

**Insurance Payments Guarantee Fund
Joint Stock Company**

Financial statements for the year
ended 31 December 2023
and Independent auditor's report

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Director
IAC Centeraudit –Kazakhstan LLP
(State license for audit activities
series MΦIO No.0000017
dated 27 December 1999)
V.V. Radostovets
11 March 2024

To the Shareholders and Board of Directors of Insurance Payments Guarantee Fund JSC

INDEPENDENT AUDITOR’S REPORT

Opinion

We have audited the financial statements of Insurance Payments Guarantee Fund JSC (the Fund), which comprise the statement of financial position as at 31 December 2023, and the statement of total comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2023, 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 Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these 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.

Other matters

The financial statements of the Fund for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 31 March 2023.

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

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

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

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

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material, if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



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

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

Auditor
(Auditor Qualification Certificate No. МФ-0000801 dated 20 May 2019)

S. S. Rubanov

19, Al-Farabi Ave
Multifunctional Centre Nurly Tau
1 B, 3 Floor, off 301, 302
050059 Almaty
Republic of Kazakhstan. Statement of financial position



STATEMENT OF FINANCIAL POSITION
as at 31 December 2023

	Notes*	As at 31 December 2023	As at 31 December 2022
ASSETS			
Cash and cash equivalents	5	147,686	66,890
Bank deposits	6	37,064	1,596,494
Financial assets at amortised cost	7	19,565,232	16,156,130
Financial assets at fair value through other comprehensive income	8	3,563,323	2,087,395
Income tax prepaid		28,781	17,515
Intangible assets		5,054	3,153
Property, plant and equipment	9	266,604	260,106
Other assets	10	11,024	11,494
TOTAL ASSETS		23,624,768	20,199,177
EQUITY AND LIABILITIES			
Liabilities			
Insurance payments guarantee reserves (IPGR) and damage compensation reserves (DCR) including:	11	16,216,127	13,602,256
IPGR GIC		10,302,612	9,339,138
IPGR LIC		3,077,753	1,628,041
DCR		2,835,762	2,635,077
Trade and other payables		44,182	26,135
Deferred tax liability	15	21,088	16,822
Total liabilities		16,281,397	13,645,213
Equity			
Charter capital	12	500,000	500,000
Treasury shares	12	(98,200)	(98,200)
Share premium	12	94,321	94,321
Reserve capital	4	5,055,388	5,055,388
Provision for revaluation of financial assets at fair value through other comprehensive income		(4,610)	(94,250)
Provision for losses at fair value thorough other comprehensive income		471,982	786,130
Retained earnings		1,324,490	310,575
Total equity		7,343,371	6,553,964
TOTAL EQUITY AND LIABILITIES		23,624,768	20,199,177

* The notes on pages 5 to 46 form an integral part of the financial statements.

Acting Chairman of the Management Board _____ O. M. Ashkeyev

Chief Accountant _____ A. S. Assaubayeva



STATEMENT OF TOTAL COMPREHENSIVE INCOME
for the year ended 31 December 2023

	Notes*	2023	2022 (Reclassified**)
Investment income		2,463,995	1,118,262
Including:			
interest income	13	2,161,041	1,654,111
realised gain on financial assets at fair value through other comprehensive income		45,038	40,846
net translation difference		(60,089)	207,553
net expected credit losses	5, 6, 8	318,005	(784,248)
Other income		1,235	2,437
Total income		2,465,230	1,120,699
Operating expenses	14	(389,529)	(275,809)
Profit before income tax		2,075,701	844,890
Income tax expense	15	(4,277)	344
Total profit for the year		2,071,424	845,234
Other comprehensive income			
Including:			
reclassified to gains and losses as a result of disposal of financial assets at fair value through other comprehensive income		(45,038)	(40,846)
change in fair value of financial assets at fair value through other comprehensive income		134,678	(65,373)
change in allowance for expected credit losses of financial assets at fair value through other comprehensive income		(314,148)	783,934
Other comprehensive income for the year		(224,508)	677,715
Total comprehensive income for the year		1,846,916	1,522,949

* The notes on pages 5 to 46 form an integral part of the financial statements.

** Certain amounts set out in this column are inconsistent with the amounts in the financial statements for the year ended 31 December 2022 as they reflect the reclassifications disclosed in Note 21 to the financial statements.

Acting Chairman of the Management Board _____ O. M. Ashkeyev

Chief Accountant _____ A. S. Assaubayeva



STATEMENT OF CASH FLOWS
for the year ended 31 December 2023

	Notes*	2023	2022
OPERATING ACTIVITIES			
Interest received		1,855,054	1,477,182
Employee benefits		(195,048)	(161,795)
Other taxes paid		(63,936)	(46,475)
Cash paid to suppliers		(187,340)	(41,127)
Other additions		84,874	2,031
Cash flows before income tax paid		1,493,604	1,229,816
Income tax paid		(3,454)	(11,832)
Net cash flows from operating activities		1,490,150	1,217,984
INVESTING ACTIVITIES			
Cash flows on bank deposits, net		1,465,365	(25,847)
Cash flows on financial assets at amortised cost	7	(3,160,834)	(1,737,428)
Including:			
Repayment (sale) of assets		891,209	4,245,206
Acquisition of assets		(4,052,043)	(5,982,634)
Cash flows on financial assets at fair value through other comprehensive income	8	(1,287,039)	147,033
Including:			
Repayment (sale) of assets		1,310,974	417,000
Acquisition of assets		(2,598,013)	(269,967)
Acquisition of property, plant and equipment and intangible assets	9	(17,229)	(436)
Net cash flows from investing activities		(2,999,737)	(1,616,678)
FINANCING ACTIVITIES			
Receipt of contributions and forfeitures equivalent to contributions	11	1,652,577	380,729
Payments for life injury and health compensation of the injured person and/or funeral expenses	11	(81,075)	(71,743)
Reimbursement for payments for life injury and health compensation of the injured person and/or funeral expenses	11	135	167
Guarantee payments	11	(2,070)	(3,065)
Net cash flows from financing activities		1,569,567	306,088
Net total cash flows		59,980	(92,606)
Effect of exchange rate changes		20,819	15,738
Expected credit losses		(3)	-
Cash and cash equivalents at the beginning of the year	5	66,890	143,758
Cash and cash equivalents at the end of the year	5	147,686	66,890

* The notes on pages 5 to 46 form an integral part of the financial statements.

In 2023 and 2022, significant non-cash transactions relate to the change in the allowance for expected credit losses for financial assets measured at fair value through other comprehensive income (Note 8).

Acting Chairman of the Management Board _____ O. M. Ashkeyev

Chief Accountant _____ A. S. Assaubayeva



STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

	Notes*	Charter capital	Treasury shares	Share premium	Reserve capital	Provision for financial asset revaluation	Retained earnings	Total
As at 1 January 2022		500,000	(98,200)	94,321	5,055,388	14,165	605,908	6,171,582
Profit for the year		-	-	-	-	-	845,234	845,234
Other comprehensive income for the year		-	-	-	-	677,715	-	677,715
Total comprehensive income for the year		-	-	-	-	677,715	845,234	1,522,949
Allocation to IPGR	11	-	-	-	-	-	(1,140,567)	(1,140,567)
As at 31 December 2022		500,000	(98,200)	94,321	5,055,388	691,880	310,575	6,553,964
Profit for the year		-	-	-	-	-	2,071,424	2,071,424
Other comprehensive income for the year		-	-	-	-	(224,508)	-	(224,508)
Total comprehensive income for the year		-	-	-	-	(224,508)	2,071,424	1,846,916
Allocation to IPGR	11	-	-	-	-	-	(1,057,509)	(1,057,509)
As at 31 December 2023		500,000	(98,200)	94,321	5,055,388	467,372	1,324,490	7,343,371

* The notes on pages 5 to 46 form an integral part of the financial statements.

Acting Chairman of the Management Board _____ O. M. Ashkeyev

Chief Accountant _____ A. S. Assaubayeva



1. GENERAL INFORMATION

«Insurance Payments Guarantee Fund» JSC Joint Stock Company (the Fund) was registered on August 13, 2003, BIN 030840002921.

The Fund was established and is operating in accordance with the Law of the Republic of Kazakhstan dated 3 June 2003 No. 423-II «On Insurance Payments Guarantee Fund» (the Law on the Fund).

Legal address and address of actual location is 28/7, Ryskulbekov Street, Almaty, Republic of Kazakhstan.

In accordance with the Law on the Fund and the Charter, the Fund is a non-profit organization.

Shareholders of the Fund

In accordance with the Law on the Fund, the number of shares of each shareholder of the Fund, except for the National Bank of Kazakhstan, is not less than one thousand shares and not more than ten percent of the total number of outstanding shares of the Fund. The Fund's shares may be paid for solely in cash.

As at 31 December 2023 and 31 December 2022 the Fund's shareholders were as follows:

	Number of shares	Interest
«Halyk» Insurance Company» «Subsidiary of Halyk Bank of Kazakhstan» JSC	4,969	9.938%
Life Insurance Company Standard Life JSC	3,971	7.942%
Basel Insurance Company JSC	3,399	6.798%
Oil Insurance Company JSC	3,313	6.626%
Victoria Insurance Company JSC	1,662	3.324%
JSC Grain Insurance Company	1,652	3.304%
Amanat Insurance Company JSC	1,652	3.304%
ASKO Insurance Company JSC	1,652	3.304%
Insurance company London-Almaty JSC	1,652	3.304%
Nomad Insurance JSC	1,651	3.302%
«Life Insurance Company Kommesk-Omir» JSC	1,152	2.304%
Centras Insurance JSC	1,152	2.304%
Subsidiary Life Insurance Company of the Halyk Bank of Kazakhstan «Halyk – Life» JSC	1,010	2.020%
Kazakh Corporation of Health and Medical Insurance «INTERTEACH» JSC	1,001	2.002%
Eurasia Life Insurance Company JSC	1,000	2.000%
KM Life JSC	1,000	2.000%
JSC LIC Freedom Finance Life	1,000	2.000%
Life Insurance Company Nomad Life JSC.	1,000	2.000%
JSC Life Insurance Company State Annuity Company	1,000	2.000%
«Life Insurance Company Kommesk-Omir» JSC	1,000	2.000%
Jusan Garant Insurance Company JSC.	1,000	2.000%
Sinoasia B&R Insurance JSC	1,000	2.000%
Insurance company «Kazakhmys» JSC	1,000	2.000%
JSC «Insurance Company «Freedom Finance Insurance»	1,000	2.000%
Insurance Company TransOil JSC	1,000	2.000%
Eurasia Insurance Company JSC	1,000	2.000%
Total outstanding shares	41,888	83.776%
Repurchased shares	8,112	16.224%
Total	50,000	100.000%



Fund's activities

The Fund is the sole organization in the territory of the Republic of Kazakhstan that guarantees insurance payments under the guaranteed types of insurance.

The main objectives of the Fund are as follows:

- protection of the rights and legitimate interests of policyholders (insured, beneficiaries) who have the right to receive the guarantee payment in accordance with this Law or other persons who have indemnified the injured person (person entitled to receive an insurance payment) for the harm caused within the scope of the insurer's liability established by the insurance contract and the laws of the Republic of Kazakhstan, and to whom, accordingly, the right to receive an insurance payment is transferred (the Creditors);
- protection of the rights and legitimate interests of persons whose life or health is harmed by another person as a result of a traffic accident, in cases stipulated by the Law on the Fund;
- functioning and development of the system of guaranteeing insurance payments in the manner prescribed by the Law on the Fund and regulatory legal acts of the authorized body.

In order to fulfill the main tasks, the Fund shall perform the following functions:

- guarantee payments in accordance with the Law on the Fund;
- payment of insurance portfolio of the liquidated insurance (reinsurance) organization, transferred to the insurance organization-participant in the order and on the terms and conditions, which are stipulated by the legislation of the Republic of Kazakhstan on insurance and insurance activity;
- attracting compulsory and extraordinary contributions of the insurance organizations;
- attracting initial one-time, additional contributions of insurance organizations-participants;
- payments on compensation for damage to life, health of the injured person and (or) funeral expenses in accordance with the Law on the Fund;
- investment activities in accordance with the procedure established by the legislation of the Republic of Kazakhstan;
- participation in the temporary administration in case of liquidation of the insurance (reinsurance) organization.

From the date of adoption by the authorized body of the decision on deprivation of the license of the insurance organization-participant and appointment of the temporary administration, the Fund shall assume obligations on:

- payment of the insurance portfolio of the insurance (reinsurance) organization being dissolved, transferred to the insurance organization-participant in the order and on the terms and conditions, which are stipulated by the legislation of the Republic of Kazakhstan on insurance and insurance activity;
- guarantee payments to creditors on occurred insurance events under insurance contracts, under which the insurance (reinsurance) organization being dissolved wrongfully refused (fully or partially) or did not make insurance payment in full, until the date of transfer (acceptance) of the insurance portfolio of the insurance (reinsurance) organization being dissolved in the manner prescribed by the Law of the Republic of Kazakhstan "On Insurance Activity".

