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KAZAKHEXPORT

ЭКСПОРТНО-КРЕДИТНОЕ АГЕНТСТВО КАЗАХСТАНА

Export credit agency of Kazakhstan JSC

Financial Information
for the twelve months ended
31 December 2024

Contents

Independent Auditor's Report

To the Shareholder of Export Credit Agency of Kazakhstan JSC:

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Export Credit Agency of Kazakhstan JSC (the "Company") as at 31 December 2024, and the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2024;
- the statement of financial position as at the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

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

Independence

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.When we read Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

On behalf of PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Approved by:

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

Signed by:

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

28 February 2025

Almaty, Kazakhstan

	Note	31 December 2024 KZT'000	31 December 2023 KZT'000
Insurance revenue	10	6,785,552	6,791,448
Insurance service expenses	10	(11,087,115)	(8,732,651)
Net expenses from reinsurance contracts held		(561,821)	(816,410)
Total result from insurance activities		**(4,863,384)**	**(2,757,613)**
Finance expenses from insurance contracts issued		(2,654,354)	(3,651,204)
Finance income from reinsurance contracts held		110,958	125,783
Total finance expenses from insurance activities		**(2,543,396)**	**(3,525,421)**
Interest income calculated using the effective interest rate method	11	18,509,155	17,086,377
Other interest income	11	-	76,160
Net gain from change in fair value of investment securities measured at fair value through profit or loss		-	37,767
Net foreign exchange gain/(loss)		3,644,347	(2,270,455)
General administrative expenses	12	(2,711,838)	(2,172,994)
(Loss from impairment)/Gains from reversal impairment on financial assets		(77,733)	54,085
Other operating expense, net		(494)	(13,588)
Profit before income tax		**11,956,657**	**6,514,318**
Income tax expense	13	(3,137,478)	(1,560,434)
Profit for the period		**8,819,179**	**4,953,884**
Other comprehensive income, net of income tax			
Movement in fair value reserve:			
- Net change in fair value		2,547,100	554,576
Other comprehensive income for the period, net of income tax		**2,547,100**	**554,576**
Total comprehensive income for the period		**11,366,279**	**5,508,460**

The financial information as set out on pages 5 to 72 were approved by the Management Board on 28 February 2025 and were signed on its behalf by:

A. Chaizhunussov
Chairman of the Management Board

T. Duzbayeva
Chief Accountant

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to, and forming part of, the Financial Information.

	Note	31 December 2024 KZT'000	31 December 2023 KZT'000
ASSETS			
Cash and cash equivalents	14	81,533,181	100,770,705
Placements with banks	15	32,003,134	20,961,199
Investment securities:			
- measured at fair value through other comprehensive income	16	45,818,084	23,299,824
- measured at amortised cost	16	16,074,081	6,044,231
Reinsurance contract assets		1,388,351	910,985
Insurance contract assets	17	179,871	202,822
Property and equipment		147,135	105,708
Current tax asset		1,020,417	-
Deferred tax assets		72,991	54,744
Other assets		1,004,127	1,036,534
Total assets		**179,241,372**	**153,386,752**
LIABILITIES			
Insurance contract liabilities	17	52,723,567	34,413,396
Reinsurance contract liabilities		314,105	65,573
Current tax liabilities		-	162,156
Deferred tax liabilities		-	797,413
Other liabilities		778,649	421,723
Total liabilities		**53,816,321**	**35,860,261**
EQUITY			
Share capital	18	105,100,000	105,100,000
Additional paid-in capital		732,819	732,819
Stabilisation reserve		4,123,978	114,222
Provision for unexpected risks	18	-	1,085,964
Provision for changes in the fair value of securities		(25,768)	(2,572,868)
Retained earnings		15,494,022	13,066,354
Total equity		**125,425,051**	**117,526,491**
Total liabilities and equity		**179,241,372**	**153,386,752**

The Statement of Financial Position is to be read in conjunction with the Notes to, and forming part of, the Financial Information.

	2024 KZT'000	**2023 KZT'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	**11,956,657**	**6,514,318**
Adjustments for:		
Changes in assets and liabilities under insurance contracts issued and reinsurance contracts held	18,104,334	7,873,649
Depreciation and amortisation	69,989	111,311
Loss/(gain) from impairment of financial assets	77,782	(54,085)
Net gain from change in fair value of investment securities measured at fair value through profit or loss	-	(37,767)
Interest income calculated using the effective interest rate method	(18,509,155)	(17,086,377)
Other interest income	-	(76,160)
Unrealised foreign exchange difference	(3,714,116)	2,270,455
Cash flows from operating activities before changes in operating assets and liabilities	**7,985,491**	**(484,656)**
(Increase)/decrease in operating assets		
Placements with banks	(7,607,483)	(113,367)
Other assets	117,126	(140,745)
Increase/(decrease) in operating liabilities		
Other liabilities	281,257	(110,554)
Net cash from/(used in) operating activities before interest received and income tax paid	**776,391**	**(849,322)**
Income taxes paid	(4,876,311)	(300,000)
Interest income received	16,195,574	16,434,254
Cash flows from operating activities	**12,095,654**	**15,284,932**

The Statement of Cash Flows is to be read in conjunction with the Notes to, and forming part of, the Financial Information.

	2024 KZT'000	2023 KZT'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and repayment of investment securities	8,333,760	16,356,871
Acquisition of debt securities	(35,953,472)	(459,864)
Acquisition of property and equipment and intangible assets	(194,907)	(68,980)
Cash flows (used in)/from investing activities	**(27,814,619)**	**15,828,027**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(3,467,719)	(1,590,502)
Cash flows used in financing activities	**(3,467,719)**	**(1,590,502)**
Net increase in cash and cash equivalents	**(19,186,684)**	**29,522,457**
Effect of changes in exchange rates on cash and cash equivalents	(50,840)	(629,789)
Cash and cash equivalents at the beginning of the period	100,770,705	71,878,037
Cash and cash equivalents at the end of the year (Note 13)	**81,533,181**	**100,770,705**

*The presentation of this line was changed in 2023 to improve and align with the 2024 presentation.

The Statement of Cash Flows is to be read in conjunction with the Notes to, and forming part of, the Financial Information.

KZT'000	Share capital	Additional paid-in capital	Stabilisation reserve	Provision for unexpected risks	Provision for changes in the fair value of securities	Retained earnings/ (Accumu-lated loss)	Total equity
Balance at 1 January 2024	105,100,000	732,819	114,222	1,085,964	(2,572,868)	13,066,354	117,526,491
Total comprehensive income							
Profit for the year	-	-	-	-	-	8,819,179	8,819,179
Other comprehensive income	-	-	-	-	-	-	-
Net change in fair value	-	-	-	-	2,547,100	-	2,547,100
Total other comprehensive income	-	-	-	-	2,547,100	-	2,547,100
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**2,547,100**	**8,819,179**	**11,366,279**
Transactions with owners recorded directly in equity							
Dividends (Note 17)	-	-	-	-	-	(3,467,719)	(3,467,719)
Transfer from provision for unexpected risks (Note 17)	-	-	-	(1,085,964)	-	1,085,964	-
Transfer to stabilisation reserve (Note 17)	-	-	4,009,756	-	-	(4,009,756)	-
Total transactions with owners	**-**	**-**	**4,009,756**	**(1,085,964)**	**-**	**(6,391,511)**	**(3,467,719)**
Balance at 31 December 2024	**105,100,000**	**732,819**	**4,123,978**	**-**	**(25,768)**	**15,494,022**	**125,425,051**

The Statement of Changes in Equity is to be read in conjunction with the Notes to, and forming part of, the Financial Information.

KZT'000	Share capital	Additional paid-in capital	Stabilisation reserve	Provision for unexpected risks	Provision for changes in the fair value of securities	Retained earnings/ (Accumu-lated loss)	Total equity
Balance at 1 January 2023 (restated)	105,100,000	732,819	136,042	11,097,425	(3,127,444)	(330,309)	113,608,533
Total comprehensive income							
Profit for the year	-	-	-	-	-	4,953,884	4,953,884
Other comprehensive income	-	-	-	-	-	-	
Net change in fair value	-	-	-	-	554,576	-	554,576
Total other comprehensive income	-	-	-	-	554,576	-	554,576
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**554,576**	**4,953,884**	**5,508,460**
Transactions with owners recorded directly in equity							
Dividends (Note 17)	-	-	-	-	-	(1,590,502)	(1,590,502)
Transfer from provision for unexpected risks (Note 17)	-	-	-	(10,011,461)	-	10,011,461	-
Transfer from stabilisation reserve (Note 17)	-	-	(21,820)	-	-	21,820	-
Total transactions with owners	**-**	**-**	**(21,820)**	**(10,011,461)**	**-**	**8,442,779**	**(1,590,502)**
Balance at 31 December 2023	**105,100,000**	**732,819**	**114,222**	**1,085,964**	**(2,572,868)**	**13,066,354**	**117,526,491**

The Statement of Changes in Equity is to be read in conjunction with the Notes to, and forming part of, the Financial Information.

1. Reporting entity

(a) Organisational structure and activities

On 1 September 2023, in his Address to the People of Kazakhstan "The Economic Course of a Fair Kazakhstan", the President of Republic of Kazakhstan instructed to establish a fully-fledged institute for export promotion on the basis of KazakhExport JSC with the consolidation of all the necessary instruments. This instruction is specified in paragraph 61 of the National Action Plan approved by the Decree of the President of the Republic of Kazakhstan dated 16 September 2023 No. 353 with an implementation deadline in January 2024.

On 23 January 2024, the President of the Republic of Kazakhstan signed the Law of the Republic of Kazakhstan "On Introducing Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Issues of an Export Credit Agency and the Promotion of Export of Non-Commodity Goods (Works, Services)", under which, by the Resolution of the Government of the Republic of Kazakhstan dated 20 May 2024 No. 261, KazakhExport JSC has been redefined as Export Credit Agency of Kazakhstan JSC.

Export Credit Agency of Kazakhstan JSC (the "Company") is a national institute in the field of development and promotion of non-primary exports in accordance with the Law of the Republic of Kazakhstan "On regulation of Trade Activities" and the legislation of the Republic of Kazakhstan.

Export Credit Agency of Kazakhstan JSC has the status of a national development institute in the field of development and promotion of non-resource exports and operates in accordance with the legislation of the Republic of Kazakhstan.

The Company was founded on the basis of ECC "KazakhExport" JSC, which was established in the Republic of Kazakhstan in 2003 in accordance with the legislation of the Republic of Kazakhstan.

The Company held a license to conduct insurance and reinsurance activity No.2.1.13 dated 24 November 2022 issued by the The Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market (the "ARDFM").

On 24 April 2024, the Company returned the License for insurance (reinsurance) activities under the General Insurance and Reinsurance sectors to the ARDFM. By Order B-162 dated 10 May 2024, the said License was terminated.

Currently, the Company's activities are regulated by the laws of the Republic of Kazakhstan "On Regulation of Trade Activities" and "On Industrial Activities".

In accordance with these legislative acts, the Company provides voluntary insurance of export credits, investments, transactions related to loans to domestic exporters and foreign buyers of domestic non-primary goods (works, services), guarantees and sureties provided in their favor against related losses of financial organizations, other financial losses and related civil liability, as well as their reinsurance without the appropriate license, export trade and pre-export financing, insurance and reinsurance, guaranteeing transactions to promote non-primary exports, subsidizing interest rates on loans and leasing transactions by second-tier banks, the Development Bank of Kazakhstan, and other legal entities engaged in leasing activities to foreign buyers of domestic high-tech goods and manufacturing services that are insured by the Export Credit Agency of Kazakhstan, and other functions determined by the Government of the Republic of Kazakhstan.

The areas of the Company's strategic development comprise further improvement of the instruments to support export, create conditions to increase a number of exporters and enhance the operating efficiency.

The Company's registered office and place of business is: 55A Mangilik El Avenue, Astana, Republic of Kazakhstan, Z05T2H3.

(b) Shareholder

As at 31 December 2024 and 31 December 2023, National Management Holding "Baiterek" JSC hereinafter referred to as the "Parent Company" owns 100% of the outstanding shares. The Company's ultimate shareholder is the Government of the Republic of Kazakhstan. Under the Contract of Share Transfer No.299-и dated 29 May 2013, the Company's holding of shares was transferred under trust management to National Management Holding "Baiterek" JSC. National Management Holding "Baiterek" JSC was established in accordance with the Decree of the President of the Republic of Kazakhstan dated 22 May 2013, No.571 "On Certain Measures for Optimisation of the System of Management of the Development Institutions, Financial Organisations and Development of the National Economy.".

As at 31 December 2024 the number of employees of the Company was 126 (31 December 2023: 98 employees).

(c) Operating environment

On 24 February 2022 Russia launched a special military operation in Ukraine. In response, the United States, the European Union and a number of other countries imposed widespread sanctions on Russia, including banning Russian banks from the Swift system, which had a significant impact on the insurance industry in Kazakhstan. Here are some key aspects:

1. **Increased demand for insurance:** Due to the uncertainty and economic instability caused by the sanctions, many companies began to actively seek insurance solutions to protect their assets.
2. **Changes in risks:** Insurance companies in Kazakhstan faced new risks related to the economic situation in Russia. This could lead to the need to revise insurance terms and rates.
3. **Competition with foreign insurers:** In the context of sanctions, some international insurance companies could reduce their presence in Russia, which gave an opportunity to Kazakhstani insurers to occupy the vacated niches.
4. **Regulatory changes:** In response to changes in the economic situation and sanctions, regulators could introduce new rules and requirements for insurance companies, which also affected their activities.

These factors have combined to change the landscape of Kazakhstan's insurance industry, creating both challenges and opportunities for local insurers.

In November 2024 Fitch Ratings, an international rating agency, affirmed Kazakhstan's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'BBB' with a Stable Outlook. This rating reflects strong sovereign external and fiscal balance sheets that have been resilient to shocks, and financing flexibility underpinned by accumulated oil revenue savings. Set against these strengths are its very high dependence on commodities, export concentration risk, high inflation that partly reflects a less developed macroeconomic policy framework relative to 'BBB' peers, and weak governance indicators. Kazakhstan remains heavily reliant on crude and oil condensates, which account for 53% of exports and around one-third of fiscal revenues. Progress on economic diversification includes the development of the middle-corridor transportation sector and securing of new renewable energy investment but is not sufficient to markedly raise the share of non-energy GDP.

In general, the economy of the Republic of Kazakhstan continues to display characteristics of an emerging market. These characteristics include, but are not limited to, the existence of a national currency that is not freely convertible outside of the country and a low level of liquidity of debt and equity securities in the markets.

As at the date of issuing these financial statements the official exchange rate of the National Bank of the Republic Kazakhstan was Tenge 501.49 per US Dollar 1 compared to Tenge 525.11 per US Dollar 1 as at 31 December 2024 (31 December 2023: Tenge 454.56 per 1 US Dollar).

Inflation was relatively stable throughout 2024 and moderated to 8.6% in December 2024 compared to 9.8% in December 2023. The economy growth slowed to 3.8% in 2024 compared to 5.1% in 2023. Analysts forecast GDP growth to accelerate to 5% in 2025.

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

2. Basis of accounting

(a) Statement of compliance

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

These financial statements have been prepared under the historical cost convention, as modified by the initial recognition of financial instruments measured at fair value through profit or loss ("FVTPL") and at fair value through other comprehensive income ("FVOCI"). The Company also carries out initial recognition of insurance contracts, issued and held reinsurance contracts in accordance with the Methodology for the Classification and Segmentation of Insurance and Reinsurance contracts that regulates the procedure for their initial recognition.

The accounting policies used in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. Refer to Note 3.

In general, the Company does not include in its disclosures of accounting policies that relate to items that the Company does not have in its balance sheet or statement of profit or loss.

These financial statements are prepared for the primary users, which are the shareholder, the Regulator, and the Company's clients. In these financial statements it is assumed that primary users have reasonable knowledge of business and economic activities and have diligently verified and reviewed the information. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena specified in these financial statements.

The objective of financial statements is to provide these primary users with financial information that is useful to them. Management tries not to reduce the understandability of these financial statements by obscuring material information by immaterial information. Accordingly, only significant accounting policies are disclosed, where appropriate, in the relevant disclosure notes.

(b) Use of estimates and judgements

While preparing these financial statements, management applied judgments, assumptions and estimates that affect the application of accounting policies and the amounts of assets, liabilities, income, and expenses presented in the financial information. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates in the period in which the estimates are revised and in any future periods affected.

The critical judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those described in the most recent annual financial statements, except as disclosed in this note.

(c) Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the Company operates. The functional currency of the Company and the Company's presentation currency is the national currency of Kazakhstan, Kazakhstani Tenge ("Tenge").

3. Significant accounting policies

The accounting policies set out below have been applied to all periods presented in these financial statements.

