

The financial impact of collateral is presented by separately disclosing its value for (i) assets for which collateral and other credit enhancements equal or exceed the carrying amount of the asset ("overcollateralized assets") and (ii) assets for which collateral and other credit enhancements other credit enhancements are less than the carrying amount of the asset ("undercollateralised assets"). The table below shows the impact of the collateral as at 31 December 2023:

<i>In thousands of Kazakhstani Tenge</i>	<b>Overcollateralized Assets</b>		<b>Undercollateralized Assets</b>	
	<b>Carrying amount</b>	<b>Fair value amount</b>	<b>Carrying amount</b>	<b>Fair value amount</b>
Loans to small and medium enterprises	1,152,631	14,270,366	62,123	-
<b>Total</b>	<b>1,152,631</b>	<b>14,270,366</b>	<b>62,123</b>	<b>-</b>

The table below shows the impact of the collateral as at 31 December 2022:

<i>In thousands of Kazakhstani Tenge</i>	<b>Overcollateralized Assets</b>		<b>Undercollateralized Assets</b>	
	<b>Carrying amount</b>	<b>Fair value amount</b>	<b>Carrying amount</b>	<b>Fair value amount</b>
Loans to small and medium enterprises	2,459,956	18,754,302	134,501	-
<b>Total</b>	<b>2,459,956</b>	<b>18,754,302</b>	<b>134,501</b>	<b>-</b>

## 10 Investments in Debt Securities

<i>In thousands of Kazakhstani Tenge</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Debt securities at fair value through other comprehensive income (FVOCI)	4,795,765	12,892,498
Debt securities at amortised cost	822,838	820,919
Debt securities designated as at fair value through profit or loss (FVTPL) at initial recognition	73,518	74,139
<b>Total investments in debt securities</b>	<b>5,692,121</b>	<b>13,787,556</b>

The table below discloses investments in debt securities at 31 December 2023 by measurement categories and classes:

<i>In thousands of Kazakhstani Tenge</i>	<b>Debt securities designated as at FVTPL at initial recognition</b>	<b>Debt securities at FVOCI</b>	<b>Debt securities at AC</b>	<b>Total</b>
Kazakhstan government bonds	73,518	1,433,741	-	1,507,259
Corporate bonds	-	3,362,024	-	3,362,024
Bonds of international financial organizations	-	-	-	-
Bonds of other corporate issuers	-	-	832,377	832,377
<b>Total investments in debt securities at 31 December 2023 (fair value or gross carrying value)</b>	<b>73,518</b>	<b>4,795,765</b>	<b>832,377</b>	<b>5,701,660</b>
Credit loss allowance	-	-	(9,539)	(9,539)
<b>Total investments in debt securities at 31 December 2023 (carrying value)</b>	<b>73,518</b>	<b>4,795,765</b>	<b>822,838</b>	<b>5,692,121</b>

**10 Investments in Debt Securities (continued)**

The table below discloses investments in debt securities at 31 December 2022 by measurement categories and classes:

<i>In thousands of Kazakhstani Tenge</i>	<b>Debt securities designated as at FVTPL at initial recognition</b>	<b>Debt securities at FVOCI</b>	<b>Debt securities at AC</b>	<b>Total</b>
Kazakhstan government bonds	74,139	9,605,874	-	9,680,013
Corporate bonds	-	3,236,948	-	3,236,948
Other corporate bonds	-	-	830,949	830,949
<b>Total investments in debt securities at 31 December 2022 (fair value or gross carrying value)</b>	<b>74,139</b>	<b>12,842,498</b>	<b>830,949</b>	<b>13,747,910</b>
Credit loss allowance	-	-	(10,030)	(10,030)
<b>Total investments in debt securities at 31 December 2022 (carrying value)</b>	<b>74,139</b>	<b>12,892,498</b>	<b>820,919</b>	<b>13,787,556</b>

**(a) Investments in debt securities at FVTPL**

Debt securities at FVTPL are carried at fair value, which also reflects any credit risk related write-downs and best represents Fund's maximum exposure to credit risk. The table below contains an analysis of the credit risk exposure of debt securities measured at FVTPL at 31 December 2023:

<i>In thousands of Kazakhstani Tenge</i>	<b>Kazakhstan government bonds</b>	<b>Corporate bonds</b>	<b>Total</b>
<b>Neither past due nor impaired</b>			
- BBB- to BBB+ rated	73,518	-	73,518
<b>Total gross carrying value of assets at FVTPL</b>	<b>73,518</b>	<b>-</b>	<b>73,518</b>

Debt securities at fair value through profit or loss are recognized at fair value, which also reflects the associated credit risk write-offs and provides the most accurate indication of the Fund's maximum credit exposure. The table below contains an analysis of the credit risk exposure of debt securities measured at FVTPL at 31 December 2022:

<i>In thousands of Kazakhstani Tenge</i>	<b>Kazakhstan government bonds</b>	<b>Corporate bonds</b>	<b>Total</b>
<b>Neither past due nor impaired</b>			
- BBB- to BBB+ rated	74,139	-	74,139
<b>Total gross carrying value of assets at FVTPL</b>	<b>74,139</b>	<b>-</b>	<b>74,139</b>

The debt securities at FVTPL are not collateralised.

**10 Investments in Debt Securities (continued)**

**(b) Investments in debt securities at FVOCI**

<i>In thousands of Kazakhstani Tenge</i>	<b>Stage 1 (12 months ECL)</b>	<b>Stage 3 (lifetime ECL for credit- impaired)</b>	<b>Total</b>
Kazakhstan government bonds	1,439,976	-	1,439,976
<b>Corporate bonds</b>			
- BBB- to BBB+ rated	3,624,465	-	3,624,464
<b>Total AC gross carrying amount on 31 December 2023</b>	<b>5,064,441</b>		<b>5,064,440</b>
Less: fair value adjustment from AC to FV	(268,675)	-	(268,675)
<b>Carrying value (fair value) on 31 December 2023</b>	<b>4,795,765</b>	-	<b>4,795,765</b>

<i>In thousands of Kazakhstani Tenge</i>	<b>Stage 1 (12 months ECL)</b>	<b>Stage 3 (lifetime ECL for credit- impaired)</b>	<b>Total</b>
Kazakhstan government bonds	9,767,335	-	9,767,335
<b>Corporate bonds</b>			
- BBB- to BBB+ rated	3,667,475	-	3,667,475
<b>Total AC gross carrying amount on 31 December 2022</b>	<b>13,434,810</b>	-	<b>13,434,810</b>
Less: fair value adjustment from AC to FV	(592,086)	-	(592,086)
<b>Carrying value (fair value) on 31 December 2022</b>	<b>12,842,724</b>	-	<b>12,842,724</b>

The debt securities at FVOCI are not collateralised. During 2022, there were no factors for SICR and default indicators and reserves were calculated equal to 12-month ECL.

**(c) Investments in debt securities at AC**

The table below contains an analysis of the credit risk exposure of debt securities measured at AC at 31 December 2023 based on credit risk grades. Refer to Note 26 for the description of credit risk grading system used by the Fund and the approach to ECL measurement, including the definition of default and SICR as applicable to debt securities at AC.

**10 Investments in Debt Securities (continued)**

The carrying amount of debt securities at AC at 31 December 2023 below also represents the Fund's maximum exposure to credit risk on these assets.

<i>In thousands of Kazakhstani Tenge</i>	<b>Corporate bonds</b>	<b>Other bonds</b>	<b>Total</b>
- BB- to BB+ rated	-	832,377	832,377
<b>Gross carrying amount</b>	-	832,377	832,377
Credit loss allowance	-	(9,539)	(9,539)
<b>Carrying amount</b>	-	<b>822,838</b>	<b>822,838</b>

The table below contains an analysis of the credit risk exposure of debt securities measured at AC at 31 December 2022 based on credit risk grades.

<i>In thousands of Kazakhstani Tenge</i>	<b>Corporate bonds</b>	<b>Other bonds</b>	<b>Total</b>
- B- to B+ rated	-	830,949	830,949
<b>Gross carrying amount</b>	-	<b>830,949</b>	<b>830,949</b>
Credit loss allowance	-	(10,030)	(10,030)
<b>Carrying amount</b>	-	<b>820,919</b>	<b>820,919</b>

On 13 and 14 December 2018, the Fund purchased the bonds of "TsesnaBank" JSC in exchange for loans that the Fund issued earlier to "Tsesnabank" JSC. The nominal value of these bonds is Tenge 32,800,312 thousand, excluding accrued interest. The Fund estimated the fair value of the bonds by the method of discounted payments at a rate of 15.45% which amounted to Tenge 3,935,983 thousand as at 31 December 2018. The absence of credit loss allowances is due to the fact that these bonds were purchased at the end of the year and the recoverable amount is equal to the carrying amount.

The Fund's management intends to hold these bonds in order to receive contractual cash flows. These bonds passed the SPPI test at initial recognition and are carried at amortized cost. The debt securities at AC are not collateralised.

The debt securities at AC are not collateralised.

**11 Premises and Equipment**

<i>In thousands of Kazakhstani Tenge</i>	Note	Land and buildings	Equipment, office furniture and accessories	Vehicles	Right-Use Asset: Buildings	Total
Balance at 1 January 2022		2,335,891	1,591,173	163,695	-	4,090,759
Accumulated depreciation		(419,269)	(1,391,236)	(158,425)	-	(1,968,930)
<b>Carrying amount as of 1 January 2022</b>		<b>1,916,622</b>	<b>199,937</b>	<b>5,270</b>	<b>-</b>	<b>2,121,829</b>
Additions		40,706	82,220	35,920	365,973	524,819
Disposals		-	(97,738)	(21,998)	(15,734)	(135,470)
Depreciation charge	23	(55,707)	(75,614)	(5,271)	(172,456)	(309,048)
Disposal of accumulated depreciation		-	95,596	21,998	5,029	122,623
<b>Carrying amount as of 31 December 2022</b>		<b>1,901,621</b>	<b>204,401</b>	<b>35,919</b>	<b>182,812</b>	<b>2,324,753</b>
Balance at 31 December 2022		2,376,597	1,575,655	177,617	350,239	4,480,108
Accumulated depreciation		(474,976)	(1,371,254)	(141,698)	(167,427)	(2,155,355)
<b>Carrying amount as of 31 December 2022</b>		<b>1,901,621</b>	<b>204,401</b>	<b>35,919</b>	<b>182,812</b>	<b>2,324,753</b>
Additions		17,325	35,797	-	22,063	75,185
Disposals		-	(85,647)	(19,720)	(372,302)	(477,669)
Depreciation charge	23	(59,685)	(75,942)	(5,132)	(203,053)	(343,812)
Disposal of accumulated depreciation		-	82,948	19,720	370,480	473,148
<b>Carrying amount as of 31 December 2023</b>		<b>1,859,261</b>	<b>161,557</b>	<b>30,787</b>	<b>-</b>	<b>2,051,605</b>
Balance at 31 December 2023		2,393,922	1,525,805	157,897	-	4,077,624
Accumulated depreciation		(534,661)	(1,364,248)	(127,110)	-	(2,026,019)
<b>Carrying amount as of 31 December 2023</b>		<b>1,859,261</b>	<b>161,557</b>	<b>30,787</b>	<b>-</b>	<b>2,051,605</b>

## 12 Other assets

<i>In thousands of Kazakhstani Tenge</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Accounts receivable at AC	182,596	291,780
Less: Credit loss allowance	(112,585)	(78,579)
<b>Total other financial assets within other assets</b>	<b>70,011</b>	<b>213,201</b>
Repossessed collateral	382,128	4,315,369
Services prepaid	368,705	305,843
Taxes other than on income	171,516	177,501
Raw materials and supplies	71,679	44,092
Construction in progress	5,795	3,371
Other	52,776	7,978
Less: Provision for impairment	(47,099)	(2,826)
<b>Total other assets</b>	<b>1,075,511</b>	<b>5,064,529</b>

Repossessed collateral represents real estate assets acquired by the Fund in settlement of overdue loans. The Fund expects to dispose of the assets in the foreseeable future. The assets do not meet the definition of non-current assets held for sale and are classified as inventories in accordance with IAS 2 "Inventories". The assets were initially recognised at fair value when acquired.