The guaranteed types (classes) of insurance include:

- compulsory civil liability insurance of auditors and audit organizations (hereinafter - CCLI A);
- compulsory civil liability insurance of owners of motor vehicles (hereinafter - CCLI OMV);
- compulsory civil liability insurance of owners of facilities whose activities are associated with the danger of causing harm to third parties (hereinafter - CCLI FD);
- compulsory civil liability insurance of the carrier to passengers (hereinafter - CCLI CP);
- compulsory civil liability insurance of private notaries (hereinafter - CCLI PN);
- compulsory tourist insurance (hereinafter referred to as CTI);
- compulsory environmental insurance (hereinafter - CEI);
- compulsory insurance of an employee against accidents in the performance of his/her labor (official) duties (hereinafter - CIEA);
- life insurance provided in accordance with the Law of the Republic of Kazakhstan «On the State Education Savings System» (hereinafter - SESS);



- annuity insurance provided in accordance with the Law of the Republic of Kazakhstan «On Compulsory Insurance of Employees against Accidents in the Performance of Labor (Service) Duties» (hereinafter -AI CIEA);
- annuity insurance provided in accordance with the Law of the Republic of Kazakhstan «On Pension Provision in the Republic of Kazakhstan» (PP).

The Fund shall assume obligations to make payments to compensate for damage to the life, health of the injured person and (or) funeral expenses in order to protect the rights and legitimate interests of persons whose life or health is harmed by another person as a result of a traffic accident, in cases of failure to identify the person who disappeared the scene of the traffic accident and who is responsible for causing harm to the injured person.

2. BASIS OF PREPARATION

Statement of compliance

The financial statements of the Fund for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements for the year ended 31 December 2023 have been approved by Management of the Fund on 11 March 2024.

Functional and presentation currency

The national currency of Kazakhstan is Tenge, which is the functional currency of the Fund as it reflects the economic substance of underlying events and circumstances relevant to the Fund. Tenge is also the presentation currency. All amounts in the financial statements have been rounded to the nearest thousands of Tenge except where otherwise indicated.

Going concern

These financial statements have been prepared on a going concern basis that the Fund continues and will continue to operate in the foreseeable future. Hence it is assumed that:

- the Fund has neither the intention nor the need to liquidate or curtail materially the scale of its operations; and
- the Fund will realise its assets and settle its obligations in the normal course of the business.

Accrual basis

These financial statements, except for information on cash flows, have been prepared in accordance with accrual basis. Under the accrual basis of accounting, results of business transactions and other events when they occur are recognised in financial statements regardless of payment time. The transactions and events are recorded in the accounting records and included in the financial statements of those periods in which they occurred.

Management's estimates and assumptions

In applying the Fund's accounting policies, management is required to exercise its judgment and make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are formed based on past experience and other factors that are considered appropriate in the circumstances. Actual results may differ from these estimates.

The estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Establishing criteria for assessing whether there has been a significant increase in the credit risk of a financial asset since its initial recognition, establishing a methodology for incorporating forward-looking information into estimates of expected credit losses, and selecting and approving models used to estimate expected credit losses (Note 17);
- Measurement of the fair value of financial instruments (Note 18).



3. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

The adoption of amendments to standards and interpretations, effective from 1 January 2023, did not significantly affect the Fund.

The Fund has not early adopted standards, interpretations and amendments that have been issued but are not yet effective. The amendments to the standards effective on or after 1 January 2024 are not expected to have a material impact on the Fund. The impact of implementing these standards, amendments, and interpretations on the Fund's financial statements is currently being assessed.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions, whether that price is directly observable or calculated using another valuation method.

The principal or the most advantageous market must be accessible to the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value measurement of non-financial assets considers the market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation models that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial instruments

Initial recognition of financial instruments

The Fund recognises the financial assets and liabilities in its statement of financial position only when it (the Fund) becomes a party on contractual provisions under financial instruments.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Financial assets within the scope of IFRS 9 are classified, at initial recognition, as subsequently measured at amortised cost, at fair value through other comprehensive income (OCI), and at fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Fund's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Fund has applied the practical expedient, the Fund initially measures a financial asset at its fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Fund has applied the practical expedient are measured at the transaction price.



In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Fund's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place ("regular way" trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- financial assets at amortised cost (debt instruments);
- financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- financial assets at fair value through profit or loss.

The Fund classifies financial assets based on the business model for managing the financial assets.

The Fund's business model is determined at the level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Fund's business model does not depend on management's intentions for an individual instrument but is determined on a higher level of aggregation.

When evaluating the business model for specific portfolios, the Fund analyzes the following indicators:

- the purpose of the portfolio, assessed by management (for example, the portfolio is designed to collect cash flows, either to maximize investment income or to meet liquidity needs);
- composition of the portfolio and its compliance with the approved goals;
- the mandate given to portfolio managers (for example, how wide is the range of investments, what are the restrictions on sales);
- the metric used to measure and report on portfolio performance (for example, whether the fair value is an important key indicator);
- the methodology adopted for remuneration of the portfolio manager (for example, the manager is remunerated based on realised or unrealised gains or losses, etc.);
- the extent and reasons for the sale of assets in the portfolio.

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument.

The Fund may hold financial assets within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. This type of business model means that the Fund's key management personnel has decided that the collection of contractual cash flows and the sale of financial assets are essential to achieve the business model's objective.

Financial assets are measured at fair value through profit or loss unless they are held within other business models whose objective is to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

One of the business models that results in fair value through profit or loss is a business model in which the Fund manages financial assets with the purpose to realise cash flows through sale of assets.

Financial assets at amortised cost

The financial asset is measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Fund's financial assets measured at amortised cost include assets on reverse repurchase transactions, bank deposits, purchased debt securities at amortised cost and other financial assets.

Cash and cash equivalents

Cash and cash equivalents include balances on current bank accounts, balances on personal brokerage accounts and purchase and sale ("reverse repurchase") agreements with other banks with original maturities of less than 10 days. Cash and cash equivalents are carried at amortised cost as they are held to collect contractual cash flows before maturity and the cash flows represent solely payments of principal and interest.

Reverse repurchase transactions

Short-term reverse repurchase agreements (reverse repurchase transactions) are recorded as assets on reverse repurchase transactions within cash and cash equivalents in the statement of financial position due to the high liquidity of these assets. The difference between the purchase price and the repurchase price is recognised in profit or loss.

Bank deposits

In the normal course of business, the Fund places cash on deposits with banks for various periods of time. Deposits with banks are carried at amortised cost and are carried in the statement of financial position less allowance for expected credit losses.

Financial assets at fair value through profit or loss

A debt instrument is measured at fair value through other comprehensive income only if it meets both of the following conditions and is not designated at the Fund's discretion as at fair value through profit or loss:

- the asset is held within a business model whose objective is achieved both through the generation of contractual cash flows and through the sale of financial assets; and
- the contractual terms of the financial asset require that the asset will generate cash flows that are solely payments of principal and interest on the principal outstanding.

For debt financial assets at fair value through other comprehensive income, gains and losses are recognised in other comprehensive income, except for the following items, which are recognised in profit or loss:

- interest income calculated using the effective interest rate method;
- expected credit losses and reversals of impairment losses;
- foreign exchange gains or losses.

On derecognition of a debt financial asset at fair value through other comprehensive income, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. The Fund's financial assets in this category include purchased debt securities measured at fair value through other comprehensive income.

Impairment of financial assets measured at amortised cost and at other comprehensive income

At the reporting date, the Fund measures the allowance for expected credit losses (Stage 2) for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Fund measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses (Stage 1) except for short-term receivables.

The Fund recognises in gain or loss from impairment the amount of expected credit losses (or their reversal) required to adjust the loss allowance at the reporting date in accordance with the carrying amount of the financial asset / liability at the reporting date for assets at amortised cost.

The Fund recognises in the impairment gain or loss the amount of expected credit losses (or reversals) necessary to adjust the valuation allowance for losses at the reporting date in accordance with the appropriate component of equity at the reporting date for assets measured at fair value through other comprehensive income.



As of the reporting date, the Fund recognises as an allowance for losses on purchased or created credit-impaired financial assets only accumulated since the initial recognition of changes in expected credit losses over the entire term of the financial instrument.

If in the previous reporting period the Fund estimated a loss allowance for a financial instrument at an amount equal to lifetime expected credit losses, but as of the current reporting date determines that there is no significant increase in credit risk, then at the current reporting date the Fund calculates a loss allowance in an amount equal to 12-month expected credit losses.

The Fund recognises as gain or loss from impairment the amount necessary to adjust the loss allowance to the amount of expected credit losses at the reporting date.

The measurement of the expected credit losses should reflect:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The maximum period to consider when measuring expected credit losses is the maximum contractual period (including extension options) over which the Fund is exposed to credit risk.

For financial instruments including both a loan and an undrawn commitment component the Fund's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Fund's exposure to credit losses. For such financial instruments, the Fund measures expected credit losses over the period that the Fund is exposed to credit risk and expected credit losses would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period.

In order to meet the objective of recognising lifetime expected credit losses for significant increases in credit risk since initial recognition, it may be necessary to perform the assessment of significant increases in credit risk on a collective basis by considering information that is indicative of significant increases in credit risk on, for example, a group or sub-group of financial instruments.

This is to ensure that the Fund meets the objective of recognising lifetime expected credit losses when there are significant increases in credit risk, even if evidence of such significant increases in credit risk at the individual instrument level is not yet available.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not the foreclosure is probable.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account through profit or loss.

Uncollectible financial assets in respect of which all necessary procedures are finished for the purpose of full or partial recovery and the final amount of loss is defined, are written off against the allowance for impairment created in the statement of financial position. Subsequent recovery of amounts previously written off is related to impairment loss in gains or losses.

To measure expected credit losses on short-term receivables, the Fund uses a simplified allowance matrix approach that allows for the accrual of a loss allowance over the life of the contract. The provision matrix is calculated based on historical credit loss experience, taking into account forward looking macroeconomic estimates, and is updated at each reporting date. Trade receivables are categorised by day past due and ECL levels are determined based on historical analysis of default rates. Changes in the loss allowance are recognised in the statement of profit or loss.

Financial liabilities

The Fund classifies its financial liabilities within the scope of IFRS 9 as follows:

- financial liabilities at fair value through profit or loss;
- financial liabilities at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.



The Fund's financial liabilities include insurance payments guarantee reserves (IPGR), damage compensation reserves (DCR) and trade payables.

After initial recognition *insurance payments guarantee reserves (IPGR), damage compensation reserves (DCR) and trade payables* are measured at amortised cost using the EIR method after initial recognition.

Gains and losses are recognised in profit or loss when insurance payments guarantee reserves (IPGR), damage compensation reserves (DCR) and trade payables are derecognised as well as through the EIR amortisation process.

Derecognition of financial assets and liabilities

A financial asset is derecognised in the statement of financial position when:

- the rights to receive cash flows from the asset have expired; or
- the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to transfer them in full without material delay to a third party;
- the Fund has transferred its rights to receive cash flows from an asset or has transferred substantially all the risks and rewards of the asset, or the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A *financial liability* is derecognised when the obligation under the liability is discharged or cancelled or expires.

If the existing financial liability is replaced with other liability to the same creditor on other conditions or if the conditions of the existing liability changed such replacement or changes are recorded as derecognition of primary liability and start of recognition of new liability. The difference in the carrying value is included in period profits and losses.

Property, plant and equipment

Property, plant and equipment are initially carried at original cost and are subsequently carried at original cost less accumulated depreciation and accumulated impairment losses. Depreciation of an asset begins when it is available for use.

Depreciation is calculated on a straight-line basis over the following estimated useful lives of the assets:

Land	Useful life, years is not depreciated.
Buildings and structures	50
Other	3 – 10

The asset's residual values, useful lives, and depreciation methods are reviewed at each financial year end and adjusted as appropriate.

Impairment of non-financial assets

The Fund assesses at each reporting date whether there is an indication that an asset may be impaired by checking whether there is any indication that the asset's carrying amount may be impaired. If any indication exists, the Fund estimates the asset's recoverable amount and compares with its carrying amount. An asset's recoverable amount is the higher of: the fair value of an asset or cash generating unit less costs for sale and its value in use (cash - generating unit). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The impairment loss is recognised in expense as part of the statement of profit and loss and other comprehensive income or OCI (for revalued assets to the amount of any revaluation reserve).

Income tax

Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Tax rates and tax legislation applied for calculation of this amount are rates and laws accepted at the reporting date.



Deferred tax

Deferred tax is recognised as at the reporting date for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The deferred tax liabilities are provided for all temporary differences except the following:

- where the deferred tax liability arises from the initial recognition of goodwill or asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss;
- in respect to taxable temporary differences attributable to investments in subsidiaries, associates if the parent company can control the period of decrease in the temporary difference and it is probable that the temporary difference will not decrease in the foreseeable future.
- Deferred tax assets are recognised for all temporary differences, non-used tax benefits, and non-used tax losses only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, non-used tax benefits and non-used tax losses can be utilised except the following cases:
- where the deferred tax assets for all deductible temporary differences arise from the initial recognition of asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss;
- in respect to deductible temporary differences attributable to investments in subsidiaries, associates the deferred tax assets are recognised only to that extent that it is probable that the temporary differences will decrease in the foreseeable future and the taxable profit will be received against which the temporary differences can be utilised.