(a) Insurance and reinsurance

The following amendments to the standards and interpretations became effective for the Company starting 1 January 2023:

- On 1 January 2023, the Company adopted IFRS 17 "Insurance Contracts". The sections below explain in more detail the changes made to accounting policies.

(i) Definition and classification

The Company classifies insurance (reinsurance) contracts as follows:

1) at initial recognition;
2) in case of modification;
3) upon transition to IFRS 17 "Insurance Contracts".

A contract is classified by the Company for accounting purposes as an insurance contract only if it transfers from the policyholder to the Company significant insurance risk that could result in a loss to the Company under the contract.

A contract is considered to have transferred significant insurance risk if, and only if the insured event could result in the Company having to pay additional amounts that would be significant in any single scenario, excluding scenarios which have no commercial substance (i.e., no significant influence on the economic essence of the transaction). If an insured event could mean significant additional amounts would be payable in any scenario that has commercial substance, the condition in the previous sentence can be met even if the insured event is extremely unlikely, or even if the expected (i.e. probability-weighted) present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract.

The Company considers the value of the additional amount payable against the cash outflow under the contract on a present value basis in a scenario where the insured event had not occurred.

The additional amount payable is equal to the difference between the maximum amount payable upon the occurrence of an insured event and the maximum amount payable if the insured event had not occurred.

If the ratio of the present value of the additional amount payable to the present value of the contractual cash outflow under the scenario if the insured event had not occurred is 5% or less, the insurance risk is considered insignificant in accordance with market practice. If this ratio exceeds 5%, the contract is considered to have ceded significant insurance risk.

Based on the classification results, the Company divides insurance (reinsurance) contracts concluded in the legal form of insurance contracts into:

1) insurance contracts classified as insurance contracts in accordance with the requirements of IFRS 17 "Insurance Contracts";
2) reinsurance contracts held classified as insurance contracts in accordance with the requirements of IFRS 17 "Insurance Contracts".
3) reinsurance contracts issued classified as insurance contracts in accordance with the requirements of IFRS 17 "Insurance Contracts".

All contracts issued by the Company fall within the scope of IFRS 17.

There are no contracts with an investment component or investment return services in the Company.

(ii) Level of aggregation of insurance contracts

The Company defines portfolios of insurance contracts and issued reinsurance contracts subject to similar risks in terms of the combination of insurance rules and types of insurance, as well as taking into account approaches to managing insurance contracts and issued reinsurance contracts from the point of view of underwriting, administration, and claims settlement.

Due to the nature of its business, the Company undertakes underwriting, administration, and claims settlement of each contract on an individual basis. In this regard, the Company has determined that the portfolio consists of one insurance contract or reinsurance contract held (issued), and the accounting unit is the contract. This is because the counter-partners have many different characteristics: the country of the supplier, the type of activity of the insured, lending for working capital or for a start-up, different financial indicators of the insured, different objects of collateral, different credit score.

For contracts assessed by the General Measurement Model (GMM), the Company has determined the level of detail based on which cash flows are constructed, and the profitability of contracts is analysed at the level of an individual insurance contract.

An insurance contract is onerous at the date of initial recognition if the cash flows to fulfill it, any previously recognised cash flows from acquiring the contract, and any cash flows arising from the contract at the date of initial recognition represent a net outflow. Loss on onerous insurance contracts is recognised immediately in profit or loss.

For contracts measured using the Premium Allocation Approach (PAA), the Company has determined the level of detail upon which premium is allocated at the individual insurance contract level. For these contracts, at their initial recognition, the Company analyses the facts and circumstances that indicate that there are indications of onerousness, along with an analysis of the likelihood of changes in the relevant facts and circumstances, to determine whether it is not significantly probable that contracts that at the time of initial recognition are not onerous, will subsequently become burdensome.

At the reporting date, onerous insurance contracts are present only in the loan insurance class.

(iii) Initial recognition

Before the Company accounts for an insurance contract based on the guidance in IFRS 17, the Company reviews the contracts to identify components that would be within the scope of other standards if they were separate contracts.

IFRS 17 distinguishes three categories of components that have to be accounted for separately:

- cash flows relating to embedded derivatives that are required to be separated;
- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or distinct non-insurance services.

The Company applies IFRS 17 to all other components of the contract. The Company does not have contracts that require further disaggregation or combination of insurance contracts.

To select a method for accounting and measuring an insurance contract in accordance with the requirements of IFRS 17, the Company assesses the boundaries of the contracts. For contracts where the contract boundary is more than one year, the Company measures the applicability of the premium allocation approach by analyzing whether there is significant variability in the cash flows for the fulfillment of contracts and analyzing significant differences in the result of applying PAA compared to applying GMM.

Where there is no significant variability in fulfillment cash flows and significant differences in the result of applying PAA from applying GMM, the Company applies the PAA method. Based on the results of the test for contracts other than Loan insurance, the Company applies the PAA method. The test was carried out using the most critical scenarios. The Insurance Company has identified the following input data necessary to test the selected units of account and adjust the model in accordance with business needs: contract validity period; premium amount under the insurance contract; the amount of acquisition costs under the insurance contract; risk adjustment for non-financial risks; loss ratio under the insurance contract; percentage of expenses (loss settlement, administration, etc.).

An insurance contract issued is initially recognised from the earliest of the following (i) the beginning of the coverage period, (ii) the date when the first payment from a policyholder becomes due, or (iii) for an onerous contract, when the contract becomes onerous.

(iv) An approach to the measurement of insurance contracts, reinsurance contracts issued and held.

1. Loan insurance contracts.

a) Liability for remaining coverage

The Company measures loan insurance contracts and reinsurance contracts on insurance of loan using the GMM method; non-loan insurance contracts and the reinsurance contracts issued under them are valued using the PAA method. An insurance contract under GMM is initially measured as the sum of the fulfilment cash flows (which include estimated future cash flows, an adjustment for the time value of money and financial risks associated with future cash flows, and risk adjustment for non-financial risk) and contractual service margin (CSM; unearned profit that will be recognised as services are provided under insurance contract).

At the end of each subsequent reporting period, the carrying amount of the insurance contract is remeasured and represents the sum of:

- assets or liabilities for remaining insurance coverage, which combines the cash flow attributable to future services and the margin for the contractual services provided at that date; and
- assets or liabilities for incurred claims, which are measured as the fulfilment cash flows attributable to past services allocated to the contract at that date.

The Company measures fulfillment cash flows for each contract based on the following expected assumptions: The GMM model takes into account PD/LGD for each policyholder, considering its financial indicators, which reflect credit risks. Political risk is defined equal to 1, because loan insurance is provided for policyholders who are residents of the Republic of Kazakhstan.

The probability of default (PD) is determined based on the credit rating of the counterparty. Since there is no sufficient default statistics for the Company, rating methods of international rating agencies are used to determine the credit rating. Rating methodologies describe the analytical framework that rating committees use to assign ratings. They describe the key qualitative and quantitative characteristics that are typically most important for measuring credit risk in a particular industry.

Rating\Year	1	2	3	4	5	6	7	8	9	10
Aaa	0,00%	0,02%	0,02%	0,02%	0,02%	0,02%	0,02%	0,02%	0,02%	0,02%
Aa1	0,00%	0,00%	0,00%	0,00%	0,02%	0,07%	0,08%	0,08%	0,11%	0,17%
Aa2	0,00%	0,01%	0,12%	0,24%	0,31%	0,39%	0,49%	0,58%	0,72%	0,83%
Aa3	0,04%	0,11%	0,15%	0,23%	0,36%	0,50%	0,70%	0,86%	0,97%	1,07%
A1	0,08%	0,18%	0,32%	0,48%	0,67%	0,87%	1,06%	1,23%	1,39%	1,55%
A2	0,06%	0,16%	0,33%	0,47%	0,67%	0,97%	1,26%	1,56%	1,92%	2,35%
A3	0,07%	0,20%	0,39%	0,58%	0,86%	1,06%	1,33%	1,64%	1,99%	2,35%
Baa1	0,11%	0,26%	0,43%	0,61%	0,75%	0,97%	1,18%	1,46%	1,78%	2,16%
Baa2	0,18%	0,41%	0,66%	0,88%	1,07%	1,27%	1,46%	1,67%	1,96%	2,22%
Baa3	0,27%	0,65%	1,12%	1,63%	2,18%	2,63%	3,07%	3,68%	4,27%	4,87%
Ba1	0,42%	1,31%	2,23%	3,08%	4,16%	5,23%	6,21%	7,07%	7,84%	8,66%
Ba2	0,71%	1,80%	3,10%	4,41%	5,85%	7,10%	8,21%	9,42%	10,86%	12,46%
Ba3	0,94%	2,52%	4,33%	6,38%	8,06%	9,65%	11,45%	13,50%	15,52%	17,48%
B1	1,19%	3,63%	6,36%	9,23%	11,86%	14,17%	16,58%	18,83%	20,77%	22,59%
B2	2,62%	6,83%	11,26%	15,50%	19,02%	22,29%	25,04%	27,44%	30,19%	32,87%
B3	3,45%	8,48%	14,05%	18,96%	23,16%	26,78%	29,69%	32,56%	35,28%	37,49%
Caa1	4,10%	9,70%	15,19%	20,29%	25,19%	29,40%	32,77%	35,64%	38,48%	41,07%
Caa2	6,36%	12,77%	18,85%	24,38%	29,34%	33,53%	36,97%	40,29%	43,32%	45,38%
Caa3	17,05%	29,15%	37,80%	44,02%	49,16%	53,65%	57,45%	60,50%	62,40%	63,81%
Ca	35,39%	49,27%	58,93%	65,63%	68,54%	69,72%	71,82%	73,18%	74,21%	74,66%
C	35,39%	49,27%	58,93%	65,63%	68,54%	69,72%	71,82%	73,18%	74,21%	74,66%
IG	0,11%	0,27%	0,46%	0,66%	0,88%	1,10%	1,33%	1,59%	1,88%	2,18%
SG	4,13%	8,33%	12,32%	15,85%	18,89%	21,47%	23,70%	25,74%	27,70%	29,49%
All	1,79%	3,56%	5,18%	6,56%	7,72%	8,68%	9,49%	10,25%	10,97%	11,65%

* Include Russian issuers

Loss Given Default (LGD). LGD on collateralized loans is calculated in accordance with collateral information and liquidity ratios provided by NBRK Rules No. 269. LGD for loans without collateral is 100%. This is because in the absence of collateral, the Company has no chance of recovering losses from the defaulting policyholder. If there is property to be distributed following a bankruptcy, then the insurance line will not be first in line for distribution, thus such a decision was made for a more conservative approach.

Collateral type	Liquidity ratio
Real estate (residential, commercial, land plots)	0.7
Vehicles	0.5
Equipment, inventory	0.4
Guarantees of second-tier banks, entities of the quasi-public sector or legal entities with a rating not lower than the sovereign rating of the RoK	1
Guarantees of other legal entities or individuals	0
Property/money that will be received in the future	0
Highly liquid securities	0.95
Cash, contribution/deposit	1

** Source: Resolution of the Management Board of the NBRK No. 269 (p.17)*

Exposure at default (EAD) is the principal balance at the reporting date, reduced by the amount of the reported but not settled claims on the next payments, formed as part of the liability for losses incurred at the reporting date.

The costs of attracting and maintaining contracts per unit of insurance contract are distributed on a systematic and rational basis. The Company does not have direct acquisition cash flows under insurance contracts. Indirect acquisition cash flows are recognised by the Company as the support of contracts costs.

All expenses of the Company for the reporting period (year), except for the payroll fund (salaries and corresponding tax deductions, remunerations), must be broken down by item of expense, indicating the name of the account and the amount of expenses. For determining whether certain expense items fall within the scope of IFRS 17, the resulting expense items are subsequently subject to classification. Based on the results of the classification, the Company's expenses are broken down into:

- attributable expenses (taking into account systematic and rational allocation ("SRA")) and directly attributable expenses (without taking into account SRA);
- acquisition and non-acquisition expenses.

To optimise the time spent on allocating non-essential expenses that require an SRA, the Company has defined 2 thresholds of significance:

1) threshold 1 – 0.5% of the amount of all expenses incurred in the reporting period;
2) threshold 2 – 10% of the amount of all expenses incurred in the reporting period.

If the value of the expense item that requires SRA is below threshold 1, then the Company does not include this expense in the expense allocation and assigns it directly to expense. If all expenses below threshold 1 in total are above threshold 2, then expenses exceeding threshold 2 will be allocated systematically and will be considered in allocation.

The Company measures discounted cash flows taking into account the probability of default, contract termination and indexation of the support of contracts costs.

The head of each business unit, based on the results of a survey among employees of his/her unit fills out a matrix of engagement in the Company's processes that relate to insurance contracts in order to display the aggregated percentage of employee engagement in each process. The percentage of engagement of each business unit in individual processes of the Company represents the time spent for the reporting year in percentage terms, without reference to a specific insurance product or employee of the Company. The total percentage of engagement for each business unit is 100%. The amount of acquisition costs (including SRA) that are attributed to each business unit is determined as the amount of acquisition costs (including SRA) per 1 employee of the Company, multiplied by the number of employees of this business unit, and the sum of monthly wages of employees of this business unit, multiplied by the number of months in the reporting period.

b) Liability for incurred claims

If there are indications of default for loan insurance contracts (PD=100%), the Company derecognises liability for remaining coverage and creates additional reserves for incurred but not reported claims (IBNR) in the amount of expected loss given default (LGD) and claim settlement expenses. At the same time, upon "recovery" (default exit) of the loan insurance contract, the liability for incurred claims is derecognised due to the withdrawal of the statement of loss, and the liability for the remaining coverage is re-formed.

When a loss is declared for the full amount of the balance of the principal debt, the Company derecognises liability for remaining coverage and forms an additional liability for claims incurred in the amount of the balance of the principal debt. In the event that not the entire amount of the remaining principal debt was declared under the contract, an additional liability for losses incurred is formed, corresponding to the difference between the remaining principal debt under the contract and the formed reserve for declared but unsettled losses The Company's methodology for the formation of the reserves for reported but not settled claims (IBNR) remains unchanged compared to IFRS 4.

Since LIC is formed for the amount of overdue payment or for the amount of the balance of the principal debt without taking into account incoming cash flows associated with compensation of losses and sales of collateral, the Company does not create Risk adjustment and, accordingly, does not increase the liability for incurred claims by the risk adjustment.The Company does not take into account the time value of money when measuring liability for incurred claims, given the insignificance of the discounting effect for a loss settlement period of up to one year. To determine the significance of the discounting effect, an analysis of the loss settlement period was carried out, which comprised a period of less than a year.

2. Insurance contracts other than loan insurance contracts.

a) Liability for remaining coverage

Liability for remaining coverage using the PAA method is measured at initial recognition at premium received less acquisition cash flows at that date, unless the Company choose to recognise these payments as expenses and any amounts arising from derecognition at that date: (i) any asset in relation to acquisition cash flows; and (ii) any other asset or liability previously recognised in respect of the cash flows associated with the group of contracts. The Company does not have direct acquisition cash flows under insurance contracts.

For contracts with a decreasing sum insured, the Company takes into account the risk allocation model over time when measuring revenue.

b) Liability for incurred claims

The Company's methodology for RBNS has remained unchanged compared to IFRS 4. Since RBNS is formed for the amount of the overdue payment or for the amount of the remaining principal debt without taking into account cash inflows associated with compensation of losses and the sale of collateral, the Company does not create Risk adjustment and, accordingly, does not increase the liability for incurred claims by risk adjustment.

The Company does not take into account the time value of money when measuring liability for incurred claims, taking into account the claim settlement period of up to one year.

3. Reinsurance contracts issued under loan insurance contracts and other than loan insurance contracts

a) Liability for remaining coverage

The Company measures liability for remaining coverage using the PAA method for reinsurance contracts under contracts other than loan insurance contracts with a term of more than a year, for which, as a result of testing for the applicability of PAA for the underlying insurance contracts covered by the reinsurance contract, there are no significant differences in the result of applying PAA from applying GMM.

Liability for remaining coverage using the PAA method is measured at initial recognition at reinsurance premiums paid less acquisition cash flows (ceding commissions) at that date, unless the Company choose to recognise these payments as expenses and any amounts arising from derecognition at the date of: (i) any asset in relation to acquisition cash flows; and (ii) any other asset or liability previously recognised for the cash flows associated with the contract. The Company reduces liability for remaining coverage under held loan reinsurance contracts by the amount of the reinsurer's credit risk.

For reinsurance contracts under loan insurance contracts, the Company uses the GMM method. A reinsurance contract under GMM is initially measured as the product of the reinsurer's share multiplied by the sum of the fulfillment cash flows (which include estimated future cash flows, an adjustment for the time value of money and financial risks associated with future cash flows, and risk adjustment for non-financial risk) and contractual service margin (CSM; unearned profit that will be recognised as services are provided under insurance contracts).