All of the above assets are expected to be recovered less than twelve months after the year-end. Information on related party balances is disclosed in Note 30.

## 13 Borrowed Funds

<i>In thousands of Kazakhstani Tenge</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Baiterek NMH JSC (6.57% - 10.65%)	109,095,786	102,446,602
Municipal authorities (0.01% - 1%)	38,296,326	45,724,759
JSC Transnational Company Kazchrome (0,1%)	500,167	-
Ministry of Finance of Republic of Kazakhstan (0%)	379,927	386,689
Samruk-Kazyna NWF JSC (2% - 5.5%)	-	19,416,325
<b>Total borrowed funds</b>	<b>148,272,206</b>	<b>167,974,375</b>

Borrowed funds are stated at AC.

In 2014-2015, the Fund received borrowed funds from "NMH Baiterek" JSC in amount Tenge 200 billion at a rate 0.15% for a twenty-year term. Management applied its judgment in determining market rate, using yield to maturity of government bonds further extrapolated for twenty years using linear regression. The Fund's management determined the following effective rates for these funds: the first tranche for Tenge 100 billion - 6.58%, the second tranche for Tenge 50 billion - 6.57%, the third tranche for Tenge 50 billion - 6.71%. The Fund recognized this transaction as a government grant under IAS 20 and recognized income on initial recognition of borrowings at below market rates in the statement of profit or loss.

In 2019, the Fund received borrowed funds from "NMH Baiterek" JSC in amount Tenge 16 billion at a rate 0.1% for fifteen years term. The Fund received this loan to repay earlier issued securities. Management calculated the market rate on the level of 10.65%, including the exchange risk, maturity of the loan and credit risk for the Fund.

For borrowings from NWF Samruk-Kazyna JSC, the Ministry of Finance of the Republic of Kazakhstan and municipal authorities, the Fund accepts contractual interest rates as market rates due to the fact that these organizations do not provide financing to other organizations on a commercial basis and therefore there are no such loans on the market. In 2023, obligations to JSC National Welfare Fund Samruk-Kazyna were repaid in full.

Information on the fair value of each category of borrowings is provided in Note 28. An analysis of interest rates on borrowings is presented in Note 26. Information on transactions with related parties is presented in Note 30.

#### 14 Debt Securities in Issue

Debt securities are stated at AC. In 2021, the Fund raised funds in the amount of Tenge 1 billion with a coupon rate of 11.9% per annum, a maturity of 5 years, by issuing social bonds. These funds were placed with Bank RBK JSC on 8 November 2021 for the purpose of financing the Fund's programs to support small and medium-sized businesses.

In 2020, the Fund raised funds in the amount of Tenge 200 million, coupon rate 11.75%, maturity 3 years, by issuing green bonds. These funds are placed in the SB JSC "Sberbank" 31 March 2021 for the purposes of financing the Fund's programs to support small and medium-sized businesses. This issuance was repaid in 2023.

Information on the fair value measurement of each category of debt securities in issue is disclosed in Note 28. An analysis of the interest rates of debt securities in issue is disclosed in Note 26. Information on transactions with related parties of debt securities in issue is disclosed in Note 30.

#### 15 Liabilities on Subsidy Programs

<i>In thousands of Kazakhstani Tenge</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Banks	2,762,063	4,737,563
Municipal authorities	210,372	175,725
<b>Total liabilities on subsidy programs</b>	<b>2,972,435</b>	<b>4,913,288</b>

Obligations under subsidy programs represent funds received from local executive bodies, the republican budget from the Ministry of National Economy of the Republic of Kazakhstan, the "United Nations Development Program" in the Republic of Kazakhstan". Such funds are further transferred to second-tier banks, incl. and to their regional branches as payment for government-subsidized projects under the national project for the development of entrepreneurship for 2021-2025, the Priority Project Lending and Financial Leasing Facility.

Refer to Note 28 for disclosure of the fair value liabilities on subsidy programs. Information on related party balances is disclosed in Note 30.

#### 16 Deferred Income and Provision for Credit Related Commitments

<i>In thousands of Kazakhstani Tenge</i>	<b>Note</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Deferred income on financial guarantees		44,555,056	41,234,839
Financial guarantees (provision for credit related commitments)	28	23,838,692	34,115,028
<b>Total deferred income and provision for credit related commitments</b>		<b>68,393,748</b>	<b>75,349,867</b>



## **16 Deferred Income and Provision for Credit Related Commitments (continued)**

Guarantees of the Damu Fund are guarantees issued by the Fund to ensure the fulfilment of obligations of private business entities to pay part of the principal debt under a loan agreement/financial leasing agreement to second-tier banks/microfinance organizations/leasing companies, arising from guarantee agreements, within the amount of the guarantee, within the framework of the implementation of the following guarantee programs: The mechanism for lending and financial leasing of priority projects, approved by Decree of the Government of the Republic of Kazakhstan dated December 11, 2018 No. 820, the Damu-Optima Guarantee Program, approved by the decision of the Board of the Fund dated January 22, 2018, Minutes No. 05 /2018, the National Project for Entrepreneurship Development for 2021-2025, approved by Decree of the Government of the Republic of Kazakhstan dated October 12, 2021 No. 728, and the State Program for the Development of Productive Employment and Mass Entrepreneurship for 2017-2021 "Enbek", approved by Decree of the Government of the Republic of Kazakhstan No. 746 dated November 13, 2018), Joint Order "On approval of rules, forms of state financial support, sectors of the economy in which private enterprises subject to state support operate", registered in the Register of State Registration of Normative Legal Acts under No. 33681 dated November 27, 2023.

Within the framework of the programs, the Fund acts as a financial agent between the program coordinator and a private business entity.

The resulting commission value is deferred to income by attributing it straight to income over the life of the issued guarantee. The rest of the increase in issued guarantees is associated with a general increase in the volume of guarantees for small and medium-sized businesses.

Significant estimates and judgments regarding the accounting for issued guarantees are presented in Note 4. Information on the fair value of deferred income and provision for credit related commitments is presented in Note 27. Information on transactions with related parties is presented in Note 30.

## **17 Share Capital**

<i>In thousands of Kazakhstani Tenge (except for number of shares)</i>	<b>Number of outstanding shares (in thousands)</b>	<b>Ordinary shares</b>	<b>Total</b>
At 31 December 2021	27,762	102,920,273	102,920,273
At 31 December 2022	27,762	102,920,273	102,920,273
At 31 December 2023	27,762	102,920,273	102,920,273

As of 31 December 2023, and 31 December 2022, the par value of ordinary shares is Tenge 1,000 per share. All issued ordinary shares are fully paid.

On 10 May 2023, at the meeting of the Sole Shareholder, the Fund declared dividends for the year ended 31 December 2022 in the total amount of Tenge 13,416,382 thousand. The entire amount of dividends was paid to the Sole Shareholder on 31 May 2023.

On 4 May 2022, at the meeting of the Sole Shareholder, the Fund declared dividends for the year ended 31 December 2021, for a total amount of Tenge 17,521,673 thousand. The entire dividend amount was paid to the Sole Shareholder on 13 June 2022.

## 18 Interest Income and Expense

<i>In thousands of Kazakhstani Tenge</i>	<b>2023</b>	<b>2022</b>
<b>Interest income calculated using the effective interest method</b>		
Due from financial institutions	20,980,399	16,421,811
Cash and cash equivalents	16,521,468	15,548,888
Securities at fair value through other comprehensive income	556,425	2,067,294
Loans and advances to customers	566,543	1,087,463
Securities at amortise cost	73,428	401,095
<b>Total interest income calculated using the effective interest method</b>	<b>38,698,263</b>	<b>35,526,551</b>
<b>Other similar income</b>		
Debt securities at fair value through profit or loss	6,887	25,276
<b>Total other similar income</b>	<b>6,887</b>	<b>25,276</b>
<b>Total interest income</b>	<b>38,705,150</b>	<b>35,551,827</b>
<b>Interest expense</b>		
Borrowed funds	(7,944,474)	(7,651,853)
Debt securities in issue	(133,361)	(142,500)
Interest expense on finance lease	(10,238)	(24,518)
<b>Total interest expense</b>	<b>(8,088,073)</b>	<b>(7,818,871)</b>
<b>Net interest income</b>	<b>30,617,077</b>	<b>27,732,956</b>

Interest income and expense are recorded for all debt instruments, other than those at FVTPL, on an accrual basis using the effective interest method. This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Interest income on debt instruments at FVTPL calculated at nominal interest rate is presented within 'other similar income' line in profit or loss.

Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability.

Interest income on due from financial institutions includes Tenge 4,205,209 thousand (2022: Tenge 4,209,663 thousand) interest income from unwinding of discount on loans given at rates below the market (Note 4). Interest income on investment securities includes interest income in the amount of Tenge 976,324 thousand (2022: Tenge 1,885,922 thousand) from discount amortization.

Counterparties registered in Kazakhstan withhold income tax at the source of payment in the amount of 15% of the amount of interest payable to the Fund. During 2023, taxes were withheld in the total amount of Tenge 2,118,529 thousand (2022: Tenge 1,799,132 thousand).

Interest expense on borrowed funds includes Tenge 6,649,184 thousand (2022: Tenge 6,266,022 thousand) interest expense from unwinding of discount on borrowed funds received at rates below the market.

## 19 Net Fee and Commission Income

<i>In thousands of Kazakhstani Tenge</i>	<b>2023</b>	<b>2022</b>
Guarantees issued	29,130,850	24,228,362
Financial agent services	625,601	625,599
<b>Total fee and commission income</b>	<b>29,756,451</b>	<b>24,853,961</b>

## **19 Net Fee and Commission Income (continued)**

Fee and commission income is recognised over time on a straight line basis as the services are rendered. Fee and commission income consists of income from issued guarantees (Note 16), subsidizing services for the State Institution of the Ministry of National Economy of the Republic of Kazakhstan, RSI "Committee for Construction and Housing and Communal Services of the Ministry of Industry and Infrastructure Development of the Republic of Kazakhstan" as an operator and financial agent (Note 16), and services to support start-up entrepreneurs as part of the implementation of the program "State Program for Development and Support".

## **20 Gains less Losses on Derecognition of Financial Assets Measured at Amortised Cost**

Modification of financial assets. When financial assets are contractually modified (e.g. renegotiated), the Fund assesses whether the modification is substantial and should result in derecognition of the original asset and recognition of a new asset at fair value. This assessment is based primarily on qualitative factors, described in the relevant accounting policy and it requires significant judgment. In particular, the Fund applies judgment in deciding whether credit impaired renegotiated loans should be derecognised and whether the new recognised loans should be considered as credit impaired on initial recognition. The derecognition assessment depends on whether the risks and rewards, that is, the variability of expected (rather than contractual) cash flows, change as a result of such modifications. Management determined that risks and rewards did not change as a result of modifying such loans and therefore in substantially all such modifications, the loans were neither derecognised nor reclassified out of the credit-impaired stage. The Fund recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate and recognises a modification gain or loss in profit or loss.

During 2023, the Fund received partial early repayments from three banks that previously had loans at below market rates and recognized income from partial derecognition of loans to these banks in the amount of Tenge 1,423,638 thousand. Additionally, the Fund recognized income from partial early repayment of loans from other organizations in the amount of Tenge 47,876 thousand.

During 2022, the Fund received partial early repayments from three banks that previously had loans at below market rates and recognized income from partial derecognition of loans to these banks in the amount of Tenge 32,544,294 thousand. Additionally, the Fund recognized income from partial early repayment of loans from other organizations in the amount of Tenge 249,681 thousand.

## **21 Net Loss on Initial Recognition of Financial Instruments at Rates below Market**

<i>In thousands of Kazakhstani Tenge</i>	<b>2023</b>	<b>2022</b>
Loss on initial recognition of due from financial institutions at rates below market	(19,553,280)	(3,267,258)
<b>Total net loss on initial recognition of financial instruments at rates below market</b>	<b>(19,553,280)</b>	<b>(3,267,258)</b>

During 2023, the Fund placed funds in the amount of Tenge 34,411,457 thousand previously received from Baiterek NMH JSC in two commercial banks at 2% per annum with maturities in 2030. The Fund has measured the fair value of these loans and recognized a loss on initial recognition of financial instruments at below market rates.

