FUND OF PROBLEM LOANS
ACQUISITION. MANAGEMENT. SALE.

FUND OF PROBLEM LOANS JOINT STOCK COMPANY

Separate financial statements for the year ended 31 December 2024

CONTENT

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Anderson Qazaqstan

Audit, Tax, Outsourcing, Consulting

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER AND THE BOARD OF DIRECTORS

of Fund of Problem Loans Joint Stock Company

Opinion

We have audited the accompanying separate financial statements of Fund of Problem Loans Joint Stock Company (hereinafter – the Fund), which comprise the separate statement of financial position as at 31 December 2024, the separate statement of profit or loss and other comprehensive income, the separate statement of cash flows, the separate statement of changes in equity for the year then ended, and information about significant accounting policies and other explanatory notes.

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Responsibilities of the Auditor for the Audit of the Separate Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the separate financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with those requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Assumption of going concern

We draw attention to the fact that the Fund had accumulated loss of KZT 290,895,846 thousand as at 31 December 2024 (31 December 2023: KZT 271,957,477 thousand). Our opinion has not been modified for this circumstance due to the fact that the cumulative income for the year ended 31 December 2024 amounted to KZT 3,385,256 thousand (year ended 31 December 2023: KZT 25,211,334 thousand). The positive equity of the Fund amounted to KZT 244,653,039 thousand as at December 31, 2024 (December 31, 2023: KZT 281,300,023 thousand).

Прочие сведения Other information

The separate financial statements of the Company for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion thereon as at 1 March 2024.

Responsibility of management and those responsible for corporate governance for the preparation of separate financial statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with IFRS and for the internal control system that management considers necessary to prepare financial statements that are free from material misstatement due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the ability of the Fund to continue to operate continuously, for disclosing, as appropriate, information related to business continuity, and for preparing statements based on the going concern assumption, unless management intends to liquidate the Fund, terminate its activity or when it does not have any other real alternative, except liquidation or termination of activity.

Those responsible for corporate governance are responsible for overseeing the preparation of the separate financial statements of the Fund.

Responsibilities of the auditor

Our goal is to obtain reasonable assurance that the separate financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report containing our opinion. Reasonable assurance represents a high degree of assurance, but is not a warranty that an audit conducted in accordance with International Standards on Auditing will always reveal material misstatement, if any. Misstatements may be the result of fraud or error and are considered material if it can reasonably be assumed that, individually or collectively, it may affect the economic decisions of users based on these separate financial statements.

We apply professional judgment and maintain professional skepticism throughout the audit as part of the audit conducted in accordance with the International Auditing Standards. In addition, we do the following:

- we identify and assess the risks of material misstatement of the financial statements due to fraud or error; We develop and conduct audit procedures in response to these risks; We obtain audit evidence that is sufficient and appropriate to serve as the basis for our opinion. The risk of not detecting material misstatement as a result of fraud is higher than the risk of not detecting material misstatement as a result of an error, as fraud can include conspiracy, forgery, intentional omission, misrepresentation of information or actions that bypass the internal control system;
- we gain an understanding of the internal control system that is relevant to the audit, with the aim of developing audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control system;
- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures by management of the Fund;
- we conclude that it is legitimate for management to apply the going concern assumption, and based on the audit evidence obtained, it concludes that there is significant uncertainty in connection with events or conditions that could result in significant doubts about the Fund's ability to continue its business. If we conclude that there is material uncertainty, we must draw attention in our audit report to the appropriate disclosures in the separate financial statements or, if such disclosures are inappropriate, to modify our opinion.

  Our findings are based on audit evidence obtained prior to the date of our audit opinion;
- we evaluate the presentation of the separate financial statements as a whole, its structure and content, including disclosure of information, as well as whether the financial statements represent the underlying operations and events in such a way that their reliable presentation is ensured.

We carry out information interaction with persons responsible for corporate governance, bringing to their attention, among other things, information about the planned scope and timing of the audit, as well as significant comments on the audit results, including significant deficiencies in the internal control system that we identify during the audit.

We also provide the persons in charge of corporate governance with statement that we have complied with all relevant ethical requirements regarding independence and informed these persons of all relationships and other issues that can reasonably be considered to affect the independence of the auditor and appropriate precautions, if necessary.

We identify the issues that were most significant for the audit of financial statements for the current period and, therefore, are key audit issues from the issues that we brought to the attention of those responsible for corporate governance. We describe these issues in our audit opinion, except when public disclosure of information about these issues is prohibited by law or regulation, or when, in extremely rare cases, we conclude that information about any issue should not be communicated in our conclusion, since it can reasonably be assumed that the negative consequences of the communication of such information will exceed the socially significant benefit of its communication.

Mukhtishev Kuanysh
Auditor
Anderson Qazaqstan LLP

The qualification certificate of the auditor No. MF - 00001327 dated 15.01.2021

Yerzhan Tumabekov
Audit Partner
Anderson Qazaqstan LLP

Kozhakhmetov [illegible] Karibayevich
Managing Director
Anderson Qazaqstan LLP

The state license to engage in auditing activities on the territory of the Republic of Kazakhstan No.24017401, issued by the Financial Control [illegible] of the Ministry of Finance of the [illegible] as at 26 April 2024

12 March 2025

Almaty, Republic of Kazakhstan

FUND OF PROBLEM LOANS JOINT STOCK COMPANY
SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

KZT'000	Note	2024	2023
Revenue	6	11,503,979	6,640,122
Cost of sales	7	(29,606,041)	(7,970,043)
Gross profit		**(18,102,062)**	**(1,329,921)**
Interest income	8	43,144,869	52,793,182
Expenses on credit losses	9	(19,430,039)	(37,628,552)
General and administrative expenses	10	(4,547,720)	(4,962,930)
Other income, net	5,11	2,045,977	16,050,426
Profit before income tax		**3,111,025**	**24,922,205**
Income tax expense		(43,349)	(76,988)
Net profit for the year		**3,067,676**	**24,845,217**
Other comprehensive income, net of tax			
Items that cannot be reclassified to profit or loss:			
Income from revaluation of available-for-sale investments (net of tax – 0 KZT)	16	317,580	366,117
Other comprehensive income for the year		**317,580**	**366,117**
Total comprehensive income for the year		**3,385,256**	**25,211,334**
Basic and diluted earnings per share (in KZT)	21(d)	50.56	409.46

On behalf of the Management Board of Fund of Problem Loans JSC:

K.N. Abdullayev
Chairman of the Board

12 March 2025

T.Y. Auyezbayeva
Chief Accountant

The notes on pages 5-39 form the integral part of these separate financial statements.

FUND OF PROBLEM LOANS JOINT STOCK COMPANY
SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

KZT'000	Note	31 December 2024	31 December 2023
ASSETS			
Cash and cash equivalents	12	34,135,057	25,148,456
Financial assets at fair value through profit or loss	13	–	25,751,606
Assets held for sale	14	5,151,315	5,797,317
Debt securities measured at amortized cost	15	1,045,190	752,982
Financial assets at fair value through other comprehensive income	16	16,129,774	15,648,050
Value added tax and other taxes recoverable		8,776	29,425
Rights of claim measured at amortized cost	17	117,598,954	149,502,458
Long-term receivables	18	66,075,446	55,191,417
Investment property		2,213,546	1,302,279
Property, plant and equipment and intangible assets	19	2,921,240	3,033,273
Other assets		141,050	207,548
TOTAL ASSETS		**245,420,348**	**282,364,811**
EQUITY AND LIABILITIES			
Liabilities			
Other liabilities	20	723,960	1,019,413
Corporate income tax		43,349	45,375
Total liabilities		**767,309**	**1,064,788**
Equity			
Share capital	21(a)	2,072,981,559	2,072,647,339
Additional paid-in capital	22	1,977,157,044	1,989,157,044
Resesrve for changes in fair value of securities	21(f)	(2,056)	(319,636)
Resesrve for contingent distribution	23	(3,514,587,662)	(3,508,227,247)
Accumulated loss		(290,895,846)	(271,957,477)
Total equity		**244,653,039**	**281,300,023**
TOTAL EQUITY AND LIABILITIES		**245,420,348**	**282,364,811**
Book value of one ordinary share (in KZT)	21(b)	(20,136.59)	(19,527.27)
Book value of one preferred share (in KZT)	21(c)	11,731,751.95	11,733,583.91

On behalf of the Management Board of Fund of Problem Loans JSC:

K.N. Abdullayev
Chairman of the Board

12 March 2025

T.Y. Anyezbayeva
Chief Accountant

The notes on pages 5-39 form the integral part of these separate financial statements.

FUND OF PROBLEM LOANS JOINT STOCK COMPANY
SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

KZT'000	2024	2023
OPERATING ACTIVITIES		
Cash inflow from sales of goods and services	7,736,804	11,219,651
Repayment of rights of claim	13,123,394	20,352,054
Interest income	8,748,578	6,144,847
Other receipts	2,042,397	2,531,978
Personnel expenses	(3,680,917)	(3,648,940)
Settlements with suppliers for goods and services	(123,534)	(148,996)
Other operating expenses	(410,886)	(427,159)
Value added tax and other taxes recoverable	(375,270)	(345,920)
Other disposals	(2,499,241)	(3,013,860)
Cash flows from operating activities before income taxes paid	24,561,325	32,663,655
Income tax paid	(30,000)	–
Net cash flows from operating activities	**24,531,325**	**32,663,655**
INVESTING ACTIVITIES		
Repayment of financial assets at fair value through other comprehensive income	–	26,221
Acquisition of financial assets at fair value through other comprehensive income	–	(7,119,531)
Acquisition of financial assets at fair value through profit or loss	–	(23,111,493)
Repayment of financial assets at fair value through profit or loss	18,482,955	–
Purchase of property, plant and equipment and acquisition of intangible assets	(10,062)	(12,703)
Net cash flows from (used in) investing activities	**18,472,893**	**(30,217,506)**
FINANCING ACTIVITIES		
Voluntary transfer of funds to the National Fund	(12,000,000)	(22,900,054)
Payment of dividends on ordinary shares	(22,006,045)	(6,683,673)
Net cash flows used in financing activities	**(34,006,045)**	**(29,583,727)**
Effect of exchange rates to KZT	(11,572)	(7,384)
Effect of changes in expected credit losses on cash and cash equivalents	–	2
Net increase/(decrease) in cash and cash equivalents	8,986,601	(27,144,960)
Cash at the beginning of the year	**25,148,456**	**52,293,416**
Cash at the end of the year	**34,135,057**	**25,148,456**

On behalf of the Management Board of Fund of Problem Loans JSC:

K.N. Abdullayev
Chairman of the Board

12 March 2025

T.V. Auyezbayeva
Chief Accountant

The notes on pages 5-39 form the integral part of these separate financial statements.

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FUND OF PROBLEM LOANS JOINT STOCK COMPANY

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

KZT'000	Note	Ordinary shares	Preferred shares	Additional paid-in capital	Reserve for changes in fair value of securities	Reserve for contingent distribution	Accumulated loss	Total
Balance as at 1 January 2023		**606,060,513**	**1,466,586,826**	**2,012,057,098**	**(685,753)**	**(3,503,642,973)**	**(290,119,021)**	**290,256,690**
Payment of dividends	21(e)	–	–	–	–	–	(6,683,673)	(6,683,673)
Voluntary transfer of funds to the National Fund of the RK	22	–	–	(22,900,054)	–	–	–	(22,900,054)
Total transactions with the owner		**606,060,513**	**1,466,586,826**	**1,989,157,044**	**(685,753)**	**(3,503,642,973)**	**(296,802,694)**	**260,672,963**
Net change in fair value of financial assets measured at OCI	16	–	–	–	366,117	–	–	366,117
Donation of property	23	–	–	–	–	(4,584,274)	–	(4,584,274)
Net profit for the year		–	–	–	–	–	24,845,217	24,845,217
Total comprehensive income for the year		–	–	–	**366,117**	**(4,584,274)**	**24,845,217**	**20,627,060**
Balance as at 31 December 2023		**606,060,513**	**1,466,586,826**	**1,989,157,044**	**(319,636)**	**(3,508,227,247)**	**(271,957,477)**	**281,300,023**
Issue of preferred shares		–	334,220	–	–	–	–	334,220
Payment of dividends	21(e)	–	–	–	–	–	(22,006,045)	(22,006,045)
Voluntary transfer of funds to the National Fund of the RK	22	–	–	(12,000,000)	–	–	–	(12,000,000)
Total transactions with the owner		**606,060,513**	**1,466,921,046**	**1,977,157,044**	**(319,636)**	**(3,508,227,247)**	**(293,963,522)**	**247,628,198**
Net change in fair value of financial assets measured at OCI	16	–	–	–	317,580	–	–	317,580
Donation of property	23	–	–	–	–	(6,360,415)	–	(6,360,415)
Net profit for the year		–	–	–	–	–	3,067,676	3,067,676
Total comprehensive income for the year		–	–	–	**317,580**	**(6,360,415)**	**3,067,676**	**(2,975,159)**
Balance as at 31 December 2024		**606,060,513**	**1,466,921,046**	**1,977,157,044**	**(2,056)**	**(3,514,587,662)**	**(290,895,846)**	**244,653,039**

On behalf of the Management Board of Fund of Problem Loans JSC:

K.N. Abdullayev
Chairman of the Board
12 March 2025

T.Y. Auyezbayeva
Chief Accountant

Kazaqstan

The notes on pages 5-39 form the integral part of these separate financial statements.