The share of recovery under reinsurance contracts is adjusted to the credit risk of the reinsurer:

Share of recovery=Re%*(1- 〖PDre*(1- 〖RRre)) where: Re% – the percentage of reinsurance under the contract, PDre – the probability of default of the reinsurer, depending on the remaining validity period of the insurance contract, RRre – the recovery rate under the reinsurance contract.

To analyse counterparty credit risk, the Company uses credit ratings provided by credit agencies.

Further, based on these ratings, the Company receives the level of cumulative PD and the recovery rate for each reinsurer individually, because there are few reinsurers in the Company.

At the end of each subsequent reporting period, the carrying amount of the reinsurance contract is remeasured and represents the sum of:

- assets or liabilities for the remaining insurance coverage, which combine the cash flow attributable to future services and the contractual service margin under the contract at that date; and
- assets or liabilities for incurred claims, which are measured as the fulfillment cash flow attributable to past services allocated to the contract at that date.

b) Liability for incurred claims

The Company's methodology for the RBNS claims under reinsurance contracts held remained unchanged compared to IFRS 4. Since RBNS is formed for the amount of the reinsurer's share in the overdue payment or for the reinsurer's share in the amount of the remaining principal debt without taking into account cash inflows associated with reversal of losses from the insured and the sale of collateral, the Company does not create Risk adjustment and, accordingly, does not increase the liability for incurred claims by the risk adjustment.

The Company does not take into account the time value of money when measuring liability for incurred claims, taking into account the claim settlement period of up to one year.

The Company uses different measurement techniques depending on the type of contract, in particular:

	Classification	**Measurement technique**
Insurance contracts issued and reinsurance contracts issued		
Loan insurance	Insurance contracts classified as insurance contracts in accordance with the requirements of IFRS 17 “Insurance Contracts”	General measurement model
Insurance against other financial losses Insurance of losses of financial organizations Other voluntary insurance	Insurance contracts classified as insurance contracts in accordance with the requirements of IFRS 17 “Insurance Contracts”	Premium allocation approach
Reinsurance contracts held		
Insurance classes other than loan insurance	Reinsurance contracts held	Premium allocation approach
Loan insurance	Reinsurance contracts held	General measurement model

(v) Insurance finance income and expenses

Insurance finance income or expenses comprises the change in the carrying amount of the group of insurance contracts arising from:

- the effect of the time value of money and changes in the time value of money; and
- the effect of financial risk and changes in financial risk;

The Company disaggregates the change in risk adjustment for non-financial risk into an amount attributable to the outcome of insurance services and an amount attributable to finance income or insurance expenses.

The Company includes finance income or expenses on insurance (reinsurance) within the profit or loss of the reporting period.

When applying IAS 21 “The Effects of Changes in Foreign Exchange Rates” to insurance contracts that generate cash flows in a foreign currency, the Company takes into account these contracts, including the contractual service margin.

At the end of the reporting period, the carrying amount of insurance contracts, including the contractual service margin, is translated into the functional currency at the closing rate. The Company chose to present the resulting exchange rate differences as “finance expenses under insurance contracts”.

4. Significant judgements

Areas in which management applies significant judgments:

1. The Company applies judgment in determining qualitative indicators, as well as quantitative indicators in the absence of available financial statements of the counterparty and in determining the indications of default of the counterparty. These indicators determine the credit rating of the counterparty, and accordingly PD indicators, which are a key factor in measuring liabilities.
2. For insurance contracts with a contract boundary of more than one year, for which the Company uses the PAA method instead of GMM, the Company must conduct a test for the applicability of this technique. Judgment may be required, for example, in determining the threshold at which the estimate will differ significantly. The company determined the materiality threshold in a relative value equal to 10% compared to the liability using the GMM method.
3. Judgments on the expected combined loss ratio are made in analyzing the facts and circumstances that indicate that contracts are assessed to be onerous and assessing whether it is probable that contracts that are not onerous at initial recognition will subsequently become onerous.
4. In estimating future cash flows, the Company performs a cost analysis to determine the cost items associated with fulfilling contracts and the extent to which fixed and variable overhead costs are directly related to fulfilling contracts. Judgments are applied when determining the extent of employee engagement in business processes related to the fulfillment of insurance contracts, as well as determining methods for the systematic and rational allocation of these costs under insurance contracts.

5. Estimates and assumptions

Examples of estimates and assumptions are as follows:

1. Discount rate.

A “top-down” approach was used to determine discount rates for cash flows that do not vary with the yields on the underlying items of all other contracts within the scope of IFRS 17. In this approach, the discount rate is defined as the yield implicit in a fair value measurement of a reference portfolio, adjusted for the difference between the reference portfolio of assets and the corresponding cash flow obligations. The reference portfolio has been compiled based on the Company's portfolio at the reporting date and includes a combination of government and corporate bonds available in the market.

The resulting discount rate curve in the top-down method is determined by the formula as follows:

Discount rate = Entity’s portfolio rate – Credit risk

where, Discount rate – the resulting curve of spot discount rates;
Entity’s portfolio rate – the market yield curve of the underlying portfolio as of the reporting date;
Credit risk – credit risk curve, which is the sum of ECL and UCL.

Liquidity adjustments are treated by reducing the rate of return on the portfolio.

Calculation of the market yield curve of the underlying portfolio.

- The underlying portfolio is formed from government and corporate bonds that are part of the Insurance Company's investment portfolio as of the reporting date, denominated in national currency. Inclusion of exclusively bonds in the underlying portfolio is contingent upon the predictability of their prices and the similarity of regular coupon payments with the characteristics of cash flows under insurance contracts, which meets the requirements of IFRS 17.
- To discount cash flows under insurance contracts issued in a foreign currency, the risk-free rate with volatility adjustment, established by the European Insurance and Occupational Pensions Authority (the “EIOPA”) at the reporting date separately for each currency, where the risk-free rate of return is a “bottom-up” approach.

- The yield of bonds included in the underlying portfolio is determined based on the market yield or indicative yield (in the absence of market yield) of the security on the valuation date, which is published on the official website of Kazakhstan Stock Exchange JSC (the “KASE”) in the “Market Valuation” section.
- The final market yield curve of the underlying portfolio is formed using the Nelson-Siegel model and the Excel “Goal seek” function.

2. Credit risk calculation

- Credit risk comprises two main components: expected credit losses (ECL) and unexpected credit losses (UCL).
- Expected credit losses are calculated using the formula:

  ECL=PD* LGD*EAD

  where, PD – the non-cumulative probability of default of the issuer in the corresponding period;

  LGD – loss given default of the issuer;

  EAD – the exposure at default of the issuer.
- Cumulative default rates (CPD rates) for 10 years by year in the context of issuer credit ratings, separately for the corporate and public sectors, are published on the official website of the Moody's rating agency and updated annually in February.

Discount rates applied to estimates of future cash flows:

- reflect the time value of money, the characteristics of the cash flow and the liquidity characteristics of the insurance contracts;
- consistent with observable current market prices (if any) for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts, in terms of, for example, timing, currency and liquidity; and;
- exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts.

The expected credit losses (ECL) for the underlying portfolio for each year are calculated as the weighted average of the ECL for issuers by credit rating for the relevant year and the share of bonds in the underlying portfolio structure with the corresponding credit rating. The share of bonds in the underlying portfolio structure is determined by the gross carrying amount of the instrument. The total expected credit losses (ECL) for each year are calculated as the sum of the ECLs calculated separately for corporate and public sector issuers.

To optimise resources and obtain universal results of ECL and UCL values, the Insurance Company carries out calculations, taking into account that EAD is equal to one. The Insurance Company also adopted the simplification that the carrying amount of the bond does not decrease as it matures, which in turn is a conservative approach. These simplifications make it possible to simplify calculations without compromising the accuracy of the measurement.

To determine materiality, UCL was calculated, reflected in the table below. As it can be seen from the table, the difference between ECL and UCL is not significant.

	1	2	3	4	5	6	7	8	9	10
Entity's portfolio 2024	12,73%	12,45%	12,36%	12,32%	12,29%	12,27%	12,26%	12,25%	12,24%	12,23%
ECL	0,09%	0,19%	0,19%	0,16%	0,16%	0,17%	0,17%	0,23%	0,25%	0,25%
UCL	0,42%	0,42%	0,42%	0,41%	0,41%	0,42%	0,42%	0,42%	0,42%	0,43%
Credit risk (ECL% + UCL%)	0,50%	0,61%	0,61%	0,57%	0,57%	0,59%	0,58%	0,66%	0,67%	0,68%
Discount Rate Top Down	12,22%	11,84%	11,75%	11,74%	11,72%	11,68%	11,68%	11,59%	11,57%	11,55%
IFRS 17 discount rate by UCL formula	12,22%	11,84%	11,75%	11,74%	11,72%	11,68%	11,68%	11,59%	11,57%	11,55%

Since the difference between expected credit losses and unexpected credit losses is insignificant in relation to the yield of the underlying portfolio, when calculating the discount rate, the Company applied the assumption that UCL=ECL. This assumption simplifies calculations without compromising the accuracy of the estimate, since the resulting effect on the discount rate is insignificant, including the total effect.

The yield curve has been adjusted to eliminate both expected and unexpected credit risk.

	1	2	3	4	5	6	7	8	9	10
Entity's portfolio 2024	12,73%	12,45%	12,36%	12,32%	12,29%	12,27%	12,26%	12,25%	12,24%	12,23%
ECL	0,09%	0,19%	0,19%	0,16%	0,16%	0,17%	0,17%	0,23%	0,25%	0,25%
UCL	0,09%	0,19%	0,19%	0,16%	0,16%	0,17%	0,17%	0,23%	0,25%	0,25%
Credit risk(ECL% + UCL%)	0,18%	0,38%	0,38%	0,32%	0,32%	0,35%	0,33%	0,47%	0,49%	0,51%
Discount Rate Top Down	12,55%	12,07%	11,98%	12,00%	11,97%	11,92%	11,93%	11,78%	11,75%	11,72%
IFRS 17 disount rate by UCL=ECL	12,55%	12,07%	11,98%	12,00%	11,97%	11,92%	11,93%	11,78%	11,75%	11,72%

	1	2	3	4	5	6	7	8	9	10
Spot rate	12,55%	12,07%	11,98%	12,00%	11,97%	11,92%	11,93%	11,78%	11,75%	11,72%
Forward rate	12,55%	11,60%	11,81%	12,05%	11,87%	11,67%	11,95%	10,76%	11,50%	11,51%

The forward rate is used for calculations in the general model. As the rates obtained by Nelson-Siegel calculations are spot rates, i.e., rates are defined as annually at the same rate (for example, a rate of 12.07% indicates that the annual rate of 12.07% was for both years). By converting it to forward rate, we take into account the rates of previous periods (in this case, in the first year the rate is 12.55%, and in the second year 11.60%, which will correspond to 12.07% for two years).

$Frn = ((1+Srn)^n/(1+ Fr1)*(1+ Fr2)*\ldots*(1+ Frn-1)) - 1$
where, Fr – forward rate,
Sr – spot rate,
n – period.

For contracts issued within one calendar year, the discount rate curves at the beginning of the relevant calendar year were used to simplify the estimation at the time of initial recognition.

3. Risk adjustment for non-financial risk.

To determine the risk adjustment for non-financial risk, a method of stochastic modeling of the probability of default and losses given default was used, taking into account the contract term, counterparty credit rating and LGD level. The risk adjustment is determined with a confidence interval level of 75%. Calculation of the risk adjustment for liabilities for the remaining coverage, the Insurance Company calculates only for loan insurance contracts, since the GMM estimation technique is used only for this line of business.

The Company has developed a Matrix of Calculated Risk Adjustments, broken down by contract duration, Moody's external credit rating, selected LGD intervals depending on the type of EAD (constant or linearly decreasing). The Insurance Company estimates cash flows for each Moody's credit rating and for various contract terms (from 1 to 10 years) based on the following expected indicators:

- Cumulative PD for 10 years is calculated in accordance with the rating received. Cumulative default rates (CPD rates) for 10 years by year in the context of issuer credit ratings, separately for the corporate and public sectors, are published on the official website of the Moody's rating agency and updated annually in February.

- Loss Given Default (LGD). LGD is calculated based on the collateral, taking into account the liquidity ratios of the National Bank of the Republic of Kazakhstan (NBRK) to the amount of the gross carrying amount of the loan. The list of liquidity ratios of the NBRK is reflected in the Resolution of the Board of the National Bank of the Republic of Kazakhstan dated 22 December 2017 No. 269 “On approval of the Rules for the creation of provisions (reserves) in accordance with international financial reporting standards and the requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting”.

To calculate the risk adjustment, the Insurance Company randomises the following assumptions: PD, LGD and cost inflation:

1) To randomise PD, the Insurance Company applies the normal inverse distribution, where

- a random number from 0 to 1 is used as the probability corresponding to the normal distribution,
- the conditional marginal probability of default (conditional marginal PD) is used as the arithmetic mean distribution),
- to find the standard deviation of the distribution, Moody's historical data for the period from 1983-2023 is used

2) To randomise LGD, the Insurance Company uses the normal inverse distribution, where

- as a probability the same random number (from 0 to 1) is used as was used to randomise the PD,
- the corresponding LGD is used as the arithmetic mean of the distribution,
- the following formula is used to find the standard deviation of the distribution:

$$\sigma_{LGD}^{2} = \frac{LGD*(1-LGD)}{4}$$

3) To randomise cost inflation, the Insurance Company applies the normal inverse distribution, where

- a random number from 0 to 1, separate from PD and LGD, is used as the probability corresponding to the normal distribution,
- expected cost inflation is used as the arithmetic mean of the distribution,
- the standard deviation of cost inflation is used as the standard deviation of distribution.

4) Following that, to calculate the risk adjustment for a certain level of LGD (0%, 5%, 15%, ...,95%, 100%), 1000 iterations of the sum of cash flows are generated and the 75th percentile and average are calculated.

As a result, the Risk Adjustment (in %) is calculated as (the ratio of the 75th percentile to the average value - 1).

Thus, Risk Adjustment Matrices were obtained for each Moody's credit rating, for a certain contract period (from 1 to 10 years) and for LGD levels (0%, 5%, 15%, ... ,95%, 100%).

(i) Outward reinsurance assets

The Company cedes a part of insurance and inward reinsurance risks in the normal course of business for the purpose of limiting its potential net loss through the diversification of its risks. Assets, liabilities, income, and expense arising from ceded reinsurance contracts are presented separately from the related assets, liabilities, income, and expense from the related insurance contracts because the reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Only those rights under contracts that give rise to significant transfer of insurance risk are accounted for as reinsurance assets. Rights under contracts that do not transfer significant insurance risk are accounted for as financial instruments.

Reinsurance premiums for ceded reinsurance are recognised as an expense on a basis that is consistent with the recognition basis for the premiums on the related insurance contracts. For general insurance business, reinsurance premiums are expensed over the period that the reinsurance cover is provided based on the expected pattern of the reinsured risks. The unexpensed portion of ceded reinsurance premiums is included in reinsurance assets.

The amounts recognised as reinsurance assets are measured on a basis that is consistent with the measurement of the provisions held in respect of the related insurance contracts. Reinsurance assets include reinsurance receivables due from reinsurance companies for the claims paid. These are classified as assets for incurred claims under reinsurance contracts held and are defined as the reinsurers' share of the claim reserves under insurance contracts in the statement of financial position, covered by these reinsurance contracts, adjusted for the credit risk of the reinsurer.

The net amounts paid to a reinsurer at the inception of a contract may be less than the reinsurance assets recognised by the Company in respect of its rights under such contracts.

(ii) Commission expenses under insurance contracts

Commission expenses include direct costs such as commissions paid to insurance agents and brokers and indirect costs such as administrative expenses connected with the processing of proposals and the issuing of policies.

Commission expenses are expensed as incurred. The expenses are also taken into account separately for each contract.

6. Adoption of new or revised standards and interpretations

The following new standards and the amendments became effective from 1 January 2024:

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

Unless otherwise stated above, the adoption of the above amendments had no significant impact on the Company's financial statements.

7. New accounting pronouncements

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

- Amendments to IAS 21 Lack of Exchangeability (Issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025).
- Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026).
- IFRS 18 Presentation and Disclosure in Financial Statements (Issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027).
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (Issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027).
- IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014).

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- Annual Improvements to IFRS Accounting Standards (Issued in July 2024 and effective from 1 January 2026).

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

8. Insurance risk management

This section summarises insurance risks and the way the Company manages them.

(a) Risk management objectives and policies for mitigating insurance risk

The Company’s management of insurance is a critical aspect of the business.

The primary insurance and reinsurance activity carried out by the Company assumes the risk of loss from parties or organisations that are directly subject to the risk. Such risks may relate to property, liabilities, accidents, freight, financial or other perils that may arise from an insured event. As such the Company is exposed to the uncertainty surrounding the timing and severity of claims under the contract.