During 2022, the Fund recognized a net loss on initial recognition of loans and advances to customers accepted by the Fund under assignment agreements in the amount of Tenge 1,820,575 thousand. The Fund also recognized a net loss on initial recognition of funds in financial institutions at below market rates in the amount of Tenge 1,446,683 thousand.

Detailed description and assessment of financial results are presented in Critical Accounting Estimates and Judgements in Applying Accounting Policies – Initial recognition of financial instruments issued at rates below market (Note 4).

## 22 General and Administrative Expenses

<i>In thousands of Kazakhstani Tenge</i>	<b>2023</b>	<b>2022</b>
Staff costs	4,444,976	3,841,858
Repair and technical maintenance	272,049	288,114
Depreciation of right-of-use assets	203,053	172,456
Communication services	201,957	181,953
Depreciation of premises and equipment	140,760	136,592
Broker fees	139,469	129,219
Recruiting costs (outsourcing)	139,240	116,897
Taxes other than on income	95,612	108,654
Amortisation of intangible assets	91,710	66,212
Legal and consulting services	90,206	59,575
Business trip expenses	89,172	84,764
Security services	58,699	58,405
Materials	44,404	30,916
Utilities	42,376	36,405
Training	38,078	40,961
Transportation expense	28,190	22,080
Expenses related to Board of Directors	20,729	19,342
Office supplies and printing services	16,583	12,972
Short term rent expenses	14,703	3,789
Bank charges	11,115	12,661
Insurance expenses	5,250	4,587
Health and safety expenses	2,410	1,463
Representative expenses	202	1,161
Other	153,370	132,916
<b>Total General and Administrative Expenses</b>	<b>6,344,313</b>	<b>5,563,952</b>
Outsourcing	643,145	602,237
Staff costs (FFSA)	610,790	142,083
Advertising and marketing services	243,880	183,879
Repair and technical maintenance	114,496	87,973
Legal and consulting services	111,394	144,320
Business trip expenses	16,156	23,321
Office supplies and printing services	7,710	6,306
Communication services	7,664	9,918
Underwriting services	172	158
Other taxes other than income tax	77	-
Materials	-	1,365
Other	23,093	17,746
<b>Total expenses on realisation of Fund's programs*</b>	<b>1,778,577</b>	<b>1,219,306</b>

\*This group of expenses includes expenses for non-financial support of entrepreneurs, for an advertising and image campaign to popularize the activities of the Fund and to promote the financial and non-financial programs of the Fund, under the program of the Fund for Financial Support of Agriculture, for hiring consultants to support the financial and non-financial programs of the Fund.

**Staff costs.** Wages, salaries, contributions to the state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group. The Group has no legal or constructive obligation to make pension or similar benefit payments beyond the payments to the statutory defined contribution scheme.

Professional services included audit services in the amount of Tenge 60,200 thousand (2022: Tenge 41,785 thousand). No additional non-audit services provided by the Fund's auditor in 2023.

Included in staff costs are statutory pension contributions of Tenge 445,618 thousand (2022: Tenge 358,111 thousand).

## **23 Income Taxes**

### **(a) Components of income tax expense**

The income tax expense recognised in profit and loss for the year comprises the following:

<i>In thousands of Kazakhstani Tenge</i>	<b>2023</b>	<b>2022</b>
Current tax expense	11,137,673	7,513,068
Deferred tax expense	(2,418,243)	4,968,426
<b>Income tax expense for the year</b>	<b>8,719,430</b>	<b>12,481,494</b>

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

### **(b) Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate**

The income tax rate applied to most of the Fund's 2023 income is 20% (2022: 20%). A reconciliation between the expected and the actual taxation charge is provided below:

<i>In thousands of Kazakhstani Tenge</i>	<b>2023</b>	<b>2022</b>
<b>Profit before tax</b>	<b>47,311,447</b>	<b>64,441,560</b>
Theoretical tax charge at statutory rate (2023: 20%; 2022: 20%)	9,462,290	12,888,312
Tax effects of items which are not deductible or assessable for taxation purposes:		
- <i>Income on securities, exempt from tax</i>	(458,671)	(498,751)
- <i>Other non-deductible income and (expenses)</i>	(717,981)	91,933
- <i>Additional accrual of expenses for income tax in respect of previous years</i>	433,792	-
<b>Income tax expense for the year</b>	<b>8,719,430</b>	<b>12,481,494</b>

### **(c) Deferred taxes analysed by type of temporary difference**

Differences between IFRS and statutory taxation regulations in Republic of Kazakhstan give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below.

Movements in temporary differences during the year ended 31 December 2023 are detailed below:

**23 Income Taxes (continued)**

<i>In thousands of Kazakhstani Tenge</i>	<b>1 January 2023</b>	<b>(Charged)/ credited to profit or loss</b>	<b>31 December 2022</b>
<b>Tax effect of deductible/(taxable) temporary differences and tax loss carry forwards</b>			
Loans and advances to customers	247,185	(84,444)	162,741
Due from financial institutions	2,814,832	(277,712)	2,537,120
Premises and equipment and intangible assets	(212,771)	1,690	(211,081)
Discount on borrowed funds and due from financial instruments	(7,008,926)	2,940,371	(4,068,555)
Provision for credit related commitments	1,210,063	111,844	1,321,907
Islamic financing	1,079,784	(275,895)	803,889
Other liabilities	34,303	2,389	36,692
<b>Net deferred tax asset/(liability)</b>	<b>(1,835,530)</b>	<b>2,418,243</b>	<b>582,713</b>
Recognised deferred tax asset	5,386,167	(523,818)	4,862,349
Recognised deferred tax liability	(7,221,697)	2,942,061	(4,279,636)
<b>Net deferred tax asset/(liability)</b>	<b>(1,835,530)</b>	<b>2,418,243</b>	<b>582,713</b>

Movements in temporary differences during the year ended 31 December 2022 are detailed below:

<i>In thousands of Kazakhstani Tenge</i>	<b>1 January 2022</b>	<b>(Charged)/ credited to profit or loss</b>	<b>31 December 2022</b>
<b>Tax effect of deductible/(taxable) temporary differences and tax loss carry forwards</b>			
Loans and advances to customers	(3,250)	250,435	247,185
Due from financial institutions	2,059,970	754,862	2,814,832
Premises and equipment and intangible assets	(188,008)	(24,763)	(212,771)
Discount on borrowed funds and due from financial instruments	(1,243,836)	(5,765,090)	(7,008,926)
Provision for credit related commitments	1,127,452	82,611	1,210,063
Islamic financing	1,346,666	(266,882)	1,079,784
Other liabilities	33,902	401	34,303
<b>Net deferred tax asset/(liability)</b>	<b>3,132,896</b>	<b>(4,968,426)</b>	<b>(1,835,530)</b>
Recognised deferred tax asset	4,564,740	821,427	5,386,167
Recognised deferred tax liability	(1,431,844)	(5,789,853)	(7,221,697)
<b>Net deferred tax asset/(liability)</b>	<b>3,132,896</b>	<b>(4,968,426)</b>	<b>(1,835,530)</b>

## 24 Reconciliation of Liabilities Arising from Financing Activities

The table below sets out movements in the Fund's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing activities in the statement of cash flows.

<i>In thousands of Kazakhstani Tenge</i>	<b>Baiterek NMH JSC</b>	<b>Municipal authorities, Samruk-Kazyna NWF JSC, Ministry of Finance RK</b>	<b>Debt securities in issue</b>	<b>Kazchrome</b>	<b>Lease liabilities</b>	<b>Total</b>
Liabilities from financing activities at 1 January 2022	90,549,594	85,275,311	209,139	-	178,498	176,212,542
Cash flows	(516,148)	(8,489,643)	(142,500)	-	(184,340)	(9,332,631)
Foreign exchange adjustments	-	25,784	-	-	-	25,784
Other non-cash movements	6,582,135	1,069,718	142,500	-	378,672	8,173,025
<b>Liabilities from financing activities at 31 December 2022</b>	<b>102,446,602</b>	<b>65,527,773</b>	<b>1,244,178</b>	<b>-</b>	<b>199,046</b>	<b>169,417,599</b>
Cash flows	(316,000)	(27,823,641)	(342,500)	499,760	(226,352)	(28,208,733)
Foreign exchange adjustments	-	(6,762)	-	-	-	(6,762)
Other non-cash movements	6,965,184	978,883	133,361	407	30,389	8,108,224
<b>Liabilities from financing activities at 31 December 2023</b>	<b>109,095,786</b>	<b>38,676,253</b>	<b>1,035,039</b>	<b>500,167</b>	<b>3,083</b>	<b>149,310,328</b>

Other non-cash changes represent the amortization of the discount on borrowings received from NMH Baiterek JSC at below market rates and the accrual of interest.

## 25 Segment Analysis

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available. The functions of the CODM are performed by Management Board of the Fund.

### (a) Description of products and services from which each reportable segment derives its revenue

The Fund is organised on the basis of two main business segments:

- Project operation – this segment includes cash at the RSI “National Bank of Kazakhstan” using for issuing conditional loans, loans issued to financial institutions, small and medium businesses, and issuing financial guarantees;
- Investing operation – representing cash and cash equivalents, securities and due from financial institutions (deposits).

### (b) Information about reportable segment profit or loss, assets and liabilities

Segment information for the reportable segments for the year ended 31 December 2023 is set out below:

<i>In thousands of Kazakhstani Tenge</i>	<b>Note</b>	<b>Project operation</b>	<b>Investing operation</b>	<b>Total</b>
Cash and cash equivalents	7	82,123,466	42,851,516	124,974,982
Due from financial institutions	8	224,139,138	59,899,947	284,039,085
Loans and advances to customers	9	1,214,754	-	1,214,754
Due from subsidy programs		136,338	-	136,338
Investments in debt securities	10	-	5,692,121	5,692,121
<b>Total reportable segment assets</b>		<b>307,613,696</b>	<b>108,443,584</b>	<b>416,057,280</b>
Borrowed funds	13	148,272,206	-	148,272,206
Debt securities in issue	14	-	1,035,039	1,035,039
Liabilities on subsidy programs	15	2,972,435	-	2,972,435
Deferred income and provision for credit related commitments	16	68,393,748	-	68,393,748
<b>Total reportable segment liabilities</b>		<b>219,638,389</b>	<b>1,035,039</b>	<b>220,673,428</b>
<b>Capital expenditure</b>		<b>-</b>	<b>-</b>	<b>84,419</b>

Capital expenditure represents additions to premises and equipment.



**25 Segment Analysis (continued)**

<i>In thousands of Kazakhstani Tenge</i>	<b>Project operation</b>	<b>Investing operation</b>	<b>Total</b>
Interest income due from financial institutions	14,648,926	6,331,473	20,980,399
Interest income from loans and advances to customers	566,543	-	566,543
Interest income from investments in debt securities	-	636,740	636,740
Interest income from cash and cash equivalents	-	16,521,468	16,521,468
Interest expense on borrowed funds	(7,944,474)	-	(7,944,474)
Interest expense on debt securities in issue	-	(133,361)	(133,361)
<b>Net interest income</b>	<b>7,270,995</b>	<b>23,356,320</b>	<b>30,627,315</b>
Recovery of credit loss allowance	34,191	5,731,029	5,765,220
<b>Net interest income after provision for impairment</b>	<b>7,305,186</b>	<b>29,087,349</b>	<b>36,392,535</b>
Fee and commission income	29,756,451	-	29,756,451
Gains less losses from financial assets at fair value through profit or loss	-	(968)	(968)
Net loss on initial recognition of assets at rates below market	(19,553,280)	-	(19,553,280)
Gains less losses from derecognition of financial assets measured at amortised cost	1,471,514	-	1,471,514
(Provision for)/Recovery of impairment for credit related commitments	6,594,464	-	6,594,464
Foreign exchange translation gains less losses	6,762	(57,884)	(51,122)
Expenses on realisation of Fund's programs	(1,772,133)	(6,444)	(1,778,577)
General and administrative expenses	(3,930,641)	(270,864)	(4,201,505)
<b>Segment result</b>	<b>19,878,323</b>	<b>28,751,189</b>	<b>48,629,512</b>

Segment information for the reportable segments for the year ended 31 December 2022 is set out below:

<i>In thousands of Kazakhstani Tenge</i>	<b>Note</b>	<b>Project operation</b>	<b>Investing operation</b>	<b>Total</b>
Cash and cash equivalents	7	57,356,800	124,680,545	182,037,345
Due from financial institutions	8	169,819,418	50,715,809	220,535,227
Loans and advances to customers	9	2,600,024	-	2,600,024
Due from subsidy programs		183,681	-	183,681
Investments in debt securities	10	-	13,737,880	13,737,880
<b>Total reportable segment assets</b>		<b>229,959,923</b>	<b>189,134,234</b>	<b>419,094,157</b>
Borrowed funds	13	167,974,375	-	167,974,375
Debt securities in issue	14	-	1,244,178	1,244,178
Liabilities on subsidy programs	15	4,913,288	-	4,913,288
Deferred income and provision for credit related commitments	16	75,349,867	-	75,349,867
<b>Total reportable segment liabilities</b>		<b>248,237,530</b>	<b>1,244,178</b>	<b>249,481,708</b>
<b>Capital expenditure</b>		<b>-</b>	<b>-</b>	<b>282,318</b>

Capital expenditure represents additions to premises and equipment.