The carrying amount of the deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled based in the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The current and deferred taxes relating to items recognised out of profit or loss shall be recognised out of profit or loss. Accordingly, the current tax and deferred tax relating to items which are recognised:

- in other comprehensive income shall be recognised in other comprehensive income;
- directly in equity shall be recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax assets and liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Pension obligations, social tax, social contributions, deductions and contributions for social health insurance

The Fund pays social tax to the budget of the Republic of Kazakhstan and compulsory social contributions to the State Social Insurance Fund, the total amount of which is 9.5% of the taxable income of employees.

The Fund also transfers contributions for compulsory social health insurance to the Social Health Insurance Fund in the amount of 3% of the taxable income of employees.

The Fund deducts 2% of the salaries of its employees as deductions to the Social Health Insurance Fund.

The Fund also deducts 10% of the salary of its employees as mandatory pension contributions to the Unified Accumulative Pension Fund (UAPF). In accordance with the legislation pension contributions are obligations of employees, and the Fund has neither current nor future payment obligations upon retirement of its employees.

Share capital

Share capital is stated at original cost and is represented by common shares.

Reserve capital

The reserve capital was formed from the net income of the Fund for the period from 2004 to 2018. From 2019 the replenishment of the reserve capital was stopped due to changes in the Law on the Fund. The reserve capital is part of the Fund's equity. The funds accumulated as part of the reserve capital are intended for making guarantee and



similar payments from the Fund's equity in case of insufficiency of the funds accumulated as part of the IPGR and DCR.

Recognition of interest income and expenses

Interest income on financial assets is recognised if it is highly probable that the Fund will obtain economic benefits and the amount of income can be measured reliably. Interest income/expense is calculated using the effective interest method.

Effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial instruments) and of allocating the interest income or expense over the relevant period. Effective interest rate is the rate that exactly discounts estimated future cash flow to the net carrying amount of the financial asset or financial liability.

If a financial asset or a group of similar financial assets has been written off (partially written off) as a result of an impairment, interest income is determined using the interest rate used to discount future cash flows for the purposes of calculating impairment losses.

Interest earned on assets measured at fair value is classified as interest income.

Recognition of income and expenses on reverse repurchase transactions

Income/expenses on reverse repurchase transactions are recognised as interest income or expense within gain or loss using the effective interest method.

Related party disclosures

A party is considered to be related with the Fund if the party, directly or indirectly through one or more intermediaries, controls or is controlled by the Fund; has an interest in the Fund that gives it significant influence over the Fund in making financial and operating decisions.

A related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged.

Events after the reporting period

The events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. The events that provide the evidence of conditions that existed at the reporting date are disclosed in the financial statements (adjusting events). The events that are indicative of a condition that arose after the end of the reporting period are not disclosed in the financial statements (non-adjusting events).

Estimated liabilities, contingent liabilities and contingent assets

Estimated liabilities are liabilities of uncertain timing or amount and are recognised if and only if:

- the Fund has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

A contingent liability is a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the amount of the obligation cannot be measured with sufficient reliability. Contingent liability is not recognised in the financial statements, but disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Where an inflow of economic benefits is probable then the contingent asset is disclosed in the financial statements.

Transactions in foreign currency

Transactions in foreign currency are initially recognised by the Fund in Tenge using the exchange rate effective at the date when a transaction meets the recognition criteria.

Monetary assets and liabilities denominated in foreign currencies are translated at the currency rate of exchange ruling at the reporting date.

Monetary assets and liabilities of the Fund are translated in Tenge at the reporting date at the following exchange rates:



- as of December 31, 2023:
denominated in US dollars – at the rate of 454.56 tenge per 1 dollar;
- as of December 31, 2022:
denominated in US dollars – at the exchange rate of 462.65 tenge per 1 dollar;

To retranslate items of the financial statements denominated in foreign currencies and also to record foreign currency transactions in the accounting records, the Fund uses the official exchange rates fixed in Kazakhstan. All translation differences arising at repayment and retranslation of monetary items are recognised in gains and losses of the period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. All translation differences arising at retranslation of non-monetary items are recognised in accordance with revenue recognition criteria as a result of fair value changes of the item.

Separate accounting of funds received at the expense of IPGR, funds received at the expense of DCR and funds received at the expense of equity

In accordance with the requirements of the Law on the Fund, the funds received at the expense of IPGR, funds received at the expense of DCR and funds received at the expense of equity (owned assets) are accounted for separately.

IPGR include:

- IPGR for the "general insurance" industry (hereinafter - IPGR GIC);
- IPGR for the "life insurance" industry (hereinafter - IPGR CLI);

The Fund's investment portfolio is divided into four independent components, which are managed separately:

- investment portfolio formed at the expense of the IPGR GIC;
- an investment portfolio formed at the expense of the funds of the IPGR CLI;
- an investment portfolio formed at the expense of the funds of the DCR;
- investment portfolio formed at the expense of DCR funds; investment portfolio formed at the expense of equity (owned assets).

Accounting and storage of the funds of the IPGR GIC, IPGR LIC and DCR shall be performed by the custodian in accordance with the custodial agreement.

The Fund is prohibited to use the resources of the IPGR and DCR for purposes not provided for by the Law on the Fund.

The administrative and economic activities of the Fund and its payback should be ensured by the Fund's equity (owned assets), including the income from their investment and the allowable commission fee of the Fund in accordance with the Law on the Fund.

Formation of IPGR and DCR

IPGR are formed at the expense of mandatory contributions, penalties for non-fulfillment or untimely fulfillment of obligations by insurance organizations-participants of the Fund on payment of mandatory contributions, money received by the Fund from a forcibly liquidated insurance (reinsurance) organization, forcibly terminating the activities of a branch of an insurance organization - non-resident of the Republic of Kazakhstan in order to satisfy the claims of the Fund, as well as at the expense of investment income received from the investment of reserves, reduced by the amount of the investment income of the insurance organization - non-resident of the Republic of Kazakhstan.

DCR are formed at the expense of initial one-time contributions, additional contributions and penalties for non-fulfillment or untimely fulfillment by the insurance organizations-participants of the Fund of their obligations to pay initial one-time contributions, additional contributions, as well as at the expense of investment income received from the investment of the reserve, reduced by the negative investment income received from the investment of the reserve and reduced by the expenses related to the investment of the reserve, including the Fund's commission fee, and the amounts of relevant taxes and other obligatory payments to the budget.



Creation of IPGR and DCR at the expense of contributions

The rates of mandatory contributions are determined by the Fund on an annual basis.

The methodology for calculating the rates of mandatory contributions, additional contributions and contingent liabilities, the procedure and terms of their payment are established by Resolution of the Board of the National Bank of Kazakhstan No. 387 dated 24 December 2012 “On approval of the methodology for calculating the rates of mandatory, additional contributions and contingent liabilities, the procedure and terms of payment of mandatory, additional and extraordinary contributions, the procedure for formation and accounting of contingent liabilities by insurance organizations, branches of insurance organizations - non-residents of the Republic of Kazakhstan - by the Fund’s participants”.

The amount of compulsory contributions is calculated based on the volume of formed insurance reserves and the rate of compulsory contributions under accumulation insurance contracts under the following guaranteed types (classes) of insurance:

- all types of compulsory insurance, except for types of insurance, where the requirement of compulsory insurance, types and minimum conditions of insurance (including the object of insurance, insurance risks and minimum amounts of insurance amounts) are established by the laws of the Republic of Kazakhstan, and other conditions and procedure of insurance are determined by agreement of the parties (imputed insurance);
- life insurance provided in accordance with the Law of the Republic of Kazakhstan “On the State Education Savings System”;
- pension annuity insurance;
- annuity insurance provided in accordance with the Law of the Republic of Kazakhstan “On Compulsory Insurance of Employees against Accidents in the Performance of Labor (Service) Duties”.

The amount of mandatory contributions for other guaranteed types of insurance is calculated based on the volume of insurance premiums accrued by the insurance organization and the rate of mandatory contributions.

In case of violation of prudential norms and other mandatory norms and limits established by the legislation of the Republic of Kazakhstan by an insurance organization-participant of the Fund, the mandatory contribution rate for such insurance organization is subject to increase in the manner prescribed by the regulatory legal act of the authorized body.

In case of insufficiency of the IPGR's resources, the Fund attracts extraordinary contributions of the insurance organizations-participants of the Fund within the limits of their contingent liabilities.

The insurance organization-participant of the Fund shall be obliged to form and keep records of contingent liabilities.

The amount of contingent liabilities of an insurance organization - member of the Fund is calculated based on the volume of formed insurance reserves and the rate of contingent liabilities under accumulative insurance contracts under the following guaranteed types (classes) of insurance:

- all types of compulsory insurance, except for types of insurance where the requirement of compulsory insurance, types and minimum conditions of insurance (including the object of insurance, insurance risks and minimum amounts of insurance amounts) are established by the laws of the Republic of Kazakhstan, and other conditions and procedure of insurance are determined by agreement of the parties (imputed insurance);
- life insurance provided in accordance with the Law of the Republic of Kazakhstan “On the State Education Savings System”;
- pension annuity insurance;
- annuity insurance provided in accordance with the Law of the Republic of Kazakhstan “On Compulsory Insurance of Employees against Accidents in the Performance of Labor (Service) Duties”.

The amount of contingent liabilities for other guaranteed types of insurance is calculated by an insurance organization-participant of the Fund based on the volume of its insurance premiums for guaranteed types of insurance and the rate of contingent liabilities.

The amount of extraordinary premiums is determined in proportion to the share of insurance reserves formed by the insurance organization in the total amount of insurance reserves formed by all insurance organizations for these types of insurance as of the last reporting date under accumulative insurance contracts under the following guaranteed types (classes) of insurance:



- all types of compulsory insurance, except for types of insurance where the requirement of compulsory insurance, types and minimum conditions of insurance (including the object of insurance, insurance risks and minimum amounts of insurance amounts) are established by the laws of the Republic of Kazakhstan, and other conditions and procedure of insurance are determined by agreement of the parties (imputed insurance);
- life insurance provided in accordance with the Law of the Republic of Kazakhstan “On the State Education Savings System”;
- pension annuity insurance;
- annuity insurance provided in accordance with the Law of the Republic of Kazakhstan “On Compulsory Insurance of Employees against Accidents in the Performance of Labor (Service) Duties”.

The amount of extraordinary contributions of the insurance organization for other guaranteed types of insurance is determined in proportion to the share of insurance premiums under insurance contracts concluded by it in the total volume of insurance premiums of all insurance organizations - participants of the Fund for these types of insurance in the current reporting period.

In case of insufficiency of the IPGR and extraordinary premiums of the insurance organizations-participants of the insurance indemnity guarantee system, the Fund's equity shall be used in accordance with the procedure determined by the Board of Directors of the Fund in coordination with the authorized body.

In case of insufficiency of the DCR to make payments for compensation for damage to the life, health of the injured person and (or) funeral expenses provided for by the Law on the Fund, the Fund has the right to use the resources of the DCR in the amount established by the Board of Directors of the Fund until the end of the current quarter. In order to restore the IPGR, the Fund attracts extraordinary contributions from insurance organizations participating in the insurance benefits guarantee system in the amount of the used amount of the IPGR.

It is allowed to use the resources of the IPGR GIC for the purpose of fulfillment of obligations under the “life insurance” industry and, vice versa, to use the resources of the IPGR LIC for the purpose of fulfillment of obligations under the “general insurance” industry in accordance with the procedure determined by the Board of Directors of the Fund, taking into account the replenishment of the used amount, including by attracting extraordinary contributions of insurance organizations-participants under the “general insurance” industry or the “life insurance” industry, depending on the insurance industry for which the guarantee is provided.

In case of insufficiency of the IPGR, extraordinary contributions and equity of the Fund, the National Bank of Kazakhstan, the Government of the Republic of Kazakhstan and other organizations have the right to issue a loan to the Fund which shall be repaid from extraordinary contributions of the insurance organizations-participants.

Creation of IPGR and DCR from investment income

Investment income received from investing the funds of the IPGR GIC, IPGR LIC and DCR is recognised within retained earnings of the reporting period. Following the results of the reporting period, based on the resolution of the Fund's Shareholders' Meeting, the investment income is distributed for creation of the respective reserve.

The investment income from investing of IPGR and DCR resources, reduced by the expenses related to the investment of the reserve resources, including the Fund's commission fee, and the amounts of relevant taxes and other obligatory payments to the budget, is subject to distribution.

The rate of the Fund's commission fee is set within the limits not exceeding:

- 7.5 percent of the aggregate investment income received for the financial year from investing of IPGR and DCR resources;
- 0.025 percent of the aggregate contributions made for the financial year to IPGR GIC, IPGR LIC and DCR.

The Fund's commission rate is determined annually by the Fund's Board of Directors. The Fund's fee rate may change no more than once a year.

In 2023 and 2022, the Fund used the commission rates equal to the cap rates.