1. GENERAL INFORMATION ABOUT THE FUND AND ITS ACTIVITIES

Fund of Problem Loans Joint Stock Company (hereinafter – the Fund) was incorporated under the laws of the Republic of Kazakhstan as at 11 January 2012.

The main mission of the Fund is to contribute to the recovery of the national economy through:

- improving the quality of loan portfolios of second-tier banks (STBs) by repurchasing non-performing assets;
- involvement of non-performing assets into economic turnover through their rehabilitation and sale.

) The sole shareholder of the Fund as at 31 December 2024 is the State institution Committee of State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan (hereinafter – the Shareholder), with 100% ownership interest (see Note 21).

The Law of the Republic of Kazakhstan On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Improving Civil and Banking Legislation and Improving Conditions for Entrepreneurial Activity dated 27 February 2017, amended the Law of the Republic of Kazakhstan No. 2444 On Banks and banking activities in the Republic of Kazakhstan dated 31 August 1995 in accordance with which the Government of the Republic of Kazakhstan became the Sole Shareholder of the Fund.

The National Bank of the Republic of Kazakhstan (NBRK) transferred all ordinary shares of the Fund to the Committee of State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan based on the Resolution of the Government of the Republic of Kazakhstan No. 167 dated 4 April 2017, this Resolution also amended the Resolution of the Government of the Republic of Kazakhstan No. 659 On the resolution of the transfer of rights to own and use state blocks of shares and state shares in organizations that are in republican ownership dated 27 May 1999, the right to own and use the state block of shares of Fund of problem loans JSC was transferred to the Ministry of Finance of the Republic of Kazakhstan.

The Fund has investments in subsidiaries Kazkom Realty LLP with 100% participation interest in the authorized capital, NGK KazTransitService LLP with 50% participation interest in the authorized capital of the Fund. These investments were impaired due to the fact that the fair value of these companies was estimated at KZT 1 due to the excess of liabilities over assets and negative cash flows over the last 5 years.

The legal and actual address of the Fund is 160 Dostyk Avenue, Almaty, 050051, Republic of Kazakhstan.

2. BASIS OF PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS

Terms of business activity in the Republic of Kazakhstan

The Fund operates primarily in the Republic of Kazakhstan. Consequently, the Fund is exposed to economic and financial risks in the markets of the Republic of Kazakhstan, which display characteristics of an emerging market.

In addition, the significant devaluation of the Kazakhstani tenge has increased the level of uncertainty in the business environment. The accompanying separate financial statements reflect the Fund's management's assessment of the possible impact of the current business environment on the results of operations and the financial position of the Fund. The actual effect of future business conditions may differ from the current estimates by the Fund's management.

Statements of compliance

The financial statements of the Fund have been prepared in accordance with IFRSs issued by the International Accounting Standards Board (IASB) and the International Accounting Standards Committee (IASC) and interpretations issued by the Standing Interpretations Committee on IFRSs (SIC).

These separate financial statements are the parent company financial statements of Fund of Problem Loans JSC. Subsidiaries are not separate in these separate financial statements. Investments in subsidiaries have been carried at cost less impairment losses, if any.

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2. BASIS OF PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS, (continued)

Basis of preparation of financial statements

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention except for financial instruments at fair value through profit or loss and at fair value through other comprehensive income. The principal accounting policies applied in the preparation of these financial statements are set out in Note 3. These policies have been consistently applied to all periods presented, unless otherwise stated.

The preparation of separate financial statements in conformity with IFRS requires the use of certain critical accounting estimates. In addition, management is required to exercise its judgment in the process of applying the Fund's accounting policies.

Going concern assumption

These separate financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

The management of the Fund has a reasonable assurance that the Fund will continue as the going concern in the foreseeable future and believes that the going concern basis of accounting for these separate financial statements is appropriate and that there is no significant uncertainty regarding the Fund's ability to continue as the going concern.

Functional and reporting currency

The national currency of Kazakhstan is the Kazakhstani tenge (KZT), which is the Fund's functional currency and the presentation currency of these financial statements. All financial information presented in KZT has been rounded to the nearest thousand (KZT'000).

3. SIGNIFICANT ACCOUNTING POLICIES

Revenue from contracts with customers

The Fund's activities are related to improving the quality of loan portfolios of second-tier banks by buying out non-performing assets and involving non-performing assets in the economic turnover through their rehabilitation and sale, as well as leasing office premises and managing property assets. Revenue from contracts with customers is recognized when control of the assets is transferred to the customer and is measured at an amount that reflects the consideration the Fund expects to be entitled to in exchange for such assets. The Fund has concluded that it is acting as a principal in its contracts for the receipt of revenue.

The Fund assesses that there are other promises in the contract that are separate performance obligations to which a portion of the transaction price is to be allocated. In determining the transaction price for the sale of assets by the Fund, the effect of a significant financing component is considered.

Significant financing component

In some cases, the Fund's customers pay on a deferred basis over a significant period of time, thus in such circumstances the contracts contain a significant financing component. In determining the transaction price, the Fund adjusts the promised consideration for the effect of the time value of money, the Fund determines the transaction price by discounting the amount of the promised consideration.

The Fund applies a practical expedient for short-term receivables. The promised consideration is not adjusted for the impact of a significant financing component if the period between the transfer of the promised asset to the customer and payment by the customer is no more than one year under this simplification.

Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Fund at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date.

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3. SIGNIFICANT ACCOUNTING POLICIES, (continued)

Profit or loss from transactions with monetary assets and liabilities denominated in foreign currencies is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at exchange rates at the dates when the fair value was determined. Non-monetary assets and liabilities denominated in foreign currencies that are measured at cost are translated to the functional currency at the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of equity instruments measured at FVOCI, in which case foreign currency differences that are recognized in other comprehensive income are reclassified to profit or loss.

Cash and cash equivalents

Cash and cash equivalents consist of unrestricted balances on correspondent accounts, amounts due from credit institutions, amounts due under reverse repurchase agreements and NBRK notes with original maturities within three months.

Amounts due from credit institutions

In the normal course of business, the Fund maintains current accounts or deposits for various periods of time with the STBs and NBRK under a trust management agreement. Amounts due from credit institutions with a fixed maturity term are subsequently measured at amortized cost using the effective interest method. Amounts due from credit institutions are carried net of a provision for expected credit losses.

Recognition and measurement of financial instruments

The Fund recognizes financial assets and liabilities on its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Fund accounts for regular way purchases and sales of financial assets and liabilities using settlement date accounting. Regular way purchases of financial instruments that will be subsequently measured at fair value between trade date and settlement date are accounted for in the same way as acquired instruments. Financial assets and financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized directly in profit or loss. The accounting policies for subsequent measurement of financial assets and financial liabilities are disclosed in the respective accounting policies set out below.

Financial assets

All financial assets are recognized and derecognized at the trade date when the purchase or sale of the financial asset is under agreement that requires delivery of the financial asset within the time frame established by the relevant market and is initially measured at fair value plus transaction costs, excluding those financial assets that are classified as measured at fair value. Transaction costs directly attributable to the acquisition of financial assets classified as at fair value are recognized immediately in profit or loss.

All recognized financial assets that are within the framework of IFRS 9 Financial Instruments are to be subsequently measured at amortized cost or fair value based on the Fund's business model for managing financial assets and the contractual characteristics of the cash flows of financial assets.

Wherein:

- Hold the asset to receive the contractual cash flows. This business model assumes that financial assets are managed for the purpose of selling cash flows by receiving payments of principal and interest during the term of the financial instrument. The retention of a financial asset to maturity is a priority under this business model, but early sale is not prohibited.

3. SIGNIFICANT ACCOUNTING POLICIES, (continued)

- Hold the asset to receive the contractual cash flows and sell the financial assets. This business model assumes that the management of financial assets is aimed at both the receipt of contractual cash flows and the sale of financial assets. The receipt of cash flows from the sale of a financial asset is a priority under this business model, which is characterized by a higher frequency and volume of sales compared to the business model 'Hold the asset to receive the contractual cash flows'.
- Hold the asset for other purposes. Within this business model, the purpose of managing financial assets may be:
  - management for the purpose of selling cash flows through the sale of financial assets;
  - management of liquidity to meet daily funding needs;
  - portfolio that is managed and its performance measured on a fair value basis;
  - portfolio that meets the definition of intended for trading. Financial assets are considered to be held for trading if acquired principally for the purpose of selling in the near term (up to 180 days), generating short-term profits or if they are derivatives (except for financial warranties or derivatives that have been designated as hedging instruments).

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

- correspondent account balances, deposits, and repurchase agreements' transactions are generally classified as assets at amortized cost as they are managed within a business model whose objective is to collect contractually stipulated cash flows, including SPPI;
- debt securities can be classified into any of three classification categories, taking into account the chosen business model and compliance with the SPPI;
- equity securities are generally classified into the category of instruments measured at fair value through profit or loss;
- trading securities and derivative financial instruments are classified in the category of financial assets measured at fair value through profit or loss for the period.

Financial assets at fair value through profit or loss (FVTPL) include the following:

- Assets for which the contractual cash flows include more than just payments of principal and interest; and / or
- Assets that are held within the business model, other than assets held to collect contractual cash flows or to collect such flows and sell an asset; or
- Assets designated as at fair value through profit or loss using the fair value option.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or is designated as at fair value through profit or loss.

Financial liability is classified as held for trading if:

- it accepted with the main purpose of buyback in the near future; or
- it is part of a portfolio of identified financial instruments that are managed by the Fund as a single portfolio with a recent history of short-term purchases and resales on initial recognition, or

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3. SIGNIFICANT ACCOUNTING POLICIES, (continued)

- it is a derivative that is not classified or used as a hedging instrument.

Financial liability that is not a financial liability held for trading may qualify as an FVTPL financial liability at the time of accounting if:

- the application of such a classification removes or significantly reduces the imbalance in the measurement or accounting of assets or liabilities that might otherwise arise; or
- the financial liability is part of an instrument containing one or more embedded derivatives and IFRS 9 permits the instrument as a whole (asset or liability) to be classified as at fair value with a change recognized in the statement of profit or loss and other comprehensive income.

Financial assets and financial liabilities at fair value through profit or loss are carried in the statement of financial position at fair value. Changes in fair value are reflected in net (loss) / profit on financial assets and liabilities at fair value through profit or loss.

Interest earned or incurred is recorded in interest income or expense, respectively, in accordance with the terms of the contract, while dividend income is recorded in the Other income line when the right to receive the dividend is established.

Debt instruments measured at amortized cost or fair value through other comprehensive income

The Fund estimates the classification and measurement of the financial asset based on the contractual cash flow characteristics and the Fund's business model used to manage the asset.

The terms of the contract must require that the asset be classified and measured at amortized cost or at fair value through other comprehensive income in order for the asset to be classified and measured at amortized cost or at fair value through other comprehensive income, the contractual terms of the contract must provide for cash flows that are solely payments of principal and interest on the principal outstanding.

The contractual cash flows, which include only principal and interest payments, are in line with the terms of the agreement. Contractual conditions that give rise to non-contractual risks or volatility in non-contractual cash flows, such as the risk of changes in stock or commodity prices, do not create contractual cash flows that include only payments on principal and interest on outstanding principal.