The Company manages its insurance risk through underwriting limits, approval procedures for transactions that involve new products or that exceed set limits, pricing guidelines, centralised management of reinsurance and monitoring of emerging issues.

The theory of probability is applied to the pricing and provisioning for insurance contracts. The principal risk is that the frequency and severity of claims is greater than expected. Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

An analysis of loss development is presented below. As it can be seen from the table below, there are liabilities for reported cases in 2023 and 2024. In 2024, large amounts were paid to two counterparties, and in 2023 to six counterparties.

The loss triangle was formed based on the payment journal, in accordance with the year of the statement of losses and the year of settlement. Also, liabilities for incurred insured claims as of the reporting date are treated in accordance with the date of the statement of loss. From 2017 to 2022, claims are fully settled according to the table.

Analysis of the loss development KZT'000	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Total**
At the end of the year of loss	635,838	-	213,587	5,367	2,234,325	8,079,416	292,962	272,539	272,539
- one year later	657,381	46	1,408,742	241,795	2,240,895	12,782,494	1,192,924	-	1,192,924
- two years later	658,024	46	1,408,742	241,795	2,240,895	12,782,494	-	-	12,782,494
- three years later	697,637	46	1,408,742	241,795	2,240,895	-	-	-	2,240,895
- four years later	697,637	46	1,408,742	241,795	-	-	-	-	241,795
- five years later	697,637	46	1,408,742	-	-	-	-	-	1,408,742
- six years later	697,637	46	-	-	-	-	-	-	46
- seven years later	697,637	-	-	-	-	-	-	-	697,637
Estimated cumulative loss as of 31 December 2023	**697,637**	**46**	**1,408,742**	**241,795**	**2,240,895**	**12,782,494**	**10,022,924**	**16,701,661**	**-**
Cumulative payments as of 31 December 2023	**697,637**	**46**	**1,408,742**	**241,795**	**2,240,895**	**12,782,494**	**1,192,924**	**272,539**	**-**
Total liability for unsettled claims as of 31 December 2023	**-**	**-**	**-**	**-**	**-**	**-**	**8,830,000**	**16,429,121**	**25,259,121**

(i) Underwriting strategy

The Company's underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of various risks over a number of years and, as such, it is believed that this reduces the variability of the outcome.

The underwriting strategy is set out in the business plan that sets out the classes of business to be written, the territories in which business is to be written and the industry sectors to which the Company is prepared to underwrite.

Calculation of the tariffs and prices on insurance products reflects current market conditions and covers the most probable assumptions necessary for the adjustment of future results, aiming to significantly mitigate financial risks.

Adherence to the underwriting authorities is being monitored by management on an on-going basis. Those transactions requiring special authorisation are subject to consideration and approval by the Company's Board of Directors.

(ii) Reinsurance strategy

The Company reinsures a portion of the risks it underwrites to control its exposures to losses and ensure financial stability. The Company buys facultative and obligatory based reinsurance to reduce the net exposure and not to exceed the actual margin of solvency.

Ceded reinsurance contains credit risk of the reinsurer that is included in the calculation of expected cash flows. The Company monitors the financial condition of reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically. The Company monitors the financial and credit rating of reinsurers on a monthly basis, and also analyses financial soundness of reinsurers on a quarterly and annual basis.

The Company does not utilise any stop-loss reinsurance to control its risk of losses resulting from one-off event.

(b) Terms and conditions of insurance contracts and nature of risks covered

The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts are set out below. In addition, the following gives an assessment of the Company's main products and the ways in which it manages the associated risks.

8.1.1. Insurance contracts – Insurance against other financial loss

Product features

Insurance against other financial loss protects the property interest of an exporter related to contract execution by a foreign counterparty-importer.

Covered risks:

Insured political events:

- acts of the governmental authority of the country of transit or the country of destination of delivery of the Kazakhstani goods, works, services, or the country of the foreign counterparty on expropriation, confiscation, restriction of ownership rights to the goods, works, services, the result of the work performed owned by the exporter;
- contingency actions of the governmental authority of the country of destination of delivery of the Kazakhstani goods, works, services restricting or prohibiting delivery of the goods, performance of works, provision of services;
- war, civil commotion, mass riots outside the Republic of Kazakhstan, preventing the execution of obligations under the contract insured;
- contingency actions of the governmental authority in the country of the foreign counterparty restricting or prohibiting the conversion into a freely convertible currency and/or transfer of payment.

Insured commercial events:

- bankruptcy of the foreign counterparty;
- default on financial obligations under the contract by the foreign counterparty.

Risk management

The risk assessment is based on the specific character of the transaction, which the exporter is willing to insure. The Company's risk assessment comprises two components: assessment of political or country risks and assessment of commercial risks. The projects are assessed on the basis of a country's (political) risk and the risk related to trustworthiness of a counterparty abroad.

Commercial risk assessment

The Company assesses separately each transaction to determine the trustworthiness of a buyer. The Company, in assessment of the commercial risks, is based on assessment of the buyer's country, industry, market position and financial position.

Insurance risk assessment

The Company assesses the country risks according to the list of countries and classification of countries by the risk level published by the Organisation for Economic Cooperation and Development (OECD). This list also contains recommendations for the export credit agencies of the OECD countries on the premium rates depending on the insurance period by country categories.

(iii) Insurance contracts – Loan insurance

Product features

Insurance of loans protects the property interest of a credit organisation related to the obligations of an exporting entity (borrower) to reimburse, in accordance with the procedure set by the legislation and a loan contract, the losses incurred as a result of non-fulfilment (improper fulfillment) of liabilities under the loan contract.

Covered risks:

Insured political events:

- war, civil commotion, mass riots inside and outside the Republic of Kazakhstan, preventing the execution of obligations under the loan contract;
- contingency actions of the governmental authority restricting or prohibiting the conversion into a freely convertible currency and/or transfer of payment.

Insured commercial events:

- non-fulfilment (improper fulfillment) by a policyholder of monetary obligations according to the terms and conditions of a loan contract;
- bankruptcy of a policyholder.

Risk management

The risk assessment is based on the adequate assessment of a borrower, its financial position, assessment of political or country risks and commercial risks. The projects are assessed on the basis of a borrower's credit risk related to its paying capacity and factors that may affect it.

(iv) Insurance contracts – Insurance against losses of financial organisations

Product features

Insurance against losses of financial organisations protects the property interest of a credit organisation related to the obligations of an exporting entity (borrower) to reimburse, in accordance with the procedure set by the legislation and loan contract, the losses incurred as a result of non-fulfilment (improper fulfillment) of liabilities under a loan contract, bank guarantee, letter of credits. Term currency transactions as part of the foreign currency contract.

Covered risks:

Insured political events:

- contingency actions of the governmental authority restricting or prohibiting the conversion into a freely convertible currency and/or transfer of payment, as a result of which the Exporter is unable to fulfill its financial liabilities to the Policyholder under the Contract of Provisions of Financial Services to the Exporter;

Insured commercial events:

- non-performance (improper performance) by the exporter of its commitments to repay the Principal Debt under the Loan contract;
- non-performance (improper performance) by the exporter of its financial liabilities under a Bank Guarantee issued by a financial organisation under the obligations of the Exporter under the Guarantee Agreement;
- non-performance (improper performance) by the exporter of its financial liabilities under a letter of credit issued by an issuing bank on the obligations of the Exporter under the Contract on the provision of a letter of credit;
- non-performance (improper performance) by the exporter of its obligations under the Term Currency Transaction as part of the Foreign Currency Contract;
- bankruptcy of a policyholder.

Risk management

The risk assessment is based on the adequate assessment of a borrower, its financial position, assessment of political or country risks and commercial risks. The projects are assessed on the basis of a borrower’s credit risk related to its paying capacity and factors that may affect it.

Risk assessment

The risk assessment is based on the specific character of the transaction, which the exporter is willing to insure. The Company’s risk assessment comprises two components: assessment of political and country risks and assessment of commercial risks. The projects are assessed on the basis of a country's (political) risk and the risk related to trustworthiness of a counterparty abroad.

(c) Concentration of insurance risk

A key aspect of the insurance risk faced by the Company is the extent of concentration of insurance risk which may exist where a particular event or series of events could impact significantly upon the Company’s liabilities. Such concentrations may arise from a single insurance contract or through a small number of related contracts, and relate to circumstances where significant liabilities could arise. An important aspect of the concentration of insurance risk is that it may arise from the accumulation of risks within a number of individual classes or contracts tranche.

Concentrations of risk can arise in both high-severity of damage and low frequency events, such as natural disasters and in situations where underwriting is biased towards a particular group, such as a particular geography or demographic trend.

The Company’s key methods in managing these risks are two-fold. Firstly, the risk is managed through appropriate underwriting. Underwriters are not permitted to underwrite risks unless the expected profits are commensurate with the risks assumed.

Secondly, the risk is managed through the reinsurance. The Company purchases reinsurance coverage for various classes of its liability and property business. The Company assesses the costs and benefits associated with the reinsurance programme on an ongoing basis.

(d) Total aggregate exposures

The Company sets out the total aggregate exposure that it is prepared to accept in relation to concentrations of risk. It monitors these exposures both at the time of underwriting a risk, and on a monthly basis by reviewing reports which show the key aggregations to which the Company is exposed. The Company uses a number of modeling tools to monitor aggregation in order to measure the effectiveness of the reinsurance programmes and the net exposure to which the Company is exposed.

As of 31 December 2024, the Company had 146 active insurance contracts (as of 31 December 2023: 139 insurance contracts). Compared to 2023, there was an increase in the class - insurance against other financial losses, this is due to an increase in the volume of short-term accounts receivable insurance in 2024, since the Company is faced with the goal of diversifying the insurance portfolio and reducing the share of instruments in the loan insurance class. Relationships with Russian reinsurance companies have also been established - as a result of which the concentration of risks in the Company's portfolio has significantly decreased. In 2024, important agreements were reached with foreign reinsurance companies under obligatory contracts in terms of undiscounted letters of credit and short-term accounts receivable insurance, which increased the volume of risk transfer in the insurance portfolio. This trend will continue in 2025, as active work is underway to further reinsure the loan portfolio

The main established concentration as of 31 December 2024 is as follows:

For the twelve months ended 31 December 2024

Insurance type	Total insured amount KZT'000	Reinsurance amount KZT'000	Net exposure (after reinsurance) KZT'000
Voluntary insurance			
Loan insurance	303,121,620	(31,882,282)	271,239,338
Insurance against other financial losses	163,316,147	(71,050,583)	92,265,564
Other voluntary insurance	20,590,167	(9,678,108)	10,912,059
Total	**487,027,934**	**(112,610,973)**	**374,416,961**

The main established concentration as of 31 December 2023 is as follows:

For the twelve months ended 31 December 2023

Insurance type	Total insured amount KZT'000	Reinsurance amount KZT'000	Net exposure (after reinsurance) KZT'000
Voluntary insurance			
Loan insurance	337,031,576	(22,775,000)	314,256,576
Insurance against other financial losses	53,279,222	(22,913,515)	30,365,707
Other voluntary insurance	14,189,162	(3,285,151)	10,904,011
Total	**404,499,960**	**(48,973,666)**	**355,526,294**

9. Insurance revenue and expenses

An analysis of insurance revenue, insurance service expenses and net income/expenses from reinsurance contracts held by product line for 2024 and 2023 and is included in the following tables.

Indicators	**Loan insurance**	**Insurance against other financial losses**	**Insurance against losses of financial organisations**	**Other voluntary insurance**	**Total 2024**
Insurance revenue					
Amounts associated with changes in liabilities for the remaining part of insurance coverage:					
- Expected incurred losses and other related expenses	*126,783*	-	-	-	*126,783*
- Change of risk adjustment for non-financial risk	*3,893,730*	-	-	-	*3,893,730*
- CSM recognised for the services provided	*1,754,593*	-	-	-	*1,754,593*
- Premium experience adjustment	-	-	-	-	-
- Reversal of acqusition cash flows	-	-	-	-	-
Premium allocation	-	830,633	179,813	-	1,010,445
Total insurance revenue (sum of expected losses, risk adjustment changes, release of the margin)	**5,775,106**	**830,633**	**179,813**	**-**	**6,785,552**
Insurance service expenses:					
Incurred claims and other directly attributable expenses	(8,834,836)	(362,714)	(309,688)	-	(9,507,238)
Insurance acquisition CF amortization	-	-	-	-	-
Losses on onerous contracts and reversals of those losses	(9,338,871)	-	-	-	(9,338,871)
Changes relating to the LIC	7,256,551	61,090	441,354	-	7,758,995
Total insurance service expenses (amount of incurred claims, reversal of losses under onerous contracts, changes in liabilities for incurred claims)	**(10,917,156)**	**(301,624)**	**131,666**	**-**	**(11,087,114)**
Net (expense)/income from reinsurance contracts held:					
Amounts associated with changes in cash flows for the execution of contracts:					
- Expected incurred losses and other related expenses	*(290,674)*	-	-	-	*(290,674)*
- Change of risk adjustment for non-financial risk	*(209,521)*	-	-	-	*(209,521)*
- CSM recognised for the services provided	*(182,117)*	-	-	-	*(182,117)*
- Premium experience adjustment	-	-	-	-	
Reinsurance premium allocation	-	(237,448)	(56,429)	-	(293,878)
Incurred claims and other related expenses recovery	-	-	-	-	
Compensation for losses/recovery of losses under onerous contracts	414,368	-	-	-	414,368
Changes in recovery of liabilities for incurred claims	-	-		-	-
The effect of changes in the risk of non-fulfillment of obligations by the reinsurer	-	-	-	-	-
Total net (expense)/income from reinsurance contracts held	**(267,943)**	**(237,448)**	**(56,429)**	**-**	**(561,821)**
Total result from insurance activities	**(5,409,994)**	**291,561**	**255,049**	**-**	**(4,863,384)**

Indicators	**Loan insurance**	**Insurance against other financial losses**	**Insurance against losses of financial organisations**	**Other voluntary insurance**	**Total 2023**
Insurance revenue					
Amounts associated with changes in liabilities for the remaining part of insurance coverage:					
- Expected incurred losses and other related expenses	*(2,333,732)*	-	-	-	*(2,333,732)*
- Change of risk adjustment for non-financial risk	*6,674,964*	-	-	-	*6,674,964*
- CSM recognised for the services provided	*1,596,632*	-	-	-	*1,596,632*
- Premium experience adjustment	-	-	-	-	-
- Reversal of acqusition cash flows	-	-	-	-	-
Premium allocation	-	469,686	338,624	45,274	853,584
Total insurance revenue (sum of expected losses, risk adjustment changes, release of the margin)	**5,937,864**	**469,686**	**338,624**	**45,274**	**6,791,448**
Insurance service expenses:					
Incurred claims and other directly attributable expenses	(11,807,840)	(136,270)	(61,221)	(57,458)	(12,062,789)
Insurance acquisition CF amortization	-	-	-	-	-
Losses on onerous contracts and reversals of those losses	3,968,769	-	-	-	3,968,769
Changes relating to the LIC	(1,135,048)	292,495	126,509	77,413	(638,631)
Total insurance service expenses (amount of incurred claims, reversal of losses under onerous contracts, changes in liabilities for incurred claims)	**(8,974,119)**	**156,225**	**65,288**	**19,955**	**(8,732,651)**
Net (expense)/income from reinsurance contracts held:					
Amounts associated with changes in cash flows for the execution of contracts:					
- Expected incurred losses and other related expenses	*(130,485)*	-	-	-	*(130,485)*
- Change of risk adjustment for non-financial risk	*(170,667)*	-	-	-	*(170,667)*
- CSM recognised for the services provided	*(19,240)*	-	-	-	*(19,240)*
- Premium experience adjustment	-	-	-	-	-
Reinsurance premium allocation	-	(169,778)	(108,399)	-	(278,177)
Incurred claims and other related expenses recovery	-	-	-	-	-
Compensation for losses/recovery of losses under onerous contracts	(210,781)	-	-	-	(210,781)
Changes in recovery of liabilities for incurred claims	-	(7,060)	-	-	(7,060)
The effect of changes in the risk of non-fulfillment of obligations by the reinsurer	-	-	-	-	-
Total net (expense)/income from reinsurance contracts held	**(531,173)**	**(176,838)**	**(108,399)**	**-**	**(816,410)**
Total result from insurance activities	**(3,567,428)**	**449,073**	**295,513**	**65,229**	**(2,757,613)**

A major change in the risk adjustment is associated with a change in the risk adjustment under the insurance contract for one loan (KZT 3.2 billion). The increase in the share of contracts with losses at initial recognition led to an increase in the amortization of the loss component, which in turn contributed to a decrease in expected losses. Incurred losses decreased due to a decrease in the movement of loss reserves during 2024. The increase in the share of onerous contracts led to an increase in the item on losses/recovery under onerous contracts. The change in liabilities for incurred losses increased due to compensation of a recourse claim for a major loss by 6.3 billion KZT . The Company has no acquisition cash costs. The Company does not have any acquisition cash expenses.