5. CASH AND CASH EQUIVALENTS

	As at 31 December 2023	As at 31 December 2022
Owned assets		
Asset on reverse repurchase transactions	98,410	-
Cash on current bank accounts in Tenge	8,564	111

Translated from Russian into English



INSURANCE PAYMENTS GUARANTEE FUND JSC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (IN THOUSANDS OF TENGE)

Cash on personal brokerage accounts	548	183
Allowance for expected credit losses	(3)	-
Total	107,519	294
IPGR GIC		
Asset on reverse repurchase transactions	8,033	32,031
Cash on personal brokerage accounts in Tenge	-	1,243
Total	8,033	33,274
IPGR LIC		
Asset on reverse repurchase transactions	-	4,035
Cash on personal brokerage accounts in Tenge	-	815
Total	-	4,850
DCR		
Asset on reverse repurchase transactions	32,134	28,030
Cash on personal brokerage accounts in Tenge	-	442
Total	32,134	28,472
Total	147,686	66,890

As at 31 December 2023 and 31 December 2022 cash on current bank accounts is placed with second-tier banks with credit ratings ranging from BB- to BB+.

This information is based on the credit ratings assigned by Standard & Poor's or other rating agencies, converted according to Standard & Poor's scale.

All cash and cash equivalents are not past due and are categorized as Stage 1 credit risk level.

Collateral taken over assets

In 2023 and 2022 the Fund made “reverse repurchase” transactions. As at 31 December 2023 the asset on reverse repurchase transactions was collateralized by securities of Kazakhstan Sustainability Fund JSC, government treasury obligations of the Ministry of Finance of the Republic of Kazakhstan (31 December 2022: securities of Kazakhstan Sustainability Fund JSC, government treasury obligations of the Ministry of Finance of the Republic of Kazakhstan).

The fair value of financial assets used as collateral for reverse repurchase agreements by reserve resources and owned assets is as follows:

	As at 31 December 2023	As at 31 December 2022
Owned assets	99,023	-
IPGR GIC	8,084	32,367
IPGR LIC	-	4,018
DCR	32,334	27,974

These transactions are conducted under terms that are usual and customary to standard lending, borrowing and securities lending activities.

No allowance for expected credit losses was recognised in respect of reverse repurchase assets due to its immateriality.

6. BANK DEPOSITS

	As at 31 December 2023	As at 31 December 2022
Owned assets		
Cash on bank deposits in Tenge (<1 month, the rate 14.75% per annum)	11,013	3,500
Allowance for expected credit losses	(4)	(9)
Total	11,009	3,491
IPGR GIC		
Cash on bank deposits in Tenge (<1 month, the rate 14.75% per annum)	14,481	11,538

Translated from Russian into English

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INSURANCE PAYMENTS GUARANTEE FUND JSC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (IN THOUSANDS OF TENGE)

Cash on bank deposits in foreign currency (<1 year, the rate 1% per annum)	-	1,582,903
Allowance for expected credit losses	(5)	(3,946)
Total	14,476	1,590,495
IPGR LIC		
Cash on bank deposits in Tenge (<1 month, rate 14.75% per annum)	3,288	-
Allowance for expected credit losses	(1)	-
Total	3,287	-
DCR		
Cash on bank deposits in Tenge (<1 month, rate 14.75% per annum)	8,295	2,514
Allowance for expected credit losses	(3)	(6)
Total	8,292	2,508
Total	37,064	1,596,494

As at 31 December 2023 and 31 December 2022 cash on bank deposits is placed with second-tier banks with credit ratings ranging from BB- to BB+.

This information is based on the credit ratings assigned by Standard & Poor's or other rating agencies, converted according to Standard & Poor's scale.

Cash on bank deposits is not past due and is categorized as Stage 1 credit risk level.

7. FINANCIAL ASSETS AT AMORTISED COST

Issuer	Type	Maturity	Interest rate	As at 31 December 2023	As at 31 December 2022
Owned assets					
Ministry of Finance of the Republic of Kazakhstan	Treasury bonds	2024 – 2029	5 – 10.5%	4,463,847	4,368,664
Total				4,463,847	4,368,664
IPGR GIC					
Ministry of Finance of the Republic of Kazakhstan	Treasury bonds	2024 – 2029	5 – 10.5%	9,678,133	7,538,568
Total				9,678,133	7,538,568
IPGR LIC					
Ministry of Finance of the Republic of Kazakhstan	Treasury bonds	2024 – 2029	5 – 10.5%	2,535,637	1,465,594
Total				2,535,637	1,465,594
DCR					
Ministry of Finance of the Republic of Kazakhstan	Treasury bonds	2024 – 2029	5 – 10.5%	2,887,615	2,783,304
Total				2,887,615	2,783,304
Total				19,565,232	16,156,130

Standard & Poor's Ratings Services confirmed the sovereign credit rating of the Republic of Kazakhstan at BBB- in 2023 and 2022.

Financial assets measured at amortised cost are not past due and are classified as Stage 1 credit risk level. The allowance for expected credit losses was not recognised in respect of financial assets at amortised cost due to its immateriality.



8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Issuer	Type	Maturity	Interest rate	As at 31 December 2023	As at 31 December 2022
Owned assets					
Second-tier banks	Bond	2024-2026	6% - 10.95%	395,300	518,868
<i>Including</i>					
<i>With credit rating BBB-</i>				103,162	-
<i>Not rated</i>				292,138	518,868
Corporate securities	Bond	2024-2027	4.75% - 9.5%	155,159	45,686
<i>Including</i>					
<i>With credit rating BBB-</i>				155,159	45,686
Total				550,459	564,554
IPGR GIC					
Second-tier banks	Bond	2024-2026	6% - 10.95%	493,207	331,644
<i>Including</i>					
<i>With credit rating BBB-</i>				371,744	116,848
<i>Not rated</i>				121,463	214,796
Corporate securities	Bond	2024-2027	4.75% - 9.5%	329,763	782,636
<i>Including</i>					
<i>With credit rating BBB-</i>				329,763	782,636
U.S. Department of the Treasury	Bond	2024	4.38%	1,085,305	-
<i>Including</i>					
<i>With credit rating AA+</i>				1,085,305	-
Total				1,908,275	1,114,280
IPGR LIC					
Second-tier banks	Bond	2024-2026	6% - 10.95%	610,869	86,658
<i>Including</i>					
<i>With credit rating BBB-</i>				554,692	34,793
<i>Not rated</i>				56,177	51,865
Corporate securities	Bond	2024-2027	4.75% - 9.5%	239,753	199,187
<i>Including</i>					
<i>With credit rating BBB-</i>				239,753	199,187



INSURANCE PAYMENTS GUARANTEE FUND JSC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (IN THOUSANDS OF TENGE)

Total				850,622	285,845
DCR					
Second-tier banks	Bond	2024-2026	6% - 10.95%	139,257	122,716
<i>Including</i>					
<i>With credit rating BBB-</i>				139,257	122,716
Corporate securities	Bond	2024-2027	4.75% - 9.5%	114,710	-
<i>Including</i>					
<i>With credit rating BBB-</i>				114,710	-
Total				253,967	122,716
Total				3,563,323	2,087,395

The credit ratings information presented in the table above is based on the credit ratings assigned by Standard & Poor's or other rating agencies, converted according to Standard & Poor's scale.

Bonds not rated are represented by securities of SB JSC VTB Bank (Kazakhstan), which is part of the Russian Financial Group -VTB. In March 2022 the USA and some states of the European Union imposed sanctions on this Group. As a result, the rating agencies suspended the assessment and assignment of ratings to the members of this Group. The last confirmed credit rating is dated March 1, 2022 at BB (Standard & Poor's Rating agency).

As at 31 December 2023 and 31 December 2022 financial assets at fair value through other comprehensive income included accrued interest of 88,690 thousand Tenge and 72,799 thousand Tenge, respectively.

Financial assets at fair value through other comprehensive income are not past due. All financial assets at fair value through other comprehensive income, except for bonds of SB VTB Bank JSC (Kazakhstan), are categorized as Stage 1 credit risk level. Bonds of VTB JSC (Kazakhstan) are categorized as Stage 2 credit risk level.

Movements in the allowance for expected credit losses for financial assets at fair value through profit or loss are as follows:

	Owned assets		IPGR GIC		IPGR LIC		DCR	Total	
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 1	Stage 2
As at 1 January 2022	1,376	-	573	-	247	-	-	2,196	-
Movements of assets	-	-	61	-	342	-	64	467	-
Transfer to another Stage	(1,351)	1,351	(573)	573	(137)	137	-	(2,061)	2,061
Changes in credit risk parameters and estimates	-	517,517	-	214,223	-	51,727	-	-	783,467
As at 31 December 2022	25	518,868	61	214,796	452	51,864	64	602	785,528
Movements of assets	96	(226,730)	1,228	(93,333)	231	4,312	48	1,603	(315,751)
As at 31 December 2023	121	292,138	1,289	121,463	683	56,176	112	2,205	469,777



9. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and structures	Other	Total
Original cost				
As at 1 January 2022	9,116	246,502	38,035	293,653
Additions	-	-	436	436
As at 31 December 2022	9,116	246,502	38,471	294,089
Additions	-	-	14,694	14,694
As at 31 December 2023	9,116	246,502	53,165	308,783
Accumulated depreciation				
As at 1 January 2022	-	(59)	(22,368)	(22,427)
Accrued depreciation	-	(5,366)	(6,190)	(11,556)
As at 31 December 2022	-	(5,425)	(28,558)	(33,983)
Accrued depreciation	-	(4,930)	(3,266)	(8,196)
As at 31 December 2023	-	(10,355)	(31,824)	(42,179)
Carrying amount				
As at 31 December 2022	9,116	241,077	9,913	260,106
As at 31 December 2023	9,116	236,147	21,341	266,604

The original cost of fully depreciated property, plant and equipment is 22,142 thousand Tenge as at 31 December 2023 (31 December 2022: 21,687 thousand Tenge).

10. OTHER ASSETS

	As at 31 December 2023	As at 31 December 2022
Other financial assets		
Claims payable	1,312,851	1,312,868
Other	1,041	603
Allowance for expected credit losses	(1,312,851)	(1,312,868)
Total	1,041	603
Other non-financial assets		
Advances paid	5,967	7,167
Prepaid expenses	3,123	2,788
Other	893	936
Total	9,983	10,891
Total	11,024	11,494

Claims payable represent claims for reimbursement of funds to second-tier banks with revoked licenses and undergoing liquidation. This debt is past due for more than 360 days and refers to Stage 3 of credit risk level.



INSURANCE PAYMENTS GUARANTEE FUND JSC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (IN THOUSANDS OF TENGE)
11. INSURANCE PAYMENTS GUARANTEE RESERVES AND DAMAGE COMPENSATION RESERVES

	As at 1 January 2023	Contributions accrued, including forfeits equal to contributions	Creation of reserves at the expenses of investment income			Payments at the expense of reserve	Reimburse ment for payment	As at 31 December 2023
			Distributed investment income	Fund's Commission	Total			
IPGR GIC:								
CCLI A	-	117	-	-	-	-	-	117
CCLI OMV	8,823,696	246,853	699,491	(52,521)	646,970	(2,070)	-	9,715,449
CCLI FD	-	1,684	-	-	-	-	-	1,684
CCLI CP	374,527	6,109	29,809	(2,238)	27,571	-	-	408,207
CCLI PN	-	175	-	-	-	-	-	175
CTI	140,915	15,399	10,690	(803)	9,887	-	-	166,201
CEI	-	10,779	-	-	-	-	-	10,779
Total	9,339,138	281,116	739,990	(55,562)	684,428	(2,070)	-	10,302,612
IPGR LIC:								
CIEA	-	1,198,079	-	-	-	-	-	1,198,079
SESS	-	901	-	-	-	-	-	901
AI CIEA	415,508	35,500	25,500	(1,921)	23,579	-	-	474,587
CTI	13	25,511	1	-	1	-	-	25,525
PP	1,212,520	98,265	73,406	(5,530)	67,876	-	-	1,378,661
Total	1,628,041	1,358,256	98,907	(7,451)	91,456	-	-	3,077,753
DCR	2,635,077	-	304,459	(22,834)	281,625	(81,075)	135	2,835,762
Total	13,602,256	1,639,372	1,143,356	(85,847)	1,057,509	(83,145)	135	16,216,127

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INSURANCE PAYMENTS GUARANTEE FUND JSC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (IN THOUSANDS OF TENGE)

	As at 1 January 2022	Contributions accrued, including forfeits equal to contributions	Creation of reserves at the expenses of investment income			Payments at the expense of reserve	Reimburse ment for payment	As at 31 December 2022
			Distributed investment income	Fund's Commission	Total			
IPGR GIC:								
CCLI OMV	7,860,572	230,821	744,742	(9,374)	735,368	(3,065)	-	8,823,696
CCLI CP	336,762	6,007	32,162	(404)	31,758	-	-	374,527
CTI	116,491	14,260	10,293	(129)	10,164	-	-	140,915
Total	8,313,825	251,088	787,197	(9,907)	777,290	(3,065)	-	9,339,138
IPGR LIC:								
AI CIEA	365,070	18,076	33,272	(910)	32,362	-	-	415,508
CTI	13	-	-	-	-	-	-	13
PP	1,008,967	113,931	92,144	(2,522)	89,622	-	-	1,212,520
Total	1,374,050	132,007	125,416	(3,432)	121,984	-	-	1,628,041
DCR	2,465,360	-	242,324	(1,031)	241,293	(71,743)	167	2,635,077
Total	12,153,235	383,095	1,154,937	(14,370)	1,140,567	(74,808)	167	13,602,256