The business models used to manage financial assets were assessed at the date of the first application of IFRS 9 to classify a financial asset. The business model has been applied retrospectively to all financial assets recognized in the statement of financial position of the Fund at the date of the first application of IFRS 9. The business model used by the Fund is defined at a level that reflects how the grouped financial assets are managed to achieve a particular business objective.

As the Fund's business model is independent of management's intentions for an individual instrument, valuation is not performed at the individual instrument level, but at a higher aggregation level.

The Fund determines whether the newly recognized financial assets are part of an existing business model or indicate the emergence of a new business model upon initial recognition of a financial asset. The Fund reviews its business models in each reporting period to identify changes from the previous period. The Fund has not identified any changes in its business models during the current reporting period.

The cumulative profit / loss previously recognized in other comprehensive income is reclassified from equity to profit or loss when derecognition of a debt instrument at fair value through other comprehensive income. Conversely, cumulative profit or loss previously recognized in other comprehensive income is not reclassified to profit or loss, but is transferred to another item in equity when derecognition of equity instruments measured at fair value through other comprehensive income.

Debt instruments that, after initial recognition, are measured at amortized cost or fair value through other comprehensive income are subject to impairment.

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3. SIGNIFICANT ACCOUNTING POLICIES, (continued)

Reclassification of financial assets

Such assets are reclassified if there is a change in the business model according to which the Fund holds certain financial assets. The classification and measurement requirements related to the new category are applied prospectively from the first day of the first reporting period following changes in the business model resulting in the reclassification of the Fund's financial assets. Changes in contractual cash flows are analyzed in accordance with the accounting policies below Modification and derecognition of financial assets.

Modification and derecognition of financial assets

Modification to a financial asset occurs if, between the date of initial recognition and the maturity date of the financial asset, the contractual terms that govern the asset's cash flows are revised or otherwise modified. The modification affects the amount and / or timing of the contractual cash flows, either at the same point in time or at a future point in time.

The Fund assesses whether the modification results in derecognition of the asset upon modification of a financial asset. In accordance with the Fund's policy, a modification results in derecognition if it results in a material difference in contractual terms. The Fund analyzes qualitative factors to determine whether the amended terms differ materially from the original contractual terms. For example, after a change in terms and conditions, the contractual cash flows include payments of principal and interest.

In case of derecognition of the financial asset, the valuation provision for expected credit losses (hereinafter – the ECL) is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date.

The difference between the revised carrying amount and the fair value of the new financial asset under the new terms will result in a gain or loss on derecognition.

The ECL provision for a new financial asset will be calculated based on ECL over the next 12 months, except in the rare event that a new financial asset is considered credit-impaired at the time it is incurred.

Impairment

The calculation of impairment of financial assets was made taking into account the following factors:

- The Fund evaluates financial instruments on an individual basis and on a group basis with a grouping of assets based on general characteristics of credit risk for the purpose of calculating ECL.
- ECL is an estimate of the present value of credit losses, taking into account their probability. The estimate of these losses is the present value of the difference between the cash flows due to the Fund under the agreement and the cash flows that the Fund expects to receive based on a probability analysis discounted using the EIR for the relevant asset.
- The calculation is based on reasonable and proven information that can be obtained without undue cost or effort. The calculation of the present value of the expected future cash flows of a secured financial asset reflects the cash flows that may result from foreclosure.
- The calculation of impairment for treasury operations (investments in debt securities, 'reverse repurchase agreements', deposits) is based on the counterparty rating, probability of default, and transaction duration

Financial assets are segmented into baskets according to the following approach:

- Stage 1: there has been no significant increase in credit risk since the asset was recognized, impairment is recognized at the expected loss over the next 12 months;
- Stage 2: significant increase in credit risk since the recognition of the asset, impairment is recognized at the amount of expected losses over the life of the financial asset;
- Stage 3: the financial asset is in default or shows signs of impairment.

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3. SIGNIFICANT ACCOUNTING POLICIES, (continued)

Provisions for expected credit losses

Evaluation of ECL must be made using the estimated reserve, the value of which is equal to:

- the amount of credit losses expected over the next 12 months, i.e. that portion of credit losses for the entire life of the financial instrument that is expected credit losses due to defaults on the instrument that may arise within 12 months after the reporting date (stage 1);
- the amount of credit losses expected over the life of the financial instrument that arise from all possible default events on the instrument during its life (stage 2 and stage 3).

Provision for the full ECL over the life of the financial instrument is required if the instrument's credit risk has increased significantly since its initial recognition. In all other cases, provisions for ECL are formed in the amount equal to the ECL value within 12 months.

It is extremely important to use the definition of default in determining ECL. The definition of default is used to estimate the amount of ECL and determine whether a provision has been calculated for the next 12 months or for the entire loan term, since the concept of 'default' is part of the concept of 'probability of default' that affects both the ECL estimate and identification of a significant increase in credit risk.

Repurchase and reverse repurchase agreements and provision of securities

In the course of its business, the Fund enters into agreements for the purchase and repurchase of financial assets (hereinafter – reverse repurchase agreements). Repurchase and reverse repurchase agreements' operations are used by the Fund as an element of liquidity management for trading purposes.

Repurchase agreements are treated as secured financing transactions. Securities sold under repurchase agreements are recorded in the statement of financial position and, if the party receiving collateral has the right to sell or repledge the collateral received, they are classified as securities pledged under repurchase agreements. The corresponding liability is reflected in amounts due to credit institutions or customers.

Securities purchased under reverse repurchase agreements are accounted for as amounts due from credit institutions or cash and cash equivalents, respectively. The difference between the sale and repurchase prices is treated as interest income and accrued over the life of the repurchase agreements using the effective interest method.

Offsetting

Financial assets and liabilities are offset and a net amount is recognized in the statement of financial position when there is a legally enforceable right to set off the amounts recorded and the intention is to settle on a net basis, or both realize the asset and settle the liability. The Fund does not offset the transferred asset and the associated liability in accounting for the transfer of a financial asset that is not recognized as disposed of. Income and expense are not offset unless required or permitted by any standard or interpretation, and disclosed separately in the Fund's accounting policies.

Credit-impaired financial assets

Acquired or originated credit-impaired financial assets, financial assets are accounted for differently because such an asset is credit-impaired at the time of initial recognition. The Fund recognizes all changes in the amount of credit losses expected over the life of the asset from the date of initial recognition as provision for these assets. Impairment profit is recognized (recovery of credit loss expenses) in the event of a positive trend in expected credit losses for such assets.

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3. SIGNIFICANT ACCOUNTING POLICIES, (continued)

Financial asset is considered credit-impaired if one or more events occur that adversely affect the estimated future cash flows of that financial asset. The term assets of stage 3 are used for credit-impaired financial assets. Indicators of credit impairment include observable data for the following events:

- Existence of two or more restructuring at the time of purchase of rights of claims;
- Breach of contract – payments overdue by 90 days or more at the time of initial recognition;
- A court decision on the collection of a debt from the borrower or a court decision on the bankruptcy of the borrower;
- The amount of accrued fines, interest is 10 percent or more of the amount of the outstanding principal at the time of initial recognition;
- Purchase of a financial asset at a large discount (10 percent or more) that reflects incurred credit losses;
- The amount of collateral is 30 percent or more below the principal.

In some cases, it is not possible to identify a single event because the credit impairment of a financial asset can be caused by the cumulative effect of several events. At each reporting date, the Fund assesses debt instruments for credit impairment, which are financial assets measured at amortized cost or fair value through other comprehensive income.

Write-off

Financial assets are written off when the Fund has no reasonable expectation of recovering the financial asset (either in whole or in part). This is the case when the Fund determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts to be written off. Derecognition represents derecognition. The recovery will result in an impairment income. Financial assets that are secured are written off upon receipt of any proceeds from the sale or collection of the collateral.

Derecognition of financial assets and liabilities

Financial assets

Derecognition of financial asset (or, where appropriate, part of financial asset or part of group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Fund has transferred its rights to receive cash flows from the asset or retained rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party in accordance with an 'interim' agreement; and
- the Fund has either (a) transferred substantially all of the risks and rewards of the asset; or (b) has not transferred or retained substantially all of the risks and rewards of the asset, but has transferred control of the asset.

Financial asset is derecognized when it has been transferred and the transfer qualifies for derecognition. Translation requires that the Fund either:

(a) has transferred the contractual rights to receive the asset's cash flows; or

(b) retained the right to the asset's cash flows, but assumed a contractual obligation to pay those cash flows to a third party. After the transfer, the Fund reassesses the extent to which it has retained the risks and rewards of ownership of the transferred asset. The asset continues to be recognized in the statement of financial position if substantially all of the risks and rewards have been retained. The asset is derecognized if substantially all of the risks and rewards have been transferred. The Fund assesses whether control of the asset has been retained if subsequently all risks and rewards are not retained or transferred. The asset is derecognized if control has not been retained. The Fund continues to recognize the asset as part of its participation if the Fund retains control over the asset.

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3. SIGNIFICANT ACCOUNTING POLICIES, (continued)

Modification and derecognition of financial liabilities

The Fund derecognizes financial liabilities only if they are extinguished, canceled, or expired. The difference between the carrying amount of the derecognized financial liability and the consideration paid or payable is recognized in profit or loss.

An exchange of debt instruments with substantially different terms between the Fund and a creditor is accounted for as repayment of the original financial liability and recognition of a new financial liability. The Fund accounts for a material change in the terms of an existing financial liability or a part thereof as an extinguishment of an original financial liability and recognition of a new financial liability. The Fund assumes that the terms of the liability differ substantially if the present value of cash flows under the new terms, including fees less commission paid, discounted at the original effective interest rate, differs by at least 10% from the present value of the remaining cash flows under the original financial liability. If the modification is not material, then the difference is between:

- the carrying amount of the liability before modification; and
- the present value of cash flows after modification should be recognized in profit or loss as a gain or loss from modification within other income and expenses.

Taxation

Income tax includes current tax and deferred tax. Income tax is recognized in profit or loss in full, with the exception of amounts related to transactions recorded in other comprehensive income, or transactions with owners recorded directly in equity, which, respectively, are recognized in other comprehensive income or directly in equity.

Current income tax expense comprises taxes expected to be payable on taxable profit or loss for the year, based on tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax assets and deferred tax liabilities are recorded for temporary differences arising between the carrying amount of assets and liabilities, as determined for the purpose of recording them in the separate financial statements, and their tax bases.

Deferred tax assets and deferred tax liabilities are not recognized in respect of: non-deductible, differences related to assets and liabilities, the fact of initial recognition of which does not affect either accounting or taxable profit.

The calculation of deferred tax assets and deferred tax liabilities reflects the tax consequences, which depend on the way the Fund expects to recover or settle the carrying amounts of assets and liabilities at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are determined based on tax rates that will apply in the future when temporary differences reverse, based on current or substantively enacted laws at the reporting date.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be generated sufficient to cover temporary differences, unused tax expense and unused tax benefits. Deferred tax assets are reduced to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

Property, plant and equipment and intangible assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Such components are accounted for as separate items of property, plant and equipment if an item of property, plant and equipment consists of several components with different useful lives.

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3. SIGNIFICANT ACCOUNTING POLICIES, (continued)

Depreciation

Depreciation is charged on property, plant and equipment on a straight-line basis over their estimated useful lives and recognized in profit or loss. Depreciation is charged from the date of purchase of the object, and for objects of property, plant and equipment erected by economic means - from the moment the construction of the object is completed and its readiness for operation. No depreciation is charged on land plots. The useful lives of various items of property, plant and equipment can be represented as follows:

- Buildings and constructions	8–100 years
- Computers	3–5 years;
- Machinery, equipment and vehicles	3–20 years;
- Other	3–15 years.

Item of property, plant and equipment is written off when it is sold or when no future economic benefits are expected to flow from the continued use of the asset. Profit or loss from the sale or other disposal of items of property, plant and equipment is determined as the difference between the selling price and the carrying amount of those items and recognized in profit or loss.

Intangible assets acquired are carried in the separate financial statements at cost less accumulated amortization and impairment losses.

Purchased software licenses are capitalized based on the costs incurred to acquire and implement the software.

Amortization is charged on intangible assets on a straight-line basis over their estimated useful lives and recognized in profit or loss. The useful lives of intangible assets range from 1 to 10 years.