An analysis of the expected recognition of undiscounted CSM remaining at 31 December 2024 and 31 December 2023 in profit or loss is presented in the table as follows:

Expected number of years until recognition of undiscounted CSM	***31 December 2024***	***31 December 2023***	***31 December 2024***	***31 December 2023***
	Insurance contracts issued		***Reinsurance contracts issued***	
1	527,850	579,252	5,744	1,756,
2	73,846	254,819	-	-
3	43,168	95,733	-	-
4	24,120	40,626	-	-
5	12,097	20,586	-	-
6	4,161	10,881	-	-
Total	**685,242**	**1,001,897**	**5,744**	**1,756**

An analysis of the expected recognition of discounted CSM remaining at 31 December 2024 and 31 December 2023 in profit or loss is presented in the table as follows:

Expected number of years until recognition of discounted CSM	***31 December 2024***	***31 December 2023***	***31 December 2024***	***31 December 2023***
	Insurance contracts issued		***Reinsurance contracts issued***	
1	497,552	538,679	5,414	1,633
2	62,109	207,592	-	-
3	32,503	69,566	-	-
4	16,226	26,578	-	-
5	7,269	-	-	-
Total	**615,659**	**842,415**	**5,414**	**1,633**

10. Interest income

	2024 KZT'000	2023 KZT'000
Interest income calculated using the effective interest rate method		
Purchase and sale agreements ("reverse repo") with an original maturity of less than three months	12,778,201	12,154,331
Investment securities, measured at fair value through other comprehensive income	2,906,059	2,566,425
Investment securities measured at amortised cost	1,095,417	1,266,071
Placements with banks and cash and cash equivalents	1,729,478	1,099,550
	18,509,155	**17,086,377**
Other interest income		
Investment securities, measured at fair value through profit or loss	-	76,160
	-	**76,160**

Interest income is recorded for all debt instruments, other than those at FVTPL, on an accrual basis using the effective interest method. This calculation includes in interest income and expense all fees and charges paid and received by parties to the contract that form an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. Interest income for debt instruments measured at FVTPL calculated at the nominal interest rate.

11. General administrative expenses

	2024 KZT'000	2023 KZT'000
Salaries and bonuses	1,337,879	965,251
Consulting and professional services	378,643	213,998
Rent expenses	215,542	185,175
Travel expenses	102,740	98,353
Social tax and social contributions	84,692	82,925
Depreciation and amortisation	64,738	93,084
Advertising and marketing	63,028	76,400
Administrative expenses of the Board of Directors	56,500	42,420
Transportation costs	49,870	46,243
Training expenses	42,989	30,249
Membership fees	25,273	27,437
Communication services	24,488	21,617
Insurance of employees	15,724	17,414
Bank charges	2,998	7,941
Administrative expenses	6,254	2,092
Other	237,480	262,395
	2,711,838	**2,172,994**

The Company was provided with financial statements auditing services for the year ended 31 December 2024 in the amount of 100,800 thousand tenge (in 2023: 61,600 thousand tenge), which were included in administrative expenses in the item "Consulting and professional services".

12. Income tax expense

	2024 KZT'000	2023 KZT'000
Current income tax expense	(3,953,138)	(885,422)
Total current income tax	**(3,953,138)**	**(885,422)**
Change in deferred tax liabilities due to origination and reversal of temporary differences and movement in loss allowance	815,660	(675,012)
Total income tax expense	**(3,137,478)**	**(1,560,434)**

In 2024, the applicable tax rate for current and deferred tax is 20% (2023: 20%).

Income tax expense is recorded in an amount determined by multiplying profit (loss) before tax for the reporting period by a rate equal to management's best estimate of the weighted average annual income tax rate for the entire financial year.

Therefore, the effective tax rate in the financial information may differ from management's estimate of the effective tax rate for the annual financial statements.

Calculation of the effective income tax rate:

	2024 KZT'000	%	2023 KZT'000	%
Profit before income tax	**11,956,657**		**6,514,318**	**100**
Income tax calculated at the effective tax rate	(2,391,331)	(20)	(1,302,864)	(20)
Non-taxable income on investment securities	797,971	7	786,987	12
Net non-deductible expense on recourse claim	1,266,957	11	(1,049,714)	(16)
IFRS 17	(2,769,603)	(23)	-	-
Other non-taxable income/expenses	(41,471)	-	5,157	-
	(3,137,478)	**(26)**	**(1,560,434)**	**(24)**

Deferred tax assets and liabilities

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax assets and liabilities as at 31 December 2024 and 31 December 2023.

Due to the fact that the calculation of insurance liabilities is carried out in accordance with IFRS 17, and tax accounting in 2023 was carried out in accordance with the provisions of the Resolution of the Board of the National Bank of the Republic of Kazakhstan No. 26 "On approval of the form and deadline for submitting reports on indicators for calculating the taxable income of an insurance (reinsurance) organization" dated 24 April 2023, a temporary difference arose that reduces the amount of the taxable base for income tax. Due to the change in the status of the Company, the return of the License for insurance (reinsurance) activities in the industry of "general insurance" and "reinsurance", the provisions of the Tax Code regarding the procedure for determining the income and deductions of insurance (reinsurance) organizations are no longer applicable to the Company. Corresponding amendments have been introduced in tax accounting for indicators involved in calculating the taxable base (see Appendix 19).

In the current period, deductions are made for expenses incurred upon availability of documents confirming such expenses related to the Company's activities aimed at generating income.

Changes in deductions occurred due to the fact that the activity is subject to taxation in accordance with the generally established procedure, and therefore all reserves related to insurance (reinsurance) activities (deductions for CIT upon conclusion of insurance (reinsurance) contracts) were excluded from deductions. As a result, previously recognized temporary differences were excluded from the deferred tax calculation and a significant deferred tax asset in the amount of 9,619,286 thousand tenge was formed as of 31 December 2024. The Company decided to recognize a deferred tax asset only in the amount of 72,991 thousand tenge due to the fact that recognition of the entire amount of the asset is inappropriate, since there is uncertainty about its future use, future tax payments and the sustainability of the financial results necessary for the sale of this asset. The Company assessed the probability of its use and came to the conclusion that only a part of the asset can be recognized in the financial statements at the current moment, taking into account the projected income and planned tax liabilities in the future. Due to the growth of income and the non-extension of tax benefits previously applied by the Company, the taxable base for income tax has increased significantly and the tax liability for corporate income tax has increased. The Company initiated amendments to the tax legislation of the Republic of Kazakhstan.

Movements in temporary differences for the year ended 31 December 2024 may be presented as follows:

KZT'000	Balance as at 1 January 2024	Recognised in profit or loss for the period	Balance as at 31 December 2024
Property and equipment and intangible assets	(956)	(9,010)	(9,966)
Vacation and bonuses reserve	49,540	13,257	62,797
Provisions for facility administrative and support activities	6,160	14,000	20,160
Effect of IFRS 17	(797,413)	797,413	-
Total deferred tax liability	**(742,669)**	**815,660**	**72,991**

Movements in temporary differences for the year ended 31 December 2023 may be presented as follows:

KZT'000	Balance as at 1 January 2023	Recognised in profit or loss for the period	Balance as at 31 December 2023
Property and equipment and intangible assets	(6,112)	5,157	(956)
Vacation and bonuses reserve	41,105	8,435	49,540
Provisions for facility administrative and support activities	47,199	(41,039)	6,160
Effect of IFRS 17	(149,849)	(647,564)	(797,413)
Total deferred tax liability	**(67,657)**	**(675,012)**	**(742,669)**

13. Cash and cash equivalents

As of 31 December 2024, cash and cash equivalents in the statement of cash flows included:

	31 December 2024 KZT'000	31 December 2023 KZT'000
Cash on bank accounts and call deposits		
- rated from BBB+ to BBB-	656,785	-
- rated from BB- to BB+	2,191,603	1,044,864
- rated from B- to B+	-	-
- not rated	696	-
Reverse REPO	-	-
- rated AA+	-	2,618,580
- rated BBB+ and BBB-	78,685,558	92,382,671
- rated from BB+ to BB-	-	3,574,194
- rated from B- to B+	-	1,150,396
	81,534,641	**100,770,705**
Credit loss allowance	**(1,460)**	**-**
Total cash and cash equivalents	**81,533,181**	**100,770,705**

Reverse REPO

	31 December 2024 Fair value KZT'000	31 December 2024 Carrying amount KZT'000
Kazakhstan government securities	24,115,817	24,124,459
Corporate securities	53,673,096	54,561,099
	77,788,913	**78,685,558**

	31 December 2023 Fair value KZT'000	31 December 2023 Carrying amount KZT'000
Kazakhstan government securities	53,076,074	53,310,766
US Treasury Bonds	2,626,636	2,618,580
Corporate securities	43,526,746	43,796,495
	99,229,456	**99,725,841**

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

The credit ratings above are presented in accordance with Standard&Poor's credit agency standards or similar standards of other international agencies.

For calculating allowances for expected credit losses on unrated financial instruments, the Company applies the credit rating of the Parent Company.

As at 31 December 2024 and 31 December 2023, all cash and cash equivalents are allocated to Stage 1 of the credit risk grading.

As at 31 December 2024, the Company had balances with 3 issuers (under reverse Repo contracts), whose share exceeds 10% of equity.

Total balances for these issuers as of 31 December 2024 is KZT 73,838,898 thousand.

As of December 31, 2023, the Company had balances in 3 issuers (under reverse repo agreements), which account for more than 10% of equity. The volume of balances for these issuers as of December 31, 2023 was 87,108,386 thousand tenge.

14. Placements with banks

	31 December 2024 KZT'000	31 December 2023 KZT'000
- rated from BBB+ to BBB-	2,236,852	-
- rated from BB- to BB+	29,857,062	21,043,266
	32,093,914	**21,043,266**
Loss allowance	(90,780)	(82,067)
Total placements with banks	**32,003,134**	**20,961,199**

The credit rating is presented in accordance with Standard&Poor's credit agency standards or similar standards of other international agencies.

As at 31 December 2024 and 31 December 2023, all placements with banks are allocated to Stage 1 of the credit risk grading.

As at 31 December 2024, the annual effective interest rates generated by placement with banks, denominated in tenge, ranged between 7.25% and 14,8% (31 December 2023: ranged between 6% and 8,5%).

As at 31 December 2024, the annual effective interest rates generated by placement with banks, denominated in US dollars, ranged between 1% and 3,5% (31 December 2023: ranged between 0.3% and 3,2%).

As at 31 December 2024, the Company had balances with banks that accounted for more than 10% of its equity. The volume of balances with this bank as of 31 December 2024 is KZT 13,201,528 thousand.

As of December 31, 2023, the Company had no balances with banks that accounted for more than 10% of its equity.

Movement in credit loss allowance

	Stage 1	
KZT'000	**31 December 2024**	**31 December 2023**
Balance at the beginning of the period	82,067	153,513
Net change in credit loss allowance	10,172	(71,446)
Balance at the end of the period	**92,240**	**82,067**

15. Investment securities

	31 December 2024 KZT'000	**31 December 2023 KZT'000**
Measured at fair value through other comprehensive income		
Measured at amortised cost	45,818,084	23,299,824
Measured at fair value through profit or loss	16,074,081	6,044,231
	61,892,165	**29,344,055**

	31 December 2024 KZT'000	**31 December 2023 KZT'000**
Measured at fair value through other comprehensive income		
Government bonds of the Republic of Kazakhstan		
Rated from BBB+ to BBB-	30,366,599	12,669,549
Government bonds of foreign countries		
Rated AA+	290,348	281,450
Total government bonds	**30,656,947**	**12,950,999**
Securities of international financial organisations		
Rated AAA	9,439,787	8,887,266
Rated from BBB+ to BBB-		1,461,559
Total securities of international financial organisations	**9,439,787**	**10,348,825**
Corporate bonds of Kazakhstan companies		
Rated from BBB+ to BBB-	5,721,350	-
	45,818,084	**23,299,824**
Corporate bonds of Kazakhstan companies		
Rated from BBB+ to BBB-	10,138,749	-
- not rated	5,482,528	4,564,644
Total corporate bonds of Kazakhstan companies	**15,621,277**	**4,564,644**
Securities of international financial organisations		
Rated AAA	-	1,018,504
Rated from BBB+ to BBB-	-	461,083
- not rated	452,804	-
Total securities of international financial organisations	**452,804**	**1,479,587**
	16,074,081	**6,044,231**

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention (“regular way” purchases and sales) are recorded at trade date, which is the date that the Company commits to purchase or sell a financial asset.

Business model assessment

The Company performs an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management.

The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management’s strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets.
- how the performance of the portfolio is evaluated and reported to the Company’s management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company’s stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Held-to-maturity financial assets are held in order to collect contractual cash flows. Currently, when managing a portfolio of financial assets, when acquiring securities with a maturity of up to 2 years and deposits, aimed to provide financial support for exporters, are classified as “held to collect the contractual cash flows". At the same time, securities with similar characteristics can be attributed to any other business model to depending on the market state and the conditions for the release of securities.

The financial assets available-for-sale are held in order to collect contractual cash flows and to sell an asset. Given the activities of the Company, in the management of the portfolio of securities with a maturity of more than 2 years, the Company attributes them to the business model as “held to collect the contractual cash flows and/or to sell”, in order to make possible payments for insurance cases by selling securities.

The credit rating is presented in accordance with Standard&Poor's credit agency standards or similar standards of other international agencies.

As of 31 December 2024, the Company owned bonds of City Transportation Systems LLP. There are no ratings from international rating agencies for these bonds, but there is a guarantee from the Ministry of Finance of the Republic of Kazakhstan.

As at 31 December 2024, annual effective interest rates on investment securities denominated in KZT ranged from 5.49% to 15.25%% per annum (31 December 2023: from 5.15% to 15.35%).

As at 31 December 2024, annual effective interest rates on investment securities denominated in US dollars ranged from 5.02% to 5.72% per annum (31 December 2023: from 3.25 to 5.72%).

As at 31 December 2024, the annual effective interest rates on investment securities denominated in Canadian dollars were 5.38% per annum (31 December 2023: 5.38%).

As at 31 December 2024 and 31 December 2023, all investment securities at amortised cost and at fair value through other comprehensive income are categorised as Stage 1 credit risk. According to IFRS 9 "Financial Instruments", the allowance for expected credit losses as at 31 December 2024 was KZT 80,597 thousand (31 December 2023: KZT 2,725 thousand).

As at 31 December 2024, the Company held financial instruments of 1 issuer, whose balances exceeded 10% of equity. The gross value of these balances as at 31 December 2024 is KZT 30,366,598 thousand (31 December 2023: 1 issuer with gross balances of KZT 12,669,549 thousand).