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INSURANCE PAYMENTS GUARANTEE FUND JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (IN THOUSANDS OF TENGE)

The investment income of the Fund broken down by funds invested from reserves and from owned assets is as follows:

	IPGR GIC	IPGR LIC	DCR	Owned assets	Total
2023					
<i>Investment income</i>	1,208,074	249,815	349,750	656,356	2,463,995
Including:					
interest income	1,117,825	261,386	342,152	439,678	2,161,041
realised gain from financial assets at fair value through other comprehensive income	28,409	(3,442)	7,631	12,440	45,038
net translation difference	(34,118)	(3,585)	12	(22,398)	(60,089)
net expected credit losses	95,958	(4,544)	(45)	226,636	318,005
2022					
<i>Investment income</i>	741,719	97,885	303,752	(25,094)	1,118,262
Including:					
interest income	819,353	140,926	301,574	392,258	1,654,111
realised gain (loss) from financial assets at fair value through other comprehensive income	32,349	(3,802)	2,166	10,133	40,846
net translation difference	104,613	12,830	83	90,027	207,553
net expected credit losses	(214,596)	(52,069)	(71)	(517,512)	(784,248)

The average annual return (in percent) on funds invested at the expense of reserves and at the expense of owned assets is as follows:

	2023	2022
IPGR GIC	11.90%	8.90%
IPGR LIC	10.37%	7.20%
DCR	12.57%	12.35%
Owned assets	10.99%	14.29%

The estimated amount of reserves, taking into account the allocation of the amount of investment income for 2023, is as follows:

	IPGR GIC	IPGR LIC	DCR	Total
Investment income	1,208,074	249,815	349,750	1,807,639
Operating and other income	(22,432)	(4,640)	(5,571)	(32,643)
Net investment income	1,185,642	245,175	344,179	1,774,996
Withholding tax	(16,470)	(1,282)	(272)	(18,024)
Estimated amount to be allocated to reserves before deduction of commission fee	1,169,172	243,893	343,907	1,756,972
Estimated commission fee at cap rate	(87,688)	(18,292)	(25,793)	(131,773)
Estimated amount to be allocated to reserves after deduction of commission fee	1,081,484	225,601	318,114	1,625,199
Estimated IPGR and DCR taking into account the distribution of the amount of investment income for 2023	11,384,096	3,303,354	3,153,876	17,841,326

12. EQUITY

	As at 31 December 2023	As at 31 December 2022
Number of authorised common shares, pcs.	69,320	69,320
Number of outstanding common shares, pcs.	50,000	50,000
Number of repurchased common shares, pcs.	8,112	8,112

Translated from Russian into English



INSURANCE PAYMENTS GUARANTEE FUND JSC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (IN THOUSANDS OF TENGE)**

Par value of 1 share	10	10
Amount of paid capital	500,000	500,000
Amount of share premium	94,321	94,321
Amount of treasury shares	98,200	98,200

13. INTEREST INCOME

	2023	2022
Interest income on financial assets at amortised cost (Note 7)	1,892,680	1,391,362
Interest income on financial assets at fair value through other comprehensive income (Note 8)	208,139	207,836
Income on reverse repurchase transactions (Note 5)	32,949	36,181
Interest on bank deposits (Note 6)	27,273	18,732
	2,161,041	1,654,111

14. OPERATING EXPENSES

	2023	2022
Salary and other Fund's employee benefits	196,797	166,114
Remuneration paid to members of the Board of Directors	41,136	31,219
Taxes other than income tax	34,161	22,989
Banking and brokerage services	34,058	6,571
Representation expenses	24,861	-
Professional services	10,088	18,627
Depreciation and amortization	8,830	12,134
Utilities	7,342	2,134
Administrative expenses	6,010	3,318
Telecommunication services	3,106	2,402
Insurance	2,117	2,854
Transportation costs	-	3,903
Other	21,023	3,544
	389,529	275,809

15. INCOME TAX EXPENSE

For the purposes of calculating deferred taxes, the closing balance is calculated using a tax rate of 20%.

	2023	2022
Corporate income tax (current period)	11	348
Origination and reversal of temporary differences	4,266	(692)
	4,277	(344)

Reconciliation between the contingent income tax expense and the actual income tax expense recorded in the financial statements is disclosed below:

	2023	2022
Profit before income tax	2,075,701	844,890
Statutory income tax rate	20%	20%
Income tax calculated at the applicable rate	415,140	168,978
Non-taxable interest income and realised gains on financial assets at fair value through other comprehensive income	(429,171)	(328,009)
Allowance for impairment of financial assets	(63,601)	156,850
Other	81,909	1,837
Income tax expense	4,277	(344)



Deferred tax assets (liabilities) are presented as follows:

	As at 31 December 2023	As at 31 December 2022
Other liabilities	2,286	3,267
Deferred tax assets	2,286	3,267
Property, plant and equipment and intangible assets	(23,374)	(20,089)
Deferred tax liabilities	(23,374)	(20,089)
Net deferred tax liabilities	(21,088)	(16,822)

Changes in the net tax liability:

	2023	2022
At the beginning of the year	(16,822)	(17,514)
Charged to gain or loss	(4,266)	692
At the end of the year	(21,088)	(16,822)

16. RELATED PARTIES

Parties are considered to be related parties if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions.

For the purposes of presentation in these financial statements, the Fund's related party is the key management personnel of the Fund.

There were no related party transactions in 2023 and 2022.

Key management personnel compensation

As at 31 December 2023, key management personnel consisted of 3 members of the Management Board of the Fund (31 December 2022: 3 members). The total amount of the key management personnel compensation included in operating expenses in the statement of profit or loss comprised 88,543 thousand Tenge for 2023 (2022: 82,546 thousand Tenge). Key management personnel compensation includes all payments, including salaries, paid vacations and other emoluments in accordance with the internal regulations of the Fund.

17. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board of Directors and the Management Board ensure that the Fund has adequate risk management and internal control systems, apply good corporate governance practices, business ethics and risk culture and create the conditions for the employees of the Fund to perform their duties, as well as ensure the functional and organizational independence of the internal audit service (internal auditor).

The requirements to the risk management system are established by Resolution of the Management Board of the Agency of the Republic of Kazakhstan on Regulation and Development of Financial Market No. 63 «On Approval of the Requirements to the Risk Management and Internal Control System in the Fund» and the Risk Management Policy approved by the Board of Directors of the Fund and agreed with the Agency of the Republic of Kazakhstan on Regulation and Development of Financial Market.

The Fund's risks are classified as follows:

- IPGR insufficiency risk - the risk of insufficiency of the Fund's reserve due to the resolution of the authorised body to revoke the license of the member -insurance organization.
- Investment risks - risks arising in the course of investing activities. Investment risks include:
 - Credit risk - the risk of expenses (losses) due to insolvency of debtors, changes in credit ratings of bond issuers available in the investment portfolio (investment portfolios) of the Fund;
 - Liquidity risk - the risk associated with the impossibility of quick sale of the Fund's assets to perform obligations;



- Market risk - the probability of expenses (losses) associated with unfavorable movements of financial markets due to changes in the market value of financial instruments, interest rates, foreign exchange rates, value of precious metals. Market risk includes:
 -
 - Currency risk is the risk of incurring expenses (losses) due to unfavorable changes in foreign currency exchange rates;
 - Price risk is the risk of expenses (losses) due to unfavorable changes in market prices of financial instruments and derivative financial instruments under the influence of market factors;
 - Interest rate risk - the risk of financial expenses (losses) due to unfavorable changes in interest rates on assets and liabilities of the Fund;
- Operational risk - the risk of losses due to deficiencies (errors) in the implementation of internal processes made by managers and other employees, improper functioning of information systems (technologies), as well as due to external events;
- Strategic risk - the risk of losses due to incorrect management decisions, improper implementation of the adopted management decisions and (or) the inability of the Fund to adapt to changes in the business environment;
- Associated risks:
 - Audit risk is the probability, subjectively determined by the auditor, that the financial statements may contain unidentified material misstatements after confirmation of their accuracy or contain material misstatements when in fact there are no such misstatements;
 - Fraud risk is the risk associated with the possibility of incurring expenses (losses) as a result of fraudulent actions of employees and third parties;
 - Reputation risk - the risk of expenses (losses) due to negative public opinion or reduction of confidence in the Fund;
 - Country risk - the risk of expenses (losses) due to insolvency or unwillingness of a foreign country or a resident of a foreign country to meet its obligations.

Risk of IPGR insufficiency

In case of IPGR insufficiency resources, the Fund attracts extraordinary contributions, reallocates reserve funds by insurance areas, uses its own assets, raises borrowed funds in the amounts and according to the procedure described in Note 4, paragraph «Creation of IPGR and DCR».

Investment risks

In accordance with Resolution of the Management Board of the National Bank of Kazakhstan No. 199 dated August 27, 2018, «On Approval of the Rules for Investment of Assets and the List of Financial Instruments Allowed for Acquisition at the Expense of the Fund's Owned Assets, Insurance Benefits Guarantee Reserves and Damage Compensation Reserves, and the Rules for Collection of Commission Fees by the Fund», the Fund has the right to place both its owned assets and IPGR and DCR funds only in financial instruments with high reliability:

- 1) Deposits, current accounts with the National Bank of Kazakhstan;
- 2) Deposits, current accounts with the second-tier banks of the Republic of Kazakhstan that meet one of the following requirements:
 - the second-tier banks have a long-term credit rating not lower than «BB-» as per the international scale of Standard & Poor's or a rating of similar level of one of other rating agencies, or a rating not lower than «kzA-» as per the national scale of Standard & Poor's or a rating of similar level as per the national scale of one of other rating agencies;
 - the second-tier banks are subsidiary banks-residents of the Republic of Kazakhstan, parent non-resident banks of which have a long-term credit rating in foreign currency not lower than «A-» as per the international scale of Standard & Poor's or a rating of similar level of one of other rating agencies;
- 3) Debt securities of legal entities of the Republic of Kazakhstan, issued in accordance with the laws of the Republic of Kazakhstan and other states, which have (the issuer of which has) a rating not lower than «BB-» as per the international scale of Standard & Poor's, or a rating of similar level of one of the other rating



- agencies, or a rating not lower than «kzA-» as per the national scale of Standard & Poor's, or a rating of similar level as per the national scale of one of the other rating agencies;
- 4) Government securities of the Republic of Kazakhstan (including those issued in accordance with the legislation of other states), issued by the Ministry of Finance of the Republic of Kazakhstan and the National Bank of Kazakhstan, debt securities issued by a legal entity, which repurchases mortgage loans of individuals, not related to entrepreneurial activity, one hundred percent of shares of which belong to the National Bank of Kazakhstan, as well as debt securities, for which there is a state guarantee
 - 5) Debt securities having the status of government securities issued by the central governments of foreign countries with a sovereign rating not lower than «BBB-» as per the international scale of Standard & Poor's or a rating of the same level of one of the other rating agencies;
 - 6) Debt securities issued by local executive bodies of the Republic of Kazakhstan, included in the official list of the stock exchange operating in the territory of the Republic of Kazakhstan;
 - 7) Non-government debt securities issued by international financial organizations with a rating not lower than «AA-» by Standard & Poor's or a rating of the same level by one of other rating agencies, as well as debt securities issued by the Eurasian Development Bank;
 - 8) Refined precious metals and metal accounts.

The total placement of the Fund's owned assets in financial instruments (including reverse repurchase transactions) specified in paragraphs 1), 2), 4) and 6) is not less than eighty percent of the investment portfolio formed at the expense of the Fund's owned assets.

The total placement of the reserves in financial instruments (including reverse repurchase transactions) specified in paragraphs 1), 2), 4) and 6) is not less than eighty percent of the reserves.

The total placement of the Fund's owned assets in financial instruments (at carrying value) does not exceed the following values:

- in deposits, money and securities (taking into account "reverse repurchase" transactions) in one second-tier bank (except for an agent bank that performs certain types of banking operations, provides services for making guarantee payments to creditors on the basis of an agency agreement with the Fund) and its affiliates - not more than 20 percent of the investment portfolio formed at the expense of the Fund's owned assets, but not more than 25 percent of the amount of equity capital of this bank;
- in debt securities of legal entities of the Republic of Kazakhstan (except for second-tier banks of the Republic of Kazakhstan) and affiliates of this legal entity - not more than 10 percent of the investment portfolio formed at the expense of the Fund's owned assets, but not more than 25 percent of the equity of this issuer;
- in securities (including reverse repurchase transactions) having the status of government securities issued by the central governments of foreign countries - not more than 10 percent of the investment portfolio formed at the expense of the Fund's owned assets;
- reverse repurchase transactions with participation of the Fund's owned assets - not more than 10 percent of the investment portfolio formed at the expense of the Fund's owned assets;
- in debt securities - not more than 25 percent of the total volume of debt securities of one issue;
- in non-government debt securities issued by international financial organizations - not more than 10 percent of the investment portfolio formed at the expense of the Fund's owned assets, but not more than 25 percent of the equity of this issuer;
- refined precious metals and metal accounts - not more than 10 percent of the investment portfolio formed at the expense of the Fund's owned assets.

