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KAZYNA CAPITAL MANAGEMENT

Kazyna Capital Management JSC

Separate Financial Statements
for the year
ended 31 December 2021

Contents

KPMG

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Independent Auditors' Report

To the Board of Directors of Kazyna Capital Management JSC

Opinion

We have audited the separate financial statements of Kazyna Capital Management JSC (the "Company"), which comprise the separate statement of financial position as at 31 December 2021, the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at 31 December 2021, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Investments in subsidiaries measured at fair value through profit or loss

Refer to the Note 12 in the separate financial statements.

Key audit matter	**How the matter was addressed in our audit**
Investments in subsidiaries measured at fair value through profit or loss account for 85% of the Company's assets. Fair value of these assets is measured using the judgments and unobservable data. Due to the materiality of investments measured at fair value through profit or loss and related estimation uncertainty, this area is a key audit matter.	We performed the following procedures to measure the investments in subsidiaries measured at fair value through profit or loss: • We tested the design and implementation of controls over fair value measurement of investments in subsidiaries measured at fair value through profit or loss. • On a sample basis, we assessed the significant assumptions used by the Company to measure fair value of net assets of the subsidiaries including investments of subsidiaries in equity and debt instruments measured at fair value. Key assumptions used in estimation of fair value of investments of subsidiaries in equity and debt instruments include such assumptions as sales volumes and prices, cost of production, EBITDA margin forecasts and capital expenditures. We reconciled the assumptions used by the Company with industry, financial and economic data available from external sources and/or performed an independent assessment using alternative models and assumptions. Discount rates were recalculated based on market data from public sources and information on the loans of the subsidiaries' investees, as well as sectoral averages for the capital structure of the relevant industry. • We also compared the forecast sales volumes, prices, cost of production, gross margin and EBITDA margin with historical data, assessed the historical accuracy of the forecasts, and reconciled them to actual results according to the financial statements of the subsidiaries' investees. • On a sample basis for the most significant investments and/or investments of subsidiaries with the most significant changes in fair value during the reporting period, we engaged our valuation specialists to analyse the valuation methodology, assumptions and data used by the Company. • We also assessed the completeness and accuracy of disclosures regarding the valuation of investments in subsidiaries measured at fair value through profit or loss.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

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

In preparing the separate 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.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 separate financial statements.

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

— Identify and assess the risks of material misstatement of the separate 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 auditors' report to the related disclosures in the separate 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 auditors' 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 separate financial statements, including the disclosures, and whether the separate 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.

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

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

The engagement partner on the audit resulting in this independent auditors' report is:

Madina Magomedova
Certified Auditor
of the Republic of Kazakhstan
Auditor's Qualification Certificate
№ МФ-0000594 of 24 May 2018

KPMG Audit LLC

State Licence to conduct audit #0000021 dated 6 December 2006 issued by the Ministry of Finance of the Republic of Kazakhstan 6 December 2006

Sergey Dementyev
General Director of KPMG Audit LLC
acting on the basis of its Charter

5 April 2022

	Note	2021 KZT'000	2020 KZT'000
Interest income calculated using the effective interest method	5	1,383,893	774,320
Interest expense	5	(358,641)	-
Net interest income		**1,025,252**	**774,320**
Net loss on revaluation of investments in subsidiaries measured at fair value through profit or loss	27	(313,120)	(536,540)
Net income/(loss) on derivative financial instruments	17	324,325	(1,030,473)
Dividend income	13	2,041,910	2,682,849
Net foreign exchange gain	9	475,444	3,095,182
Net loss on investment financial assets		(7,550)	(458,455)
Other operating income, net		69,135	31,883
Operating income		**3,615,396**	**4,558,766**
Reversal/(charge) of impairment loss on debt financial assets		202,292	(17,685)
Personnel expenses	6	(706,932)	(451,537)
General and administrative expenses	7	(633,124)	(462,830)
Profit before income tax		**2,477,632**	**3,626,714**
Income tax expense	8	(2,146,999)	(1,094,379)
Profit for the year		**330,633**	**2,532,335**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Revaluation reserve for investment financial assets:			
- Net change in fair value, net of income tax		(18,834)	183,383
- Net change in fair value transferred to profit or loss		(765)	73,565
Other comprehensive income for the year, net of income tax		**(19,599)**	**256,948**
Total comprehensive income for the year		**311,034**	**2,789,283**

The separate financial statements as set out on pages 7 to 64 were approved by management on 5 April 2021 and were signed on its behalf by:

Gulnara Makanalina
Deputy Chairman
of the Management Board

Raukhan Kuttybayeva
Chief Accountant

The separate statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the separate financial statements.

	Note	2021 KZT'000	2020 KZT'000
ASSETS			
Cash and cash equivalents	10	9,551,504	10,654,679
Amounts due from credit institutions	11	1,328,299	19,516,275
Loans to customers	12	10,165,156	-
Investments in subsidiaries measured at fair value through profit or loss	13	145,260,908	115,787,668
Investments in joint ventures measured at fair value through profit or loss	18	364,630	-
Investment financial assets	14	3,003,087	4,162,053
Current tax asset		1,703,109	1,107,538
Property, plant and equipment and intangible assets		53,390	16,070
Deferred tax asset	8	53,464	2,348,696
Other assets		16,363	38,774
Total assets		**171,499,910**	**153,631,753**
LIABILITIES			
Debt securities issued	15	9,581,437	-
Government grants	16	765,890	-
Financial liabilities measured at fair value through profit or loss	17	-	12,145,034
Other liabilities		325,700	156,723
Total liabilities		**10,673,027**	**12,301,757**
EQUITY			
Share capital	18	107,761,730	87,440,000
Revaluation reserve for investment financial assets		(923)	18,676
Retained earnings		53,066,076	53,871,320
Total equity		**160,826,883**	**141,329,996**
Total liabilities and equity		**171,499,910**	**153,631,753**

The separate statement of financial position is to be read in conjunction with the notes to, and forming part of, the separate financial statements.

	2021 KZT'000	2020 KZT'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest income	894,468	775,579
Interest paid	(173,589)	
Personnel expenses paid	(705,533)	(424,413)
Other general administrative expenses (payments)	(466,173)	(410,676)
Proceed from trade and investment transactions	11,037	-
(Increase)/decrease in operating assets		
Amounts due from credit institutions	18,766,536	(10,481,504)
Increase in operating liabilities		
Financial liabilities measured at fair value through profit or loss	70,291	816,278
Net cash flow from/ (used in) operating activities before income tax	**18,397,037**	**(9,724,736)**
Income tax paid	(446,922)	(999,668)
Net cash flow from/ (used in) operating activities	**17,950,115**	**(10,724,404)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans to customers	(12,800,000)	-
Investments in subsidiaries measured at fair value through profit or loss	(10,965,137)	(8,216,515)
Dividends received	2,041,910	2,682,849
Purchase of investment financial assets	(15,030,700)	-
Sale and repayment of investment financial assets	4,738,727	25,873,946
Acquisition of property, plant and equipment and intangible assets	(45,499)	(1,000)
Net cash flow (used in)/from investing activities	**(32,060,699)**	**20,339,280**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid (Note 18(b))	-	(1,095,395)
Proceeds from debt securities issued (Note 15)	12,800,000	-
Net cash flows from/(used in) operating activities	**12,800,000**	**(1,095,395)**
Net (decrease)/increase in cash and cash equivalents	**(1,310,584)**	**8,519,481**
Cash and cash equivalents at the beginning of the year	10,654,679	192,996
Effect of changes in exchange rates on cash and cash equivalents	207,409	1,942,202
Cash and cash equivalents at the end of year (Note 10)	**9,551,504**	**10,654,679**

The separate statement of cash flows is to be read in conjunction with the notes to, and forming part of, the separate financial statements.