16. Insurance assets and liabilities

Reconciliation of LRC and LIC according to GMM and PAA as of 31 December 2024 and 31 December 2023 is as follows:

	Liabilities for remaining coverage under the GMM		Liabilities for remaining coverage under the PAA			Liabilities for incurred claims under PAA		
	Excluding loss component	**Loss component**	**Present value of the future cash flows**	**Risk adjustment for non-financial risk**	**Liabilities for incurred claims under the GMM**	**Present value of the future cash flows**	**Risk adjustment for non-financial risk**	**Total**
Insurance contract liabilities as at 1 January 2024	**4,828,392**	**10,485,420**	**335,131**	**-**	**18,488,673**	**275,780**	**-**	**34,413,396**
Insurance contract assets as at 1 January 2024	**(56,622)**	**-**	**(146,200)**	**-**	**-**	**-**	**-**	**(202,822)**
Insurance revenue:	**(5,775,106)**	**-**	**(1,010,445)**	**-**	**-**	**-**	**-**	(6,785,552)
Insurance service expenses:								
Incurred claims and other incurred insurance service expenses	994,264	-	-	-	7,840,572	672,402	-	9,507,238
Amortization of insurance acquisition cash flows	-	-	-	-	-	-	-	-
Changes that relate to past service	-	-	-	-	(7,256,551)	(502,444)	-	(7,758,995)
Losses on onerous groups of contracts and reversal of those losses	-	9,338,871	-	-	-	-	-	9,338,871
Total insurance service expenses	994,264	9,338,871	-	-	584,021	169,958	-	11,087,114
Insurance service result	**(4,780,843)**	**9,338,871**	**(1,010,445)**	**-**	**584,021**	**169,958**	**-**	**4,301,562**
Finance expenses or income from insurance contracts issued	384,825	2,298,666	-	-		-	-	2,683,491
Total amounts recognised in comprehensive income	**(4,396,018)**	**11,637,537**	**(1,010,445)**	**-**	**584,021**	**169,958**	**-**	**6,985,053**
Cash flows for the period:								-
Premiums received under insurance contracts issued (or paid under reinsurance contracts held)	5,668,673	-	1,267,246	-	-	-	-	6,935,919
Payments for incurred claims and other insurance service expenses paid under insurance contracts issued (or reimbursed under reinsurance contracts held) except for acquisition cash flows;	(994,264)	-	-	-	5,536,250	229,904	-	4,771,891
Acquisition cash flows	-	-	-	-	-	-	-	-
Acquisition cash flows	**4,674,409**		**1,267,246**	**-**	**5,536,250**	**229,904**	**-**	**11,707,810**
Insurance contract liabilities as at 31 December 2024	**5,050,161**	**22,122,957**	**265,861**	**-**	**24,608,944**	**675,642**	**-**	**52,723,566**
Insurance contract assets as at 31 December 2024	**-**	**-**	**(179,871)**	**-**	**-**	**-**	**-**	**(179,871)**

	Liabilities for remaining coverage under the GMM		Liabilities for remaining coverage under the PAA			Liabilities for incurred claims under PAA		
	Excluding loss component	**Loss component**	**Present value of the future cash flows**	**Risk adjustment for non-financial risk**	**Liabilities for incurred claims under the GMM**	**Present value of the future cash flows**	**Risk adjustment for non-financial risk**	**Total**
Insurance contract liabilities as at 1 January 2023	**4,594,902**	**11,457,213**	**392,710**	**-**	**9,598,551**	**517,248**	**-**	**26,560,624**
Insurance contract assets as at 1 January 2023	**(22,076)**	**-**	**(97,741)**	**-**	**-**	**-**	**-**	**(119,817)**
Insurance revenue:	**(5,937,864)**	**-**	**(853,584)**	**-**	**-**	**-**	**-**	**(6,791,448)**
Insurance service expenses:								
Incurred claims and other incurred insurance service expenses;	614,304	-	-	-	11,193,536	254,949	-	12,062,789
Amortization of insurance acquisition cash flows	-	-	-	-	-	-	-	-
Changes that relate to past service	-	-	-	-	1,135,048	(496,417)	-	638,631
Losses on onerous groups of contracts and reversal of those losses	-	(3,968,769)	-	-	-	-	-	(3,968,769)
Total insurance service expenses	614,304	(3,968,769)	-	-	12,328,584	(241,468)	-	8,732,651
Insurance service result	**(5,323,560)**	**(3,968,769)**	**(853,584)**	**-**	**12,328,584**	**(241,468)**	**-**	**1,941,203**
Finance expenses or income from insurance contracts issued	654,228	2,996,976	-	-	-	-	-	3,651,204
Total amounts recognised in comprehensive income	**(4,669,332)**	**(971,793)**	**(853,584)**	**-**	**12,328,584**	**(241,468)**	**-**	**5,592,407**
Cash flows for the period:								-
Premiums received under insurance contracts issued (or paid under reinsurance contracts held)	4,937,368	-	844,466	-	-		-	5,781,834
Payments for incurred claims and other insurance service expenses paid under insurance contracts issued (or reimbursed under reinsurance contracts held) except for acquisition cash flows;		-	-	-	(3,438,461)	-	-	(3,438,461)
Acquisition cash flows	-	-	-	-	-	-	-	-
Acquisition cash flows	**4,937,368**	**-**	**844,466**	**-**	**(3,438,461)**	**-**	**-**	**2,343,373**
Insurance contract liabilities as at 31 December 2023	**4,828,392**	**10,485,420**	**335,131**	**-**	**18,488,673**	**275,780**	**-**	**34,413,396**
Insurance contract assets as at 31 December 2023	**(56,622)**	**-**	**(146,200)**	**-**	**-**	**-**	**-**	**(202,822)**

In 2024, income from a recourse claim in the amount of 7,039,781 thousand tenge (in 2023 2,991,710 thousand tenge) decreased the Liabilities for incurred insurance claims and was fully received in 2024 and is reflected in "Payments for incurred claims and other insurance service expenses paid under insurance contracts issued (or reimbursed under reinsurance contracts held) except for acquisition cash flows".

Reconciliation of insurance contract measurement components at the beginning and end of the reporting period. Liabilities for remaining coverage under insurance contracts measured using the PAA model are not included in the reconciliation.

2024	**Estimates of the present value of future cash outflows**	**Risk adjustment for non-financial risk**	**Contractual service margin**	**Liabilities for incurred insurance losses according to the general assessment model**	**Total**
Insurance contract liabilities as at the beginning*	9,515,624	5,187,186	611,002	18,488,674	33,802,485
Insurance contract assets as at the beginning*	(880,118)	428,067	395,430	-	(56,622)
Total balance at 1 January 2024	**8,635,506**	**5,615,252**	**1,006,432**	**18,488,674**	**33,745,863**
changes that relate to current service:					
CSM recognised in profit or loss for the services provided	-	-	(1,907,043)	-	(1,907,043)
Change in the risk adjustment for non-financial risk for the risk expired	-	(3,947,656)	-	-	(3,947,656)
Experience adjustments	(7,671,994)	-	-	-	(7,671,994)
	(7,671,994)	**(3,947,656)**	**(1,907,043)**	-	**(13,526,692)**
Changes that relate to future service:					-
Changes in estimates that adjust the CSM	(654,343)	(429,518)	1,083,862	-	-
Losses on onerous groups of contracts and reversal of those losses	8,616,305	5,655,840	-	-	14,272,145
Contracts initially recognised in the period	1,906,052	1,581,683	324,841	-	3,812,576
	9,868,014	**6,808,005**	**1,408,702**	-	**18,084,721**
changes that relate to past service:					-
Changes in fulfillment cash flows that relate to incurred insurance claims	-	-	-	584,021	584,021
Insurance service result	**2,196,020**	**2,860,349**	**(498,340)**	**584,021**	**5,142,050**
Finance expenses or income from insurance contracts issued	1,598,192	905,350	179,949	-	2,683,491
Total amounts recognised in comprehensive income	**3,794,212**	**3,765,699**	**(318,391)**	**584,021**	**7,825,541**
Other changes	-	-	-	-	-
Cash flows for the period:					-
Premiums received under insurance contracts issued (or paid under reinsurance contracts held)	5,668,672	-	-	-	5,668,672
Payments for incurred claims and other insurance service expenses paid under insurance contracts issued (or reimbursed under reinsurance contracts held) except for acquisition cash flows	(994,264)	-	-	5,536,250	4,541,986
Acquisition cash flows	-	-	-	-	-
Total cash flows	**4,674,409**	**-**	**-**	**5,536,250**	**10,210,659**
Total balance at 31 December 2024	**17,104,126**	**9,380,951**	**688,041**	**24,608,944**	**51,782,062**
Insurance contract liabilities at the end*	17,104,126	9,380,951	688,041	24,608,944	51,782,062
Insurance contract assets at the end*	-	-	-	-	-
Total balance at 31 December 2024	**17,104,126**	**9,380,951**	**688,041**	**24,608,944**	**51,782,062**

2023	**Estimates of the present value of future cash outflows**	**Risk adjustment for non-financial risk**	**Contractual service margin**	**Liabilities for incurred insurance losses according to the general assessment model**	**Total**
Insurance contract liabilities as at the beginning*	8,778,559	5,688,319	1,585,237	9,598,551	26,650,666
Insurance contract assets as at the beginning*	(649,089)	43,928	583,084	-	(22,076)
Total balance at 1 January 2023	**8,129,470**	**5,732,247**	**2,168,321**	**9,598,551**	**25,628,590**
changes that relate to current service:					-
CSM recognised in profit or loss for the services provided	-	-	(1,596,632)	-	(1,596,632)
Change in the risk adjustment for non-financial risk for the risk expired	-	(6,674,964)	-	-	(6,674,964)
Experience adjustments	(114,843,599)	-	-	-	(114,843,599)
	(114,843,599)	**(6,674,964)**	**(1,596,632)**		**(123,115,195)**
Changes that relate to future service:					-
Changes in estimates that adjust the CSM	219,055	30,823	(249,878)	-	-
Losses on onerous groups of contracts and reversal of those losses	(7,434,575)	(1,046,120)	-	-	(8,480,695)
Contracts initially recognised in the period	115,016,142	6,730,476	487,851	-	122,234,468
	107,800,621	**5,715,179**	**237,973**	-	**113,753,774**
changes that relate to past service:					
Changes in fulfillment cash flows that relate to incurred insurance claims	-	-	-	12,328,584	12,328,584
Insurance service result	**(7,042,977)**	**(959,785)**	**(1,358,659)**	**12,328,584**	**2,967,162**
Finance expenses or income from insurance contracts issued	2,611,644	842,790	196,770	-	3,651,204
Total amounts recognised in comprehensive income	**(4,431,333)**	**(116,995)**	**(1,161,890)**	**12,328,584**	**6,618,366**
Other changes	-	-	-	-	-
Cash flows for the period:					-
Premiums received under insurance contracts issued (or paid under reinsurance contracts held)	4,937,368	-	-	-	4,937,368
Payments for incurred claims and other insurance service expenses paid under insurance contracts issued (or reimbursed under reinsurance contracts held) except for acquisition cash flows	-	-	-	(3,438,461)	(3,438,461)
Acquisition cash flows	-	-	-	-	-
Total cash flows	**4,937,368**	**-**	**-**	**(3,438,461)**	**1,498,907**
Total balance at 31 December 2023	**8,635,506**	**5,615,252**	**1,006,432**	**18,488,674**	**33,745,863**
Insurance contract liabilities at the end*	9,515,624	5,187,186	611,002	18,488,674	33,802,486
Insurance contract assets at the end*	(880,118)	428,067	395,430	-	(56,622)
Total balance at 31 December 2023	**8,635,506**	**5,615,252**	**1,006,432**	**18,488,674**	**33,745,863**

**-disclosure on reconciliation of components of insurance contract valuation at the beginning and end of 2023 has been aligned with the disclosure for 2024 for the purpose of improving the presentation.*

Information on onerous and non-onerous contracts

	31 December 2024				*31 December 2023*			
Insurance contracts issued	**Non-onerous contracts acquired**	**Non-onerous contracts originated**	**Onerous contracts originated**	**Total**	**Non-onerous contracts acquired**	**Non-onerous contracts originated**	**Onerous contracts originated**	**Total**
Estimates of the present value of future cash outflows								
Acquisition cash flows	-	-	-	-	-	-	-	-
Claims and other directly related expenses	-	102,312	4,335,075	4,437,387	-	1,540,643	120,309,057	121,849,700
Estimates of the present value of future cash outflows	**-**	**102,312**	**4,335,075**	**4,437,387**	**-**	**1,540,643**	**120,309,057**	**121,849,700**
Estimates of the present value of future cash inflows	-	(458,404)	(2,072,931)	(2,531,335)	-	(2,466,637)	(4,366,920)	(6,833,557)
Risk adjustment for non-financial risk	-	31,251	1,550,432	1,581,683	-	438,143	6,292,333	6,730,476
CSM	-	324,841	-	324,841	-	487,851	-	487,851
Increase in insurance contract liabilities from contracts recognised in the period	**-**	**-**	**3,812,576**	**3,812,576**	**-**	**-**	**122,234,469**	**122,234,469**

17. Equity

(a) Share capital

KZT'000	Ordinary shares 2024	Ordinary shares 2023
Authorised for issue (ordinary shares)	**92,000**	**92,000**
Issued and in circulation (Ordinary shares)	**91,440**	**91,440**
Number of shares	87,300	87,300
Par value, KZT'000	266	266
Number of shares	2,780	2,780
Par value, KZT'000	5,000	5,000
Number of shares	1,360	1,360
Par value, KZT'000	50,000	50,000
Issued and fully paid, KZT'000	**105,100,000**	**105,100,000**

(b) Capital management

According to the Regulations for the Formation of Management System, Risks and Internal Control, as well as the Creation of Provisions and the Implementation of Actuarial Calculations for the Export Credit Agency of Kazakhstan approved by the Order of the Minister of Trade and Integration of the Republic of Kazakhstan dated 29 March, 2024 No. 160-NK, paragraph 10, ECA, in order to control financial stability, calculates the capital adequacy ratio on a monthly basis.

The capital adequacy ratio is calculated as the ratio of ECA's equity to ECA's liabilities and is at least two units.

KZT'000	2024 KZT'000	2023 KZT'000
Equity	125,425,051	117,526,491
Liabilities	53,816,321	35,860,261
Capital adequacy ratio	**2,33**	**3,28**

(c) Dividends

In accordance with Kazakhstan legislation the Company's distributable dividends are limited to the balance of retained earnings as recorded in the Company's statutory financial statements prepared in accordance with IFRS or net profit for the current year if there is an accumulated loss brought forward. A distribution cannot be made if this would result in negative equity or the entity's insolvency.

During the year ended 31 December 2024 dividends of KZT 3,467,719 thousand or KZT 37,923.44 per share, with total number of shares being 91,440 were declared and paid (2023: KZT 1,590,502 thousand or KZT 17,393.94 per share, with the total number of shares being 91,440).

(d) Provision for unexpected risks

The unforeseen risks reserve (URR) is formed to cover possible future risks associated with payments for insurance events and expenses on loss adjustment, when the unearned premium reserve (UPR) calculated using the IFRS 4 methodology is insufficient. This reserve is formed monthly if the amount of net insurance payments, expenses on loss adjustment and changes in the loss reserve (excluding the reinsurer's share) exceeds 105% of the difference between net insurance premiums and changes in the UPR (excluding the reinsurer's share), and if the volume of net insurance premiums under current insurance contracts for this type of insurance is at least 5% of the total volume of net insurance premiums on the reporting date. As of 31.12.2024, the RNR was "0", which is due to the fact that on the reporting date, the amount of net insurance payments, loss settlement expenses and changes in the loss reserve (excluding the reinsurer's share) in combination with the difference between net insurance premiums and changes in the RNR (excluding the reinsurer's share) does not exceed 105% for loans and insurance of other financial losses. In addition, for the type "Losses of financial institutions", the share of net premium from the total premium amount was less than 5%. In this regard, the RNR was not formed for all types of insurance.

(e) Stabilization reserve

The stabilization reserve is an estimate of the company's obligations related to the implementation of future insurance payments. The stabilization reserve is calculated separately for each class of insurance based on the results of the completed financial year, which is formed at the beginning of the current financial year, and does not change until the end of the current financial year. In 2024, the stabilization reserve amounted to 4,123,978 thousand tenge, which is a significant increase compared to 2023, when the reserve was 114,222 thousand tenge. This significant increase is due to an increase in the stabilization reserve for loans. In the calculations of the stabilization reserve for this type of insurance as of 31 December 2024, the loss ratio was 95% lower than the average loss ratio over the past 5 years, which is a significant deviation from the previous values. According to the methodology for calculating the stabilization reserve, the reserve amount was formed by SR for the previous year minus 95% of the earned premium for 2023. It is important to note that this reserve shall not exceed 10% of the net amount of insurance reserves excluding the reinsurer's share of loans as of the reporting date.

18. Risk disclosures

Management of risk is fundamental to the business of the Company and forms an essential element of the Company's operations. The major risks faced by the Company are those related to market risk, credit risk and liquidity risk.

(a) Risk management policies and procedures

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

The Board of Directors has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures.

The Management Board is responsible for monitoring and implementing risk mitigation measures and ensuring that the Company operates within established risk parameters. The Head of the Risk Management Department is responsible for the overall risk management and compliance functions, ensuring the implementation of common principles and methods for identifying, measuring, managing, and reporting both financial and non-financial risks.

Both external and internal risk factors are identified and managed throughout the organisation. Particular attention is given to identifying the full range of risk factors and determining the level of adequacy of the current risk mitigation procedures.

Apart from the standard credit and market risk analysis, the Risk Management Department monitors financial and non-financial risks by holding regular meetings with operational units in order to obtain expert judgments in their respective areas of expertise.

(b) Market risk

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

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

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

The management of the interest rates risk component of market risk by monitoring the interest rate gap is supplemented by monitoring the sensitivity of the Company's net interest margin to various standard and non-standard interest rate scenarios.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may also reduce or create losses in the event that unexpected movements occur.

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

Interest rate risk is managed principally through monitoring interest rate gaps. The timing of the revision of interest rates for investment securities measured at fair value through other comprehensive income with a carrying amount of Tenge 3,829,919 thousand (31 December 2023: Tenge 3,567,962 thousand) will occur within a period of up to 6 months (31 December 20232: from 2 to 6 months).

An analysis of the sensitivity of net profit for the year and equity of the Company as a result of changes in fair value of investment securities measured at fair value through other comprehensive income and measured at fair value through profit or loss to changes in the interest rates (based on positions existing as at 31 December 2024 and as at 31 December 2023 and based on a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves) is as follows:

	31 December 2024		**31 December 2023**	
	Profit	**Equity**	**Profit**	**Equity**
100 bp parallel rise	(144,267)	(919,125)	(13,681)	(398,785)
100 bp parallel fall	148,056	955,903	13,965	416,355

(ii) Currency risk

The Company has assets and liabilities denominated in several foreign currencies. Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates.