The requirements for the total placement of the Fund's owned assets do not apply to the securities specified in paragraph 4).

The total placement of the reserves in financial instruments (at carrying value) does not exceed the following values:

- in deposits, money and securities (taking into account reverse repurchase transactions) in one second-tier bank (except for an agent bank that performs certain types of banking operations, provides services for making guarantee payments to creditors on the basis of an agency agreement with the Fund), and affiliates of this bank - not more than 20 percent of the funds of reserves;



INSURANCE PAYMENTS GUARANTEE FUND JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (IN THOUSANDS OF TENGE)

- in debt securities (including reverse repurchase transactions) of legal entities of the Republic of Kazakhstan (except for second-tier banks of the Republic of Kazakhstan) and affiliates of this legal entity - not more than 20 percent of the reserves;
- in securities (including reverse repurchase transactions) having the status of government securities issued by the central governments of foreign countries - not more than 10% of the reserves;
- reverse repurchase transactions involving the funds of reserves - not more than 10 percent of the funds of reserves;
- in debt securities - not more than 25 percent of the total volume of debt securities of one issue;
- in non-government debt securities issued by international financial organizations - not more than 10 percent of the reserves, but not more than 25 percent of the equity of this issuer;
- in refined precious metals and metal accounts - not more than 10 percent of the reserves.

The requirements for the total placement of IPGR and DCR funds do not apply to the securities specified in paragraph 4.

Credit risk

The maximum credit risk is represented by the carrying amount of the financial asset, taking into account the value of property (collateral), which was received by the Fund in repayment of its claim on this asset.

	Total maximum credit exposure	Fair value of collateral
As at 31 December 2023		
Owned assets		
Cash and cash equivalents	107,519	99,023
Bank deposits	11,009	-
Financial assets at amortised cost	4,463,847	-
Financial assets at fair value through other comprehensive income	550,459	-
Other financial assets	1,041	-
Total	5,133,875	99,023
IPGR GIC		
Cash and cash equivalents	8,033	8,084
Bank deposits	14,476	-
Financial assets at amortised cost	9,678,133	-
Financial assets at fair value through other comprehensive income	1,908,275	-
Total	11,608,917	8,084
IPGR LIC		
Bank deposits	3,287	-
Financial assets at amortised cost	2,535,637	-
Financial assets at fair value through other comprehensive income	850,622	-
Total	3,389,546	-
DCR		
Cash and cash equivalents	32,134	32,334
Bank deposits	8,292	-
Financial assets at amortised cost	2,887,615	-
Financial assets at fair value through other comprehensive income	253,967	-
Total	3,182,008	32,334
As at 31 December 2022		
Owned assets		
Cash and cash equivalents	294	-
Bank deposits	3,491	-
Financial assets at amortised cost	4,368,664	-
Financial assets at fair value through other comprehensive income	564,554	-
Other financial assets	603	-
Total	4,937,606	-
IPGR GIC		
Cash and cash equivalents	33,274	32,367

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INSURANCE PAYMENTS GUARANTEE FUND JSC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (IN THOUSANDS OF TENGE)

Bank deposits	1,590,495	-
Financial assets at amortised cost	7,538,568	-
Financial assets at fair value through other comprehensive income	1,114,280	-
Total	10,276,617	32,367
IPGR LIC		
Cash and cash equivalents	4,850	4,018
Financial assets at amortised cost	1,465,594	-
Financial assets at fair value through other comprehensive income	285,845	-
Total	1,756,289	4,018
DCR		
Cash and cash equivalents	28,472	27,974
Bank deposits	2,508	-
Financial assets at amortised cost	2,783,304	-
Financial assets at fair value through other comprehensive income	122,716	-
Total	2,937,000	27,974

The Fund manages credit risk through the application of approved policies and procedures including, but not limited to, the requirements to the establishment and compliance with credit risk concentration limits and through active monitoring of credit risk. The analysis of credit risk may be based on data and indicators derived from historical experience, data and indicators for the Republic of Kazakhstan obtained from external independent sources. Both current and forecast data may be used for the analysis and determination of probabilities.

The Fund allocates financial assets to the following baskets:

- 1) Basket 0 (Stage 1) - highly reliable financial assets, credit risks on which are insignificant and close to zero (expected credit losses for 12 months);
- 2) Basket 1 (Stage 1) - financial assets with low credit risks (expected credit losses for 12 months);
- 3) Basket 2 (Stage 2) - financial assets with significantly increased credit risks (expected credit losses over the whole term);
- 4) Basket 3 (Stage 3) - financial assets with high vulnerability to default or default has already occurred (expected credit losses for the entire term).

Basket 0 includes:

- Money on the Fund's bank accounts with the National Bank of Kazakhstan;
- Money on the current bank account of the Fund with any second-tier bank of the Republic of Kazakhstan, provided that the amount of the balance of cash on this account is less than 50,000 Tenge;
- Money on the personal brokerage account opened with the Central Securities Depository JSC;
- Government securities of the Republic of Kazakhstan issued by the Ministry of Finance of the Republic of Kazakhstan and the National Bank of Kazakhstan, including those issued in accordance with the laws of states other than the Republic of Kazakhstan;
- Debt securities issued by a legal entity whose sole shareholder is the National Bank of Kazakhstan and whose principal activity is the purchase of mortgage loans of individuals not related to entrepreneurial activity.

Financial assets with a rating below B- on the Standard & Poor's scale or a rating of the same level of one of the other rating agencies cannot be included in basket 0.

Expected credit losses on assets included in basket 0 are not recognised due to their immateriality.

Basket 1 by default includes any financial assets that are not included in basket 0. Financial assets that are to be included in baskets 2 and 3 cannot be included in basket 1.

Basket 2 includes all financial assets for which credit risk has increased significantly.

A significant increase in credit risk on a financial asset is recognised as:

- Credit rating downgrade of this asset by two steps of the scale of an international rating agency relative to the credit rating of this asset as of the date of its acquisition by the Fund, if at the acquisition of this asset by the Fund the credit rating of this asset was BBB and above according to the scale of Standard & Poor's or a rating of the same level of one of the other rating agencies;



- Credit rating downgrade of the asset by one step of the scale of an international rating agency relative to the credit rating of the asset as of the date of its acquisition by the Fund, if at the time of acquisition of the asset by the Fund, the credit rating of the asset was BBB- or lower on the scale of Standard & Poor's or a similar level rating of one of the other rating agencies;
- Any delay in performance by the issuer of this asset of any of its obligations under the financial instruments issued by it that has become known to the Fund.

The Fund may not recognise a delay in the performance of any obligation as significant increase in the credit risk of the financial asset if the delay is purely technical, for example, if the delay is due to the failure in the payment system or the telecommunications operator.

The following financial assets are included in basket 3:

- Financial assets with credit rating of CC+ as per Standard & Poor's scale or a rating of a similar level from one of the other rating agencies;
- Financial assets for which defaults have occurred.

Expected credit loss is calculated according to the formula:

$$ECL = PD / 100 * LGD * EaD$$

Where:

ECL - expected credit loss;

PD - probability of default;

LGD - loss given default;

EaD – exposure at default, the carrying value of the financial asset, taking into account the value of the property (collateral), which was received by the Fund in repayment of its claim to the submitted asset.

As PD values are used the values of probability of default given in Table 2 of Appendix 5 to the Procedure of Provisioning for Expected Credit Losses on Financial Assets of the National Bank of Kazakhstan approved by Resolution of the Board of Directors of the National Bank of Kazakhstan No. 30 dated 19 March 2018.

Indicators determined on the basis of data obtained from Bloomberg Finance L.P. are used as LGD values.

For the financial asset included in basket 1, the PD value corresponding to the year that coincides with the next 12 months of the expected existence of this asset is used.

If more than one PD value is applicable for the financial asset included in Basket 1, the highest PD value shall be used.

For the financial asset included in basket 2, the maximum PD value corresponding to the credit rating of the asset is used.

The PD value is assumed to be 100.00% and the LGD value is assumed to be 1.00 in the following cases:

- The financial asset does not have the credit rating or the credit rating cannot be applied to the financial asset;
- The financial asset is included in basket 3.

For the purposes of recognition of expected credit losses, the Fund takes into account only those credit ratings that were assigned (confirmed, changed) within the last 12 months.

If the financial asset has several current credit ratings assigned by different international credit rating agencies, the Fund uses the credit rating that is the most recent by the time of its assignment (confirmation, change).

If the financial asset does not have the credit rating, the Fund has the right to apply the following credit rating to this asset:

- Sovereign credit rating of the Republic of Kazakhstan in foreign currency, if the issuer of this asset is an entity of the quasi-governmental sector of the Republic of Kazakhstan;
- Sovereign credit rating of the state other than the Republic of Kazakhstan in foreign currency, if the issuer of this asset has the status of the central or national bank of this state;
- Long-term credit rating in foreign currency assigned to the entity in relation to which the issuer of this asset, which does not have the status of the sovereign debt, is a subsidiary;



INSURANCE PAYMENTS GUARANTEE FUND JSC

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- Long-term credit rating in foreign currency assigned to the entity in relation to which the issuer of this asset that does not have a sovereign debt status has the same or similar credit risk characteristics.

Credit risk concentration

As at 31 December 2023 and 31 December 2022, all financial assets measured at amortized cost, formed at the expense of owned assets, IPGR GIC, IPGR LIC, DCR are represented by a single issuer.

As at 31 December 2023 54% of financial assets measured at fair value through other comprehensive income and formed at the expense of owned assets are represented by a single issuer (31 December 2022: 92%).

As at 31 December 2023 57% of financial assets measured at fair value through other comprehensive income and formed at the expense of IPGR GIC are represented by a single issuer (31 December 2022: 69%).

As at 31 December 2023 65% of financial assets measured at fair value through other comprehensive income and formed at the expense of IPGR LIC are represented by a single issuer (31 December 2022: 70%)

As at 31 December 2023 56% of financial assets measured at fair value through other comprehensive income and formed at the expense of DCR are represented by a single issuer (31 December 2022: 100%).

Offsetting of financial assets and liabilities

The disclosures below include financial assets that are subject to the valid master netting arrangement or similar agreements covering similar financial instruments, irrespective of whether they are offset in the statement of financial position. Similar agreements include global agreements for reverse repurchase agreements. The Fund receives collateral in the form of marketable securities in respect of reverse repurchase transactions.

This means that these securities may be sold or pledged during the term of the transaction, but must be returned before the transaction matures. The gross amounts of assets under reverse repurchase transactions that were not offset in the statement of financial position were as follows:

	As at 31 December 2023	As at 31 December 2022
Owned assets	98,410	-
IPGR GIC	8,033	32,031
IPGR LIC	-	4,035
DCR	32,134	28,030
Total	138,577	64,096



INSURANCE PAYMENTS GUARANTEE FUND JSC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (IN THOUSANDS OF TENGE)
Liquidity risk

Liquidity requirements are monitored on a regular basis and management ensures that sufficient funds are available to meet obligations as they arise through the use of a current liquidity planning tool. As at 31 December 2023 and 31 December 2022 the Fund's financial assets exceeded its financial liabilities and the Fund had no significant exposure to liquidity risk.

The table below analyzes financial instruments recognised in the statement of financial position by maturity. The amounts of IPGR and DCR are classified as "on demand" due to the uncertainty of their maturity and as they will be withdrawn when the events stipulated in the Law on the Fund occur. Assets are presented by maturity in the normal mode of detail, but are highly liquid and can be sold within 1 month.