KZT'000	Share capital	Revaluation reserve for investment financial assets	Retained earnings	Total
Balance at 1 January 2021	**87,440,000**	**18,676**	**53,871,320**	**141,329,996**
Total comprehensive income				
Profit for the year	-	-	330,633	330,633
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
- Net change in fair value, net of income tax	-	(18,834)	-	(18,834)
- Net change in fair value transferred to profit or loss	-	(765)	-	(765)
Total other comprehensive income	-	(19,599)	-	(19,599)
Total comprehensive income for the year	**-**	**(19,599)**	**330,633**	**311,034**
Transactions with owners recorded directly in equity				
Issue of shares due to acquisition of business (Notes 18, 19)	19,269,423	-	(448,200)	18,821,223
Transfer of assets by Parent Company (Note 18)	1,052,307	-	(687,677)	364,630
Total transactions with owners	20,321,730	-	**(1,135,877)**	**19,185,853**
Balance at 31 December 2021	**107,761,730**	**(923)**	**53,066,076**	**160,826,883**

The separate statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the separate financial statements.

KZT'000	Share capital	Revaluation reserve for investment financial assets	Retained earnings	Total
Balance at 1 January 2020	**87,440,000**	**(238,272)**	**52,434,380**	**139,636,108**
Total comprehensive income				
Profit for the year	-	-	2,532,335	2,532,335
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
- Net change in fair value, net of income tax	-	183,383	-	183,383
- Net change in fair value transferred to profit or loss	-	73,565	-	73,565
Total other comprehensive income	-	**256,948**	-	**256,948**
Total comprehensive income for the year	-	**256,948**	**2,532,335**	**2,789,283**
Transactions with owners recorded directly in equity				
Dividends declared and paid (Note 18(b))	-	-	(1,095,395)	(1,095,395)
Total transactions with owners	-	-	**(1,095,395)**	**(1,095,395)**
Balance at 31 December 2020	**87,440,000**	**18,676**	**53,871,320**	**141,329,996**

The separate statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the separate financial statements.

1 Reporting entity

(a) (Organisation and operations

Kazyna Capital Management Joint Stock Company ("the Company") was established by the Government of the Republic of Kazakhstan in accordance with the legislation of the Republic of Kazakhstan as a joint stock company on 7 March 2007. According to the Resolution #516 of the Committee of Government property and the Order #630 of the Ministry of Finance of the Republic of Kazakhstan dated 25 May 2013, all shares of the Company were transferred from Sovereign Wealth Fund "Samruk-Kazyna" JSC to Baiterek National Managing Holding Joint Stock Company. The ultimate principal shareholder of the Company is the Government of the Republic of Kazakhstan.

The principal activities of the Company are the establishment of and participation in investment funds and investments in financial instruments.

The Company's registered office is 55A, Mangilik El Avenue, Yessil District, Nur-Sultan, Republic of Kazakhstan.

The principal subsidiaries are as follows:

Name	Country of incorporation	Principal activity	Ownership interest, % 2021	Ownership interest, % 2020
Baiterek Venture Fund JSC*	Kazakhstan	Investment in private equity projects	100.00	100.00
BV Management LLP**	Kazakhstan	Investment portfolio management	100.00	100.00
Kazyna Seriktes B.V.***	The Netherlands	Investments in funds	100.00	100.00
KCM Sustainable Development Fund C.V. I (subsidiary of Kazyna Seriktes B.V.) ****	The Netherlands	Investments in funds	100.00	100.00
QazTech Ventures JSC*****	Kazakhstan	Support and maintenance of business incubators, development of venture capital financing and management of distressed assets	100.00	-
Kazakhstan Project Preparation Fund LLP*****	Kazakhstan	Investment and infrastructure projects structuring and administration, including public-private partnership projects	100.0	-

* Baiterek Venture Fund JSC was established by the Decision of the Board of Directors of the Group on 23 March 2014.

** In November 2018, 100% interest in BV Management LLP was repurchased from the subsidiary of Baiterek Venture Fund JSC.

*** In June 2018 the Group restructured the private equity funds and foreign subsidiaries MRIF CASP C.V. and Kazyna Investment Holding Cooperatief U.A. The Company performed necessary arrangements to transfer the Company's assets to the special purpose vehicle (SPV) Kazyna Seriktes B.V., which is 100% subsidiary of the Company incorporated in the Netherlands. There were transferred assets of 10 PEFs (Falah Growth Fund L.P., Russian-Kazakh Nanotechnology Fund, Macquarie Russia & CIS Infrastructure Fund L.P., Kazakhstan Infrastructure Fund C.V., ADM Kazakhstan Capital Restructuring Fund C.V., Kazakhstan Growth Fund L.P., DBK Equity Fund C.V., Wolfensohn Capital Partners L.P., CITIC Kazyna Investment Fund I L.P. и Islamic Infrastructure Fund L.P.) Investments have been restructured to optimise a tax burden of the Company.

**** On 12 April 2019 an agreement for establishment of the Private Equity Fund "KCM Sustainable Development Fund C.V." (the Company's subsidiary). Kazyna Seriktes B.V. is a limited partner having the ownership of 99.9% while BV Management JSC is the general partner with the ownership of 0.1%.

***** On 31 May 2021, the Management Board of Baiterek National Management Holding made decision (Minutes No. 28/21) to transfer to the Group 100% of ordinary shares of QazTech Ventures JSC and 97.7% interest in the charter capital of Kazakhstan Project Preparation Fund LLP. During 2021 a non-controlling interest in Project Preparation Fund LLP was redeemed, As at 31 December 2021 the Company owns a 100% interest in the charter capital of Project Preparation Fund LLP.

As at 31 December 2021, the Company has determined that under IFRS 10 Kazakhstan Infrastructure Fund C.V. with 95% ownership is not a subsidiary since the Company does not have control over Kazakhstan Infrastructure Fund C.V. As at 31 December 2020, Kazakhstan Infrastructure Fund C.V. with 95% ownership was not also a subsidiary of the Company.

(b) Kazakhstan and CIS business environment

The Company's operations are primarily located in Kazakhstan. Consequently, the Company is exposed to the economic and financial markets of Kazakhstan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Kazakhstan.

The recent geopolitical uncertainty around Russia and Ukraine has further elevated levels of economic uncertainty in Kazakhstan.