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

KZT'000	**KZT**	**USD**	**RUB**	**Other**	**Total**
Assets					
Cash and cash equivalents	79,339,105	2,189,880	4,196	-	81,533,181
Placements with banks	13,322,149	18,680,985	-	-	32,003,134
Investment securities:	-	-	-	-	-
- measured at fair value through other comprehensive income	45,527,736	-	-	290,348	45,818,084
- measured at fair value through profit or loss	-	-	-	-	-
- measured at amortised cost	10,138,749	5,935,332	-	-	16,074,081
Insurance contract assets	179,871	-	-	-	179,871
Reinsurance contract assets	1,388,351	-	-	-	1,388,351
Total assets	**149,895,961**	**26,806,197**	**4,196**	**290,348**	**176,996,702**
Liabilities					
Insurance contract liabilities	(52,722,522)	-	(1,045)	-	(52,723,567)
Reinsurance contract liabilities	(314,105)	-	-	-	(314,105)
Other liabilities	(321,365)	(26,256)	-	-	(347,621)
Total liabilities	**(53,357,992)**	**(26,256)**	**(1,045)**	**-**	**(53,385,293)**
Net position as at 31 December 2024	**96,537,969**	**26,779,941**	**3,151**	**290,348**	**123,611,409**

The structure of financial assets and liabilities by currency as at 31 December 2023 may be presented as follows:

KZT'000	KZT	USD	RUB	Other	Total
Assets					
Cash and cash equivalents	93,220,539	7,550,166	-	-	100,770,705
Placements with banks	3,790,884	9,957,937	7,212,378	-	20,961,199
Investment securities:	-	-	-	-	-
- measured at fair value through other comprehensive income	23,018,374	-	-	281,450	23,299,824
- measured at fair value through profit or loss	-	-	-	-	-
- measured at amortised cost	1,018,504	5,025,727	-	-	6,044,231
Insurance contract assets	202,822	-	-	-	202,822
Reinsurance contract assets	910,985	-	-	-	910,985
Total assets	**122,162,108**	**22,533,830**	**7,212,378**	**281,450**	**152,189,766**
Liabilities					
Insurance contract liabilities	(34,412,024)	(288)	(1,084)	-	(34,413,396)
Reinsurance contract liabilities	(65,573)	-	-	-	(65,573)
Other liabilities	(136,681)	-	-	-	(136,681)
Total liabilities	**(34,614,278)**	**(288)**	**(1,084)**	**-**	**(34,615,650)**
Net position as at 31 December 2023	**87,547,830**	**22,533,542**	**7,211,294**	**281,450**	**117,574,116**

A drop in the KZT, as indicated below, against the following currencies at 31 December 2024 and as at 31 December 2023 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular, interest rates, remain constant.

KZT'000	2024	2023
30% appreciation of USD (2023: 30%)	8,033,983	6,760,063
30% appreciation of RUB (2023: 30%)	945	2,163,388
10% appreciation of other currencies (2023: 10%)	29,035	28,145

A strengthening of the KZT against the above currencies at 31 December 2024 and 31 December 2023 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant**.**

(c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company has policies and procedures in place to manage credit exposures (both for recognised financial assets and unrecognised contractual commitments), including requirements to set and comply with portfolio concentration limits. The regulation for financial assets and liabilities management is reviewed and approved by the Management Board.

The Company continuously monitors the status of individual counterparties and regularly reassesses the creditworthiness of its counterparties. In addition to the analysis of individual borrowers, the Risk Management Department assesses the loan portfolio in general in terms of credit concentration and market risks.

The maximum exposure to credit risk is generally reflected in the carrying amount of financial assets in the statement of financial position and in the amount of unrecognised contractual obligations. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

The maximum exposure to on balance sheet credit risk at the reporting date is as follows:

	2024 KZT'000	2023 KZT'000
ASSETS		
Cash and cash equivalents	81,533,181	100,770,705
Placements with banks	32,003,134	20,961,199
Investment securities:		
- measured at fair value through other comprehensive income	45,818,084	23,299,824
- measured at fair value through profit or loss		
- measured at amortised cost	16,074,081	6,044,231
Insurance contract assets	179,871	202,822
Reinsurance contract assets	1,388,351	910,985
Total maximum exposure	**176,996,702**	**152,189,766**

As at 31 December 2024 the Company had 3 counterparties (31 December 2023: 1 counterparty), credit risk exposure to whom exceeds 10% of maximum credit risk exposure. The credit risk exposure for these customers as at 31 December 2024 is KZT 114,398,854 thousand (31 December 2023: KZT 65,980,315 thousand).

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to liquidity management. It is unusual for financial institutions ever to be completely matched, since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability but can also increase the risk of losses.

The Company mitigates this risk by analysing liquidity gaps and maturity on an ongoing basis.

The following table shows financial liabilities by remaining contractual maturity dates as at 31 December 2024 except for reinsurance contract assets and insurance contract liabilities:

KZT'000	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Financial assets						
Cash and cash equivalents	54,456,017	27,077,164	-	-	-	81,533,181
Placements with banks	275,228	454,635	25,785,703	6,125,530		32,641,096
Investment securities:						
- measured at fair value through other comprehensive income	-	-	-	45,473,128	344,957	45,818,084
- measured at amortised cost	-	-	10,138,750	6,015,928	-	16,154,678
Total financial assets as at 31 December 2024	**54,731,245**	**27,531,799**	**35,924,453**	**57,614,585**	**344,957**	**176,147,039**

KZT'000	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Financial liabilities						
Other financial liabilities	-	-	(347,621)	-	-	(347,621)
Total financial liabilities as at 31 December 2024	**-**	**-**	**(347,621)**	**-**	**-**	**(347,621)**

The following table shows financial liabilities by remaining contractual maturity dates as at 31 December 2023. Insurance liabilities are shown based on expected maturities. Insurance contract provisions are presented net of reinsurers' share:

KZT'000	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Financial assets						
Cash and cash equivalents	100,770,705	-	-	-	-	100,770,705
Placements with banks	12,727,547	1,309,896	6,103,624	1,633,132	-	21,774,199
Investment securities:						
- measured at fair value through other comprehensive income	54,590	1,625,169	3,148,941	22,788,590	4,338,478	31,955,768
- measured at amortised cost	-	86,866	6,124,746	565,086	-	6,776,698
Total financial assets as at 31 December 2023	**113,552,842**	**3,021,931**	**15,377,311**	**24,986,808**	**4,338,478**	**161,277,370**

KZT'000	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Financial liabilities						
Other financial liabilities	136,681	-	-	-	-	136,681
Total financial liabilities as at 31 December 2023	**136,681**	**-**	**-**	**-**	**-**	**136,681**

(e) Additional actuarial disclosures

Estimates of the present value of future contractual cash flows as at 31 December 2024

31 December 2024	Estimates of the present value of future contractual cash flows						
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total as at 31 December 2024
Reinsurance contract assets	667,189	558,827	12,130	-	-	-	1,238,147
Insurance contract liabilities	(29,640,534)	(8,013,424)	(4,881,770)	(1,939,744)	(793,592)	(557,592)	(45,826,654)

** - amounts are based on the time value of money. Discounting is applied based on the simplification that the cash flow will occur in the middle of the period*

Estimates of the present value of future contractual cash flows as at 31 December 2023

31 December 2023	Estimates of the present value of future contractual cash flows						
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total as at 31 December 2023
Reinsurance contract assets	516,088	394,897	-	-	-	-	910,985
Insurance contract liabilities	(21,998,084)	(6,221,124)	(2,753,658)	(1,359,493)	(811,852)	(1,269,185)	(34,413,396)

An analysis of net investment income and net Finance expenses for insurance by product line is presented below:

	Loan insurance	
	2024	**2023**
Finance income (expenses) from concluded insurance contracts		
Accrued interest	(2,528,492)	(3,434,550)
Changes in the time value of money and other financial assumptions	(125,862)	(216,654)
Foreign exchange differences	-	-
Finance income (expenses) from concluded insurance contracts	**(2,654,354)**	**(3,651,204)**
Finance income (expenses) from reinsurance contracts held		**-**
Accrued interest	99,303	375,789
Changes in the time value of money and other financial assumptions	11,655	4,591
Foreign exchange differences	-	-
Finance income (expenses) from reinsurance contracts held	**110,958**	**380,380**
Net finance expenses for insurance	**(2,543,396)**	**(3,270,824)**

Sensitivity analysis of carrying amount to changes in assumptions.

	31 December 2024			
Changes in assumptions	**Absolute effect of changes in insurance liability assumptions**	**Relative effect of changes in insurance contract liability assumptions**	**Absolute effect of changes in insurance contract asset assumptions**	**Relative effect of changes in insurance contract asset assumptions**
The ARC/LRC best estimates	27,173,118		-	
Probability of default of the counterparty +5%	1,295,035	4,77%	-	-
Probability of default of the counterparty -5%	(1,302,934)	-4,79%	-	-
Loss given default of the counterparty +5%	66,299	0,24%	-	-
Loss given default of the counterparty -5%	(1,393,063)	-5,13%	-	-
Administrative expenses +10%	73,709	0,27%	-	-
Administrative expenses -10%	(72,705)	-0,27%	-	-
Claims settlement expenses +10%	1,018	0,00%	-	-
Claims settlement expenses -10%	(1,018)	0,00%	-	-
Probability of termination +10%	(415,242)	-1,53%	-	-
Probability of termination -10%	420,800	1,55%	-	-
Parallel shift in the inflation rate +1%	8,903	0,03%	-	-
Parallel shift in the inflation rate -1%	(8,782)	-0,03%	-	-
Parallel shift in the discount rate +1%	(243,053)	-0,89%	-	-
Parallel shift in the discount rate -1%	250,136	0,92%	-	-

	31 December 2023			
Changes in assumptions	**Absolute effect of changes in insurance liability assumptions**	**Relative effect of changes in insurance contract liability assumptions**	**Absolute effect of changes in insurance contract asset assumptions**	**Relative effect of changes in insurance contract asset assumptions**
The ARC/LRC best estimates	15,313,812		56,622	
Probability of default of the counterparty +5%	689,971	4,51%	(1,195)	-2,11%
Probability of default of the counterparty -5%	(679,766)	-4,44%	1,291	2,28%
Loss given default of the counterparty +5%	118,073	0,77%	(180)	-0,32%
Loss given default of the counterparty -5%	(704,320)	-4,60%	1,288	2,27%
Administrative expenses +10%	44,451	0,29%	(200)	-0,35%
Administrative expenses -10%	(44,094)	-0,29%	513	0,91%
Claims settlement expenses +10%	607	0,00%	(4)	-0,01%
Claims settlement expenses -10%	(607)	0,00%	4	0,01%
Probability of termination +10%	(183,280)	-1,20%	(619)	-1,09%
Probability of termination -10%	187,693	1,23%	646	1,14%
Parallel shift in the inflation rate +1%	5,781	0,04%	(41)	-0,07%
Parallel shift in the inflation rate -1%	(5,705)	-0,04%	41	0,07%
Parallel shift in the discount rate +1%	(164,751)	-1,08%	271	0,48%
Parallel shift in the discount rate -1%	170,082	1,11%	(270)	-0,48%

	31 December 2024			
	Contractual service margin			
Changes in assumptions	**Absolute effect of changes in assumptions, excluding the reinsurer's share**	**Relative effect of changes in assumptions, excluding the reinsurer's share**	**Absolute effect of changes in assumptions, taking into account the reinsurer's share**	**Relative effect of changes in assumptions, taking into account the reinsurer's share**
The CSM best estimates	688,041		634,479	
Probability of default of the counterparty +5%	(4,270)	-0,62%	(3,814)	-0,60%
Probability of default of the counterparty -5%	7,333	1,07%	5,569	0,88%
Loss given default of the counterparty +5%	8	0,00%	8	0,00%
Loss given default of the counterparty -5%	5,889	0,86%	4,132	0,65%
Administrative expenses +10%	(4,632)	-0,67%	(4,104)	-0,65%
Administrative expenses -10%	5,636	0,82%	4,709	0,74%
Claims settlement expenses +10%	(94)	-0,01%	434	0,07%
Claims settlement expenses -10%	94	0,01%	86	0,01%
Probability of termination +10%	(10,120)	-1,47%	(10,112)	-1,59%
Probability of termination -10%	10,223	1,49%	10,215	1,61%
Parallel shift in the inflation rate +1%	(833)	0,12%	(797)	-0,13%
Parallel shift in the inflation rate -1%	3,865	0,57%	772	0,12%
Parallel shift in the discount rate +1%	(405)	-0,06%	(983)	-0,15%
Parallel shift in the discount rate -1%	1,278	0,19%	1,636	0,26%

Sensitivity analysis of contractual service margin to changes in assumptions

	31 December 2023			
	Contractual service margin			
Changes in assumptions	**Absolute effect of changes in assumptions, excluding the reinsurer's share**	**Relative effect of changes in assumptions, excluding the reinsurer's share**	**Absolute effect of changes in assumptions, taking into account the reinsurer's share**	**Relative effect of changes in assumptions, taking into account the reinsurer's share**
The CSM best estimates	1,006,432		999,152	
Probability of default of the counterparty +5%	(123,473)	-12,27%	(123,205)	-12,33%
Probability of default of the counterparty -5%	136,279	13,54%	136,011	13,61%
Loss given default of the counterparty +5%	(38,759)	-3,85%	(38,758)	-3,88%
Loss given default of the counterparty -5%	135,271	13,44%	135,009	13,51%
Administrative expenses +10%	(7,014)	-0,70%	(6,893)	-0,69%
Administrative expenses -10%	7,059	0,70%	6,937	0,69%
Claims settlement expenses +10%	(56)	-0,01%	(55)	-0,01%
Claims settlement expenses -10%	56	0,01%	55	0,01%
Probability of termination +10%	(54,394)	-5,40%	(54,088)	-5,41%
Probability of termination -10%	56,617	5,63%	56,307	5,64%
Parallel shift in the inflation rate +1%	(516)	-0,05%	(514)	-0,05%
Parallel shift in the inflation rate -1%	508	0,05%	505	0,05%
Parallel shift in the discount rate +1%	15,018	1,49%	15,015	1,50%
Parallel shift in the discount rate -1%	(14,790)	-1,47%	(14,787)	-1,48%

Sensitivity analysis of profit for contractual services to changes in assumptions

	31 December 2024			
	Profit			
Changes in assumptions	**Absolute effect of changes in assumptions, excluding the reinsurer's share**	**Relative effect of changes in assumptions, excluding the reinsurer's share**	**Absolute effect of changes in assumptions, taking into account the reinsurer's share**	**Relative effect of changes in assumptions, taking into account the reinsurer's share**
Profit	(6,076,597)		(6,439,788)	
Probability of default of the counterparty +5%	(612,457)	10,08%	(302,372)	4,70%
Probability of default of the counterparty -5%	624,601	-10,28%	630,864	-9,80%
Loss given default of the counterparty +5%	43,236	-0,71%	38,893	-0,60%
Loss given default of the counterparty -5%	690,410	-11,36%	696,944	-10,82%
Administrative expenses +10%	(29,900)	0,49%	(27,757)	0,43%
Administrative expenses -10%	29,364	-0,48%	27,721	-0,43%
Claims settlement expenses +10%	(424)	0,01%	(424)	0.01%
Claims settlement expenses -10%	424	-0,01%	424	-0,01%
Probability of termination +10%	231,159	-3,80%	231,159	-3,59%
Probability of termination -10%	(232,389)	3,82%	(232,389)	3,61%
Parallel shift in the inflation rate +1%	(3,222)	0,05%	(3,073)	0,05%
Parallel shift in the inflation rate -1%	3,176	-0,05%	3,027	-0,05%
Parallel shift in the discount rate +1%	80,768	-1,33%	85,190	-1,32%
Parallel shift in the discount rate -1%	(82,145)	1,35%	(86,172)	1,34%

Changes in assumptions	31 December 2023 Profit — Absolute effect of changes in assumptions, excluding the reinsurer's share	Relative effect of changes in assumptions, excluding the reinsurer's share	Absolute effect of changes in assumptions, taking into account the reinsurer's share	Relative effect of changes in assumptions, taking into account the reinsurer's share
Profit	5,641,125		5,240,875	
Probability of default of the counterparty +5%	33,615	0,60%	13,575	0,26%
Probability of default of the counterparty -5%	(46,530)	-0,82%	(26,438)	-0,50%
Loss given default of the counterparty +5%	199,185	3,53%	199,391	3,80%
Loss given default of the counterparty -5%	(53,813)	-0,95%	(33,487)	-0,64%
Administrative expenses +10%	(8,757)	-0,16%	(8,950)	-0,17%
Administrative expenses -10%	8,869	0,16%	9,062	0,17%
Claims settlement expenses +10%	(104)	0,00%	(107)	0,00%
Claims settlement expenses -10%	104	0,00%	107	0,00%
Probability of termination +10%	(333)	-0,01%	7,765	0,15%
Probability of termination -10%	(1,742)	-0,03%	(9,955)	-0,19%
Parallel shift in the inflation rate +1%	(1,496)	-0,03%	(1,539)	-0,03%
Parallel shift in the inflation rate -1%	1,459	0,03%	1,501	0,03%
Parallel shift in the discount rate +1%	26,797	0,48%	30,238	0,58%
Parallel shift in the discount rate -1%	(28,355)	-0,50%	(31,909)	-0,61%

19. Contingencies

(a) Litigation

In the ordinary course of business, the Company is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints, will not have a material adverse effect on the financial condition or the results of future operations of the Company.