	As at 31 December 2023						
	Total	On demand	<1 month	from 1 to 3 months	from 3 to 6 months	from 6 to 12 months	from 1 to 6 years
Owned assets							
<i>Financial assets</i>							
Cash and cash equivalents	107,519	107,519	-	-	-	-	-
Bank deposits	11,009	-	11,009	-	-	-	-
Financial assets at amortised cost	4,463,847	-	-	293,008	429,739	514,400	3,226,700
Financial assets at fair value through other comprehensive income	550,459	-	-	104,702	292,138	50,457	103,162
Other financial assets	1,041	-	1,041	-	-	-	-
Total financial assets	5,133,875	107,519	12,050	397,710	721,877	564,857	3,329,862
<i>Financial liabilities</i>							
Trade payables	8,684	-	8,684	-	-	-	-
Total financial liabilities	8,684	-	8,684	-	-	-	-
Difference between financial assets and financial liabilities	5,125,191	107,519	3,366	397,710	721,877	564,857	3,329,862
IPGR GIC							
<i>Financial assets</i>							
Cash and cash equivalents	8,033	8,033	-	-	-	-	-
Bank deposits	14,476	-	14,476	-	-	-	-
Financial assets at amortised cost	9,678,133	-	-	1,597,824	789,177	1,053,511	6,237,621
Financial assets at fair value through other comprehensive income	1,908,275	-	-	329,763	121,463	1,085,305	371,744
Total financial assets	11,608,917	8,033	14,476	1,927,587	910,640	2,138,816	6,609,365
<i>Financial liabilities</i>							
Trade payables	11,303	-	11,303	-	-	-	-
Insurance payments guarantee reserve	10,302,612	10,302,612	-	-	-	-	-

Translated from Russian into English

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INSURANCE PAYMENTS GUARANTEE FUND JSC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (IN THOUSANDS OF TENGE)

Total financial liabilities	10,313,915	10,302,612	11,303	-	-	-	-
Difference between financial assets and financial liabilities	1,295,002	(10,294,579)	3,173	1,927,587	910,640	2,138,816	6,609,365
IPGR LIC							
Financial assets							
Bank deposits	3,287	-	3,287	-	-	-	-
Financial assets at amortised cost	2,535,637	-	18,121	746,732	22,551	-	1,748,233
Financial assets at fair value through other comprehensive income	850,622	-	-	61,210	56,177	-	733,235
Total financial assets	3,389,546	-	21,408	807,942	78,728	-	2,481,468
Financial liabilities							
Trade payables	10,278	-	10,278	-	-	-	-
Insurance payments guarantee reserve	3,077,753	3,077,753	-	-	-	-	-
Total financial liabilities	3,088,031	3,077,753	10,278	-	-	-	-
Difference between financial assets and financial liabilities	301,515	(3,077,753)	11,130	807,942	78,728	-	2,481,468
DCR							
Financial assets							
Cash and cash equivalents	32,134	32,134	-	-	-	-	-
Bank deposits	8,292	-	8,292	-	-	-	-
Financial assets at amortised cost	2,887,615	-	-	271,496	37,585	-	2,578,534
Financial assets at fair value through other comprehensive income	253,967	-	-	112,326	-	-	141,641
Total financial assets	3,182,008	32,134	8,292	383,822	37,585	-	2,720,175
Financial liabilities							
Trade payables	487	-	487	-	-	-	-
Damage compensation reserve	2,835,762	2,835,762	-	-	-	-	-
Total financial liabilities	2,836,249	2,835,762	487	-	-	-	-
Difference between financial assets and financial liabilities	345,759	(2,803,628)	7,805	383,822	37,585	-	2,720,175

	As at 31 December 2022						
	Total	On demand	<1 month	from 1 to 3 months	from 3 to 6 months	from 6 to 12 months	from 1 to 6 years
Owned assets							
Financial assets							
Cash and cash equivalents	294	294	-	-	-	-	-
Bank deposits	3,491	-	3,491	-	-	-	-

Translated from Russian into English

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INSURANCE PAYMENTS GUARANTEE FUND JSC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (IN THOUSANDS OF TENGE)

Financial assets at amortised cost	4,368,664	-	-	-	219,173	377,461	3,772,030
Financial assets at fair value through other comprehensive income	564,554	-	-	-	-	249,156	315,398
Other financial assets	603	-	603	-	-	-	-
Total financial assets	4,937,606	294	4,094	-	219,173	626,617	4,087,428
Financial liabilities							
Trade payables	1,782	-	1,782	-	-	-	-
Total financial liabilities	1,782	-	1,782	-	-	-	-
Difference between financial assets and financial liabilities	4,935,824	294	2,312	-	219,173	626,617	4,087,428
IPGR GIC							
Financial assets							
Cash and cash equivalents	33,274	33,274	-	-	-	-	-
Bank deposits	1,590,495	-	11,538	-	-	1,578,957	-
Financial assets at amortised cost	7,538,568	-	-	-	-	182,953	7,355,615
Financial assets at fair value through other comprehensive income	1,114,280	-	-	782,637	-	102,657	228,986
Total financial assets	10,276,617	33,274	11,538	782,637	-	1,864,567	7,584,601
Financial liabilities							
Trade payables	8,020	-	8,020	-	-	-	-
Insurance payments guarantee reserve	9,339,138	9,339,138	-	-	-	-	-
Total financial liabilities	9,347,158	9,339,138	8,020	-	-	-	-
Difference between financial assets and financial liabilities	929,459	(9,305,864)	3,518	782,637	-	1,864,567	7,584,601
IPGR LIC							
Financial assets							
Bank deposits	4,850	-	4,850	-	-	-	-
Financial assets at amortised cost	1,465,594	-	-	-	-	88,216	1,377,378
Financial assets at fair value through other comprehensive income	285,845	-	-	-	-	-	285,845
Total financial assets	1,756,289	-	4,850	-	-	88,216	1,663,223
Financial liabilities							
Insurance payments guarantee reserve	1,628,041	1,628,041	-	-	-	-	-
Total financial liabilities	1,628,041	1,628,041	-	-	-	-	-
Difference between financial assets and financial liabilities	128,248	(1,628,041)	4,850	-	-	88,216	1,663,223
DCR							
Financial asset							
Cash and cash equivalents	28,472	28,472	-	-	-	-	-

Translated from Russian into English

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INSURANCE PAYMENTS GUARANTEE FUND JSC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (IN THOUSANDS OF TENGE)**

Bank deposits	2,508	-	2,508	-	-	-	-
Financial assets at amortised cost	2,783,304	-	-	-	36,094	-	2,747,210
Financial assets at fair value through other comprehensive income	122,716	-	-	-	-	-	122,716
Total financial assets	2,937,000	28,472	2,508	-	36,094	-	2,869,926
Financial liabilities							
Damage compensation reserve	2,635,077	2,635,077	-	-	-	-	-
Total financial liabilities	2,635,077	2,635,077	-	-	-	-	-
Difference between financial assets and financial liabilities	301,923	(2,606,605)	2,508	-	36,094	-	2,869,926

Translated from Russian into English

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INSURANCE PAYMENTS GUARANTEE FUND JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (IN THOUSANDS OF TENGE)

The financial liabilities of the Fund are grouped by maturity based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

	On demand	<1 month
As at 31 December 2023		
Owned assets		
Trade payables	-	8,684
IPGR GIC		
Insurance payments guarantee reserve	10,302,612	-
IPGR LIC		
Insurance payments guarantee reserve	3,077,753	-
DCR		
Damage compensation reserve	2,835,762	-
As at 31 December 2022		
Owned assets		
Trade payables	-	1,782
IPGR GIC		
Insurance payments guarantee reserve	9,339,138	-
IPGR LIC		
Insurance payments guarantee reserve	1,628,041	-
DCR		
Damage compensation reserve	2,635,077	-

Market risk

Currency risk

The Fund's exposure to currency risk was as follows:

	As at 31 December 2023		
	Total	Tenge	USD
Owned assets			
<i>Financial assets</i>			
Cash and cash equivalents	107,519	107,519	-
Bank deposits	11,009	11,009	-
Financial assets at amortised cost	4,463,847	3,214,509	1,249,338
Financial assets at fair value through other comprehensive income	550,459	550,459	-
Other financial assets	1,041	1,041	-
Total financial assets	5,133,875	3,884,537	1,249,338
<i>Financial liabilities</i>			
Trade payables	8,684	8,684	-
Total financial liabilities	8,684	8,684	-
Difference between financial assets and financial liabilities	5,125,191	3,875,853	1,249,338
IPGR GIC			
<i>Financial assets</i>			
Cash and cash equivalents	8,033	8,033	-
Bank deposits	14,476	14,476	-
Financial assets at amortised cost	9,678,133	9,678,133	-
Financial assets at fair value through other comprehensive income	1,908,275	784,236	1,124,039
Total financial assets	11,608,917	10,484,878	1,124,039
<i>Financial liabilities</i>			
Trade payables	11,303	11,303	-
Insurance payments guarantee reserve	10,302,612	10,302,612	-
Total financial liabilities	10,313,915	10,313,915	-
Difference between financial assets and financial liabilities	1,295,002	170,963	1,124,039
IPGR LIC			
<i>Financial assets</i>			



INSURANCE PAYMENTS GUARANTEE FUND JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (IN THOUSANDS OF TENGE)

Bank deposits	3,287	3,287	-
Financial assets at amortised cost	2,535,637	2,535,637	-
Financial assets at fair value through other comprehensive income	850,622	642,914	207,708
Total financial assets	3,389,546	3,181,838	207,708
Financial liabilities			
Trade payables	10,278	10,278	-
Insurance payments guarantee reserve	3,077,753	3,077,753	-
Total financial liabilities	3,088,031	3,088,031	-
Difference between financial assets and financial liabilities	301,515	93,807	207,708
DCR			
Financial assets			
Cash and cash equivalents	32,134	32,134	-
Bank deposits	8,292	8,292	-
Financial assets at amortised cost	2,887,615	2,887,615	-
Financial assets at fair value through other comprehensive income	253,967	246,676	7,291
Total financial assets	3,182,008	3,174,717	7,291
Financial liabilities			
Trade payables	487	487	-
Damage compensation reserve	2,835,762	2,835,762	-
Total financial liabilities	2,836,249	2,836,249	-
Difference between financial assets and financial liabilities	345,759	338,468	7,291

	As at 31 December 2022		
	Total	Tenge	USD
Owned assets			
Financial assets			
Cash and cash equivalents	294	294	-
Bank deposits	3,491	3,491	-
Financial assets at amortised cost	4,368,664	3,059,724	1,308,940
Financial assets at fair value through other comprehensive income	564,554	564,554	-
Other financial assets	603	603	-
Total financial assets	4,937,606	3,628,666	1,308,940
Financial liabilities			
Trade payables	1,782	1,782	-
Total financial liabilities	1,782	1,782	-
Difference between financial assets and financial liabilities	4,935,824	3,626,884	1,308,940
IPGR GIC			
Financial assets			
Cash and cash equivalents	33,274	33,274	-
Bank deposits	1,590,495	11,510	1,578,985
Financial assets at amortised cost	7,538,568	7,538,568	-
Financial assets at fair value through other comprehensive income	1,114,280	1,114,280	-
Total financial assets	10,276,617	8,697,632	1,578,985
Financial liabilities			
Trade payables	8,020	8,020	-
Insurance payments guarantee reserve	9,339,138	9,339,138	-
Total financial liabilities	9,347,158	9,347,158	-
Difference between financial assets and financial liabilities	929,459	(649,526)	1,578,985
IPGR LIC			
Financial assets			
Bank deposits	4,850	4,850	-
Financial assets at amortised cost	1,465,594	1,465,594	-
Financial assets at fair value through other comprehensive income	285,845	86,658	199,187
Total financial assets	1,756,289	1,557,102	199,187
Financial liabilities			

Translated from Russian into English



INSURANCE PAYMENTS GUARANTEE FUND JSC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (IN THOUSANDS OF TENGE)

Insurance payments guarantee reserve	1,628,041	1,628,041	-
Total financial liabilities	1,628,041	1,628,041	-
Difference between financial assets and financial liabilities	128,248	(70,939)	199,187
DCR			
Financial assets			
Cash and cash equivalents	28,472	28,472	-
Bank deposits	2,508	2,508	-
Financial assets at amortised cost	2,783,304	2,783,304	-
Financial assets at fair value through other comprehensive income	122,716	122,716	-
Total financial assets	2,937,000	2,937,000	-
Financial liabilities			
Damage compensation reserve	2,635,077	2,635,077	-
Total financial liabilities	2,635,077	2,635,077	-
Difference between financial assets and financial liabilities	301,923	301,923	-

The table below summarizes the effect that the change in the USD exchange rate against Tenge would have had on profit before income tax.

This analysis is based on foreign currency exchange rate fluctuations that the Fund considered to be reasonably possible at the end of the reporting period. The analysis is based on the assumption that all other variables, in particular interest rates, remain constant.

	As at 31 December 2023	As at 31 December 2022
Owned assets		
20% - USD exchange rate rise against Tenge	249,868	261,788
20% - USD exchange rate fall against Tenge	(249,868)	(261,788)
IPGR GIC		
20% - USD exchange rate rise against Tenge	224,808	315,797
20% - USD exchange rate fall against Tenge	(224,808)	(315,797)
IPGR LIC		
20% - USD exchange rate rise against Tenge	41,542	39,837
20% - USD exchange rate fall against Tenge	(41,542)	(39,837)
DCR		
20% - USD exchange rate rise against Tenge	1,458	-
20% - USD exchange rate fall against Tenge	(1,458)	-

Price risk

The Fund is exposed to price risk due to the impact of general or specific market movements on some of its financial assets.

	As at 31 December 2023		As at 31 December 2022	
	Price increase on securities by 5%	Price decrease on securities by 5%	Price increase on securities by 5%	Price decrease on securities by 5%
Effect on capital:				
Securities acquired at the expense of owned assets	27,523	(27,523)	28,228	(28,228)
Securities acquired at the expense of IPGR GIC	95,414	(95,414)	55,714	(55,714)
Securities acquired at the expense of IPGR LIC	42,531	(42,531)	14,292	(14,292)
Securities acquired at the expense of DCR	12,698	(12,698)	6,136	(6,136)



Interest rate risk

The Fund has no concentration of interest rate risks as the financial instruments operated by the Fund during the reporting period were financial assets bearing interest at the fixed interest rate.

Operational risk

The control framework includes the effective segregation of duties, access rights, approval and reconciliation procedures, staff training, and evaluation procedures.