These financial statements reflect management's assessment of the impact of the Kazakhstan business environment on the operations and the financial position of the Company. The actual future business environment may differ from management's assessment.

2 Basis of accounting

(a) Statement of compliance

These separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The Company also prepared consolidated financial statements for the year ended 31 December 2021 in accordance with IFRS that can be obtained from the Company's registered office: 55A Mangilik El Avenue, Yessil District, Nur-Sultan, Republic of Kazakhstan.

(b) Basis for measurement

The separate financial statements are prepared on the historical cost basis with the exception of financial assets measured at fair value through profit or loss, investment financial assets measured at fair value through other comprehensive income and investment financial assets measured at fair value through profit or loss.

(c) Functional and presentation currency

"Functional currency" is the currency of the primary economic environment in which the Company operates. The Company's functional currency is Tenge. If indicators of the primary economic environment are mixed, then management uses its judgment to determine the functional currency that reflects the economic substance of the majority of underlying events and circumstances relevant to them. Substantial portion of the Company's investments and transactions are denominated in Tenge. Investor subscriptions and redemptions are also received and paid in KZT. Accordingly, management has determined that the functional currency of the Company is KZT.

All financial information presented in KZT has been rounded to the nearest thousand.

(d) Use of estimates and judgments

In preparing these separate financial statements, management has made judgement, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from those estimates.

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

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the Company's separate financial statements is included in the following notes:

- classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding – Note 3(e)(i);
- status of an entity specialising in venture investments in accordance with IAS 28 - Note 3(a)(i) and Note 12.

Assumptions and estimations uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the separate financial statements for the year ended 31 December 2021 is included in the following notes:

- determining fair value of investments in subsidiaries and financial instruments measured at fair value through profit or loss – Notes 12 and 27.

(e) Change in comparative information

The Company changed presentation of certain captions in the primary forms of consolidated financial statements. Comparative information is reclassified to conform to changes in presentation in the current period.

The effect of main changes in presentation of the separate statement of profit or loss and other comprehensive income for the year ended 31 December 2021 is as follows:

- Presentation of other financial assets measured at fair value was changed so that these assets are presented in other assets.

KZT'000	As previously reported	Effect of reclassifications	As reclassified
Financial assets at fair value through profit or loss	10,607	(10,607)	-
Other assets	28,167	10,607	38,774

The effect of main changes in presentation of the separate statement of cash flows for the year ended 31 December 2021 is as follows:

- Presentation of purchase, sale and repayment of other financial assets measured at fair value was changed so that these movements are presented as cash flows from investing activities.

KZT'000	As previously reported	Effect of reclassifications	As reclassified
Net cash flow from/ (used in) operating activities before income tax	16,149,210	(25,873,946)	(9,724,736)
Net cash flow from/ (used in) operating activities	15,149,542	(25,873,946)	(10,724,404)
Net cash flow (used in)/from investing acitivities	(5,534,666)	25,873,946	20,339,280

3 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these separate financial statements.

(a) Entity specialising in venture investments

The Company believes that it meets the definition of a venture capital organisation based on the following criteria:

- The principal activity of the Company is investing of funds to generate the operating income, capital gains or both;
- The Company's investing activity may be clearly and objectively separated from any other activities;
- Investees represent business entities operating independently (autonomously) from an investor.

(b) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the Company entities at exchange rates at the dates of the 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 effective interest 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 retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments unless the difference is due to impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss.

(c) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances (nostro accounts) held with banks, and highly liquid financial assets with original maturities of less than three months, which are not subject to significant risk of changes in their fair value and are used by the Company in the management of short-term commitments. Cash and cash equivalents are recognised at amortised cost in the separate statement of financial position.

(d) Reverse repurchase agreements

Securities purchased under agreements to resell (reverse repo) are recorded within cash and cash equivalents. The difference between the purchase and resale prices represents interest income and is recognised over the term of the repo agreement using the effective interest method. If assets purchased under an agreement to resell are sold to third parties, the obligation to return securities is recorded as a trading liability and measured at fair value.

(e) Interest income and expense

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset.

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance (or impairment allowance).

The 'gross carrying amount of a financial asset' measured at amortised cost is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For information on when financial assets are credit-impaired, see (e)(iv).

Presentation

Interest income presented in the statement of profit or loss and other comprehensive income comprise interest income calculated using the effective interest method, for financial assets and financial liabilities measured at amortised cost as well as for debt financial instruments measured at fair value through other comprehensive income.

(f) Financial assets and financial liabilities

(i) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt financial assets measured at FVOCI, gains and losses are recognised in other comprehensive income, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

When a debt financial asset measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Company makes 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.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Non-recourse loans

In some cases, financial assets limit the Company claim to cash flows of certain assets (non-recourse financial assets). The Company applies judgment in assessing whether the non-recourse assets meet the SPPI criterion.

The Company typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Company will benefit from any upside from the underlying assets.

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

(ii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

In transactions in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

(iii) Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as 'substantial modification'), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs.

Changes in cash flows on existing financial assets or financial liabilities are not considered as modification, if they result from existing contractual terms.

The Company performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different. The Company assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset deemed to have expired.

In making this evaluation the Company analogises to the guidance on the derecognition of financial liabilities.

The Company concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial asset;
- change in collateral or other credit enhancement;

If cash flows are modified when the issuer is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Company plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write off policy).

This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases. The Company further performs qualitative evaluation of whether the modification is substantial.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Company first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss.

For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the issuer, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest method.

Financial liabilities

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

The Company performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors.

The Company concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial liability;
- change in collateral or other credit enhancement;
- inclusion of conversion feature;
- - change the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If a modification (or exchange) does not result in the derecognition of the financial liability the Company applies accounting policy consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification does not result in the derecognition of the financial asset, i.e. the Company recognises any adjustment to the amortised cost of the financial liability arising from such a modification (or exchange) in profit or loss at the date of the modification (or exchange).

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows were substantially different, then the contractual rights to cash flows from the original financial asset were deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs.

If the terms of a financial asset were modified because of financial difficulties of the issuer and the asset was not derecognised, then impairment of the asset was measured using the pre- modification interest rate.

(iv) Impairment

See also Note 4.

The Company recognises loss allowances for expected credit losses (ECL) on debt financial instruments that are measured at amortised cost:

No impairment loss is recognised on equity investments.

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 (see Note 4).

The Company considers a debt 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 a 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).

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are 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 entity 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.

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 issuer, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected restructuring will 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 will result 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.

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 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 other financial reorganisation;
- the disappearance of an active market for a security because of financial difficulties.

An instrument 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 addition, a financial instrument that is overdue for 90 days or more is considered impaired.

Presentation of allowance for ECL in the separate statement of financial position

Loss allowances for ECL are presented in the separate 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 separate 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

Financial assets are written off (either partially or in full) when there is no realistic prospect of 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. However, 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.