(b) Taxation contingencies

The taxation system in Kazakhstan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities, in particular recognition of income, expenses and other items of the financial statements under IFRS. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. A tax year generally remains open for review by the tax authorities for five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

These circumstances may create tax risks in Kazakhstan that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

Also, considering that the Company's activities are not regulated anymore, in order to resolve the issue of extending tax deductions provided for insurance organizations, the issue of amending the Tax Code of the Republic of Kazakhstan in terms of extending the current provisions on corporate income tax to the Company similar to the provisions regarding insurance (reinsurance) organizations is being addressed together with government stakeholders.

It needs to be highlighted that the Decision of the Republican Budget Commission dated 22 August 2024 supported the proposal to extend tax deductions for corporate income tax to the Company from1 January 2024 and to make corresponding amendments to the industry legislation. The amendments will regulate exclusively the tax accounting of ECAs and do not affect the interests of other business entities.

Following the results of a number of working meetings, a draft amendment was prepared to amend and supplement the Tax Code, as well as the Law of the Republic of Kazakhstan “On Regulation of Trade Activities”.

These proposals were submitted to the Office of the Government of the Republic of Kazakhstan in the format of a comparative table with amendments, including regulation of tax accounting and tax deductions of the Company, by empowering the Ministry of Trade and Integration to adopt relevant regulatory legal acts similar to regulatory legal acts for insurance organizations adopted by the Agency for Regulation and Development of the Financial Market.

On 24 December, the amendments agreed upon with the Administration of the President of the Republic of Kazakhstan were submitted for consideration at a meeting of the Government of the Republic of Kazakhstan and approved by members of the Government of the Republic of Kazakhstan.

On 26 December, the aligned position of the Government of the Republic of Kazakhstan was submitted for consideration to the Mazhilis of the Parliament of the Republic of Kazakhstan.

Worth mentioning, that the Company is not registered for value added tax, since according to the General Classifier of Types of Economic Activities (the "GCTEA"), the main type of economic activity of the Agency is: 65200 - Reinsurance, and the secondary type is 65122 - Non-state property damage insurance / Property damage private insurance (Негосударственное страхование ущерба), and 6499 - Other financial intermediation, except for insurance and pension provision, not included in other groupings. According to the provisions of the Tax Code of the Republic of Kazakhstan, turnover from the implementation of financial transactions on insurance (reinsurance), as well as the services of insurance brokers (insurance agents) for the conclusion and execution of insurance (reinsurance) contracts, are exempt from value added tax.

20. Financial assets and liabilities: fair values and accounting classifications

The estimates of fair value are intended to approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines fair values using other valuation techniques.

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

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market-observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm’s length.

(a) Fair value hierarchy

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

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation. This category includes instruments measured based on quoted prices for similar instruments that require the use of significant unobservable adjustments or judgments to reflect differences between instruments.

This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

As at 31 December 2024, the fair value of all financial instruments was categorised as Level 2, except other financial assets and other financial liabilities.

b) Classification of accounts and fair value

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2024:

KZT'000	Measured at amortised cost	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss	Total carrying amount	Fair value
Cash and cash equivalents	81,533,180	-	-	81,533,180	81,533,180
Placements with banks	32,003,135	-	-	32,003,135	32,003,135
Investment securities:					
- measured at fair value through other comprehensive income	-	45,818,084	-	45,818,084	45,818,084
- measured at fair value through profit or loss					
- measured at amortised cost	16,074,081	-	-	16,074,081	16,074,081
Total assets	**129,610,396**	**45,818,084**	**-**	**175,428,480**	**175,428,580**
Other financial liabilities	(347,621)	-	-	(347,621)	(347,621)
Total Financial liabilities	**(347,621)**	**-**	**-**	**(347,621)**	**(347,621)**

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2023:

KZT'000	Measured at amortised cost	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss	Total carrying amount	Fair value
Cash and cash equivalents	100,770,705	-	-	100,770,705	100,770,705
Placements with banks	20,961,199	-	-	20,961,199	20,961,199
Investment securities:	-	-	-	-	-
- measured at fair value through other comprehensive income	-	23,299,824	-	23,299,824	23,299,824
- measured at fair value through profit or loss	-	-	-	-	-
- measured at amortised cost	6,044,231	-	-	6,044,231	5,713,583
Total assets	**127,776,135**	**23,299,824**	**-**	**151,075,959**	**150,745,311**
Other financial liabilities	(136,681)	-	-	(136,681)	(136,681)
Total Financial liabilities	**(136,681)**	**-**	**-**	**(136,681)**	**(136,681)**

(c) Impairment

The Company recognises loss allowances for expected credit losses (ECL) on the following financial instruments:

- financial assets measured at amortised cost (including cash and cash equivalent, placements with banks, investment securities measured at amortised cost, other financial assets;
- debt financial assets measured at fair value through other comprehensive income.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL is recognised are referred to as 'Stage 1' financial instruments.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. Financial instruments, other than purchased or originated credit-impaired assets, for which a lifetime ECL is recognised are referred to as 'Stage 2' financial instruments (if the credit risk has increased significantly since initial recognition, but the financial instruments are not credit-impaired) and 'Stage 3' financial instruments (if the financial instruments are credit-impaired).

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

Using its expert credit judgment and, where possible, relevant historical experience, the Company may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

The Company will deem the credit risk of a particular exposure to have increased significantly since initial recognition if, the internal/external rating is determined to have decreased by more than two (or more) grades since initial recognition.

As a backstop, the Company considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

Credit risk grades (ratings)

The Company allocates each exposure to a credit risk grade based on relevant external credit risk grade of Standard&Poor's, Fitch Ratings, Moody's Investors Services that is determined to be predictive of the risk of default.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates. Each exposure is allocated to a credit risk grade at initial recognition based on available information about the counterparty or the issuer. Exposures are subject to ongoing monitoring, which includes, without limitation, the analysis of the following data:

- information obtained during periodic review of counterparty files – e.g. audited financial statements;
- data from credit reference agencies, press articles, changes in external credit ratings;
- actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities;
- payment record – this includes overdue status.
- existing and forecast changes in business, financial and economic conditions.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or another financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A financial asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In making an assessment of whether an investment in sovereign debt (other financial assets) is credit-impaired, the Company considers the following factors:

- the market's assessment of creditworthiness as reflected in the bond yields;
- the rating agencies' assessments of creditworthiness;
- the country's ability to access the capital markets for new debt issuance;
- the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness;

- the international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfill the required criteria.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring does not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset;

- If the expected restructuring results in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Measurement of expected credit losses

ECL is a probability-weighted estimate of credit losses. It is measured as follows:

- *financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive);

- *financial assets that are credit-impaired at the reporting date*: as the difference between the gross carrying amount and the present value of estimated future cash flows.

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

These parameters are generally derived from Standard&Poor's and Moody's studies. They will be adjusted to reflect forward-looking information as described below.

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Company collects performance and default information about its credit risk exposures analysed by credit risk grading. The Company also uses information from external credit rating agencies.

The Company analyses data obtained to estimate the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes determination and calibration of relationships between changes in the level of defaults and changes in key macroeconomic factors as well as detailed analysis of impact of some other factors on risk of default. Management believes that for the majority of credit risk exposures, the key macroeconomic indicators will be the GDP growth.

The Company uses expert judgment in assessment of forward-looking information. This assessment is also based on external information. The Company then uses these forecasts to adjust its estimates of PDs.

Definition of default

The Company considers a financial asset to be in default when:

- the counterparty is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

- the counterparty is more than 90 days past due on credit obligation to the Company.
- it is becoming probable that the counterparty will restructure the asset as a result of bankruptcy due to the counterparty's inability to pay its obligations.

In assessing whether a borrower is in default, the Company considers quantitative indicators e.g. overdue status and non-payment on another obligation of the same issuer to the Company; and based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Assessment of PD, LGD and EAD

External data of Moody's studies over a considerable period (e.g. average historical PD values over the period between 1984 and 2023) are used by the Company to build PDs due to lack of sufficient historical data. PDs are to be recalculated as far as revised studies are available (generally, on an annual basis).

If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

The Company estimates LGD parameters depending on the type of counterparty.

The Company conducts an individual assessment for exposures designated at Stage 3 or credit-impaired assets. An individual assessment is expressed in the analysis of the expected cash flows, which can be estimated taking into account the cash flows of the operating activities of the counterparty.

For financial assets designated as stages 1 and 2, the following 3 categories of LGD are considered:

- LGD is close to 0%, if the government acts as a counterparty;
- LGD is 70%, if the Kazakhstani bank acts as a counterparty; and
- for other counterparties, LGD is calculated based on Moody's recovery studies according to the external rating of a counterparty. LGD parameters are to be recalculated as far as revised studies are available (generally, on an annual basis).

EAD represents the expected exposure as at the date of default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For securities EAD is calculated based on the carrying amount of an item in tenge, including acquisition cost, current accrued interest, and discount/premium.

The portfolios for which external benchmark information represents a significant input into measurement of ECL are as follows.

	Exposure at		External benchmarks used	
KZT'000	**31 December 2024**	**31 December 2023**	**PD**	**LGD**
Cash and cash equivalents	81,533,180	100,770,705	S&P default study 2024 Moody's default study 2023	Moody's recovery studies/for positions within Kazakhstan, LGD is based on historical recoveries from defaulted financial institutions
Placements with banks	32,003,135	20,961,199		
Investment securities, measured at fair value through other comprehensive income	45,818,084	23,299,824		
Investment securities, measured at amortised cost	16,074,081	6,044,231		

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- *financial assets measured at amortised cost:* as a deduction from the gross carrying amount of the assets
- *debt instruments measured at FVOCI:* no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-offs

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of their recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on debt financial assets' in the statement of profit or loss and other comprehensive income.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(d) Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for remuneration accrued at the effective rate and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities denominated in foreign currencies and recognised at historical costs are transferred to the functional currencies at exchange rates at the date of transactions.

21. Related party transactions

(a) Control ownership

The Company's parent company is National Management Holding "Baiterek" JSC. The Company's ultimate shareholder is the Government of the Republic of Kazakhstan.

The Company's parent company presents financial statements available to external users.

(b) Transactions with key management personnel

Total remuneration included in general and administrative expenses for the twelve months ended on 31 December 2024 and 31 December 2023 is as follows:

KZT'000	2024	2023
Members of the Board of Directors	20,500	22,795
Members of the Management Board	254,729	199,819
	275,229	**222,614**

(c) Transactions with other related parties

Other related parties comprise the government companies that are not part of Baiterek Group.

State guarantee issued by the Government of the Republic of Kazakhstan

In December 2023 the Ministry of Finance of the RK, EIC KazakhExport JSC and Fund of Problem Loans JSC (formerly, Company for Asset Rehabilitation and Management) signed the Agreement on Issue of the State Guarantee of the Republic of Kazakhstan to support export for the amount of KZT 129,200,000 thousand, with 10-year term, as security of its liabilities related to repayment of debt on insurance indemnities (in September 2022: KZT 210,000,000 thousand with 10-year term).

The state guarantee received by the Company will increase the amount of insurance obligations assumed without additional cash contributions to the Company's equity. The total amount of government guarantees received is KZT 541,400,000 thousand.

As of 31 December 2024, the outstanding balances of transactions with other related parties are as follows:

KZT'000	Parent company	Fellow subsidiaries	Other entities, incl. government-related entities	Total
Assets				
Cash and cash equivalents	-	-	-	-
Placements with banks	-	-	-	-
Investment securities:				
- measured at fair value through other comprehensive income	54,608	5,666,742	30,366,599	36,087,949
-at amortised cost	10,138,750	-	5,482,527	15,621,277
Insurance contract assets	-	-	-	-
Current tax asset	-	-	1,020,417	1,020,417
Deferred tax assets	-	-	72,991	72,991
Other assets	-	-	1,495,042	1,495,042
Liabilities				
Insurance contract liabilities	-	12,931	43,218	56,149
Reinsurance contract liabilities	-	-	-	-
Deferred tax liabilities	-	-	-	-
Other liabilities	-	21,024	2,110	23,134

As of 31 December 2023, the outstanding balances of transactions with other related parties are as follows:

KZT'000	Parent company	Fellow subsidiaries	Other entities, incl. government-related entities	Total
Assets				
Cash and cash equivalents	-	7	-	7
Placements with banks	-	7,166,207	-	7,166,207
Investment securities:				
- measured at fair value through other comprehensive income	-	-	12,669,542	12,669,542
-at amortised cost	-	-	4,564,644	4,564,644
Insurance contract assets	-	52,080	-	52,080
Deferred tax assets	-	-	54,744	54,744
Other assets	-	-	821,323	821,323
Liabilities				
Insurance contract liabilities	-	1,506,124	-	1,506,124
Reinsurance contract liabilities	-	20,905	-	20,905
Current tax liabilities	-	-	162,156	162,156
Deferred tax liabilities	-		797,413	797,413
Other liabilities	-	15,962	35,660	51,622

The net change in fair value of securities for 2024 was: for the parent company (1,423) thousand KZT, for subsidiaries of the parent company 521,638 thousand KZT (for 2023: for the parent company - 0 KZT, for subsidiaries of the parent company - 0 KZT). The reserve for changes in fair value of securities as of the end of 2024 was: for the parent company (1,423) thousand KZT, for subsidiaries of the parent company 521,638 thousand KZT (at the end of 2023: for the parent company - 0 KZT, for subsidiaries of the parent company - 0 KZT).

The following amounts are included in the statement of profit or loss and other comprehensive income for the twelve months ended 31 December 2024 and 2023:

KZT'000	2024 Parent company	2024 Fellow subsidiaries	2024 Other entities, incl. government-relate entities	2023 Parent company	2023 Fellow subsidiaries	2023 Other entities, incl. government-related entities
Profit						
Insurance revenue	-	21,586	52,894	-	114,215	-
Insurance expenses	-	-	6,412,421	-	(7,388)	226,601
Finance costs on insurance contracts issued			(7,090)			
Net expenses on reinsurance contracts held	-	-	-	-	16,361	-
Interest income calculated using the effective interest method	819,781	159,943	1,793,347	-	485,560	2,251,503
Impairment losses on financial assets	-	-	-	-	(16,592)	-
Administrative expenses	-	(251,299)	(245,190)	-	(189,992)	(111,775)
Other operating expenses	-	-	(50,556)	-	-	(82,444)
Income tax expense	-	-	(3,137,478)	-	-	(1,560,434)

22. Events after the reporting period

On 23 January 2024, the Head of State signed the Law "On Introducing Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Issues of an Export Credit Agency and the Promotion of Export of Non-Commodity Goods (Works, Services)".

As of 28 January 2025, the draft laws on housing and utilities services have been submitted to the Mazhilis of the Parliament of the Republic of Kazakhstan, whereby it is planned to implement amendments to the Tax Code of the Republic of Kazakhstan "On Taxes and other Mandatory Payments to the Budget" in terms of extending the current provisions on corporate income tax to the Company similar to the provisions regarding insurance (reinsurance) organizations. The draft laws will be considered at a meeting of the Committee for Economic Reform and Regional Development.

After consistent consideration of the draft laws in the Mazhilis and the Senate of the Parliament and their adoption, the Laws will be sent to the Head of State for signing.

Also, by the decision of the Board of Directors of the Company dated 19 July 2024, No. 12, the Rules for guaranteeing transactions for the promotion of non-primary exports of the Company were approved, in accordance with which the Export Credit Agency of Kazakhstan JSC is regulated by the issue of the following types of guarantees: tender guarantee, guarantee for the fulfillment of obligations under the Contract, guarantee for the return of the advance payment under the Contract, guarantee provided to the Bank to secure the fulfillment of the Debtor's obligations, guarantee for the repayment of the loan.

On 12 February 2025, the Company issued a guarantee for the fulfillment of the exporter's obligations in favor of a second-tier bank in the amount of 1.16 billion KZT. Also, the exporter's application for the provision of a guarantee for the fulfillment of obligations under the contract in the Republic of Uzbekistan in the amount of 528.4 thousand US dollars was also approved.