Strategic risk

The Law on the Fund specifies the objectives of the functions and tasks of the Fund. The National Bank of Kazakhstan harmonizes the Fund's strategy.

Associated risks

Audit risk

The Fund engages audit companies with reliable reputation, which are included in level 1 of audit companies of the Kazakhstan Stock Exchange.

Fraud risk

The internal control system provides policies, methods and procedures of verification to prevent involvement of the Fund and its employees in unlawful activities, including fraud, errors, inaccuracies, deception.

Reputational risk

The Fund adheres to the requirements and timelines set out in the law on the Fund for disbursements from the IPGR and DCR.

Country risk

The Fund minimizes the impact of country risk by adhering to the investment strategy requirements set by the National Bank of Kazakhstan.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. Judgment is necessary in arriving at fair value, based on current economic conditions and specific risks attributable to the particular instrument.

Financial assets and liabilities measured at fair value through other comprehensive income are recorded in the statement of financial position at fair value. The carrying amount of other financial assets, bank deposits, trade payables, as well as IPGR and DCR approximates the fair value due to their relatively short maturities. The fair value of assets on reverse repurchase transactions is determined based on the fair value of their collateral.

The fair value of financial instruments measured at amortized cost is based on quoted market prices in active markets for identical assets or based on a valuation model in which the inputs that are significant to the fair value measurement are directly or indirectly observable in the market. The valuation model used is the methodology used by the Kazakhstan Stock Exchange.

The comparison of the carrying amounts and fair values of the Fund's financial instruments is disclosed below.

	As at 31 December 2023	
	Carrying amount	Fair value
Owned assets		
<i>Financial assets</i>		
Cash	9,109	9,109
Asset on reverse repurchase transactions	98,410	99,023
Bank deposits	11,009	11,009
Financial assets at amortised cost	4,463,847	4,492,815
Financial assets at fair value through other comprehensive income	550,459	550,459
Other financial assets	1,041	1,041
Total financial assets	5,133,875	5,163,456
<i>Financial liabilities</i>		

Translated from Russian into English



INSURANCE PAYMENTS GUARANTEE FUND JSC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (IN THOUSANDS OF TENGE)

Trade payables	8,684	8,684
Total financial liabilities	8,684	8,684
IPGR GIC		
Financial assets		
Asset on reverse repurchase transactions	8,033	8,084
Bank deposits	14,476	14,476
Financial assets at amortised cost	9,678,133	9,529,771
Financial assets at fair value through other comprehensive income	1,908,275	1,908,275
Total financial assets	11,608,917	11,460,606
Financial liabilities		
Trade payables	11,303	11,303
Insurance payments guarantee reserve	10,302,612	10,302,612
Total financial liabilities	10,313,915	10,313,915
IPGR LIC		
Financial assets		
Bank deposits	3,287	3,287
Financial assets at amortised cost	2,535,637	2,512,430
Financial assets at fair value through other comprehensive income	850,622	850,622
Total financial assets	3,389,546	3,366,339
Financial liabilities		
Trade payables	10,278	10,278
Insurance payments guarantee reserve	3,077,753	3,077,753
Total financial liabilities	3,088,031	3,088,031
DCR		
Financial assets		
Asset on reverse repurchase transactions	32,134	32,334
Bank deposits	8,292	8,292
Financial assets at amortised cost	2,887,615	2,807,394
Financial assets at fair value through other comprehensive income	253,967	253,967
Total financial assets	3,182,008	3,101,987
Financial liabilities		
Trade payables	487	487
Damage compensation reserve	2,835,762	2,835,762
Total financial liabilities	2,836,249	2,836,249

	As at 31 December 2022	
	Carrying amount	Fair value
Owned assets		
Financial assets		
Cash	294	294
Bank deposits	3,491	3,491
Financial assets at amortised cost	4,368,664	4,273,099
Financial assets at fair value through other comprehensive income	564,554	564,554
Other financial assets	603	603
Total financial assets	4,937,606	4,842,041
Financial liabilities		
Trade payables	1,782	1,782
Total financial liabilities	1,782	1,782
IPGR GIC		
Financial assets		
Cash	1,243	1,243

Translated from Russian into English



INSURANCE PAYMENTS GUARANTEE FUND JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (IN THOUSANDS OF TENGE)

Asset on reverse repurchase transactions	32,031	32,367
Bank deposits	1,590,495	1,590,495
Financial assets at amortised cost	7,538,568	7,188,085
Financial assets at fair value through other comprehensive income	1,114,280	1,114,280
Total financial assets	10,276,617	9,926,470
Financial liabilities		
Trade payables	8,020	8,020
Insurance payments guarantee reserve	9,339,138	9,339,138
Total financial liabilities	9,347,158	9,347,158
IPGR LIC		
Financial assets		
Bank deposits	4,850	4,850
Financial assets at amortised cost	1,465,594	1,380,572
Financial assets at fair value through other comprehensive income	285,845	285,845
Total financial assets	1,756,289	1,671,267
Financial liabilities		
Insurance payments guarantee reserve	1,628,041	1,628,041
Total financial liabilities	1,628,041	1,628,041
DCR		
Financial assets		
Cash	442	442
Asset on reverse repurchase transactions	28,030	27,974
Bank deposits	2,508	2,508
Financial assets at amortised cost	2,783,304	2,645,634
Financial assets at fair value through other comprehensive income	122,716	122,716
Total financial assets	2,937,000	2,799,274
Financial liabilities		
Damage compensation reserve	2,635,077	2,635,077
Total financial liabilities	2,635,077	2,635,077

The analysis of financial instruments measured at fair value by level of the fair value hierarchy is as follows:

	As at 31 December 2023			
	Level 1	Level 2	Level 3	Total
Owned assets				
Financial assets at fair value				
Financial assets at fair value through other comprehensive income	500,002	50,457	-	550,459
Assets whose fair value is required to be disclosed				
Cash	-	-	9,109	9,109
Asset on reverse repurchase transactions	99,023	-	-	99,023
Bank deposits	-	-	11,009	11,009
Financial assets at amortised cost	3,424,852	1,067,963	-	4,492,815
Other financial assets	-	-	1,041	1,041
Liabilities whose fair value is required to be disclosed:				
Trade payables	-	-	8,684	8,684
IPGR GIC				
Assets at fair value				
Financial assets at fair value through other comprehensive income	1,908,275	-	-	1,908,275
Assets whose fair value is required to be disclosed				
Asset on reverse repurchase transactions	8,084	-	-	8,084

Translated from Russian into English



INSURANCE PAYMENTS GUARANTEE FUND JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (IN THOUSANDS OF TENGE)

Bank deposits	-	-	14,476	14,476
Financial assets at amortised cost	5,915,313	3,614,458	-	9,529,771
<i>Liabilities whose fair value is required to be disclosed:</i>				
Trade payables	-	-	11,303	11,303
Insurance payments guarantee reserve	-	-	10,302,612	10,302,612
IPGR LIC				
<i>Assets at fair value</i>				
Financial assets at fair value through other comprehensive income	850,622	-	-	850,622
<i>Assets whose fair value is required to be disclosed</i>				
Bank deposits	-	-	3,287	3,287
Financial assets at amortised cost	1,719,958	792,472	-	2,512,430
<i>Liabilities whose fair value is required to be disclosed:</i>				
Trade payables	-	-	10,278	10,278
Insurance payments guarantee reserve	-	-	3,077,753	3,077,753
DCR				
<i>Assets at fair value</i>				
Financial assets at fair value through other comprehensive income	253,967	-	-	253,967
<i>Assets whose fair value is required to be disclosed</i>				
Asset on reverse repurchase transactions	32,334	-	-	32,334
Bank deposits	-	-	8,292	8,292
Financial assets at amortised cost	2,117,837	689,557	-	2,807,394
<i>Liabilities whose fair value is required to be disclosed:</i>				
Trade payables	-	-	487	487
Damage compensation reserve	-	-	2,835,762	2,835,762

	As at 31 December 2022			
	Level 1	Level 2	Level 3	Total
Owned assets				
<i>Financial assets at fair value</i>				
Financial assets at fair value through other comprehensive income	269,712	294,842	-	564,554
<i>Assets whose fair value is required to be disclosed</i>				
Cash	-	-	294	294
Bank deposits	-	-	3,491	3,491
Financial assets at amortised cost	2,635,647	1,637,452	-	4,273,099
Other financial assets	-	-	603	603
<i>Liabilities whose fair value is required to be disclosed:</i>				
Trade payables	-	-	1,782	1,782
IPGR GIC				
<i>Assets at fair value</i>				
Financial assets at fair value through other comprehensive income	228,987	885,293	-	1,114,280
<i>Assets whose fair value is required to be disclosed</i>				
Cash	-	-	1,243	1,243
Asset on reverse repurchase transactions	32,367	-	-	32,367
Bank deposits	-	-	1,590,495	1,590,495
Financial assets at amortised cost	3,583,801	3,604,284	-	7,188,085
<i>Liabilities whose fair value is required to be disclosed:</i>				

Translated from Russian into English



INSURANCE PAYMENTS GUARANTEE FUND JSC
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (IN THOUSANDS OF TENGE)

Trade payables	-	-	8,020	8,020
Insurance payments guarantee reserve	-	-	9,339,138	9,339,138
IPGR LIC				
<i>Assets at fair value</i>				
Financial assets at fair value through other comprehensive income	86,658	199,187	-	285,845
<i>Assets whose fair value is required to be disclosed</i>				
Bank deposits	-	-	4,850	4,850
Financial assets at amortised cost	543,019	837,553	-	1,380,572
<i>Liabilities whose fair value is required to be disclosed:</i>				
Insurance payments guarantee reserve	-	-	1,628,041	1,628,041
DCR				
<i>Assets at fair value</i>				
Financial assets at fair value through other comprehensive income	122,716	-	-	122,716
<i>Assets whose fair value is required to be disclosed</i>				
Cash	-	-	442	442
Asset on reverse repurchase transactions	27,974	-	-	27,974
Bank deposits	-	-	2,508	2,508
Financial assets at amortised cost	1,944,124	701,510	-	2,645,634
<i>Liabilities whose fair value is required to be disclosed:</i>				
Damage compensation reserve	-	-	2,635,077	2,635,077

19. CONTINGENCIES

Political and economic environment in the Republic of Kazakhstan

Emerging markets such as Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks that are different from those in more developed countries. Laws and regulations affecting businesses in Kazakhstan continue to change rapidly and they are subject to varying interpretations. The future economic direction of Kazakhstan is heavily influenced by the economic, fiscal and monetary policies adopted by the government, together with developments in political environment. Because the Republic of Kazakhstan produces and exports large volumes of oil and gas, the country's economy is particularly sensitive to the price of oil and gas on the world market.

At present, it is impossible to determine the impact of the subsequent possible devaluation on the country's economy and the banking system. The financial condition and future activities of the Fund may deteriorate due to ongoing economic problems and the lending rates to the economy and population. Management is unable to predict the extent and duration of the economic difficulties, nor quantify the impact, if any, on the financial performance of the Fund.

Legal proceedings

From time to time and in the normal course of business, claims against the Fund are received from customers and counterparties. Management is of the opinion that no material losses will be incurred.

Taxation

The tax laws of a country may have more than one interpretation. Also, there is a risk that the tax authorities will make arbitrary judgments relating to business activities. In the event of this type of challenge by the tax authorities of management's judgments regarding the Fund's business activities, additional taxes, fines and penalties may arise. Tax years remain open to review by the tax authorities for the last five years. However, the fact of having a tax inspection conducted does not exclude a repeated inspection by higher tax authorities. Moreover, according to law courts' explanations, the period for which the tax accounting can be inspected may in principle be reestablished, in case the court recognizes a fact of impeding tax authorities to conduct an inspection.

Management of the Fund believes that it has accrued all tax amounts due and therefore no allowance has been made in the financial statements.



20. CAPITAL MANAGEMENT

The Fund's capital includes the share capital, treasury shares, share premium, reserve capital, reserve for revaluation of financial assets at fair value through other comprehensive income, reserve for losses on financial assets at fair value through other comprehensive income, retained earnings.

The main objectives of the Fund in relation to the management of its capital are compliance with the requirements of the legislation of the Republic of Kazakhstan to the composition and structure of the share capital of the Fund, to the procedure of formation of the Fund's equity, as well as ensuring the Fund's activity on a continuous basis. The Fund manages its capital by regulating its remuneration within the limits established by the Law on the Fund.

21. RECLASSIFICATIONS

In 2023, in the preparation of the financial statements, in order to best present the information, the Fund revised the amounts for 2022 and made the reclassifications which relate to a separate line item in the statement of total comprehensive income for realised gains on financial assets at fair value through other comprehensive income.

STATEMENT OF TOTAL COMPREHENSIVE INCOME
for the year ended 31 December 2022

	2022 (before reclassification)	Reclassified	2022 (after reclassification)
interest income	1,694,957	(40,846)	1,654,111
realised gain on financial assets at fair value through other comprehensive income	-	40,846	40,846
Other comprehensive income			
reclassified to profit or loss on disposal of financial assets at fair value through other comprehensive income	-	(40,846)	(40,846)
change in fair value of financial assets at fair value through other comprehensive income	(106,219)	40,846	(65,373)