(g) Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). Company accounts for an embedded derivative separately from the host contract when:

- the host contract is not an asset in the scope of IFRS 9;
- the host contract is not itself carried at FVTPL;
- the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; and
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- separated embedded derivatives are measured at fair value through profit or loss.

(h) Investments in subsidiaries

Subsidiaries are investees controlled by the Company. The Company controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

All investments in subsidiaries are measured at fair value through profit or loss are past due. The Company also prepares consolidated financial statements, where subsidiaries are consolidated in accordance with the requirements of IFRS 10.

Methods used to measure fair value of investments in the subsidiaries under control are disclosed in Note 27.

(i) Property, plant and equipment

(i) Recognition

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

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

(ii) Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land is not depreciated. The estimated useful lives are as follows:

- vehicles from 8 to 10 years;
- computer software from 3 to 8 years;
- other from 2 to 10 years.

(j) Intangible assets

- Acquired intangible assets are stated in the separate financial statements at cost less accumulated amortisation and impairment losses. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful life of intangible assets is 5 years.

(k) Share capital

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(ii) Dividends

The ability of the Company to declare and pay dividends is subject to the current legislation of the Republic of Kazakhstan.

Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings in the period when they are declared.

(l) Taxation

Income tax comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items of other comprehensive income or transactions with shareholders recognised directly in equity, in which case it is recognised within other comprehensive income or directly within equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and temporary differences related to investments in subsidiaries where the parent is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that taxable profit will be available against which the deductible temporary differences can be utilised.

(m) Investment related commitments

In the normal course of business, the Company enters into investment related commitments, comprising undrawn investment commitments. Provisions for losses under investment related commitments are recognised when losses are considered probable and can be measured reliably.

(n) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured subsequently at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments.

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(o) Government grants

Government grants are assistance by the Government, government-related agencies and state-owned entities in the form of transfers of resources to the Company in return for past or future compliance with certain conditions relating to the operating activities of the Company. Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received, If there are conditions that may require repayment, the grant is recognised in liabilities.

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan and the proceeds received.

Government grants that compensate the Company for expenses incurred are recognised in profit or loss as expenses on a systematic basis in the same periods in which the expenses are recognised.

(p) New standards and interpretations

New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's separate financial statements.

- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).
- COVID-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16.
- Annual Improvements to IFRS Standards 2018–2020 Cycle – various standards.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).

New Interpretations effective from 1 January 2021

A number of new interpretation are effective for annual periods beginning after 1 January 2021. Application of these interpretations did not have significant impact on the Company's separate financial statements.

4 Financial risk review

This note presents information about the Company's exposure to financial risks. For information on the Company's financial risk management framework, see Note 20.

Credit risk - Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

See accounting policy in Note 3(f)(iv).

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).

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of debtor.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

- Information obtained during periodic review of issuer files – e.g. audited financial statements, management accounts, budgets and projections;
- Data from credit reference agencies, press articles, changes in external credit ratings;
- Payment record – this includes overdue status as well as a range of variables about payment ratios;
- Actual and expected significant changes in the political, regulatory and technological environment of the issuer or in its business activities.

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 default information about its credit risk exposures analysed by type of product and issuer as well as by credit risk grading.

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.

The Company considers credit risk of a particular exposure is deemed to have increased significantly since initial recognition, if the issuer's credit rating decreased by 2 points and more since initial recognition.

Using its expert credit judgement 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.

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.

Definition of default

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

- the borrower 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 borrower is past due more than 90 days on any material credit obligation to the Company. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Company considers indicators that are:

- qualitative – e.g. breaches of covenant;
- quantitative – 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.

Incorporating of forward-looking information

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Company uses expert judgment in assessment of forward-looking information. This assessment is based also on external information. External information may include economic data and forecasts published by governmental bodies, NBRK, Ministry of National Economy of the RK and selected private sector and academic forecasters. This key driver that affect assessment of credit risk and credit losses is GDP forecast.

Modified financial assets

The contractual terms of an instrument may be modified for a number of reasons, including changing market conditions and other factors not related to a current or potential credit deterioration of the issuer. An existing instrument whose terms have been modified may be derecognised and the renegotiated instrument recognised as a new instrument at fair value in accordance with the accounting policy set out in Note 3(d)(ii).

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

When modification results in derecognition, a new financial asset is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Company renegotiates amounts due from customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Company's forbearance policy, loan forbearance is granted on a selective basis if the customer is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity and changing the timing of interest payments.

For financial assets modified as part of the Company's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Company's ability to collect interest and principal and the Company's previous experience of similar forbearance action. As part of this process, the Company evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired in default. An issuer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

ECL measurement

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).

PD estimates are estimates at a certain date of ratios exposed to credit risk. These estimates are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used by the Company to derive the PD. 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 based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

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 lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Company measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period. The maximum contractual period extends to the date at which the Company has the right to require repayment of a debt.

For portfolios in respect of which the Company has limited historical data, external benchmark information is used to supplement the internally available data. The portfolios for which external benchmark information represents a significant input into measurement of ECL are as follows.

	Carrying amount at 31 December 2021	External benchmarks used	
		PD	**LGD**
Cash and cash equivalents	9,551,504	S&P's default study	S&P recovery studies for positions inside Kazakhstan
Amounts due from credit institutions	1,328,299		LGD is based on historical recovery data from defaulted financial institutions
Investment financial assets	2,996,409		

Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost and FVOCI debt instruments as at 31 December 2021 and 31 December 2020. Unless specially indicated, for financial assets, the amounts in the table represent gross carrying amounts.

Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in Note 3(f)(iv).

	31 December 2021		
KZT'000	**12-month expected credit losses**	**Lifetime ECL for credit-impaired assets**	**Total**
Cash and cash equivalents			
- rated from BBB- to BBB+	43,793	-	43,793
- rated from BB- to BB+	4,955	-	4,955
- not rated (Citibank Kazakhstan JSC)	11,057	-	11,057
Total cash on current accounts and short-term deposits with banks	**59,805**	-	**59,805**
Reverse sale and repurchase agreements ("reverse repo") with original maturity of less than three months - not rated	**9,491,699**	-	**9,491,699**
	9,551,504	-	**9,551,504**

	31 December 2020		
KZT'000	**12-month expected credit losses**	**Lifetime ECL for credit-impaired assets**	**Total**
Cash and cash equivalents			
- rated from BBB- to BBB+	10,169,739	-	10,169,739
- rated from BB- to BB+	453,697	-	453,697
- not rated (Citibank Kazakhstan JSC)	31,243	-	31,243
Carrying amount	**10,654,679**	-	**10,654,679**

	31 December 2021		
KZT'000	**12-month expected credit losses**	**Lifetime ECL for credit-impaired assets**	**Total**
Amounts due from credit institutions			
- rated from BB- to BB+	1,329,814	-	1,329,814
- rated D	-	9,895,095	9,895,095
	1,329,814	**9,895,095**	**11,224,909**
Loss allowance	(1,515)	(9,895,095)	(9,896,610)
Carrying amount	**1,328,299**	-	**1,328,299**