**25 Segment Analysis (continued)**

<i>In thousands of Kazakhstani Tenge</i>	<b>Project operation</b>	<b>Investing operation</b>	<b>Total</b>
Interest income due from financial institutions	14,612,019	1,809,792	16,421,811
Interest income from loans and advances to customers	1,087,463	-	1,087,463
Interest income from investments in debt securities	-	2,493,665	2,493,665
Interest income from cash and cash equivalents	-	15,548,888	15,548,888
Interest expense on borrowed funds	(7,651,853)	-	(7,651,853)
Interest expense on debt securities in issue	-	(142,500)	(142,500)
<b>Net interest income</b>	<b>8,047,629</b>	<b>19,709,845</b>	<b>27,757,474</b>
Recovery/ (Provision) for credit loss allowance	765,301	(5,824,706)	(5,059,405)
<b>Net interest income after provision for impairment</b>	<b>8,812,930</b>	<b>13,885,139</b>	<b>22,698,069</b>
Fee and commission income	24,853,961	-	24,853,961
Gains less losses from financial assets at fair value through profit or loss	-	12,497	12,497
Net loss on initial recognition of assets at rates below market	(3,267,258)	-	(3,267,258)
Gains less losses from derecognition of financial assets measured at amortised cost	32,793,975	-	32,793,975
(Provision for)/Recovery of impairment for credit related commitments	(6,388,865)	-	(6,388,865)
Foreign exchange translation gains less losses	(25,785)	407,494	381,709
Expenses on realisation of Fund's programs	(1,219,306)	-	(1,219,306)
General and administrative expenses	(2,908,210)	(277,910)	(3,186,120)
<b>Segment result</b>	<b>52,651,442</b>	<b>14,027,220</b>	<b>66,678,662</b>

**(c) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities**

<i>In thousands of Kazakhstani Tenge</i>	<b>2023</b>	<b>2022</b>
<b>Total reportable segment assets</b>	<b>416,057,280</b>	<b>419,094,157</b>
Premises and equipment	2,051,605	2,141,941
Intangible assets	264,471	324,883
Prepayment of current income tax liabilities	2,075,575	633,394
Current income tax prepayment	582,713	-
Right-of-Use asset	-	182,812
Non-current assets held for sale	28,347	39,262
Other assets	1,075,511	5,064,529
<b>Total assets</b>	<b>422,135,502</b>	<b>427,480,978</b>
<i>In thousands of Kazakhstani Tenge</i>	<b>2023</b>	<b>2022</b>
<b>Total reporting segment liabilities</b>	<b>220,673,428</b>	<b>249,481,708</b>
Deferred tax liability	-	1,835,530
Other liabilities	889,865	1,174,872
<b>Total liabilities</b>	<b>221,563,293</b>	<b>252,492,110</b>

## 25 Segment Analysis (continued)

<i>In thousands of Kazakhstani Tenge</i>	<b>2023</b>	<b>2022</b>
<b>Segment result</b>	<b>48,629,513</b>	<b>66,678,662</b>
General and administrative expenses	(2,142,809)	(2,377,832)
Income	824,743	140,730
Profit before tax	47,311,447	64,441,560
Income tax expense	(8,719,430)	(12,481,494)
<b>Profit for the period</b>	<b>38,592,017</b>	<b>51,960,066</b>

The Fund receives all its income in Kazakhstan. The Fund has no significant external clients in foreign countries. The Fund has no significant income and expense between operating segments. The Fund has no customers who represent at least ten percent of the total income received in 2022 and 2021.

## 26 Financial Risk Management

Management of risk is fundamental to the Fund's business and is an essential element of its operations. The Fund manages risks in the course of the ongoing process of risk identification, monitoring, assessment and control as well as by establishment of the risk limits and other internal control arrangements. The risk management process is critical to support the Fund's stable profitability and each employee of the Fund is responsible for the risks associated with his/her duties. Market risk (including price risk, interest rate risk and currency risk), as well as credit risk and liquidity risk are the major risks which the Fund has to manage in the course of its normal business.

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

The risk management policies aim to identify, analyse and manage the risks faced by the Fund, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered, and emerging best practice.

The risk management strategy is set forth in the Fund's risk management policy, which has been worked out in accordance with the risk management strategy of the Fund's sole shareholder.

### ***The aims of the risk management policy are as follows:***

- To build up an effective integrated system and create an integrated process of risk management as an element of the Fund management and continuously improve the Fund's operations on the basis of the unified standardized approach to the risk management methods and procedures;
- To ensure that the Fund takes the acceptable risks for the scale of its operations;
- To determine the retention ability and ensure the effective management of the risk accepted;
- To identify risk in good time; and
- To minimize losses and reduce current expenses on potential losses.

### ***Risk management structure***

The Fund's risk management structure is represented by risk management at a few levels with involvement of the following bodies and business units of the Fund: Board of Directors, Management Board, Risk Committee, Risk Management Function, Internal Audit Service, collegial bodies and other business units.

**Board of Directors.** The first level of risk management is represented by the Fund's Board of Directors. The Board of Directors has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and system of the corporate risk management. The Board of Directors sets the aims of the Fund operations and approves the documents related to risk management, retention ability and risk appetite.

## **26 Financial Risk Management (continued)**

### **Management Board**

The second level of risk management is represented by the Fund's Management Board. The Management Board is responsible for establishment of the effective risk management system and structure for risk control to ensure compliance with the corporate policy requirements. The Management Board is responsible for creation of the "risk awareness" culture, which reflects the Fund's risk management and philosophy. The Management Board is also responsible for implementation of the effective risk management system in which all employees have well-defined responsibilities for risk management and are held liable for proper fulfilment of their duties. The Management Board is authorised to carry out a part of its functions in the area of risk management through the establishment of appropriate committees.

### **Credit Committee**

The Credit Committee is the Fund's permanent body responsible for implementation of the internal credit policy. The Credit Committee competence is limited within the framework of the thresholds set by the Fund's Management Board. The key objective of the Credit Committee is to form a high-quality loan portfolio.

### **Asset and Liability Management Committee (ALCO)**

ALCO is a permanent collegial body of the Fund, which is accountable to the Management Board and which carries out its activity within the powers assigned by the Management Board. ALCO key aims are as follows: to ensure making of timely and appropriate decisions in the sphere of the Fund's asset and liability management; attract partners to cooperate with the Fund; maintain the sufficient level of the financial stability; increase the Fund profitability and minimize risks when making the investment decisions.

### **Risk Management Department**

The third level of the risk management process is represented by the Risk Management Department. The objectives of the Risk Management Department include general risk management and exercise of control over compliance with the current legislation, as well as control over implementation of common principles and methods for identifying, assessing, managing and reporting both financial and non-financial risks.

### **Internal Audit Function**

The Fund's Internal Audit Function, in the course of the risk management, conducts audit of the risk management procedures and risk assessment methods and works out proposals aimed at improvement of the efficiency of risk management procedures. It provides reports on the risk management system for the Fund's Board of Directors and performs other functions in accordance with the approved regulatory documents.

### **Business Units**

One of the important elements in the structure of risk management is the Fund's business units each represented by employee. The business units (risk owners) play a key role in the risk management process. The Fund's employees, on a daily basis, deal with risks, manage risks and monitor their potential impact within their sphere of action. The business units are responsible for implementation of the risk management action plan, timely identification and informing about major risks in their sphere of action and development of proposals related to risk management to be included into the action plan.

**Market risk** is the risk that changes in market prices, such as foreign exchange rates, interest rates, credit spreads and equity prices will affect the Fund's income or the value of its holdings of financial instruments. Market risk comprises currency risk, interest rate risk and other price risks. Market risk arises from open positions in relation to interest rate, currency and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimizing the return on risk.

Overall responsibility for market risk management is vested in the Management Board, which is chaired by the Chairman of the Management Board. Market risk limits are approved by the Management Board based on recommendations of the Risk Management Department.

The Fund manages its market risk by setting open position limits in relation to financial instruments, interest rate maturity and currency positions and stop-loss limits. These are monitored on a regular basis and reviewed and approved by the Management Board.

## 26 Financial Risk Management (continued)

The Fund also uses different stress tests and back testing to simulate possible financial impact of certain exceptional market scenarios on certain trading portfolios and general position of the Fund. Stress tests make it possible to determine the potential amount of losses that may arise under extreme circumstances. Stress tests used by the Fund include the following: stress tests of the risk factors, as a part of these tests each risk category is subject to stress changes and special stress tests, which include application of possible stress events with regard to certain positions. Back test is the test of accuracy of evaluation of interest rate risk models on the basis of the actual data on the net interest income.

**Interest rate risk** is the risk that changes in the interest rates will affect the Fund's income or the value of its holdings of financial instruments.

The Fund is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may also reduce or create losses in the event that unexpected movements occur.

Interest rate risk arises when the actual or forecasted assets of a given maturity period are either greater or less than the actual or forecasted liabilities in that maturity period.

Interest rate risk management is based on the principles of the full coverage of expenses – the interest income earned should cover the expenses related to attraction and placement of funds and ensure generation of the net income and competitiveness.

The interest rate risk report presents the distribution of assets, liabilities, off-balance assets and liabilities sensitive to changes in the interest rates grouped into the economically homogeneous and material items, by time periods depending on their maturity dates (in case of fixed rates), or time remaining until the next regular review (in case of floating rates). Time limits and items of the assets and liabilities, or off-balance assets and liabilities subject to accounting may be changed by the Fund's Management Board.

Interest rate risk is managed principally through monitoring interest rate gaps. The table below summarises the Fund's exposure to interest rate risks. The table presents the aggregated amounts of the Fund's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates.