Assets held for sale

Assets directly related to non-current assets are classified as held for sale (hereinafter – the disposal group) if it is probable that the carrying amount of such assets will be recovered primarily through the sale of these assets, rather than through their continuing use, and also if such assets (or disposal group) can be disposed of in their current condition. The management should be committed to selling such assets within one year from the date these assets are classified as held for sale.

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. If the fair value of an asset held for sale, less costs to sell, is less than its carrying amount, an entity shall recognize an impairment loss in the statement of profit or loss and other comprehensive income as a loss on assets held for sale. Any subsequent increase in the asset's fair value less costs to sell is recognized to the amount of the accumulated impairment loss previously recognized for those assets.

Debt securities issued

Debt securities issued are represented by bonds issued by the Fund. Any difference between the amounts received, less costs of issuance of liabilities, and the recoverable amount is recognized in the statement of profit or loss and other comprehensive income over the period of the borrowing using the effective interest method.

Provisions

Provisions are recognized when the Fund has a current legal or constructive obligation arising from past events and it is probable that an outflow of economic benefits will occur to settle the obligation and the amount of the obligation can be measured reliably.

The amounts recorded as provisions represent the Fund's best estimate of the costs that would be required to settle the liability at the end of the reporting period, taking into account the risks and uncertainties of the liability. Its carrying amount is the present value of those cash flows (when the time value of money effect is significant) when a provision is measured using the cash flows estimated to settle a current liability.

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3. SIGNIFICANT ACCOUNTING POLICIES, (continued)

Accounts receivable is recognized as an asset if it is reasonably certain that the consideration will be received and the amount of the receivable can be measured reliably when it is expected that some or all of the economic benefits required settling a provision will be received from a third party.

Pension contributions and other obligatory payments

The Fund does not have any pension schemes other than the state pension scheme of the Republic of Kazakhstan, which requires the employer to make deductions calculated as a percentage of current gross salary payments; such expenses are charged in the period in which the corresponding salary was accrued and are included in administrative expenses in the statement of profit or loss and other comprehensive income. The Fund made social tax payments to the budget of the Republic of Kazakhstan.

Recognition of income and expenses

Interest income calculated using the effective interest method and interest expense on all financial instruments other than financial assets at fair value through profit or loss are recognized as Interest income calculated using the effective interest method and Interest expense in the statement of profit or loss and other comprehensive income using the effective interest method.

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

The calculation takes into account all fees and other amounts paid or received by the parties that are an integral part of the EIR and are directly related to one or another agreement on a financial instrument, as well as transaction costs and all other premiums or discounts. For financial assets in the category at fair value through profit or loss, transaction costs are recognized in profit or loss on initial recognition.

Interest income / interest expense is calculated by applying the EIR to the gross carrying amount of financial assets that are not credit-impaired (that is, the amortized cost of the financial asset before adjusting for the estimated allowance for expected credit losses) or to the amortized cost of financial liabilities. Interest income on credit-impaired financial assets is calculated by applying the EPR to the amortized cost of such assets (that is, their gross carrying amount less estimated allowance for expected credit losses). The EIR for credit-impaired financial assets (CIFA) created or acquired reflects the magnitude of expected credit losses in determining the expected future cash flows from a financial asset.

Lease

At inception of the agreement, the Fund assesses whether the agreement is a lease or whether it contains lease features. In other words, the Fund determines whether agreement transfers the right to control the use of an identified asset over a specified period of time in exchange for consideration.

Fund as lessee

The Fund applies a uniform approach to recognition and measurement of all leases, except for short-term leases and leases of low value assets. The Fund recognizes lease liabilities for the payment of lease payments and right-of-use assets, which represent the right to use the underlying assets.

Right-of-use assets

The Fund recognizes right-of-use assets on the commencement date of the lease (ie the date on which the underlying asset becomes available for use). Right-of-use assets are measured at cost, less accumulated depreciation and accumulated impairment losses, adjusted for revaluation of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made on or before the commencement of the lease, less lease incentive payments received.

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3. SIGNIFICANT ACCOUNTING POLICIES, (continued)

Right-of-use assets are amortized on a straight-line basis over the shorter of the following periods: the lease term or the estimated useful lives of the assets. The Fund has determined the following useful lives:

- Machinery and equipment — from 3 to 15 years
- Vehicles and other equipment — from 3 to 5 years

If, at the end of the lease term, title to the leased asset passes to the Fund, or if the cost of the asset reflects the exercise of an option to purchase it, the asset is depreciated over its estimated useful life.

Lease liabilities

The Fund recognizes lease liabilities that are measured at the present value of the lease payments to be made over the lease term at the commencement date of the lease. Lease payments include fixed payments (including substantially fixed payments) less any incentive payments for lease receivable, variable lease payments that are index or rate dependent, and amounts expected to be paid under residual value warranties. Lease payments also include the exercise price of the call option if there is reasonable assurance that the Fund will exercise the option and termination penalties if the lease term reflects the Fund's potential exercise of the option to terminate the lease. Variable lease payments that are independent of an index or rate are recognized as an expense (unless they are incurred to produce inventories) in the period in which the event or condition occurs that causes such payments.

The Fund uses the incremental borrowing rate at the commencement date, as the interest rate implicit in the lease is not readily determinable to calculate the present value of the lease payments. After the commencement date of the lease, the lease liability is increased to reflect the accrual of interest and decreased to reflect the lease payments made. In addition, the Fund reassesses the carrying amount of lease liabilities in the event of a modification, a change in the lease term, a change in lease payments (for example, a change in future payments arising from a change in the index or rate used to determine those payments) or a change in the valuation of an option to purchase the underlying asset.

Short-term leases and leases of low value assets

The Fund applies the short-term lease exemption to its short-term lease agreements for office space (ie, agreements that have a lease term of 12 months or less at the commencement date and do not contain an option to purchase the underlying asset).

Fund as lessor

Leases where the Fund has substantially all the risks and rewards of ownership of an asset are classified as operating leases. The resulting rental income is recognized on a straight-line basis over the lease term and included in revenue in the statement of profit or loss and other comprehensive income because of its operating nature. Initial direct costs incurred under an operating lease are included in the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent leases are recognized as revenue in the period in which they are received.

Segment reporting

A segment is a distinct component of the Fund that either provides goods or services (operating segment) or provides goods or services within a defined economic environment (geographic segment) that is subject to risks and rewards that differ from the risks and rewards of other segments. The Fund views its operating activities as a single segment.

Investments in subsidiaries and associates

Subsidiaries. Subsidiaries are investees that are controlled by the Fund. The Fund controls an investee if the Fund is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Investments in subsidiaries are carried at cost less provision for impairment in the separate financial statements of the Fund.

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3. SIGNIFICANT ACCOUNTING POLICIES, (continued)

Associated organizations. Associates are companies over which the Fund has significant influence (directly or indirectly), but does not control them; as a rule, the share of voting rights in these companies is between 20% and 50%. Investments in associates are accounted for using the equity method and are initially recognized at cost.

The book value of associates includes goodwill identified at the time of acquisition less accumulated impairment losses, if any. Dividends received from associates reduce the carrying amount of investments in associates.

Investment property

Investment property is land and buildings held by the Fund to earn leases and/or income from capital appreciation, but not for use in production or supply of materials and services, or for administrative purposes, or for sale in the ordinary course of business.

The initial cost of the investment property is determined based on the actual cost of acquisition, i.e. the investment property includes the initial acquisition costs and all directly attributable costs. The Fund applies the historical cost model, less accumulated depreciation and accumulated impairment losses.

Subsequent to initial recognition, the Fund measures investment property at cost less accumulated depreciation and accumulated impairment losses. The current costs of maintaining investment property are expensed as incurred. The Fund uses a straight-line depreciation method for depreciation of investment property. The useful lives of investment property are similar to those for property, plant and equipment and for buildings and structures are from 8 to 100 years.

Investment property is recognized as an asset only when it is probable that it will bring economic benefits in the future.

The Fund classifies investment property as follows:

- leased property;
- property to be rented out;
- property to receive income from the increase in its value;
- property under construction for future use as investment property;
- land, the further purpose of which is currently not defined.
- in the course of financial and economic activities, reclassification of investment property may be required.

The transfer of an object into investment property or its withdrawal from it is carried out only in cases of a change in the method of its operation, confirmed by the following events:

- beginning of use of the object in production activity - transfer of the object from investment property to property, plant and equipment;
- beginning of preparation for sale – tra nsfer of the object from the investment property into the inventory under the article goods;
- beginning of operating lease – transfer of the object from inventory (goods) to investment property.

The Fund transfers an item from investment property to the Inventory category when its purpose is changed, as evidenced, for example, by the beginning of reconstruction of an item for the purpose of its sale. It continues to record the property as investment property until it is derecognized and does not record it as inventory if the Fund decides to sell an investment property without reconstruction.

Share capital

Ordinary shares

Ordinary shares of the Fund are classified as equity because they entitle a shareholder to a proportionate share of the net assets of the Fund on liquidation and do not have any priority over other claims on the Fund's assets on liquidation.

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3. SIGNIFICANT ACCOUNTING POLICIES, (continued)

Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

Preferred shares

Preferred shares that are non-redeemable are recorded in equity.

Repurchase of own shares

The amount paid, including directly attributable costs, is recognized as a deduction from equity in the separate financial statements when the Fund repurchases its own shares.

Dividends

The ability of the Fund to declare and pay dividends is subject to the laws and regulations of the Republic of Kazakhstan.

Dividends in respect of common stock are reflected in the separate financial statements as an appropriation of retained earnings when declared.

Dividends on preferred shares

Preferred shares are classified as equity or liabilities depending on their terms of issue.

Preferred shares with fixed dividend payout obligations are classified as financial liabilities and are carried at amortized cost using the effective interest rate method.

Preferred shares without a redemption or fixed dividend payment obligation are classified as a component of equity.

Dividends on preference shares classified as liabilities are recognized as interest expense and on shares classified as equity as a distribution of income in the statement of changes in equity.

Additional paid-in capital

These funds are recorded in the Additional paid-in capital account when the Fund receives loans or other financing from its shareholder related to the Fund's programme activities.

Reserve for contingent distribution

Any negative difference between the consideration transferred and the fair (market) value of such assets is recognized in equity and is included in the Fund's separate financial statements in the Reserve for contingent distribution line item when the Fund enters into transactions on non-market terms on behalf of and/or on behalf of its Shareholder.

New and amended IFRS standards effective for the current year:

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures Related to Supplier Finance Arrangements

The amendments introduce a disclosure objective in IAS 7 that requires an entity to provide information about its supplier finance arrangements that enables users of financial statements to evaluate the effect of those arrangements on the entity's liabilities and cash flows.

In addition, IFRS 7 was amended to add that supplier finance arrangements are included in the list of factors that require disclosure of liquidity concentration risk.

The amendments contain specific transitional provisions applicable in the first annual reporting period in which the Fund first applies the amendments. Under these transitional provisions, the entity is not required to disclose:

- comparative information for reporting periods prior to the first period in which the amendments are applied;
- the information required by IAS 7:44H(b)(ii)-(iii) at the beginning of the first reporting period in which the entity first applies the amendments.

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3. SIGNIFICANT ACCOUNTING POLICIES, (continued)

Amendments to IAS 1 Classification of Liabilities as Current or Non-current

The amendments relate solely to the presentation of liabilities as current or non-current in the statement of financial position and do not affect the recognition of assets, liabilities, income or expense, or the disclosures in respect of those items.

The amendments clarify that the classification of a liability as current or non-current is based on rights existing at the end of the reporting period, rather than on expectations about whether an entity will exercise its right to defer settlement of the liability. It also clarifies that rights are considered to exist when the entity is in compliance with covenants at the end of the reporting period and introduces a definition of extinguishment to mean the transfer of cash, equity instruments, other assets or services to a counterparty.

Amendments to IAS 1. Presentation of Financial Statements – Non-current Liabilities with Covenants

The amendments specify that only covenants that the entity is required to comply with before or at the end of the reporting period affect the entity's right to defer settlement of the liability for at least twelve months after the reporting date (and, accordingly, should be considered when classifying liabilities as current or non-current). These covenants affect the entity's eligibility at the end of the reporting period, even if actual compliance with the covenant is not assessed until after the reporting date (e.g., if the covenant is linked to the entity's financial position at the reporting date, but compliance is only subsequently verified).