	31 December 2020		
KZT'000	**12-month expected credit losses**	**Lifetime ECL for credit-impaired assets**	**Total**
Amounts due from credit institutions			
- rated from BB- to BB+	19,636,282	-	19,636,282
- rated D	-	9,718,661	9,718,661
	19,636,282	**9,718,661**	**29,354,943**
Loss allowance	(120,007)	(9,718,661)	(9,838,668)
Carrying amount	**19,516,275**	-	**19,516,275**

	31 December 2021	**31 December 2020**
KZT'000	**12-month expected credit losses**	**12-month expected credit losses**
Loans to customers		
Not overdue	10,165,156	-
Carrying amount	**10,165,156**	-

KZT'000	31 December 2021 12-month expected credit losses	31 December 2020 12-month expected credit losses
Investment financial assets at FVOCI		
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	512,370	-
Corporate bonds rated from BB- to BB+	-	2,183,439
	512,370	**2,183,439**
Loss allowance	-	(8,314)
Gross carrying amount	**513,449**	**2,178,492**
Carrying amount	**512,370**	**2,183,439**

KZT'000	31 December 2021 POCI (credit-impaired at initial recognition)	31 December 2020 POCI (credit-impaired at initial recognition)
Investment financial assets at amortised cost		
- rated from B- to B+	2,484,039	1,978,614
Carrying amount	**2,484,039**	**1,978,614**

5 Interest income calculated using the effective interest rate method

	2021 KZT'000	2020 KZT'000
Interest income		
Investment financial assets	602,873	716,122
Interest on loans	458,767	-
Interest on reverse PERO transactions with securities	263,327	-
Cash and cash equivalents	30,875	18,495
Amounts due from credit institutions	28,051	39,703
	1,383,893	**774,320**
Interest expense		
Debt securities issued	(185,052)	-
Amounts payable under repurchase agreements	(173,589)	-
Net interest income	**(358,641)**	-
Net interest income	**1,025,252**	**774,320**

6 Personnel expenses

	2021 KZT'000	2020 KZT'000
Employee benefits	656,631	418,459
Payroll related taxes and contributions	50,301	33,078
	706,932	**451,537**

7 General and administrative expenses

	2021 KZT'000	2020 '000 KZT
Professional services	225,966	138,677
Other third party services	140,725	95,892
Outsourcing	101,948	84,753
Expenses under operating leases	84,821	78,224
Audit expenses	23,018	21,774
Business travel	16,048	1,941
Transportation services	13,338	13,000
Training costs	11,009	3,526
Depreciation and amortisation	8,118	8,096
Other	8,133	16,947
	633,124	**462,830**

8 Income tax expense

	2021 KZT'000	2020 KZT'000
Current tax expense	-	1,038,847
Current tax expense (overprovided)/ underprovided in prior periods	(148,233)	437,027
Movement in deferred tax assets/liabilities due to origination and reversal of temporary differences and movement in valuation allowance	2,295,232	(381,495)
Total income tax expense	**2,146,999**	**1,094,379**

In 2021, the applicable tax rate for current and deferred tax is 20% (2020: 20%).

Reconciliation of effective tax rate for the year ended 31 December:

	2021 KZT'000	%	2020 KZT'000	%
Profit before income tax	**2,477,632**		**3,626,714**	**100**
Income tax at the applicable tax rate	495,526	20	725,343	20
Dividends	(408,382)	(16)	(536,570)	(15)
Non-deductible expense on securities	-	-	29,880	1
Change in unrecognised deferred tax assets	2,212,165	89	-	
Other non-deductible (income)/expenses	(30,829)	(1)	1,293	-
Non-taxable income from reversal of impairment of debt financial assets	(40,458)	(2)	(3,537)	-
Non-deductible expenses on investments in subsidiaries at fair value through profit or loss	67,210	3	440,943	12
Current tax (overprovided)/underprovided in prior periods	(148,233)	(6)	437,027	12
	2,146,999	**87**	**1,094,379**	**30**

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 as at 31 December 2021 and 31 December 2020.

Deferred tax assets and liabilities

Movements in temporary differences during the years ended 31 December 2021 and 2020 are presented as follows.

2021 KZT'000	Balance at 1 January 2021	Recognised in profit or loss	Balance at 31 December 2021
Property, plant and equipment and intangible assets	507	(3,031)	(2,524)
Financial assets at fair value through profit or loss	2,330,600	(2,330,600)	-
Other liabilities	17,589	38,399	55,988
Tax losses carry forwards	-	2,212,165	2,212,165
	2,348,696	**(83,067)**	**2,265,629**
Unrecognised deferred tax asset	-	(2,212,165)	(2,212,165)
	2,348,696	**(2,295,232)**	**53,464**

2020 KZT'000	Balance at 1 January 2020	Recognised in profit or loss	Balance at 31 December 2020
Property, plant and equipment and intangible assets	(174)	681	507
Financial liabilities at fair value through profit or loss	1,961,250	369,350	2,330,600
Other liabilities	6,125	11,464	17,589
	1,967,201	**381,495**	**2,348,696**

During 2021, movement in unrecognised deferred assets of KZT 2,212,165 thousand was due to the Company's decision not to recognise a deferred tax asset for tax loss carry forwards arising in 2021, as it is not probable that future taxable profit will be available against which the Company could utilise these tax benefits. The tax losses expire in 2031.

9 Net foreign exchange gain

	2021 KZT'000	2020 KZT'000
Unrealised foreign exchange gain	490,886	3,106,277
Realised foreign exchange (loss)	(15,442)	(11,095)
	475,444	**3,095,182**

10 Cash and cash equivalents

	2021 KZT'000	2020 KZT'000
Current accounts with other banks		
- rated from BBB- to BBB+	43,793	10,169,739
- rated from BB- to BB+	4,955	453,697
- not rated (Citibank Kazakhstan JSC)	11,057	31,243
Total cash on current accounts and short-term deposits with banks	**59,805**	**10,654,679**
Reverse sale and repurchase agreements ("reverse repo") with original maturity of less than three months - not rated	9,491,699	-
	9,551,504	**10,654,679**

Disclosed ratings are based on the rating scale of Standard and Poor's or their equivalents. None of cash and cash equivalents are impaired or past due.

As at 31 December 2021, the Company entered into reverse repurchase agreements at Kazakhstan Stock Exchange. The subject-matter of these agreements were the securities of the Ministry of Finance of the Republic of Kazakhstan and securities of Kazakhstan Sustainability Fund JSC. The carrying amount of those agreements and fair value of securities pledged amounted to KZT 9,491,699 thousand and KZT 9,501,784 thousand, respectively.

11 Amounts due from credit institutions

	2021 KZT'000	2020 KZT'000
- rated from BB to BB+	1,329,814	19,636,281
- rated D	9,895,095	9,718,661
Total amounts due from credit institutions	**11,224,909**	**29,354,942**
Allowance for expected credit losses	(9,896,610)	(9,838,667)
Total amounts due from credit institutions, net of allowance for expected credit losses	**1,328,299**	**19,516,275**

Disclosed ratings are based on the rating scale of Standard and Poor's or their equivalents.