<i>In thousands of Kazakhstani Tenge</i>	<b>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</b>
<b>31 December 2023</b>						
Total financial assets	131,360,112	2,253,726	13,906,712	6,316,901	262,289,840	416,127,291
Total financial liabilities	(72,115,745)	(1,073,233)	(1,639,971)	(1,651,444)	(144,487,207)	(220,967,600)
<b>Net interest sensitivity gap at 31 December 2023</b>	<b>59,244,367</b>	<b>1,180,493</b>	<b>12,266,741</b>	<b>4,665,457</b>	<b>117,802,633</b>	<b>195,159,691</b>
<b>31 December 2022</b>						
Total financial assets	192,561,135	1,540,115	6,037,641	8,675,583	210,492,884	419,307,358
Total financial liabilities	(81,477,612)	(763,133)	(484,610)	(19,781,659)	(147,575,598)	(250,082,612)
<b>Net interest sensitivity gap at 31 December 2022</b>	<b>111,083,523</b>	<b>776,982</b>	<b>5,553,031</b>	<b>(11,106,076)</b>	<b>62,917,286</b>	<b>169,224,746</b>

## 26 Financial Risk Management (continued)

### Average interest rates

The table below displays average effective interest rates for interest bearing assets and liabilities as at 31 December 2023 and 2022. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

<i>% per annum</i>	<b>2023</b> Average effective interest rate	<b>2022</b> Average effective interest rate
<b>Interest bearing assets</b>		
Cash and cash equivalents	14.6%	14.21%
Investment debt securities at fair value through profit or loss	7.68%	7.68%
Investment debt securities at fair value through other comprehensive income	9.50%	6.15%
Investment debt securities at amortised cost	9.00%	7.21%
Due from financial institutions	12.49%	6.52%
Loans and advances to customers	18.36%	14.49%
Other financial assets	-	-
<b>Interest bearing liabilities</b>		
Borrowed funds from Baiterek NMH JSC	6.81%	6.81%
Borrowed funds	0.01-0.15%	0.01-5.5%
Debt securities in issue	11,90%	11.88%
Liabilities under subsidy programs	-	-
Deferred income and provision for credit related commitments	-	-
Other financial liabilities	-	9%

**Currency risk** is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises when the actual or forecasted assets denominated in foreign currency are either greater or less than the actual or forecasted liabilities denominated in the same currency. The Fund's Management Board, with due consideration of the currency risk assessment, makes decisions concerning the structure of the Fund's assets and liabilities by the financial instruments in foreign currency, and sets a permissible amount of the currency risk and limit on the open currency position.

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2023:

<i>In thousands of Kazakhstani Tenge</i>	<b>Tenge</b>	<b>US Dollar</b>	<b>Total</b>
<b>FINANCIAL ASSETS</b>			
Cash and cash equivalents	124,974,982	-	124,974,982
Investments in debt securities	2,330,097	3,362,024	5,692,121
Due from financial institutions	283,997,025	42,060	284,039,085
Due from subsidy programs	136,338	-	136,338
Loans and advances to customers	1,214,754	-	1,214,754
Other financial assets	70,011	-	70,011
<b>Total financial assets</b>	<b>412,723,207</b>	<b>3,404,084</b>	<b>416,127,291</b>
<b>FINANCIAL LIABILITIES</b>			
Borrowed funds	147,892,279	379,927	148,272,206
Debt securities in issue	1,035,039	-	1,035,039
Liabilities under subsidy programs	2,972,435	-	2,972,435
Deferred income and provision for credit related commitments	68,393,748	-	68,393,748
Other financial liabilities	294,172	-	294,172
<b>Total financial liabilities</b>	<b>220,587,673</b>	<b>379,927</b>	<b>220,967,600</b>
<b>Net position before derivatives as at 31 December 2023</b>	<b>192,135,534</b>	<b>3,024,157</b>	<b>195,159,691</b>

## 26 Financial Risk Management (continued)

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2022:

<i>In thousands of Kazakhstani Tenge</i>	<b>Tenge</b>	<b>US Dollar</b>	<b>Other</b>	<b>Total</b>
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	182,036,514	94	737	182,037,345
Investments in debt securities	10,550,607	3,236,949	-	13,787,556
Due from financial institutions	220,409,376	76,175	-	220,485,551
Due from subsidy programs	183,681	-	-	183,681
Loans and advances to customers	2,600,024	-	-	2,600,024
Other financial assets	213,201	-	-	213,201
<b>Total financial assets</b>	<b>415,993,403</b>	<b>3,313,218</b>	<b>737</b>	<b>419,307,358</b>
<b>FINANCIAL LIABILITIES</b>				
Borrowed funds	167,587,686	386,689	-	167,974,375
Debt securities in issue	1,244,178	-	-	1,244,178
Liabilities under subsidy programs	4,913,288	-	-	4,913,288
Deferred income and provision for credit related commitments	75,349,867	-	-	75,349,867
Other financial liabilities	600,904	-	-	600,904
<b>Total financial liabilities</b>	<b>249,695,923</b>	<b>386,689</b>	<b>-</b>	<b>250,082,612</b>
<b>Net position before derivatives as at 31 December 2022</b>	<b>166,297,480</b>	<b>2,926,529</b>	<b>737</b>	<b>169,224,746</b>

Derivatives presented above are monetary financial assets or monetary financial liabilities but are presented separately in order to show the Fund's gross exposure.

Amounts disclosed in respect of derivatives represent the fair value, at the end of the reporting period, of the respective currency that the Fund agreed to buy (positive amount) or sell (negative amount) before netting of positions and payments with the counterparty. The amounts by currency are presented gross as stated in Note 27. The net total represents the fair value of the currency derivatives. The above analysis includes only monetary assets and liabilities. Investments in equities and non-monetary assets are not considered to give rise to any material currency risk.

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the Fund, with all other variables held constant:

<i>In thousands of Kazakhstani Tenge</i>	<b>At 31 December 2023</b>		<b>At 31 December 2022</b>	
	<b>Impact on profit or loss</b>	<b>Impact on equity</b>	<b>Impact on profit or loss</b>	<b>Impact on equity</b>
US Dollar strengthening by 8,86% (2022: strengthening by 16.47%)	214,352	171,482	385,599	308,479
US Dollar weakening by 8,86% (2022: weakening by 16.47%)	(214,352)	(171,482)	(385,599)	(308,479)

The calculation of the strengthening and weakening of the US dollar in 2023 was made in accordance with the internal regulatory documents of the Fund, according to which, due to the increased volatility of foreign exchange rates against the tenge during 2023, it was decided to use a larger percentage of the change compared to 2022 year.

**Credit risk** is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Fund has developed policies and procedures for the management of credit exposures (both for balance and off-balance positions) and determined the powers related to the decision making by the Board of Directors and Management Board with regard to large loans and established a Credit Committee, which is responsible for making decisions on loan issues within the set limits, loan restructuring and which actively monitors credit risk. The credit policy is reviewed and approved by the Board of Directors.

## **26 Financial Risk Management (continued)**

The Fund's credit policy sets the key parameters of lending in terms of credit risk management and is aimed at identification, analysis and management of the credit risks faced by the Fund.

The rules of credit risk management cover the following areas:

- procedures for review and approval of loan applications;
- methodology for the credit assessment of borrowers (small and medium-sized businesses);
- loan documentation requirements;
- methodology for the credit assessment of counterparty banks, issuers and insurance companies;
- methodology for evaluation of collateral;
- setting of limits on the total credit risks in the amount not exceeding 25% of the Fund's equity; and
- procedures for the ongoing monitoring of loans and other credit exposures.

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets on the balance sheet. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant. The Fund reviews the ageing analysis of outstanding loans and follows up on past due balances. Management, therefore, considers it appropriate to provide ageing and other information about credit risk.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss as the result of another party to a financial instrument failing to perform in accordance with the terms of the contract. The Fund uses the same credit policies in assuming conditional obligations as it does for on-balance sheet financial instruments, through established credit approvals, risk control limits and monitoring procedures.

### **Credit risk management**

Credit risk is the single largest risk for the Fund's business; management therefore carefully manages its exposure to credit risk.

### **Limits**

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

The estimation of credit risk for risk management purposes is complex and involves the use of models, as the risk varies depending on market conditions, expected cash flows and the passage of time. The assessment of credit risk for a portfolio of assets entails further estimations of the likelihood of defaults occurring, the associated loss ratios and default correlations between counterparties.

External ratings are assigned to counterparties by independent international rating agencies, such as S&P, Moody's and Fitch. These ratings are publicly available. Such ratings and the corresponding range of probabilities of default ("PD") are applied for the following financial instruments: investments in debt securities (government, corporate, municipal bonds, Eurobonds and promissory notes purchased) and loans given to financial institutions.

Scale with a specified range of probabilities of default of financial institutions is disclosed in the table below:

<b>Master scale credit risk grade</b>	<b>Corresponding ratings of external international rating agencies (S&amp;P)</b>	<b>Corresponding PD interval</b>
Excellent	AAA – BB+	0.00% - 0.52%;
Good	BB+ – B+	0.53% - 3.81%;
Satisfactory	B, B-	3.82% - 13.68%;
Special monitoring	CCC+ – CCC-	13.69% - 99.9%;
Default	C, D-I, D-II	100%



## **26 Financial Risk Management (continued)**

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

- *Excellent* – strong credit quality with low expected credit risk;
- *Good* – adequate credit quality with a moderate credit risk;
- *Satisfactory* – moderate credit quality with a satisfactory credit risk;
- *Special monitoring* – facilities that require closer monitoring and remedial management; and
- *Default* – facilities in which a default has occurred.

### **Expected credit loss (ECL) measurement**

ECL is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes. ECL measurement is based on four components used by the Fund: Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD") and Discount Rate.

*EAD* is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed facilities. *PD* is an estimate of the likelihood of default to occur over a given time period. *LGD* is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD. The expected losses are discounted to present value at the end of the reporting period. The discount rate represents the effective interest rate ("EIR") for the financial instrument or an approximation thereof.

Expected credit losses are modelled over instrument's lifetime period. The lifetime period is equal to the remaining contractual period to maturity of debt instruments, adjusted for expected prepayments, if any. For loan commitments and financial guarantee contracts, it is the contractual period over which an entity has a present contractual obligation to extend credit.

Management models Lifetime ECL, that is, losses that result from all possible default events over the remaining lifetime period of the financial instrument. The 12-month ECL, represents a portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting period, or remaining lifetime period of the financial instrument if it is less than a year.

The ECLs that are estimated by management for the purposes of these financial statements are point-in-time estimates, rather than through-the-cycle estimates that are commonly used for regulatory purposes. The estimates consider forward looking information, that is, ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk.

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

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

- the borrower is more than 90 days past due on its contractual payments;
- high probability of default of the borrower or the borrower is insolvent;
- counterparty debt restructuring
- revocation and/or suspension of the license of the counterparty by the relevant supervisory authority;
- loan is written off or significant provision was created;
- breach of covenants by the borrower;
- default event on other instruments of the borrower;
- disappearance of an active market for a financial asset due to financial difficulties
- conclusion of a concession agreement due to the financial difficulties of the borrower;
- acquisition or creation of financial assets with a significant discount, which may be evidence of a default event of the counterparty.

## **26 Financial Risk Management (continued)**

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria.

The assessment whether or not there has been a significant increase in credit risk ("SICR") since initial recognition is performed on an individual basis and on a portfolio basis. For due from financial institutions, debt securities at AC or at FVOCI, SICR is assessed on an individual basis by monitoring the triggers stated below. The criteria used to identify an SICR are monitored and reviewed periodically for appropriateness by the Fund's Risk Management Department. The presumption, being that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due, has not been rebutted.

The Fund decided to use the low credit risk assessment exemption for investment grade financial assets. Hence, even assets of an investment grade are not assessed whether there has been a SICR.

The Fund considers a financial instrument to have experienced an SICR when one or more of the following quantitative, qualitative or backstop criteria have been met.

For SICR assessment the Fund applies following criteria:

- over 30 days past due;
- actual or expected significant change in the borrower's external credit rating;
  - information from available sources on the deteriorating situation of the borrower or about problems in the industry in which the borrower operates;
  - violation of prudential standards of the authorized body for regulation and supervision of the financial market and financial organizations;
  - negative financial result for 2 (two) consecutive quarters;
  - loan restructuring that has a significant impact on credit risk.
- information on other financial instruments of the borrower or issuer.

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

If there is evidence that the SICR criteria are no longer met, the instrument is transferred back to Stage 1. If an exposure has been transferred to Stage 2 based on a qualitative indicator, the Fund monitors whether that indicator continues to exist or has changed.

ECL for POCI financial assets is always measured on a lifetime basis. The Fund therefore only recognises the cumulative changes in lifetime expected credit losses.

The Fund has three approaches for ECL measurement: (i) assessment on an individual basis; (ii) assessment on a portfolio basis: internal ratings are estimated on an individual basis but the same credit risk parameters (e.g. PD, LGD) will be applied during the process of ECL calculations for the same credit risk ratings and homogeneous segments of the loan portfolio; and (iii) assessment based on external ratings. The Fund performs an assessment on a portfolio basis for the following types of loans: loans and advances and financial guarantees issued to SMEs. This approach stratifies the loan pool into homogeneous segments based on borrower-specific information, such as delinquency status.

The Fund performs assessments based on external ratings for financial institutions, debt securities and certain blue-chip corporate customers.