The IASB also clarified that if an entity is only required to comply with a covenant after the reporting period, its right to defer settlement of a liability for more than 12 months after the reporting date is not at risk. However, if an entity's right to defer settlement of a liability is contingent on meeting covenants within twelve months after the reporting period, the entity must disclose information that enables users of the financial statements to understand the possible risk of early settlement of the liability. Such information should include: a description of the covenants (their nature and timing); the carrying amount of the related obligations; and factors and circumstances that indicate potential difficulties in meeting the covenants.

Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 introduce requirements for subsequent measurement of lease liabilities in sale and leaseback transactions that qualify for sale recognition under IFRS 15 Revenue from Contracts with Customers. The amendments require a lessee-seller to determine lease payments or revised lease payments in a manner that eliminates the recognition of a gain or loss relating to the retained right to use the asset after the commencement date.

The amendments do not affect the gain or loss recognized by a seller-lessee related to the partial or complete termination of a lease. Without the requirements introduced, a lessee-seller could recognize gain on the right-of-use remaining in its possession solely because of the remeasurement of the lease liability (e.g., as a result of a change in lease terms). This is particularly relevant for leaseback transactions involving variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB also amended one of the illustrative examples in IFRS 16 and added a new example that demonstrates the subsequent measurement of assets and liabilities in sale and leaseback transactions involving variable lease payments. The examples also clarify that a liability arising from a sale and leaseback transaction that qualifies as a sale under IFRS 15 is a lease liability.

The amendments are applied retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

These amendments did not have a significant impact on the disclosures presented or the amounts recognized in the financial statements.

New and revised IFRS standards issued but not yet effective

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

- Amendments to IAS 21 Lack of Exchangeability
- IFRS 18 Presentation and Disclosure in Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES, (continued)

- IFRS 19 Subsidiaries without Public Accountability: Disclosures

The management of the Fund does not expect the adoption of these standards to have a material impact on the Fund's financial statements in future periods.

4. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Fund's separate financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the separate financial statements and the reported amount of income and expenses during the reporting period. The management reviews its estimates and assumptions on a regular basis. The management bases its estimates and assumptions on historical experience and various other factors that are believed to be reasonable in the circumstances.

Actual results could differ from these estimates and judgments under different assumptions or conditions. The following estimates and assumptions are considered important to the portrayal of the Fund's financial condition.

Estimates and assumptions

The key assumptions about the future and other major sources of estimation uncertainty at the reporting date that could cause material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Fund's assumptions and estimates are based on inputs available to the Fund at the time the separate financial statements were prepared. However, current circumstances and assumptions about the future may change due to market changes or circumstances beyond the control of the Fund. Such changes are reflected in the assumptions as they occur.

Default probability

The default probability is a key input in measuring ECL valuation. The default probability is an estimate over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The probability of default for treasury operations is determined according to the Default Study from international rating agencies (S&P, Fitch, Moody's), in which tabular data with the values of the default probabilities are published.

Default probabilities are kept up to date and updated periodically as default statistics are updated.

Losses in case of default

Losses in the event of a default are an estimate of the losses that would arise from a default. It is based on the difference between the cash flows owed under the contract and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit improvements.

The level of loss in case of default (LGD) for treasury operations is determined according to the Default Study from international rating agencies (S&P, Fitch, Moody's) and depends on the type of debt on the financial asset: senior secured / unsecured, subordinated, sovereign. The LGD can also be adjusted if the asset is secured, and if there is any indication of impairment for the financial asset (stage 2 or stage 3).

The calculation of LGD for individually assessed receivables is based on an assessment of the recoverability of liabilities in the event of the sale of collateral, using discount periods corresponding to the periods of sale of the collateral.

Acquired or originated credit-impaired financial assets

The Fund recognized in profit or loss the amount of the lifetime change in expected credit losses as an expense on credit losses on the reporting date.

The difference between all contractual cash flows attributable to the Fund and all cash flows expected to be received by the Fund is discounted at the effective interest rate adjusted for credit risk. Effective interest rate adjusted for credit risk provided by independent appraisal companies and ranges from 10.3% to 23.79%.

4. SIGNIFICANT ACCOUNTING ESTIMATES, (continued)

Assets held for sale

As a result of repurchase of receivables from BSTs, the Fund recognized the recovered collateral from the borrowers as assets held for sale at fair value. The assets were subsequently measured at the lower of fair value less costs to sell or current value as the appropriate level of management adopted a plan to sell the assets and actively seek buyers. Further details are disclosed in Note 14.

5. COMPARATIVE DATA

Comparative figures are restated during the year to conform to the new presentation when the presentation of the separate financial statements changes during the year.

Therefore, the Management of the Fund decided to reclassify the following amounts in the Fund's financial statements as at 31 December 2023:

KZT'000	Amount before reclassification	Reclassification	Amount after reclassification
Interest expenses	(13,763)	13,763	–
Other income, net	16,064,189	(13,763)	16,050,426
Profit before income tax	**24,922,205**	–	**24,922,205**

6. REVENUE

Revenue from sales of goods and services is presented as follows:

KZT'000	2024	2023
Income from sale of rights of claim	10,315,795	–
Income from sale of commercial property	822,238	1,191,360
Income from sale of land plots	154,059	4,869,096
Income from sale of agricultural equipment	119,338	274,840
Income from operating leases	89,607	66,572
Income from sale of other movable property	2,942	93,814
Income from sale of residential property	–	142,068
Income from reimbursement of utilities	–	2,372
	11,503,979	**6,640,122**

The timing of revenue recognition is as follows:

KZT'000	2024	2023
Goods and services are transferred at a certain point in time	11,414,372	6,573,550
Goods and services are transferred during the period	89,607	66,572
	11,503,979	**6,640,122**

Significant component of funding

In determining the transaction price, the Fund adjusts the promised amount of consideration for the effect of the time value of money by discounting the amount of the promised consideration. The discount rate reflects the credit characteristics of buyers taking into account market conditions existing at the time of entering into the contract.

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7. COST OF SALES

The cost of goods sold is presented as follows:

KZT'000	2024	2023
Cost of rights of claim	(27,266,997)	–
Cost of commercial property	(1,630,772)	(1,723,091)
Cost of agricultural equipment	(335,903)	(878,181)
Cost of land plots	(237,551)	(5,089,211)
Cost of operating leases	(131,775)	(37,959)
Cost of other movable property	(3,043)	(151,845)
Cost of residential property	–	(89,756)
	(29,606,041)	**(7,970,043)**

8. INTEREST INCOME

Interest income calculated using the effective interest rate method is presented as follows:

KZT'000	2024	2023
Rights of claim measured at amortized cost	29,143,786	33,611,302
Long-term receivables	6,975,044	9,839,820
Cash and cash equivalents	4,258,287	4,911,228
Financial assets at fair value through other comprehensive income	1,897,396	1,715,101
Financial assets at fair value through profit or loss	771,049	2,638,623
Debt securities measured at amortized cost less provisions for expected credit losses	99,307	77,108
	43,144,869	**52,793,182**

9. EXPENSES ON CREDIT LOSSES

Expenses on credit losses for 2024 are as follows:

KZT'000	Stage 1	Stage 2	Stage 3	Credit-impaired	Total
Rights of claim measured at amortized cost	–	–	–	(19,438,837)	(19,438,837)
Long-term receivables	–	–	132,508	–	132,508
Cash and cash equivalents	(133,788)	–	–	–	(133,788)
Debt securities measured at amortized cost	10,078	–	–	–	10,078
	(123,710)	**–**	**132,508**	**(19,438,837)**	**(19,430,039)**

Expenses on credit losses for 2023 are as follows:

KZT'000	Stage 1	Stage 2	Stage 3	Credit-impaired	Total
Rights of claim measured at amortized cost	–	–	–	(37,156,344)	(37,156,344)
Long-term receivables	–	–	(471,216)	–	(471,216)
Cash and cash equivalents	2	–	–	–	2
Debt securities measured at amortized cost	(994)	–	–	–	(994)
	(992)	**–**	**(471,216)**	**(37,156,344)**	**(37,628,552)**

10. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses are as follows:

KZT'000	2024	2023
Personnel expenses	(4,124,067)	(3,976,501)
Professional services	(272,028)	(309,479)
Depreciation of property, plant and equipment and amortization of intangible assets	(122,096)	(134,652)
Taxes and other obligatory payments to the budget	(121,853)	(130,867)
Travel expenses	(79,308)	(115,870)
Operating lease expenses	(50,220)	(59,677)
Transportation expenses	(37,056)	(43,976)
Communication services	(16,998)	(18,684)
Materials	(13,292)	(12,804)
Estimated liabilities , recovery/(accrual)	302,605	(95,984)
Insurance	–	(53,868)
Dues and membership fees	–	(5,227)
Banking services	(728)	(703)
Other expenses	(12,679)	(4,638)
	(4,547,720)	**(4,962,930)**

Taxes and salary deductions are also included in personnel expenses.

KZT'000	2024	2023
Payments to employees	(3,744,173)	(3,635,768)
Salary taxes and deductions	(379,894)	(340,733)
Total personal expenses	**(4,124,067)**	**(3,976,501)**

11. OTHER INCOME, NET

Other income, net are presented as follows:

KZT'000	2024	2023
Other income		
Other income from claim redemption	2,389,848	16,240,502
Fee and commission	139,354	181,540
Other income	160,970	67,087
	2,690,172	**16,489,129**
Other expenses		
Expenses on repurchased assets	(585,492)	(418,140)
Other expenses	(58,703)	(20,563)
	(644,195)	**(438,703)**
	2,045,977	**16,050,426**

12. CASH AND CASH EQUIVALENTS

KZT'000	2024	2023
Cash		
– with credit rating from BBB- to BBB+	8,646	2,661
– with credit rating from BB- to BB+	261,930	348,724
Expected credit losses	(2)	(2)
	270,574	**351,383**
Cash equivalents		
– Reverse repo transactions	25,804,182	5,662,160
– NBRK notes	8,060,301	19,134,913
	33,864,483	**24,797,073**
	34,135,057	**25,148,456**

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

12. CASH AND CASH EQUIVALENTS, (continued)

Cash equivalents include short-term NBRK notes as at 31 December 2024 and 31 December 2023. Annualized yields ranged from 13.07% to 14.61% (2023: 14.61% to 16.65% per annum). The accrued interest for the year ended 31 December 2024 amounted to KZT 2,476,038 thousand (2023: KZT 3,120,525 thousand).

Also, there were outstanding reverse repurchase agreements between the Fund and Kazakhstan Stock Exchange JSC as at 31 December 2024. The accrued interest for the year ended 31 December 2024 amounted to KZT 1,782,249 thousand (2023: KZT 1,094,390 thousand). The subject of these agreements were government bonds of the Republic of Kazakhstan with annual interest rates ranging from 11.25% to 15.5% per annum and maturity date in January 2025 (2023: government bonds of the Republic of Kazakhstan with interest rates ranging from 8.76% to 17.74% per annum).

During 2022 through February 2023, short-term deposits were placed with the National Bank of the Republic of Kazakhstan. For the year ended 31 December 2023 interest in the amount of KZT 696,313 thousand was accrued on these deposits.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

KZT'000	Currency	Maturity date	Book value as at 31.12.2024	Book value as at 31.12.2023
MEKKAM KZK100000290	KZT	March 2024	–	12,467,803
MEKKAM KZK100000308	KZT	April 2024	–	13,283,803
			–	**25,751,606**

The movements in financial assets at fair value through profit or loss are presented as follows:

KZT'000	2024	2023
As at 1 January	25,751,606	–
Acquisition of securities	–	23,111,493
Redemption of securities	(21,237,243)	–
Donation of bonds (Note 23)	(5,285,412)	–
Interest income calculated using the effective interest rate method	771,049	2,640,113
As at 31 December	**–**	**25,751,606**

In February 2024, the Fund transferred 53,398,058 government bonds of the Ministry of Finance of the Republic of Kazakhstan into the republican ownership under a donation agreement. This transaction is recognized in the reserve for contingent distribution.

14. ASSETS HELD FOR SALE

KZT'000	2024	2023
Commercial property	1,976,313	3,536,985
Equipment	1,030,547	1,028,185
Land	739,350	961,297
Land for residential property	642,173	264,245
Land for commercial property	567,571	–
Residential property	186,653	–
Other stocks	23,034	20,931
	5,165,641	**5,811,643**
Less: provisions for impairment	(14,326)	(14,326)
Total assets held for sale	**5,151,315**	**5,797,317**

The Fund assesses the fair value of assets held for sale at each reporting date to ensure that the carrying amount of such assets does not differ materially from their fair value less costs to sell. The Fund assessed the value of assets held for sale as at 31 December 2024 and verified that there were no significant differences between their carrying amounts and fair values.