Movement in allowance for expected credit losses

The following table shows reconciliations from the opening to the closing balances of the allowance for expected credit losses by amounts due from credit institutions:

KZT'000	2021 KZT'000	2020 KZT'000
Balance at the beginning of the reporting period	9,838,667	8,912,991
Net change in loss allowance	(193,978)	34,357
Foreign exchange difference	251,921	891,319
Balance at the end of the reporting period	**9,896,610**	**9,838,667**

As at 31 December 2021 the Company considers the amounts due from Kazinvestbank JSC for the amount of KZT 5,147,454 thousand and Delta Bank JSC for the amount of KZT 4,747,641 thousand as credit-impaired (as at 31 December 2020: KZT 5,090,756 thousand, KZT 4,627,905 thousand, respectively), as in respect of these balances the Company recognises allowance for lifetime expected credit losses for the total amount of KZT 9,895,095 thousand (31 December 2020: KZT 9,718,661 thousand).

12 Loans to customers

	31 December 2021 KZT'000	31 December 2020 KZT'000
Loans to customers measured at amortised cost	10,165,156	-
	10,165,156	**-**

During 2021 the Company issued a loan to the subsidiary with a nominal value of KZT 12,800,000 thousand bearing the nominal interest rate of 8.10% per annum to finance further the projects under the state programme "Employment Roadmap 2020-2021". Fair value of the loan at the date of initial recognition was determined using the market rate of 11.76% per annum. Difference of KZT 2,637,725 thousand between nominal value of the loan and its fair value on initial recognition was used to reduce government grant liabilities (Note 16).

13 Investments in subsidiaries at fair value through profit or loss

	2021 KZT'000	Ownership interest, %	2020 KZT'000	Ownership interest, %
Kazyna Seriktes B.V.	75,923,681	100.0	69,112,447	100.0
Baiterek Venture Fund JSC	49,413,780	100.0	46,516,629	100.0
QazTech Ventures JSC	18,468,643	100.0	-	-
Kazakhstan Project Preparation Fund LLP	1,273,454	100.0	-	-
BV Management LLP	181,350	100.0	158,592	100.0
	145,260,908		**115,787,668**	

As at 31 December 2021 and 31 December 2020, assets of Kazyna Seriktes B.V. Comprised mostly the unquoted equity investments in the following investment funds

	2021 KZT'000	Ownership interest, %	2020 KZT'000	Ownership interest, %
Fair value of unquoted equity investments in the investment funds				
Kazakhstan Infrastructure Fund C.V.	32,717,971	95.2	23,784,515	95.2
KCM Sustainable Development Fund I*	18,115,667	100.0	16,170,202	100.0
CITIC-KAZYNA Investment L.P.	14,567,988	49.9	12,765,537	49.9
Kazakhstan Growth Fund L.P.	4,185,519	49.5	7,410,835	49.5
ADM KCRF L.P.	3,716,653	49.5	3,604,038	49.5
DBK Equity Fund	924,785	3.0	591,572	3.0
VTB Capital 12BF Innovation Fund L.P.	620,756	49.0	1,664,348	49.0
Falah Growth Fund L.P.	355,690	10.0	346,719	10.0
Wolfenson Capital Partners L.P.	-	9.9	1,429,084	9.9
MRIF CASP C.V.	-	9.1	587,741	9.1
Islamic Infrastructure Fund Limited Partnership	-	1.3	39,204	1.3
	75,205,029		**68,393,795**	

* Investment in subsidiaries measured at fair value through profit or loss

Dividend income for the years ended 31 December 2021 and 31 December 2020 includes income earned from the following investments:

	2021 KZT'000	2020 KZT'000
Baiterek Venture Fund JSC	2,000,000	-
BV Management LLP	41,910	43,294
Kazyna Seriktes B.V.	-	2,639,555
	2,041,910	**2,682,849**

Entity specialising in venture investments

The Company's principal activity is investing to generate income and get benefits from capital growth. The Company has an exit strategy in place for each of its investment. The Company carries out investment activities through its subsidiaries. The Company has an established control and reporting system for its investment activities. The Company also has the Investment Department and the Risk Management Department, which are responsible for managing the Company's investment activities, including reporting to the Company Management and the Board of Directors. In addition, the Company's investees, in which investments are made through subsidiaries, are separate business units, where the Company's participation in operations is limited with no control over the investees. Therefore, the Company believes that it meets the definition of a venture capital organisation.

14 Investment financial assets

	31 December 2021 KZT'000	31 December 2020 KZT'000
Investment debt instruments at amortised cost	2,484,039	1,978,614
Investment debt instruments measured at fair value through other comprehensive income	512,370	2,183,439
Investment debt instruments at fair value through profit or loss	6,678	-
Total investment financial assets	**3,003,087**	**4,162,053**

	31 December 2021 KZT'000	31 December 2020 KZT'000
Investment financial assets measured at amortised cost (POCI-assets)		
Bonds of First Heartland Jusan Bank JSC (former Tsesnabank JSC)	2,484,039	1,978,614
Total investment debt instruments measured at amortised cost	**2,484,039**	**1,978,614**

	31 December 2021 KZT'000	31 December 2020 KZT'000
Investment debt instruments measured at fair through other comprehensive income		
- Government bonds		
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	512,370	-
Total government bonds	**512,370**	**-**
- Corporate bonds of banks		
rated from BB- to BB+	-	2,183,439
Total corporate bonds of banks	**-**	**2,183,439**
Total investment debt instruments measured at fair value through other comprehensive income	**512,370**	**2,183,439**

15 Debt securities issued

To finance agro-industrial complex projects as part of the Employment Roadmap for 2020-2021, the Board of Directors of the Company, by the decision of its in-person meeting held on 29 June 2021 (Minutes No.10/21) approved the terms of issue of bonds in two tranches for the total amount of KZT 33,700,000. On 27 October 2021, Baiterek NMH JSC and the Company entered into a transaction on the Kazakhstan Stock Exchange to purchase and sell the Group's bonds under the first tranche in the amount of KZT 12,800,000 thousand, the bonds have maturity of 10 years and bear a fixed interest rate of 7.1% per annum. The fair value of liabilities on these bonds issued by the Group was KZT 9,396,386 thousand on initial recognition and was determined using a market discount rate of 11.76% per annum. Difference of KZT 3,403,615 thousand between fair value of issued bonds on initial recognition and the nominal value was recognised as a liability on government grants (Note 16).

16 Government grants

	2021 KZT'000
Balance at beginning of the year	-
Government grant received through issue of bonds (Note 15)	3,403,615
Use of the Government grant after issue of loan to subsidiary	(2,637,725)
Balance at the end of the year	**765,890**

The Company recognised as a liability for government grants the amount of benefits provided by the bond issue (Note 15) for the purposes of implementing the government programme "Employment Roadmap 2020-2021." The Company has an obligation to allocate benefits to the end - borrowers through setting low interest rate on loans.

During the year ended 31 December 2021, the government grants utilised through granting a loan to the subsidiary amounted to KZT 2,637,725 thousand.