## **26 Financial Risk Management (continued)**

ECL assessment on an individual basis is performed by weighting the estimates of credit losses for different possible outcomes against the probabilities of each outcome. The Fund defines at least two possible outcomes for each assessed loan, one of which leads to a credit loss even if the probability of such a scenario may be very low. Individual assessment is primarily based on the expert judgement of experienced officers. Expert judgements are regularly tested in order to decrease the difference between estimates and actual losses.

When assessment is performed on a portfolio basis, the Fund determines the staging of the exposures and measures the loss allowance on a collective basis. The Fund analyses its exposures by segments determined on the basis of shared credit risk characteristics, such that exposures within a group have homogeneous or similar risks. The key shared credit characteristics considered are: type of customer, date of initial recognition, term to maturity, the quality of collateral and loan to value (LTV) ratio. The different segments also reflect differences in credit risk parameters such as PD and LGD. The appropriateness of groupings is monitored and reviewed on a periodic basis by the Risk Management Department.

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

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

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

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

LGD represents the Fund's expectation of the extent of loss on a defaulted exposure. LGD varies by the type of counterparty, type and seniority of the claim, and the availability of collateral or other credit support. The 12-month and lifetime LGDs are determined based on the factors that impact the expected recoveries after a default event. The approach to LGD measurement can be divided into three possible approaches:

- measurement of LGD based on the specific characteristics of the collateral;
- calculation of LGD on a portfolio basis based on data from international agencies;
- individually defined LGD depending on different factors and scenarios.

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

### ***ECL measurement for financial guarantees and loan commitments***

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

## **26 Financial Risk Management (continued)**

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

Certain exposures have external credit risk ratings and these are used to estimate credit risk parameters PD and LGD from the default and recovery statistics published by the respective rating agencies. This approach is applied to loans given to financial institutions, securities and guarantees issued to financial institutions.

### ***Forward-looking information incorporated in the ECL models***

The assessment of SICR and the calculation of ECLs both incorporate supportable forward-looking information. The Fund regularly reviews its methodology and assumptions to reduce any difference between the estimates and the actual loss of credit.

Credit risk for off-balance financial instruments is defined as the probability of incurring losses as a result of non-fulfilment of the terms of the contract by another counterparty. The Fund uses the same credit policy for contingent liabilities as for balance sheet financial instruments, based on procedures for approving transactions, using limits to limit risk, and monitoring.

**Liquidity risk** is the risk that the Fund will encounter difficulty in meeting obligations associated with its financial liabilities. Liquidity risk exists when the maturities of assets and liabilities do not match, which will affect the availability of the sufficient liquid funds in the Fund at the price acceptable for the Fund to settle its balance and off-balance liabilities as they become due. The matching and or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to management of the financial institutions, including the Fund. It is unusual for financial institutions ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability but can also increase the risk of losses.

The Fund maintains liquidity management with the objective of ensuring that funds will be available at all times to settle all cash flow obligations as they become due. The Fund's policy on managing liquidity risks is approved by the Board of Directors.

The Fund manages liquidity risk as a part of the Fund's Rules for Liquidity Loss Risk Management approved by the Board of Directors. The Rules determine the key processes and procedure of the liquidity loss risk management as well as function and powers of the Fund's business units involved in this process with a view of effective liquidity loss risk management and ensuring that the Fund has sufficient funds to settle all its liabilities. The Rules are mandatory for use by all employees, business units and collegial bodies of the Fund.

As a party of said Rules the liquidity loss risk is measured and monitored by means of the following tools/analytical reports: statutory and contractual liquidity ratios; analysis of the current balances of liquid funds; planned inflows/outflows of liquid funds; internal liquidity ratios; and liquidity gap analysis. For avoidance of liquid funds surplus or shortage, the Asset and Liability Management Committee monitors the activities related to attraction and use of the liquid funds. Current and short-term liquidity of the Fund is managed by the business unit in charge of risk management on the basis of the analysis of the current balances of liquid funds and planned inflows/outflows of liquid funds. Based on the analysis made, said business unit makes the report *Time Structure of Assets and Liabilities* on the consolidated basis and submits it to the Fund's Management Board.

Asset and Liability Management Committee monitors liquidity risk by means of analysis of the liquidity risk levels to take measures for reduction of the liquidity loss risk of the Fund. Current liquidity is managed by the Treasury, which carries out operations in the financial markets in order to maintain current liquidity and optimize the cash flows.

The liquidity management policy of the Fund requires:

- projecting cash flows by major currencies and considering the level of liquid assets necessary in relation thereto;
- maintaining a diverse range of funding sources;
- managing the concentration and profile of debts;
- developing debt financing plans;
- maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any interruption to cash flow;
- maintaining liquidity and funding contingency plans; and
- monitoring liquidity ratios against regulatory requirements.

## 26 Financial Risk Management (continued)

The Treasury Department monitors liquidity position in the financial market on a daily basis. Under the normal market conditions, liquidity reports covering the liquidity position are regularly presented to senior management. Decisions on liquidity management policy are made by the Management Board and Asset and Liability Management Committee.

The following tables show the undiscounted cash flows on the Fund's financial liabilities on the basis of their earliest possible contractual maturity. The total gross inflow and outflow disclosed in the tables is the contractual undiscounted cash flow on the financial liabilities or off-balance liabilities. Future cash flows of the Fund may differ significantly from such analysis.

The maturity analysis for financial liabilities as at 31 December 2023 with regard to maturity terms on the basis of contractual undiscounted payment obligations is as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>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>Over 1 year</b>	<b>Total</b>
<b>31 December 2023</b>						
<b>FINANCIAL LIABILITIES</b>						
Borrowed funds	76,221	1,080,146	1,763,086	1,817,319	253,622,660	258,359,432
Investments in debt security	-	35,039	-	-	1,000,000	1,035,039
Liabilities on subsidy programs	2,972,435	-	-	-	-	2,972,435
Deferred income and provision for credit related commitments	926,495	7,048,476	13,043,187	42,942,079	343,038,441	406,998,678
Other financial liabilities	294,172	-	-	-	-	294,172
<b>Total potential future payments for financial obligations</b>	<b>4,269,323</b>	<b>8,163,661</b>	<b>14,806,273</b>	<b>44,759,398</b>	<b>597,661,101</b>	<b>669,659,756</b>

The maturity analysis for financial liabilities as at 31 December 2022 with regard to maturity terms on the basis of contractual undiscounted payment obligations is as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>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>Over 1 year</b>	<b>Total</b>
<b>31 December 2022</b>						
<b>FINANCIAL LIABILITIES</b>						
Borrowed funds	668,294	729,826	823,774	20,639,163	263,488,037	286,349,094
Investments in debt security	-	44,178	-	-	1,200,000	1,244,178
Liabilities on subsidy programs	4,913,288	-	-	-	-	4,913,288
Deferred income and provision for credit related commitments	443,092	6,062,012	11,837,965	35,185,689	334,588,761	388,117,519
Other financial liabilities	423,458	31,188	47,664	98,594	-	600,904
<b>Total potential future payments for financial obligations</b>	<b>6,448,132</b>	<b>6,867,204</b>	<b>12,709,403</b>	<b>55,923,446</b>	<b>599,276,798</b>	<b>681,224,983</b>

Liquidity requirements for payments under guarantees and letters of credit are significantly lower than the amount of the corresponding commitments presented in the maturity analysis above, as the Fund does not normally expect these commitments to be called upon by third parties.

**26 Financial Risk Management (continued)**

The Fund does not use the aforementioned analysis of liabilities with regard to maturity terms without discounting for liquidity management. Instead, the Fund controls the expected maturities and the expected liquidity gap, which are presented as of 31 December 2023 in the table below:

<i>In thousands of Kazakhstani Tenge</i>	<b>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>Over 1 year</b>	<b>Total</b>
<b>31 December 2023</b>						
<b>FINANCIAL ASSETS</b>						
Cash and cash equivalents	124,974,982	-	-	-	-	124,974,982
Securities at fair value through profit or loss	-	5,917	-	2	67,599	73,518
Due from financial institutions	4,172,680	1,823,638	13,858,537	5,470,795	258,713,435	284,039,085
Due from subsidy programs	136,338	-	-	-	-	136,338
Loans and advances to customers	938,356	25,852	35,448	55,588	159,510	1,214,754
Securities at fair value through other comprehensive income	1,070,833	362,909	12,728	-	3,349,295	4,795,765
Securities at amortised cost	-	33,200	-	789,638	-	822,838
Other financial assets	66,923	2,210	-	878	-	70,011
<b>Total financial assets</b>	<b>131,360,112</b>	<b>2,253,726</b>	<b>13,906,713</b>	<b>6,316,901</b>	<b>262,289,839</b>	<b>416,127,291</b>
<b>FINANCIAL LIABILITIES</b>						
Borrowed funds	455,389	1,038,195	1,639,971	1,651,444	143,487,207	148,272,206
Investments in debt security	-	35,039	-	-	1,000,000	1,035,039
Liabilities on subsidy programs	2,972,435	-	-	-	-	2,972,435
Deferred income and provision for credit related commitments	926,495	7,048,476	13,043,187	42,942,079	343,038,441	406,998,678
Other financial liabilities	294,172	-	-	-	-	294,172
<b>Total potential future payments for financial obligations</b>	<b>4,648,491</b>	<b>8,121,710</b>	<b>14,683,158</b>	<b>44,593,523</b>	<b>487,525,648</b>	<b>559,572,530</b>
<b>Liquidity gap arising from financial instruments</b>	<b>126,711,621</b>	<b>(5,867,984)</b>	<b>(776,445)</b>	<b>(38,276,622)</b>	<b>(225,235,809)</b>	<b>(143,445,239)</b>

## 26 Financial Risk Management (continued)

The Fund manages the negative value of net liquidity through various instruments. The Fund has sufficient resources and will be able to respond in time to possible cash shortages. Also, the Fund has support from the parent company to obtain funding to maintain liquidity.

The expected maturities and the expected liquidity gap as of 31 December 2022 can be represented as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>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>Over 1 year</b>	<b>Total</b>
<b>31 December 2022</b>						
<b>FINANCIAL ASSETS</b>						
Cash and cash equivalents	182,037,345	-	-	-	-	182,037,345
Securities at fair value through profit or loss	-	-	-	-	74,139	74,139
Due from financial institutions	3,105,009	6,789,534	24,078,171	25,424,210	161,088,627	220,485,551
Due from subsidy programs	183,681	-	-	-	-	183,681
Loans and advances to customers	1,508,972	104,826	112,039	220,402	653,785	2,600,024
Securities at fair value through other comprehensive income	5,525,209	-	3,111,066	-	4,256,223	12,892,498
Securities at amortised cost	-	-	-	-	820,919	820,919
Other financial assets	200,919	2,210	270	-	9,802	213,201
<b>Total financial assets</b>	<b>192,561,135</b>	<b>6,896,570</b>	<b>27,301,546</b>	<b>25,644,612</b>	<b>166,903,495</b>	<b>419,307,358</b>
<b>FINANCIAL LIABILITIES</b>						
Borrowed funds	791,000	687,767	436,945	19,683,065	146,375,598	167,974,375
Investments in debt security	-	44,178	-	-	1,200,000	1,244,178
Liabilities on subsidy programs	4,909,071	-	-	-	-	4,909,071
Deferred income and provision for credit related commitments	443,092	6,062,012	11,837,965	35,185,690	334,588,760	388,117,519
Other financial liabilities	423,458	31,188	47,664	98,594	-	600,904
<b>Total potential future payments for financial obligations</b>	<b>6,566,621</b>	<b>6,825,145</b>	<b>12,322,574</b>	<b>54,967,349</b>	<b>482,164,358</b>	<b>562,846,047</b>
<b>Liquidity gap arising from financial instruments</b>	<b>185,994,514</b>	<b>71,425</b>	<b>14,978,972</b>	<b>(29,322,737)</b>	<b>(315,260,863)</b>	<b>(143,538,689)</b>

## **27 Contingencies and Commitments**

**Legal proceedings.** From time to time and in the normal course of business, claims against the Fund may be received. On the basis of its own estimates and internal professional advice, management is of the opinion that no material losses will be incurred in respect of claims and accordingly no provision has been made in these financial statements.