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14. ASSETS HELD FOR SALE, (continued)

The fair value at the date of such valuation was determined using the comparative approach, which is categorized as Level 2 in the fair value hierarchy.

15. DEBT SECURITIES CARRIED AT AMORTIZED COST

KZT'000	2024	2023
Bonds	1,045,228	763,098
Expected credit losses	(38)	(10,116)
	1,045,190	**752,982**

The movements in debt securities measured at amortized cost are presented as follows:

KZT'000	2024	2023
As at 1 January	752,982	679,000
Acquisition of securities	185,574	–
Interest income calculated using the effective interest rate method	99,307	74,976
Repayment of interest income	(2,751)	–
Impact of expected credit losses	10,078	(994)
As at 31 December	**1,045,190**	**752,982**

In accordance with the resolution of the Government of the Republic of Kazakhstan in repayment of part of the debt on the budget loan provided to the Akimat of East Kazakhstan region, bonds of Tsesnabank Joint Stock Company (subsequently First Heartland Jusan) in the amount of KZT 2,150,001 thousand issued with a term of 15 years and interest rate of 0.10% per annum were transferred from the communal property of East Kazakhstan region to the republican property in favor of the State Institution Committee for State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan. The bonds were transferred in payment for the preferred shares of the Fund being placed. Fair value of bonds at initial recognition amounted to KZT 463,783 thousand.

In accordance with the resolution of the Government of the Republic of Kazakhstan, the Fund received bonds of First Heartland Jusan Bank JSC in the amount of KZT 618,461 thousand in 2024. The bonds were transferred as payment for the Fund's preferred shares to be placed. They were initially recognized at fair value, which at the date of the transaction amounted to KZT 185,574 thousand.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

KZT'000	Currency	Year of maturity	Interest rate	Book value as at 31.12.2024	Book value as at 31.12.2023
MEUKAM KZKD00000865	KZT	2025 г.	7.20%	8,185,464	7,640,832
MEOKAM KZK200000745	KZT	2025 г.	16.70%	6,497,718	6,630,834
MEOKAM KZK200000711	KZT	2026 г.	13.75%	890,955	869,948
MEUKAM KZKD00000337	KZT	2025 г.	5.60%	477,890	435,981
MEUKAM KZKD00000543	KZT	2028 г.	5.00%	77,747	70,455
				16,129,774	**15,648,050**

Government debt securities classified at the Fund's discretion as at fair value through other comprehensive income consist of investments in quoted government bonds. The fair value of these financial instruments is determined by reference to published price quotations in an active market.

The Fund holds government bonds of the Republic of Kazakhstan as at 31 December 2024 and 2023, which were issued by the Ministry of Finance of the Republic of Kazakhstan.

These bonds carry a fixed coupon and are listed on the Kazakhstan Stock Exchange (KASE). During the reporting period changes in the fair value of these assets amounted to KZT 317,580 thousand (2023: KZT 366,117 thousand), which is recognized in other comprehensive income (see Note 21 (d)).

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17. RIGHTS OF CLAIM MEASURED AT AMORTIZED COST

KZT'000	2024	2023
First redemption	25,910,902	50,889,604
Second redemption	19,008,847	24,544,114
Third redemption	38,315,533	39,861,826
Fourth redemption	33,300,860	32,798,168
Fifth redemption	968,214	1,408,746
Sixth redemption	94,598	
	117,598,954	**149,502,458**

In accordance with the framework agreements of the Government of the Republic of Kazakhstan, from 2017 to 2021 the Fund repurchased troubled assets from STBs. In accordance with the terms of the framework agreement, the purchase price of the assets repurchased by the Fund was made without preliminary assessment. In order to comply with the requirements of International Financial Reporting Standards for determining the fair value of the acquired assets, at initial recognition the Fund determined the value according to valuation reports of independent appraisal companies.

The Fund's management considers transactions on purchase of distressed assets as non-market and made exclusively in accordance with the decisions of the Shareholder of the Fund based on the relevant Resolutions of the Government of the Republic of Kazakhstan, respectively, the difference between the purchase cost of distressed assets and the fair value at the time of initial recognition of assets was recognized as a loss in equity, since in accordance with the Conceptual Framework for the Preparation of Financial Statements, distributions to owners and contributions by them and their parties are excluded from profit or loss and recognized in equity.

Within the framework of execution of the Order of the Committee of State Property and Privatization No. 187 On some issues of the Fund of Problem Loans Joint Stock Company dated 6 March 2024, the Fund and the Ministry of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan signed the Agreement on assignment of claim (cession) No. 1 dated 7 June 2024, according to which the Fund was assigned the rights of claim for three projects for the total amount of KZT 148,645 thousand:

- debt of MPK Temir LLP in the amount of KZT 19,395 thousand;
- debt of Bank of Astana JSC in the amount of KZT 107,805 thousand;
- debt of Qazaq Banki JSC in the amount of KZT 21,445 thousand.

According to the valuation report, the market value of the claim rights under the three projects at the date of assignment was equal to the nominal value of the debt.

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17. RIGHTS OF CLAIM MEASURED AT AMORTIZED COST, (continued)

The movement in rights of claim for 2024 is as follows:

KZT'000	Book value as at 31.12.2023	Receipt	Interest income calculated at the effective interest rate adjusted for credit risk	Release of discount	Income on provisions disestablishment / Expenses on credit losses	Profit (Loss) from sale of collateralized security	Other income on redemption of claims	Repayment of claims/recovery of collateral security	Book value as at 31.12.2024
First redemption	50,889,604	–	7,423,059	7,926,022	(5,629,250)	582,427	765,266	(36,046,226)	25,910,902
Second redemption	24,544,114	–	5,788,886	298,348	(10,959,285)	(327,313)	–	(335,903)	19,008,847
Third redemption	39,861,826	–	9,566,583	4,359,136	(2,959,744)	(9,204,934)	41,958	(3,349,292)	38,315,533
Fourth redemption	32,798,168	–	6,252,613	905,405	(3,016,274)	(806,151)	1,582,624	(4,415,525)	33,300,860
Fifth redemption	1,408,746	–	112,645	–	(553,177)	–	–	–	968,214
Sixth redemption	–	148,645	–	–	(54,047)	–	–	–	94,598
	149,502,458	**148,645**	**29,143,786**	**13,488,911**	**(23,171,777)**	**(9,755,971)**	**2,389,848**	**(44,146,946)**	**117,598,954**

The movement in rights of claim for 2023 is as follows:

KZT'000	Book value as at 31.12.2022	Interest income calculated at the effective interest rate adjusted for credit risk	Release of discount	Income on provisions disestablishment / Expenses on credit losses	Profit (Loss) from sale of collateralized security	Other income on redemption of claims	Repayment of claims/recovery of collateral security	Book value as at 31.12.2023
First redemption	55,595,024	8,861,436	4,949,601	(3,361,160)	(11,679,596)	8,841,277	(12,316,978)	50,889,604
Second redemption	24,544,114	5,839,045	–	(5,839,045)	–	–	–	24,544,114
Third redemption	46,104,687	10,349,235	3,857,161	(11,361,448)	(7,800,991)	6,783,706	(8,070,524)	39,861,826
Fourth redemption	33,780,845	8,499,168	812,846	(7,393,938)	660,226	615,519	(4,176,498)	32,798,168
Fifth redemption	1,347,067	61,679	–	–	–	–	–	1,408,746
	161,371,737	**33,610,563**	**9,619,608**	**(27,955,591)**	**(18,820,361)**	**16,240,502**	**(24,564,000)**	**149,502,458**

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18. LONG-TERM RECEIVABLES

KZT'000	2024	2023
Receivables on sale of first redemption assets	20,748,263	11,753,552
Receivables on sale of second and third redemption assets	45,691,784	43,934,974
Expected credit losses	(364,601)	(497,109)
	66,075,446	**55,191,417**

The movements in the provision for expected credit losses are presented as follows:

KZT'000	2024	2023
As at 1 January	497,109	25,894
Accrued	231,495	505,714
Recovered	(364,003)	(34,499)
As at 31 December	**364,601**	**497,109**

19. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

KZT'000	Land plots	Building and construction	Other property, plant and equipment	Other intangible assets	Total
Initial cost					
As at 1 January 2023	**18,531**	**3,166,728**	**257,828**	**135,137**	**3,578,224**
Purchase	–	–	10,363	3,818	14,181
Transfers and reclassifications	–	492	3,792	207	4,491
Disposal	–	–	(9,342)	–	(9,342)
As at 31 December 2023	**18,531**	**3,167,220**	**262,641**	**139,162**	**3,587,554**
Purchase	–	–	8,125	1,937	10,062
As at 31 December 2024	**18,531**	**3,167,220**	**270,766**	**141,099**	**3,597,616**
Accumulated depreciation and amortization					
As at 1 January 2023	**–**	**(173,817)**	**(176,159)**	**(75,718)**	**(425,694)**
Accruals		(87,631)	(35,380)	(11,642)	(134,653)
Transfers and reclassifications		(44)	(319)	(305)	(668)
Disposal		–	6,734	–	6,734
As at 31 December 2023	–	**(261,492)**	**(205,124)**	**(87,665)**	**(554,281)**
Accruals	–	(87,631)	(23,328)	(11,136)	(122,095)
As at 31 December 2024		**(349,123)**	**(228,452)**	**(98,801)**	**(676,376)**
Residual value					
As at 31 December 2023	**18,531**	**2,905,728**	**57,517**	**51,497**	**3,033,273**
As at 31 December 2024	**18,531**	**2,818,097**	**42,314**	**42,298**	**2,921,240**

Fully depreciated assets

The fully depreciated assets in use as at 31 December 2024 amounted to KZT 160, 724 thousand (2023: KZT 126,719 thousand).

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20. OTHER LIABILITIES

KZT'000	2024	2023
Estimated liabilities for employee benefits	382,464	685,069
Other liabilities within the scope of the assumed KRUA functionality	111,148	42,171
Payables to suppliers	42,624	52,560
Other financial liabilities	8,403	55,647
Total other financial liabilities	**544,639**	**835,447**
Advances received	83,359	105,312
Liabilities for taxes other than corporate income tax	50,515	40,753
Other non-financial liabilities	45,447	37,901
Total other non-financial liabilities	**179,321**	**183,966**
Total other liabilities	**723,960**	**1,019,413**

21. EQUITY AND RESERVE

(a) Share capital

The share capital of the Fund as at 31 December 2024 is as follows:

	Nominal value	Permission to issue share capital	Unissued share capital	Total share capital
Ordinary shares, pieces	9,988	60,677,925	–	60,677,925
Preferred shares, pieces	60,677,925	125,000	(1)	124,999

The share capital was formed as at 31 December 2024 in the amount of KZT 2,072,981,559 thousand (2023: KZT 2,072,647,339 thousand). 60,677,925 ordinary shares (2023: 60,677,925) and 124,999 preference shares were placed and paid up as at 31 December 2024, 1 preference share was not placed (2023: 49 preference shares were not placed).

The Fund, by the decision of the Sole Shareholder represented by the National Bank of the Republic of Kazakhstan, was capitalized in the amount of KZT 470,196,000 thousand at the beginning of 2017. The Board of Directors of the Fund adopted a resolution on the placement of 47,019,600 ordinary shares at the offering price of KZT 10 thousand per ordinary share as at 28 February 2017, which were fully paid by the National Bank of the Republic of Kazakhstan as at 2 March 2017. The proceeds from the placement of ordinary shares were fully used to finance the acquisition of troubled assets.

In 2019, the State Institution Committee for State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan transferred bonds in the amount of 2,132,747 (two million one hundred thirty two thousand seven hundred forty seven) in the amount of KZT 463,783 thousand as payment for placed preferred shares in the amount of 92 (ninety two) pieces.

In 2021, the SI Committee for State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan transferred its own bonds of the Fund with an estimated value of KZT 997,113,378 thousand in payment of the placed preferred shares (58,858 preferred shares were placed). In the same year, the SI Committee for State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan carried out the reorganization of Asset Rehabilitation and Management Company JSC by merging with the Fund, as a result of which the share capital was increased by the amount of KZT 664,513 thousand (138,325 ordinary shares were placed).