17 Financial liabilities measured at fair value through profit or loss

During 2015, the Company entered into a cross currency swap with Development Bank of Kazakhstan with maturity in 2022 to deliver USD 50,000 thousand in exchange for KZT 9,382,500 thousand. The Company received 8.7% p.a. interest prepayment of KZT 816,278 thousand. By the decision of the Board of Directors No.8/20 dated 15 July 2020, a transaction was entered into to prolong a currency swap contract with Development Bank of Kazakhstan for a period not exceeding 24 months. As at 31 December 2020 the fair value of this liability amounted to KZT 12,145,034 thousand. As at 31 December 2021 the Company fulfilled all liabilities under swap contract to the Development Bank of Kazakhstan JSC by transferring investments in financial assets. During 2021 the Company recognised income of KZT 324,325 thousand with relation to this derivative instrument (during 2020: loss of KZT 1,030,473 thousand).

18 Share capital and reserves

(a) Issued capital

	Ordinary shares			
	Number of shares		Cost, KZT'000	
	2021	2020	2021	2020
In issue at 1 January	53,550,002	53,550,000	107,761,730	87,440,000
In issue at 31 December, fully paid	**53,550,002**	**53,550,000**	**107,761,730**	**87,440,000**

As at 31 December 2021 the authorised share capital comprises 55,000,000 ordinary shares (31 December 2020: 55,000,000). The issued and paid share capital comprises 53,550,002 ordinary shares 31 December 2020: 53,550,000), of which 1 ordinary share of a value of KZT 19,269,423 thousand was issued due to acquisition of shares of subsidiaries (Note 1).

In 2021, the Management Board of Baiterek NMH JSC approved the Road Map for the transfer of the interest of MNH Baiterek JSC in CCL Kazakhstan Hungary Investment Private Equity Fund C.V. (hereinafter the "Fund") to the charter capital of the Company (Minutes No. 33/21) Difference between the fair value of the investment in the Fund as at the date of initial recognition and nominal value of outstanding shares of KZT 687,677 thousand was recognised as part of transactions with owners recognised directly in equity. As at 31 December 2021 the Company classified its 49.5% interest in the Fund with carrying value of KZT 364,630 thousand as "investment in joint ventures measured at fair value through profit or loss".

(b) Dividends

In accordance with Kazakhstan legislation the Company's distributable reserves 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 year if there is an accumulated loss brought forward. A distribution cannot be made if this would result in negative equity or the Company's insolvency. In accordance with the legislation of the Republic of Kazakhstan, as at the reporting date, total distributable reserves amounted to KZT 51,792,622 thousand (31 December 2020: KZT 53,871,320 thousand).

During the year ended 31 December 2021 the Company did not declare and pay dividends (2020: KZT 1,095,395 thousand).

(c) Net assets per ordinary share

According to the Rules of Listing of the Kazakh Stock Exchange (the Rules), the Company disclosed net assets per ordinary share calculated in accordance with these Rules:

	2021 KZT'000	2020 KZT'000
Net assets per ordinary share	3.00	2.64

As at 31 December 2021 net assets per ordinary share were determined by dividing amount of equity decreased by the carrying amount of intangible assets, which the Company will not be able to sell to third parties, of KZT 160,806,899 thousand (31 December 2020: KZT 141,327,988 thousand) by the total number of outstanding ordinary shares of 53,550,002 (31 December 2020: 53,550,000 ordinary shares).

19 Acquisition of interests in subsidiaries

During the twelve months ended 31 December 2021 a decision was made to place 1 share of the Company at the price of KZT 19,269,423 thousand in favour of the Holding Company to pay for 100% shares of QazTech Ventures JSC and 97.7% shares of Kazakhstan Project Preparation Fund LLP to be acquired by the Company.

During 2021 the Company obtained control over QazTech Ventures JSC and Kazakhstan Project Preparation Fund LLP. The Company's share capital increased by KZT 19,269,423 thousand after placement of the Company's shares. The net assets of QazTech Ventures JSC amounted to KZT 17,385,596 thousand at the time of transfer, while the net assets of Kazakhstan Project Preparation Fund LLP amounted to KZT 1,435,627 thousand at the time of transfer. The fair value of investments in subsidiaries approximately equals the book value of their net assets at the date of acquisition. During the twelve months ended 31 December 2021 the Company recognised difference between the nominal value of the shares issued and the fair value of investments in QazTech Ventures JSC and Kazakhstan Project Preparation Fund LLP in the amount of KZT 448,200 thousand directly in equity in the retained earnings reserve.

The following table provides the carrying amounts of net assets of QazTech Ventures JSC at the acquisition date:

KZT'000	Carrying amount recognised at the acquisition date
Non-current assets	
Financial assets measured at fair value through profit or loss	4,302,088
Investment securities	327,611
Property, plant and equipment	22,922
Investment property	135,381
Intangible assets	12,615
Deferred tax assets	29,290
Total non-current assets	**4,829,907**
Current assets	
Cash and cash equivalents	2,305,464
Current tax asset	3,826
Other current assets	111,070
Investment securities measured at amortised cost	10,325,532
Total current assets	**12,745,892**
	17,575,799
Current liabilities	-
Other liabilities	190,203
Total current liabilities	**190,203**
Total net assets	**17,385,596**

The following table provides the carrying amounts of net assets of Kazakhstan Project Preparation Fund JSC at the acquisition date:

KZT'000	Carrying amount recognised at the acquisition date
Non-current assets	
Due from banks	738,937
Property, plant and equipment	23,566
Intangible assets	2,913
Deferred tax assets	10,892
Other assets	139,467
Other financial assets	50,000
Total non-current assets	**965,775**
Current assets	
Cash and cash equivalents	537,538
Total current assets	**537,538**
	1,503,313
Current liabilities	
Other liabilities	67,686
Total current liabilities	**67,686**
Total net assets	**1,435,627**

20 Financial risk management

Management of risk is fundamental to the Company's business 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 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 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. He reports directly to the Chairman of the Management Board and indirectly to the Board of Directors.

Both external and internal risk factors are identified and managed throughout the organisation.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risks. Market risk arises from open positions in 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, while optimising the return on risk.

(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.

The table below displays average effective interest rates for interest bearing assets and liabilities as at 31 December 2021 and 31 December 2020.

Average effective interest rates

These interest rates are an approximation of the yields to maturity of these assets and liabilities.