**Tax legislation.** The tax environment in the Republic of Kazakhstan is subject to change and inconsistent application and interpretations. Non-compliance with Kazakhstani law and regulations as interpreted by the Kazakhstani authorities may lead to the assessment of additional taxes, penalties and interest.

Kazakhstani tax legislation and practice are in a state of continuous development, and therefore is subject to varying interpretations and frequent changes, which may be retroactive. In certain situations, to determine a tax base, the tax legislation refers to IFRS provisions. In such cases, interpretation of IFRS provisions by the Kazakhstani tax authorities may differ from accounting policies, judgments and estimates used by management for preparation of these financial statements, and this may result in additional tax liabilities for the Fund. Tax periods remain open to retroactive review by the Kazakhstan tax authorities for five years.

The Fund management believes that its interpretation of the relevant legislation is appropriate and the Fund's tax positions will be sustained.

**Operating lease commitments.** The Fund leases a number of premises and vehicles under operating leases. The leases typically run for an initial period of one year, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals.

**Credit related commitments.** The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees, which represent irrevocable assurances that the Fund will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans. With respect to credit risk on commitments to extend credit, the Fund is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Fund monitors the term to maturity of credit related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets on the balance sheet. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant. The Fund reviews the ageing analysis of outstanding loans and follows up on past due balances. Management, therefore, considers it appropriate to provide ageing and other information about credit risk as disclosed in Note 27.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss as the result of another party to a financial instrument failing to perform in accordance with the terms of the contract. The Fund uses the same credit policies in assuming conditional obligations as it does for on-balance sheet financial instruments, through established credit approvals, risk control limits and monitoring procedures.

Outstanding credit related commitments are as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Note</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Guarantees issued		402,036,224	379,112,302
Undrawn credit lines		4,962,454	9,005,217
Less: Provision for credit related commitments	16	(23,838,693)	(34,115,028)
<b>Total credit related commitments, net of provision</b>		<b>383,159,985</b>	<b>354,002,491</b>



## 27 Contingencies and Commitments (continued)

The total outstanding contractual commitments above do not necessarily represent future cash requirements, as these commitments may expire or terminate without being funded.

Movements in provisions for credit related commitments are as follows:

<i>In thousands of Kazakhstani Tenge</i>	2023	2022
<b>Carrying amount at 1 January</b>	<b>(34,115,028)</b>	<b>(25,556,498)</b>
Losses charged to profit or loss	(15,193,013)	(12,631,863)
Recovery of unused amounts reserves	21,787,477	6,242,998
Reserves created from deferred income	3,681,871	(2,169,665)
<b>Carrying amount at 31 December</b>	<b>(23,838,693)</b>	<b>(34,115,028)</b>

An analysis of credit related commitments by credit quality based on credit risk grades at 31 December 2023 is as follows.

<i>In thousands of Kazakhstani Tenge</i>	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
<b>Issued financial guarantees</b>				
<i>Not overdue:</i>	368,466,982	14,834,667	1,549,667	384,851,316
<i>Overdue:</i>				
- less than 31 days overdue	7,534,265	1,200,723	220,067	8,955,055
- 31 to 60 days overdue	-	1,781,038	281,897	2,062,935
- 61 to 90 days overdue	-	1,190,054	372,814	1,562,868
- over 91 days overdue	-	-	4,604,050	4,604,050
<b>Unrecognised gross amount</b>	<b>376,001,247</b>	<b>19,006,482</b>	<b>7,028,495</b>	<b>402,036,224</b>
<b>Provision for financial guarantees</b>	<b>(13,632,737)</b>	<b>(3,455,244)</b>	<b>(6,719,241)</b>	<b>(23,807,222)</b>
<b>Loan commitments</b>				
- BB- to BB+ rated	510,454	-	-	<b>510,454</b>
- B- to B+ rated	1,902,000	-	-	1,902,000
Internal assessment of the Fund				
- Good level	2,550,000	-	-	2,550,000
<b>Unrecognised gross amount</b>	<b>4,962,454</b>	<b>-</b>	<b>-</b>	<b>4,962,454</b>
<b>Provision for loan commitments</b>	<b>(31,471)</b>	<b>-</b>	<b>-</b>	<b>(31,471)</b>

**27 Contingencies and Commitments (continued)**

An analysis of credit related commitments by credit quality based on credit risk grades at 31 December 2022 is as follows.

<i>In thousands of Kazakhstani Tenge</i>	<b>Stage 1 (12-months ECL)</b>	<b>Stage 2 (lifetime ECL for SICR)</b>	<b>Stage 3 (lifetime ECL for credit impaired)</b>	<b>Total</b>
<b>Issued financial guarantees</b>				
<i>Not overdue:</i>	326,302,788	29,658,988	8,467,740	364,429,516
<i>Overdue:</i>				
- less than 31 days overdue	4,411,510	1,207,006	813,455	6,431,971
- 31 to 60 days overdue	-	1,997,660	153,853	2,151,513
- 61 to 90 days overdue	-	843,102	74,664	917,766
- over 91 days overdue	-	-	5,181,536	5,181,536
<b>Unrecognised gross amount</b>	<b>330,714,298</b>	<b>33,706,756</b>	<b>14,691,248</b>	<b>379,112,302</b>
<b>Provision for financial guarantees</b>	<b>(14,715,663)</b>	<b>(5,179,335)</b>	<b>(14,030,142)</b>	<b>(33,925,140)</b>
<b>Loan commitments</b>				
- B- to B+ rated	5,550,000	-	-	5,550,000
Internal assessment of the Fund				
- Good level	1,200,000	-	-	1,200,000
- Satisfactory level	2,255,217	-	-	2,255,217
<b>Unrecognised gross amount</b>	<b>9,005,217</b>	<b>-</b>	<b>-</b>	<b>9,005,217</b>
<b>Provision for loan commitments</b>	<b>(189,888)</b>	<b>-</b>	<b>-</b>	<b>(189,888)</b>

## 28 Fair Value Disclosures

### (a) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period. The levels in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

<i>In thousands of Kazakhstani Tenge</i>	2023		2022	
	Level 1	Level 2	Level 1	Level 2
<i>Cash and cash equivalents</i>				
- Notes of the NB RK		35,865		
<b>FINANCIAL ASSETS</b>				
<b>Securities at fair value through profit or loss</b>				
- Kazakhstani government bonds	-	73,518	-	74,139
<b>Investment securities available for sale</b>				
- Kazakhstan government bonds	-	1,433,741	-	9,605,874
- Bonds of NWF "Samruk-Kazyna" JSC	-	3,362,024	-	3,236,949
<b>Investment securities available for sale</b>				
<b>Due from financial institutions</b>				
- NBRK notes	-	-	-	49,676
- Debt securities of commercial banks	-	582,700	-	534,189
<b>Total assets recurring fair value measurements</b>	-	<b>5,487,848</b>	-	<b>13,500,827</b>

The fair value of investment securities was estimated using the rates of Kazakhstan Stock Exchange JSC. Due to insignificant trading volumes with similar instruments, these investment securities are set at level 2.

**28 Fair Value Disclosures (continued)**

**(b) Assets and liabilities not measured at fair value but for which fair value is disclosed**

Fair values analysed by level in the fair value hierarchy and carrying value of assets not measured at fair value as of 31 December 2023 are as follows:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2023			Carrying value
	Level 1	Level 2	Level 3	
<b>FINANCIAL ASSETS</b>				
<b>Cash and cash equivalents</b>	23,907,543	101,031,574	-	124,974,982
<b>Due from financial institutions</b>				
- Loans given to financial institutions and loans given in the framework of Islamic finance	-	155,250,934	-	194,347,666
- Debt securities of financial institutions	-	582,700	29,210,860	29,793,560
- Placements with banks with initial maturity more than 3 months	-	59,899,947	-	59,899,947
<b>Due from subsidy programs</b>				
- Due from subsidy programs	-	-	136,338	136,338
<b>Loans and advances to customers</b>				
- Loans to small and medium size entities	-	-	1,214,754	1,214,754
<b>Investment securities at amortised cost</b>				
- Other financial assets				
- Other	-	-	70,011	70,011
<b>Total assets carried at amortised cost</b>	<b>23,907,543</b>	<b>316,765,155</b>	<b>31,454,801</b>	<b>411,224,231</b>
<b>FINANCIAL LIABILITIES</b>				
<b>Borrowed funds</b>				
- Baiterek NMH JSC	-	56,166,656	-	109,095,786
- Municipal authorities	-	26,092,056	-	38,296,326
- Ministry of Finance of the Republic of Kazakhstan		379,927	-	379,927
- Other loans		218,538	-	500,167
- Investments in debt securities	-	-	1,035,039	1,035,039
<b>Liabilities on subsidy programs</b>				
- Municipal authorities	-	-	210,372	210,372
- Banks	-	-	2,762,063	2,762,063
<b>Deferred income and provision for credit related commitments</b>				
- Deferred income	-	-	44,555,056	44,555,056
- Financial guarantees	-	-	23,838,692	23,838,692
<b>Other financial liabilities</b>				
- Other	-	-	294,172	294,172
<b>Total liabilities carried at amortised cost</b>	<b>-</b>	<b>82,857,177</b>	<b>72,695,394</b>	<b>220,967,600</b>

**28 Fair Value Disclosures (continued)**

<i>In thousands of Kazakhstani Tenge</i>	<b>31 December 2022</b>			<b>Carrying value</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>FINANCIAL ASSETS</b>				
<b>Cash and cash equivalents</b>	52,589,572	129,447,773	-	182,037,345
<b>Due from financial institutions</b>				
- Loans given to financial institutions and loans given in the framework of Islamic finance	-	100,851,610	-	169,819,418
- Placements with banks with initial maturity more than 3 months	-	45,123,981		45,123,981
- debt securities of financial institutions	-	-	5,007,962	5,007,962
<b>Due from subsidy programs</b>				
- Due from subsidy programs	-	-	183,681	183,681
<b>Loans and advances to customers</b>				
- Loans to small and medium size entities	-	-	2,600,024	2,600,024
<b>Investment securities at amortised cost</b>	-	-	820,919	820,919
<b>Other financial assets</b>				
- Other	-	-	213,201	213,201
<b>Total assets carried at amortised cost</b>	<b>52,589,572</b>	<b>275,423,364</b>	<b>8,825,787</b>	<b>405,806,531</b>
<b>FINANCIAL LIABILITIES</b>				
<b>Borrowed funds</b>				
- Baiterek NMH JSC	-	53,519,011	-	102,446,602
- Samruk-Kazyna NWF JSC	-	19,128,159	-	19,416,325
- Municipal authorities	-	29,782,500	-	46,111,448
- Investments in debt securities	-	-	1,244,178	1,244,178
<b>Liabilities on subsidy programs</b>				
- Municipal authorities	-	-	175,725	175,725
- Banks	-	-	4,737,563	4,737,563
<b>Deferred income and provision for credit related commitments</b>				
- Deferred income	-	-	41,234,839	41,234,839
- Financial guarantees	-	-	34,115,028	34,115,028
<b>Other financial liabilities</b>				
- Other	-	-	600,904	600,904
<b>Total liabilities carried at amortised cost</b>	<b>-</b>	<b>102,429,670</b>	<b>82,108,237</b>	<b>250,082,612</b>

**Cash and cash equivalents.** Cash in the National Bank of the Republic of Kazakhstan with a maturity of less than three months is set at Level 1, all other funds at Level 2. The fair value of these funds is equal to the book value.

**Loans and advances to customers, financial institutions and borrowed funds.** The fair value measurement at Level 2 of the fair value hierarchy was performed using the discounted cash flow model. The fair value of fixed interest rate instruments that are not quoted in an active market was estimated based on estimated future cash flows discounted using current interest rates on the borrowing market for new instruments with similar credit risk and a similar maturity.

**Investment securities at amortised cost.** The fair value measurement at Level 3 of the fair value hierarchy was performed using the discounted cash flow model. The fair value of fixed interest rate instruments that are not quoted in an active market was estimated based on estimated future cash flows discounted using current interest rates on the borrowing market for new instruments with similar credit risk and a similar maturity.