In 2022, the Sole Shareholder transferred its own bonds of the Fund with an estimated value of KZT 154,063,332 thousand in payment for the outstanding preferred shares (4,000 preferred shares were placed).

In 2024, in accordance with the order of the Ministry of Finance of the Republic of Kazakhstan and the decision of the Board of Directors, the Fund accepted assets in the form of coupon bonds of First Heartland Jusan Bank JSC and debts of MPK Temir LLP, Bank Astana JSC and Qazaq Banki JSC as payment for the outstanding preferred shares.

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21. EQUITY AND RESERVE, (continued)

According to the market value assessment report, the total value of the transferred assets amounted to KZT 334,220 thousand. In exchange, 48 preferred shares were placed at a price of KZT 6,962,907 per share, which resulted in an increase in the share capital of the Fund.

(b) Book value of ordinary shares

The calculation of the book value of one ordinary share is presented as follows:

KZT'000 (unless otherwise stated)	2024	2023
Assets	245,420,348	282,364,811
Less: Intangible assets	(42,298)	(51,497)
Less: Liabilities	(767,309)	(1,064,788)
Less: Preferred shares account balance	(1,466,457,262)	(1,466,123,043)
Total net assets	**(1,221,846,521)**	**(1,184,874,517)**
Number of ordinary shares (pieces)	60,677,925	60,677,925
Book value of one ordinary share (in KZT)	**(20,136.59)**	**(19,527.27)**

(c) Book value of preferred share

The calculation of the book value of one preferred share is as follows:

KZT'000 (unless otherwise stated)	2024	2023
Preferred shares account balance	1,466,457,262	1,466,123,043
Number of preferred shares (pieces)	124,999	124,951
Book value of one preferred share (in KZT)	**11,731,751.95**	**11,733,583.91**

(d) Basic and diluted earnings per share

KZT'000 (unless otherwise stated)	2024	2023
Net profit for the period attributable to equity holders of the parent company of the Fund	3,067,676	24,845,217
Less: additional dividends to be paid to preferred shareholders in case of distribution of all profits	3,067,676	24,845,217
Net profit attributable to ordinary shareholders	3,067,676	24,845,217
Weighted average number of shares for the calculation of basic earnings per share	60,677,925	60,677,925
Basic and diluted earnings per share (in KZT)	**50.56**	**409.46**

(e) Dividends

In 2024, the Fund accrued and paid dividends on ordinary shares of KZT 22,006,045 thousand (2023: KZT 6,683,673 thousand) and on preferred shares of KZT 45,316 thousand (2023: KZT 13,763 thousand) .

(f) Reserve for revaluation of financial assets at fair value through other comprehensive income

The reserve for revaluation of financial assets comprises positive and negative fair value adjustments on financial assets, changes in which are recognized in other comprehensive income (loss), net of income tax. In accordance with the tax legislation of the Republic of Kazakhstan, income from operations with government securities is not subject to corporate income tax, therefore income tax is zero.

The reserve for revaluation of financial assets at fair value through other comprehensive income as at 31 December 2024 amounted to KZT 2,056 thousand (2023: KZT 319,636 thousand).

In 2017, the funds, including the National Fund of the Republic of Kazakhstan and the Republican Budget, were used for implementation of the transaction on purchase of troubled assets. Target transfers in the amount of KZT 2,092,941,288 thousand were recognized by the Fund as part of Additional paid-in capital and, according to the Budget Code of the Republic of Kazakhstan, are non-repayable and non-refundable.

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22. ADDITIONAL PAID-IN CAPITAL

In order to implement the measures aimed at return of funds invested by the state in redemption of troubled assets on the first buyback, the Fund together with the Treasury Committee of the Ministry of Finance of the Republic of Kazakhstan worked out the issue of voluntary channeling to the National Fund of the Republic of Kazakhstan (NF RK) the funds received from sale of assets of the Fund.

In accordance with the decision of the Board of Directors of the Fund, cash proceeds from the sale of the Fund's assets are directed to the account of the National Fund of the Republic of Kazakhstan opened with the National Bank of the Republic of Kazakhstan. Therefore, the Fund transferred funds in the amount of KZT 12,000,000 thousand in 2024 (2023: KZT 22,900,054 thousand) to the National Fund of the Republic of Kazakhstan on a voluntary basis.

Payment to the National Fund of the Republic of Kazakhstan is recognized as a loss in equity because in accordance with the Conceptual Framework for Financial Reporting distributions to owners and contributions from owners are excluded from profit or loss and recognized in equity.

23. RESERVE FOR CONTINGENT DISTRIBUTION

The reserve for conditional distribution for 2024 is as follows:

KZT'000	31 December 2023	increase/ (decrease) in equity	31 December 2024
Difference between fair value and acquisition cost of distressed assets	(3,400,089,210)	–	(3,400,089,210)
Discount on deposits in banks under government programs	(373,619,072)	–	(373,619,072)
Loss on transfer of funds under the Program to reduce the debt burden of citizens of the RK	(10,078,900)	–	(10,078,900)
Transfer of land plots in favor of the state	(43,862,177)	–	(43,862,177)
Exchange of deposit for own bonds	253,412,631	–	253,412,631
Loss from transaction on acquisition of troubled assets at non-market value	(1,127,902)	–	(1,127,902)
Profit from bond restructuring	72,416,606	–	72,416,606
Loss arising from reorganization through merger of KRUA JSC	(694,949)	–	(694,949)
Donation of bond	–	(5,285,412)	(5,285,412)
Donation of property	(4,584,274)	(1,075,003)	(5,659,277)
	(3,508,227,247)	**(6,360,415)**	**(3,514,587,662)**

The reserve for conditional distribution for 2023 is as follows:

KZT'000	31 December 2022	increase/ (decrease) in equity	31 December 2023
Difference between fair value and acquisition cost of distressed assets	(3,400,089,210)		(3,400,089,210)
Discount on deposits in banks under government programs	(373,619,072)		(373,619,072)
Loss on transfer of funds under the Program to reduce the debt burden of citizens of the RK	(10,078,900)		(10,078,900)
Transfer of land plots in favor of the state	(43,862,177)		(43,862,177)
Exchange of deposit for own bonds	253,412,631		253,412,631
Loss from transaction on acquisition of troubled assets at non-market value	(1,127,902)		(1,127,902)
Profit from bond restructuring	72,416,606		72,416,606
Loss arising from reorganization through merger of KRUA JSC	(694,949)		(694,949)
Donation of property	–	(4,584,274)	(4,584,274)
	(3,503,642,973)	**(4,584,274)**	**(3,508,227,247)**

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24. RISK MANAGEMENT

Risk management is fundamental to financing activities and is an essential element of the Fund's operations. Market risk, credit risk and liquidity risk are the main risks that the Fund faces in the course of its business.

Risk management policies and procedures

The Fund's risk management policy is aimed at identifying, analyzing and managing the risks to which the Fund is exposed, at setting risk limits and related controls, as well as at continually assessing the level of risks and their compliance with the established limits.

The Board of directors is responsible for the proper functioning of the risk management control system, for managing key risks and approving risk management policies and procedures, as well as for approving major transactions.

The Board is responsible for monitoring and implementing measures to mitigate risks, as well as ensuring that the Fund operates within the established risk limits. The responsibilities of the Head of the Risk Division include general risk management and control over compliance with the requirements of the current legislation, as well as control over the application of general principles and methods for the detection, assessment, management and reporting of both financial and non-financial risks.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk consists of foreign exchange risk, interest rate risk, and other price risks. The Fund is exposed to market risk as a result of open market positions in interest rate, currency, debt and equity financial instruments, which are affected by general and specific fluctuations in market conditions and changes in the level of volatility in market prices.

The objective of market risk management is to manage and control that the exposure to market risk does not go beyond the acceptable parameters, while ensuring the optimization of the profitability received for the accepted risk.

Risk of change in remuneration rates

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Fund is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Such fluctuations can increase the level of the interest margin, but they can also reduce it or, in the event of an unexpected change in interest rates, lead to losses.

Analysis of the timing of revision of interest rates

The risk of changes in interest rates is managed primarily by monitoring changes in interest rates.

Average effective interest rates

The table below shows the average effective interest rates on interest-bearing assets and liabilities as at 31 December 2024 and 31 December 2023. These interest rates reflect the approximate yield to maturity of the related assets and liabilities.

KZT'000	2024 год	2023 год
Interest-bearing assets		
Cash and cash equivalents	11,25–15,5%	15,75%–16,75%
Debt securities carried at amortised cost less provision for expected credit losses	11,22%–13,57%	11,22%
Financial assets at fair value through other comprehensive income	8,91%–15,94%	5 – 16.7%
Long-term receivables	0,1%–18,91%	0,1[illegible]75%
Rights of claim measured at amortized cost	10,3%–23,79%	[illegible]
Interest-bearing liabilities		
Other liabilities	0.00%	0.00%

24. RISK MANAGEMENT, (continued)

Analysis of the timing of revision of interest rates

The risk of changes in interest rates is managed primarily by monitoring changes in interest rates. The analysis of the timing of renegotiation of interest rates is similar to the analysis by maturity since most financial instruments have a fixed interest rate.

Sensitivity analysis to changes in remuneration rates

Analysis of the sensitivity of profit or loss and equity (net of taxes) to changes in interest rates (risk of changes in interest rates) as well as changes in the carrying amount of financial instruments, based on a simplified scenario of a parallel shift of yield curves by 100 basis points towards an increase or decrease in interest rates and the revised positions for interest bearing assets and liabilities effective as at 31 December 2024 and 2023 may be presented as follows:

	2024		2023	
KZT'000	Profit or loss	Equity	Profit or loss	Equity
Parallel shift of 100 basis points towards increasing rates	2,546,059	2,733,706	3,592,078	3,592,078
Parallel shift of 100 basis points towards decreasing rates	(2,546,059)	(2,733,706)	(3,592,078)	(3,592,078)

Currency risk

In respect of monetary assets and liabilities, if any, denominated in foreign currencies, the Fund's policy is to keep the net exposure within acceptable limits by buying or selling foreign currencies at spot rates, where appropriate, to eliminate possible gaps. In the reporting year, all assets and liabilities were denominated in the national currency, KZT.

Credit risk

Credit risk is the risk of financial loss to the Fund if a borrower or counterparty to a financial instrument fails to meet its contractual obligations. The Fund manages credit risk (both for recognized financial assets and unrecognized contractual commitments) through the application of approved policies and procedures. The credit risk management policy, which the Fund adheres to in its activities, is regulated by various legislative norms of the Republic of Kazakhstan and internal documents of the Fund and provides for:

- procedures for consideration and approval of applications for repurchase of impaired loans;
- the procedure for determining the fair value of impaired loans for which the Fund has repurchased claims;
- the procedure for determining the fair value of collateral for impaired loans for which the Fund has acquired claims;
- requirements for credit documentation for loans, the rights of claim for which were acquired by the Fund;
- procedures for ongoing monitoring of loans, rights of claim for which were acquired by the Fund, and other products bearing credit risk, the Fund conducts on a regular basis, including inspecting collateral.

The Risk Division evaluates loan concentration and market risks for loans for which the Fund has acquired claims in addition to analyzing certain acquired doubtful assets.

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets on the statement of financial position and unrecognized contractual commitments. The ability to offset assets and liabilities is not essential to mitigate potential credit risk.

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24. RISK MANAGEMENT, (continued)

The maximum exposure to credit risk in relation to financial assets at the reporting date can be presented as follows:

KZT'000	2024	2023
Cash and cash equivalents	34,135,057	25,148,456
Financial assets at fair value through profit or loss	–	25,751,606
Debt securities carried at amortised cost less provision for expected credit losses	1,045,190	752,982
Financial assets at fair value through other comprehensive income	16,129,774	15,648,050
Rights of claim measured at amortized cost	117,598,954	149,502,458
Long-term receivables	66,075,446	55,191,417
Total maximum exposure to credit risk	**234,984,421**	**271,994,969**

Liquidity risk

Liquidity risk is the risk that the Fund may encounter difficulty in raising funds to meet its obligations. Liquidity risk arises when the maturities of assets and liabilities do not match. The coincidence and / or controlled mismatch of the maturity and interest rates of assets and liabilities are fundamental to liquidity risk management.

Financial institutions generally do not have full matching facilities for these positions because transactions are often of uncertain maturities and of different types, which provides an opportunity to increase profitability of operations, but increases the risk of losses.