**Liabilities on subsidy programs and deferred income and provision for credit related commitments** with a maturity of less than a year are set at Level 3. The fair value of these funds is equal to the book value.

## 29 Presentation of Financial Instruments by Measurement Category

For the purposes of measurement, IFRS 9 "Financial Instruments" classifies financial assets into the following categories: (a) financial assets at FVTPL; (b) debt instruments at FVOCI, (c) equity instruments at FVOCI and (c) financial assets at AC. Financial assets at FVTPL have two sub-categories: (i) assets mandatorily measured at FVTPL, and (ii) assets designated as such upon initial recognition or subsequently. In addition, finance lease receivables form a separate category.

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

<i>In thousands of Kazakhstani Tenge</i>	<b>Measured at fair value through profit or loss (designated)</b>	<b>Measured at fair value through other comprehensive income</b>	<b>Measured at amortised cost</b>	<b>Total</b>
<b>FINANCIAL ASSETS</b>				
<b>Cash and cash equivalents</b>				
- Cash balances with the MF RK	-	-	55,586,431	<b>55,586,431</b>
- Current accounts with banks	-	-	3,027,356	<b>3,027,356</b>
- Cash balances with the NB RK	-	-	23,907,543	<b>23,907,543</b>
- Reverse sale and repurchase agreements (Reverse Repo)	-	-	42,417,787	<b>42,417,787</b>
- Note of NB RK	-	35,865	-	<b>35,865</b>
<b>Securities at fair value through profit or loss</b>				
- Kazakhstani government bonds	73,518	-	-	<b>73,518</b>
<b>Due from financial institutions</b>				
- Loans given to financial institutions	-	-	178,452,333	<b>178,452,333</b>
- Loans given in the framework of Islamic finance	-	-	15,895,333	<b>15,895,333</b>
- Debt securities of financial institutions	-	582,700	29,210,860	<b>29,793,560</b>
- Placements with other banks with original maturities of more than three months	-	-	59,899,947	<b>59,899,947</b>
<b>Due from subsidy programs</b>				
- Due from subsidy programs	-	-	136,338	<b>136,338</b>
<b>Loans and advances to customers</b>				
- Loans to small and medium size entities	-	-	1,214,754	<b>1,214,754</b>
<b>Investment securities at fair value through other comprehensive income</b>				
- Kazakhstani government bonds	-	1,433,741	-	<b>1,433,741</b>
- Bonds of JSC SWF "Samruk-Kazyna"	-	3,362,024	-	<b>3,362,024</b>
<b>Investment securities at amortised cost</b>				
- Bonds of other corporate issuers	-	-	822,838	<b>822,838</b>
<b>Other financial assets</b>				
	-	-	70,011	<b>70,011</b>
<b>TOTAL FINANCIAL ASSETS</b>	<b>73,518</b>	<b>5,414,330</b>	<b>410,641,443</b>	<b>416,129,379</b>

**29 Presentation of Financial Instruments by Measurement Category (continued)**

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

<i>In thousands of Kazakhstani Tenge</i>	<b>Measured at fair value through profit or loss (designated)</b>	<b>Measured at fair value through other comprehensive income</b>	<b>Measured at amortised cost</b>	<b>Total</b>
<b>FINANCIAL ASSETS</b>				
<b><i>Cash and cash equivalents</i></b>				
- Current accounts with banks	-	-	34,543,742	34,543,742
- Cash balances with the NB RK (other than mandatory reserve deposits)	-	-	52,589,572	52,589,572
- Reverse sale and repurchase agreements (Reverse Repo)	-	-	94,904,031	94,904,031
<b><i>Securities at fair value through profit or loss</i></b>				
- Kazakhstani government bonds	74,139	-	-	74,139
<b><i>Due from financial institutions</i></b>				
- Loans given to financial institutions	-	-	153,962,431	153,962,431
- Loans given in the framework of Islamic finance	-	-	15,856,987	15,856,987
- Placements with other banks with original maturities of more than three months	-	-	45,123,981	45,123,981
<b><i>Debt securities of</i></b>				
- NBRK notes	-	49,676	-	49,676
- Bonds of international financial organizations	-	534,189	-	534,189
- Corporate bonds	-	-	5,007,962	5,007,962
<b><i>Due from subsidy programs</i></b>				
- Due from subsidy programs	-	-	183,681	183,681
<b><i>Loans and advances to customers</i></b>				
- Loans to small and medium size entities	-	-	2,600,024	2,600,024
<b><i>Investment securities at fair value through other comprehensive income</i></b>				
- Kazakhstani government bonds	-	9,605,874	-	9,605,874
- Corporate bonds	-	3,236,949	-	3,236,949
<b><i>Investment securities at amortised cost</i></b>				
- Bonds of other corporate issuers	-	-	820,919	820,919
<b><i>Other financial assets</i></b>				
- Other	-	-	213,201	213,201
<b>TOTAL FINANCIAL ASSETS</b>	<b>74,139</b>	<b>13,426,688</b>	<b>405,806,531</b>	<b>419,307,358</b>

As at 31 December 2023 and 31 December 2022, all liabilities of the Fund are measured at amortised cost.

### 30 Related Party Transactions

Parties are generally considered to be related if the parties are under common control, or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

At 31 December 2023, the outstanding balances with related parties were as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Sole Shareholder</b>	<b>Entities under common control</b>	<b>Other related parties</b>
Cash and cash equivalents (contractual interest rate: 0%)	-	482,450	79,533,659
Due from banks (negotiated interest rate: 2-10%)	-	55,967,079	7,035,462
Accounts receivable under subsidization programs (negotiable interest rate: 0%)	-	-	136,338
Investment debt securities measured at fair value through other comprehensive income (contractual interest rate: 1-9.5%)	-	-	4,795,765
Investment debt securities measured at amortized cost (contractual interest rate: 9%)	-	-	822,838
Investment securities at fair value through profit or loss (contractual interest rate: 5.5%-7.68%)	-	-	73,518
Current income tax prepayment (contractual interest rate: 15%)	-	-	2,075,574
Deferred tax asset (contractual interest rate: 0%)	-	-	582,713
Other financial assets (contractual interest rate: 0%)	-	40,449	-
Other assets (contractual interest rate: 0%)	-	298	171,692
Borrowed funds (contractual interest rate: 0.1%-5.5%)	109,095,786	-	39,176,420
Liabilities on subsidy programs (contractual interest rate: 0%)	-	-	249,480
Other financial liabilities	-	1,047	-
Other liabilities	-	-	170,807

Other related parties include the Government of the Republic of Kazakhstan, state-owned and quasi-state companies and other companies that have identified signs of being related to the Fund.

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

<i>In thousands of Kazakhstani Tenge</i>	<b>Sole Shareholder</b>	<b>Entities under common control</b>	<b>Other related parties</b>
Interest income	-	5,159,401	1,342,853
Interest expense	(6,965,184)	(2,723)	(979,291)
Losses less gains from securities at fair value through profit or loss	-	-	(968)
Fee and commission income	-	-	625,600
Income net of expenses/(losses net of income) from foreign exchange operations	-	-	(46,932)
Income less expenses/(expenses less income) arising on initial recognition of financial instruments at below/above market rates:	-	(8,010,597)	(2,893,942)
Net costs from derecognition of financial assets measured at amortized cost	-	-	346,554
General and administrative expenses	-	(55,459)	(111,693)
Other operating (expense)/income	-	369	65,543
Provision for loan portfolio impairment	-	4,802,520	(1)
Provision for cash impairment	-	-	(8,719,430)
Income tax expense	-	-	4,118
Other (expense)/income	-	2,494	-



### 30 Related Party Transactions (continued)

At 31 December 2022, the outstanding balances with related parties were as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Sole Shareholder</b>	<b>Entities under common control</b>	<b>Other related parties</b>
Cash and cash equivalents (contractual interest rate: 0%)	-	845,294	82,140,505
Due from banks (negotiated interest rate: 2-10%)	-	45,050,839	-
Investment securities at fair value through profit or loss (contractual interest rate: 5.5%-7.68%)	-	-	74,139
Investment debt securities measured at fair value through other comprehensive income (contractual interest rate: 0-9.5%)	-	-	12,892,499
Investment debt securities measured at amortized cost (contractual interest rate: 9%)	-	-	830,949
Accounts receivable under subsidization programs (negotiable interest rate: 0%)	-	-	183,681
Current income tax prepayment (contractual interest rate: 15%)	-	-	633,394
Deferred tax asset (contractual interest rate: 20%)	-	-	-
Other financial assets (contractual interest rate: 0%)	-	46,172	-
Other assets (contractual interest rate: 0%)	-	-	177,662
Borrowed funds (contractual interest rate: 0.1%-5.5%)	102,446,602	-	65,527,773
Liabilities on subsidy programs (contractual interest rate: 0%)	-	-	175,714
Deferred tax liability (contractual interest rate: 20%)	-	-	1,835,530
Other financial liabilities	-	59,930	-
Other liabilities	-	15	145,288

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

<i>In thousands of Kazakhstani Tenge</i>	<b>Sole Shareholder</b>	<b>Entities under common control</b>	<b>Other related parties</b>
Interest income	-	1,657,534	1,894,534
Interest expense	(6,582,136)	(7,760)	(1,069,717)
Losses less gains from securities at fair value through profit or loss	-	-	12,497
Fee and commission income	-	-	625,600
Income net of expenses/(losses net of income) from foreign exchange operations	-	-	379,876
General and administrative expenses	-	(53,869)	(135,858)
Other operating (expense)/income	-	-	-
Provision for loan portfolio impairment	-	(4,832,360)	-
Provision for cash impairment	-	(188)	-
Income tax expense	-	-	(12,481,494)
Other (expense)/income	-	546	2,677

The aggregate amount of borrowings received from related parties and repaid by the Fund during the year ended December 31, 2023 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	<b>Sole Shareholder</b>	<b>Companies Under the control of the Shareholder</b>	<b>Other related parties</b>
Amount of borrowings received from related parties during the period	-	-	4,350,000
Amount of borrowed funds repaid by the Fund during the period	(316,000)	-	(12,520,669)

### 30 Related Party Transactions (continued)

The aggregate amount of borrowings received from related parties and repaid by the Fund during the year ended December 31, 2022 is presented below:

<i>In thousands of Kazakhstani Tenge</i>	Sole Shareholder	Companies Under the control of the Shareholder	Other related parties
Amount of borrowings received from related parties during the period	-	-	4,366,600
Amount of borrowed funds repaid by the Fund during the period	(516,148)	-	(12,856,243)

Transactions with related parties without collateral. Balance sheets with related parties are not credit-impaired. The aggregate amount of borrowings provided to and repaid by related parties during the year ended December 31, 2023 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	Sole Shareholder	Companies Under the control of the Shareholder	Other related parties
Amount of loans provided to related parties during the year	-	14,000,000	5,102,864
Amount of loans repaid by related parties during the year	-	48,962	2,248,438

The aggregate amount of borrowings provided to and repaid by related parties during the year ended December 31, 2022 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	Sole Shareholder	Companies Under the control of the Shareholder	Other related parties
Amount of loans provided to related parties during the year	-	-	-
Amount of loans repaid by related parties during the year	-	-	-

Related party transactions are not collateralised. Balances with related parties are not credit impaired.

*Key management compensation.* Key management includes following parties: members of Board of Directors, member of Management Board, Managing Directors and Chief of staff.

Key management compensation is presented below:

<i>In thousands of Kazakhstani Tenge</i>	2023		2022	
	Expense	Accrued liability	Expense	Accrued liability
<i>Short-term benefits:</i>				
- Salaries	269,662	34,370	266,658	32,851
- Short-term bonuses	93,004	-	79,103	-
- Benefits in-kind	2,965	-	2,984	-
<b>Total</b>	<b>365,631</b>	<b>34,370</b>	<b>348,745</b>	<b>32,851</b>

### 31 Events after the End of the Reporting Period

On 26 February 2024, the Fund closed a deposit in a Kazakh second-tier bank in the amount of Tenge 50 billion with a maturity of 1.5 years and opened a new deposit (or placed a deposit) in the amount of Tenge 50 billion with a maturity of 3 years.