The liquidity management policy is determined by the Fund's internal regulatory documents, including the Policy on Money Management of Fund for Problem Loans JSC and the Rules for Setting Limits on Balance and Off-Balance Liabilities for Counterparty Banks of Fund for Problem Loans JSC.

The Fund manages temporarily free money by placing it in financial instruments on the domestic financial market, ensuring its safety at a given level of profitability and risk, in order to maintain the necessary level of liquidity of the Fund.

Liquidity management policies include:

- forecasting cash flows and analyzing actual data on a regular basis;
- maintaining a diversified structure of temporarily available funds and, if necessary, sources of financing;

The following table provides an analysis of the amounts (by expected maturity) recognized in the statement of financial position:

KZT'000	Less than 3 months	From 3 to 12 months	Total
31 December 2024			
Other liabilities	162,175	382,464	**544,639**
31 December 2023			
Other liabilities	150,378	685,069	**835,447**

Capital management

The Fund does not have a formal policy for capital management, however management takes steps to maintain a sufficient capital base to meet the Fund's operational and strategic needs and to maintain confidence of market participants. This is achieved through effective cash management and ongoing monitoring of the Fund's revenue and earnings performance against the requirements of the Fund's Temporary Free Money Management Policy. The Fund is not subject to externally imposed capital requirements.

25. CONTRACTUAL AND CONTINGENT LIABILITIES

Insurance

The insurance services market in the Republic of Kazakhstan is under development, despite this, many significant assets of the Fund that are on the statement of financial position of the Fund were insured in the reporting year.

Thus, the risk of a negative impact on the operations and financial position of the Fund due to the loss or damage of significant assets of the Fund is minimized.

Pending litigation

In the ordinary course of its market operations, the Fund faces various types of legal claims. Moreover, as part of the troubled asset repurchase transactions, the Fund has assumed all liabilities associated with the acquired assets. The management of the Fund believes that the ultimate liability of the Fund arising from these legal proceedings, if any, will not have a material adverse effect on the financial conditions or results of operations of the Fund in the future.

Contingent tax liabilities

The taxation system of the Republic of Kazakhstan, being relatively new, is characterized by frequent changes in legislation, official pronouncements and court decisions, which are sometimes unclear and contradictory, which is subject to ambiguous interpretation by various tax authorities. Checks and investigations into the correctness of tax calculation are carried out by several regulatory bodies that have the right to impose large fines and charge penalties. The correctness of the calculation of taxes in the reporting period can be verified within the next five calendar years. However, the tax year may remain open for a longer period of time under certain circumstances.

These circumstances create tax risks in the Republic of Kazakhstan that are significantly higher than similar risks in other countries. The Fund's management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Kazakhstani tax legislation, official pronouncements and court decisions.

The Law On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Taxation Issues was adopted as at 25 December 2017, according to which a significant part of the Fund's income was exempt from corporate income tax, with effect from 11 March 2017.

The Law on Amendments and Additions to the Code of the Republic of Kazakhstan On Taxes and Other Obligatory Payments to the Budget (Tax Code) and the Law of the Republic of Kazakhstan On Enactment of the Code of the Republic of Kazakhstan On Taxes and Other Obligatory Payments to the Budget (Tax Code) No. 382-VI LRK under which the Fund was granted additional tax preferences were also adopted as at 10 December 2020. However, in view of the fact that interpretations of tax legislation by different regulatory authorities may differ from management's opinion, in case of enforcement actions by regulatory authorities, their influence on these financial statements may be significant.

Contingent liabilities

The Fund acquired the rights of claim from Bank of Astana JSC with the simultaneous transfer of a commensurate liabilities in 2018. All payments received under the rights of claim are used to repay the obligations assumed from Bank of Astana JSC according to the condition of the debt transfer. All risks associated with non-payment or incomplete payment for the accepted rights of claim shall be borne by Bank of Astana JSC and its Shareholder.

The Fund's management believes that all risks and benefits associated with the right of ownership of the rights of claim have been retained by Bank of Astana JSC and its Shareholder guided by the above terms of the transaction on the rights of claim of Bank of Astana, and therefore the Fund does not recognize this asset on its own statement of financial position, as the Fund does not have any risks associated with this transaction.

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26. TRANSACTIONS WITH RELATED PARTIES

Control relationship

The Fund's shareholder is the State Institution Committee of State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan as at 31 December 2024 and as at 31 December 2023

Transactions involving members of the Board of Directors and the Management Board

The total amount of remuneration included in the item Employee benefits for 2024 and 2023 is:

KZT'000	2024	2023
Remuneration of members of the Board of Directors and the Management Board	284,802	238,590

Transactions with other related parties

The account balances and the corresponding profit or loss on transactions with other related parties as at 31 December 2024 were:

KZT'000	Parent company	State-owned enterprises	Subsidiaries and associates	Total
Statement of financial position				
ASSETS				
Cash and cash equivalents	25,804,182	8,068,947	–	**33,873,129**
Financial assets at fair value through other comprehensive income	16,129,774	–	–	**16,129,774**
Rights of claim measured at amortised cost	–	–	295,635	**295,635**
LIABILITIES				
Other liabilities	(5,730)	–	–	**(5,730)**
EQUITY				
Reserve for revaluation of investments at fair value through other comprehensive income	(2,056)	–	–	**(2,056)**
Profit or loss				
Interest income calculated using the effective interest rate method	2,668,445	4,258,287	–	**6,926,732**
Other income	–	–	(1,401,321)	**(1,401,321)**
General and administrative expenses	(208)	–	–	**(208)**
Other comprehensive income				
Income from revaluation of investments measured at FVOCI (net of tax - 0 KZT)	317,580	–	–	**317,580**

26. TRANSACTIONS WITH RELATED PARTIES, (continued)

The account balances and the corresponding profit or loss on transactions with other related parties as at 31 December 2023 were:

KZT'000	Parent company	State-owned enterprises	Subsidiaries and associates	Total
Statement of financial position				
ASSETS				
Cash and cash equivalents	5,662,160	19,137,574	–	**24,799,734**
Financial assets at fair value through profit or loss	25,751,606	–	–	**25,751,606**
Financial assets at fair value through other comprehensive income	15,648,050	–	–	**15,648,050**
Rights of claim measured at amortised cost	–	–	7,560,956	**7,560,956**
LIABILITIES				
Other liabilities	(57,646)	–	–	**(57,646)**
EQUITY				
Reserve for revaluation of investments at fair value through other comprehensive income	(319,636)	–	–	**(319,636)**
Profit or loss				
Interest income calculated using the effective interest rate method	4,353,724	4,911,228	–	**9,264,952**
Other income	–	–	7,000,054	**7,000,054**
General and administrative expenses	(199)	–	–	**(199)**
Other comprehensive income				
Income from revaluation of investments measured at FVOCI (net of tax - 0 KZT)	366,117	–	–	**366,117**

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

Categories and fair values of financial assets and liabilities

The following table reflects the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2024 and 2023:

KZT'000	2024	2023
Financial assets measured at amortized cost		
Cash and cash equivalents	34,135,057	25,148,456
Debt securities measured at amortized cost	1,045,190	752,982
Rights of claim measured at amortized cost	117,598,954	149,502,458
Long-term receivables	66,075,446	55,191,417
	218,854,647	**230,595,313**
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss	–	25,751,606
	–	**25,751,606**
Financial assets at fair value through other comprehensive income		
Financial assets at fair value through other comprehensive income	16,129,774	15,648,050
	16,129,774	**15,648,050**
Financial liabilities measured at amortized cost		
Other liabilities	(544,639)	(835,447)
	(544,639)	**(835,447)**

Fair value measurements are intended to approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

27. FAIR VALUE OF FINANCIAL INSTRUMENTS, (continued)

However, given the uncertainties involved and the subjective nature of the judgments involved, fair value should not be interpreted as being realizable in an immediate sale of the assets or settlement of liabilities.

The fair values of financial assets and liabilities quoted in active markets are based on quoted market prices or dealer price quotations. The Fund determines the fair value of all other financial instruments of the Fund using alternative valuation techniques.

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

Fair value measurement hierarchy

The Fund measures the fair value of financial instruments recorded in the statement of financial position using the following fair value hierarchy that takes into account the significance of the inputs used in making the measurements:

– Level 1: Quoted prices in an active market (unadjusted) for identical financial instruments;

– Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e., quoted prices) or indirectly (i.e., derived from quoted prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted market prices for identical or similar instruments in markets that are not considered active; or other valuation techniques where all inputs used are directly or indirectly observable.

– Level 3: inputs that are not observable. This category includes instruments valued using information that is not based on observable market data, where such unobservable inputs have a significant effect on the valuation of the instrument. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or judgments are required to reflect differences between the instruments.

The fair value of financial instruments at fair value through other comprehensive income, accounts and deposits with banks and accounts receivable was determined using quoted market prices in active markets for similar instruments and the valuation technique based on observable inputs (Level 2).

The following table provides an analysis of financial instruments as at 31 December 2024, by the level of the fair value hierarchy to which the fair value measurement is categorized:

KZT'000	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Assets					
Cash and cash equivalents	34,135,057	–	–	34,135,057	34,135,057
Financial assets at fair value through other comprehensive income	16,129,774	–	–	16,129,774	16,129,774
Debt securities measured at amortized cost	–	1,045,190	–	1,045,190	1,045,190
Rights of claim measured at amortized cost	–	–	117,598,954	117,598,954	117,598,954
Long-term receivables	–	–	66,075,446	66,075,446	66,075,446
Liabilities					
Other financial liabilities	–	–	(544,639)	(544,639)	(544,639)

27. FAIR VALUE OF FINANCIAL INSTRUMENTS, (continued)

The following table provides an analysis of financial instruments as at 31 December 2023, by the level of the fair value hierarchy to which the fair value measurement is categorized:

KZT'000	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Assets					
Cash and cash equivalents	25,148,456	–	–	25,148,456	25,148,456
Financial assets at fair value through profit or loss	25,751,606	–	–	25,751,606	25,751,606
Financial assets at fair value through other comprehensive income	15,648,050	–	–	15,648,050	15,648,050
Debt securities measured at amortized cost	–	752,982	–	752,982	752,982
Rights of claim measured at amortized cost	–	–	149,502,458	149,502,458	149,502,458
Long-term receivables	–	–	55,191,417	55,191,417	55,191,417
Liabilities					
Other financial liabilities	–	–	(835,447)	(835,447)	(835,447)

28. EVENTS AFTER THE REPORTING DATE

Donation of share

TKK Company LLP transferred to Fund for Problem Loans JSC 50% of participation interest in the authorized capital of NGC KazTransitService LLP as at 12 February 2025 on the basis of Donation Agreement No. 74. The Fund already owned 50% of the participation interest as at 31 December 2024, thus, after the transfer the Fund's share in NGK KazTransitService LLP amounted to 100%.

Acquisition of rights to a block of shares

Draft resolution of the Government of the Republic of Kazakhstan has been developed as of the date of issuance of the statements, which provides for amendments to the resolution No. 896 On acquisition of rights to the block of shares of Investment Fund of Kazakhstan Joint Stock Company under the donation agreement dated 11 October 2023, as well as amendments to the resolution No. 659 On transfer of rights to ownership and use of state blocks of shares and state stakes in the organizations owned by the Republic of Kazakhstan dated 27 May 1999. This draft, drawn up in accordance with the current legislation of 27 February 2025, is under approval of the Government of the Republic of Kazakhstan.

Donation of land plot

The Fund transferred land plot with the value of KZT 62,797 thousand in favor of the State Unitary Enterprise Land Relations Department of Bulandy district under Donation agreement No. 26 dated 17 January 2025. The transaction was recognized in equity as loss from gratuitous transfer of assets.

Redemption of coupon bonds

The coupon bonds MEOKAM KZK200000745 of the Ministry of Finance of the Republic of Kazakhstan in the amount of KZT 6,025,816 thousand were redeemed in January 2025.

Disposal of assets held for sale

The Fund sold assets held for sale as a property complex to third parties under sale and purchase agreement No. 54343-ETP dated 6 February 2025 in the amount of KZT 1,430,631 thousand.

There were no other significant events after the reporting period.

29. APPROVAL OF THE FINANCIAL STATEMENTS

These separate financial statements were approved and signed by the Fund's management on 12 March 2025.

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