	2021		2020	
	Average effective interest rate, %		Average effective interest rate, %	
	KZT	USD	KZT	USD
Interest-bearing assets				
Cash and cash equivalents	9.8	-	7.0	0.2
Amounts due from credit institutions	8.4	0.1	8.5	2.51
Loans to customers	13.6	-	-	-
Investment financial assets	18.0	6.5	18.0	7.3
Interest-bearing liabilities				
Debt securities issued	11.8	-	-	-

An analysis of sensitivity of net profit or loss and equity as a result of changes in the fair value of investment financial assets due to changes in the interest rates based on positions existing as at 31 December 2021 and 31 December 2020 and a simplified scenario of a 100 bp symmetrical fall or rise in all yield curves is as follows:

	2021		2020	
	Profit or loss KZT'000	Equity KZT'000	Profit or loss KZT'000	Equity KZT'000
100 bp parallel fall	-	80,178	-	137,383
100 bp parallel rise	-	(66,067)	-	(133,896)

(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 following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2021:

	USD KZT'000	KZT KZT'000	Total KZT'000
ASSETS			
Cash and cash equivalents	1,694	9,549,810	9,551,504
Amounts due from credit institutions	1,327,295	1,004	1,328,299
Investment financial assets	512,370	2,490,717	3,003,087
Loans to customers	-	10,165,156	10,165,156
Total financial assets	**1,841,359**	**22,206,687**	**24,048,046**
LIABILITIES			
Debt securities issued	-	(9,581,437)	(9,581,437)
Other financial liabilities	-	(176,258)	(176,258)
Total financial liabilities	**-**	**(9,757,695)**	**(9,757,695)**
Net position	**1,841,359**	**12,448,992**	**14,290,351**

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2020:

	USD KZT'000	KZT KZT'000	Total KZT'000
ASSETS			
Cash and cash equivalents	10,635,360	19,319	10,654,679
Amounts due from credit institutions	19,008,167	508,108	19,516,275
Investment financial assets	2,183,439	1,978,614	4,162,053
Other financial assets	-	18,759	18,759
Total financial assets	**31,826,966**	**2,524,800**	**34,351,766**
LIABILITIES			
Derivative financial instruments	-	(482,034)	(482,034)
Other financial liabilities	-	(62,655)	(62,655)
Total financial liabilities	**-**	**(544,689)**	**(544,689)**
Net position	**31,826,966**	**1,980,111**	**33,807,077**
Derivative financial instruments	(21,045,500)	9,382,500	(11,663,000)
Net position after financial derivatives	**10,781,466**	**11,362,611**	**22,144,077**

A weakening of KZT, as indicated below, against the following currencies at 31 December 2021 and 31 December 2020 would have increased equity and profit or loss by the amounts shown below. This analysis is on net of tax basis and 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.

	2021 KZT'000	2020 KZT'000
20% appreciation of USD against KZT	294,617	1,725,035

A strengthening of the KZT against the above currencies at 31 December 2021 and 31 December 2020 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Other price risk arises from the Company's investments in subsidiaries measured at fair value through profit or loss. The Company, through investing in subsidiaries, invests in equity instruments, including in shares in investment funds, in order to take advantage of their long-term growth. All investments present a risk of loss of capital. All of the private equity funds and their underlying investments are subject to the risks inherent in their industries. Moreover, established markets do not exist for these holdings, and they are therefore considered illiquid.

The Company mainly relies on the management of the private equity funds in mitigation of the price risk. The management of the private equity funds moderates this risk through careful selection and review of the business and operational matters before the investment decision are implemented. They also maintain regular contact with the management of the underlying companies. The performance of the management of the private equity funds are reported to the Company on a quarterly basis. As at 31 December 2021 these reports on performance of the private equity funds management for the 3rd quarter of 2021 are accessible for the Company.

The Company's profit and loss and equity is affected by changes in the fair value of its investments in private equity funds. For example, a 10% increase in the equity prices of the funds, would increase profit or loss and equity by KZT 13,842,400 thousand for the year ended 31 December 2021 (2020: KZT 11,562,908 thousand). A 10% decrease in these prices would have an equal and opposite effect.

(d) 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 guidelines to limit portfolio concentration and the establishment of an Investment Committee to actively monitor credit risk. The investment policy is reviewed and approved by the Management Board.

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

The maximum exposure to credit risk from financial assets at the reporting date is as follows:

	2021 KZT'000	2020 KZT'000
ASSETS		
Cash and cash equivalents	9,551,504	10,654,679
Amounts due from credit institutions	1,328,299	19,516,275
Investment financial assets	2,996,409	4,162,053
Loans to customers	10,165,156	-
Other financial assets	-	18,759
Total maximum exposure	**24,041,368**	**34,351,766**

Offsetting financial assets and liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Company's separate statement of financial position or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position.

Similar agreements include derivative clearing agreements, global master repurchase agreements, and global master securities lending agreements. Similar financial instruments include derivatives, sales and repurchase agreements, reverse sale and repurchase agreements and securities borrowing and lending agreements. Information on the financial instruments such as loans and deposits is not disclosed in the tables below, except for the cases when they are offset in the statement of financial position.

The above ISDA and similar master netting arrangements do not meet the criteria for offsetting in the separate statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Company or its counterparties. In addition the Company and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The table below shows financial assets and financial liabilities subject to enforceable master netting arrangements and similar arrangements as at 31 December 2021.

KZT'000

Types of financial assets/liabilities	Gross amounts of recognised financial asset/liability	Gross amount of recognised financial liability/asset offset in the separate statement of financial position	Net amount of financial assets/liabilities presented in the separate statement of financial position	Related amounts not offset in the separate statement of financial position: Financial instruments (including non-cash collateral)	Related amounts not offset in the separate statement of financial position: Cash collateral (received)/pledged	Net amount
Financial assets						
Reverse repurchase agreements with original maturities of less than three months	9,491,699	-	9,491,699	(9,491,699)	-	-

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the separate statement of financial position that are disclosed in the above tables are measured in the consolidated statement of financial position on the following basis:

- assets and liabilities resulting from sale and repurchase agreements, reverse sale and repurchase agreements and securities lending and borrowing – amortised cost. The amounts in the above tables that are offset in the separate statement of financial position are measured on the same basis.

(e) 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 maintains liquidity management with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due. The liquidity management regulation is reviewed and approved by the Management Board.

The Company is bound by commitments and it invests, through its subsidiaries, in private equity funds that are not traded in an active market and are therefore considered non-liquid. On the basis of the Company's commitments by which it is bound with subsidiaries, the private equity funds are able to call on such commitments from the Company with a notice period on average being 10 days. The amount of these calls may exceed the available cash and cash equivalents at any point in time.

The following tables show the maturity profile of the Company's financial liabilities as at 31 December 2021 based on contractual undiscounted payments:

KZT'000	Demand and less than 1 month	From 6 to 12 months	From 1 to 5 years	5 years and more	Total gross amount (outflow)	Carrying amount
Non-derivative liabilities						
Debt securities issued	-	(908,800)	(3,635,200)	(17,344,000)	(21,888,000)	(9,581,437)
Other financial liabilities	(176,258)	-	-	-	(176,258)	(176,258)
Total liabilities	**(176,258)**	**(908,800)**	**(3,635,200)**	**(17,344,000)**	**(22,064,258)**	**(9,757,695)**
Investment related commitments	**(66,454,689)**	-	-	-	**(66,454,689)**	-

The following tables show the maturity profile of the Company's financial liabilities as at 31 December 2020 based on contractual undiscounted payments:

KZT'000	Demand and less than 1 month	From 1 to 5 years	Total gross amount (outflow)	Carrying amount
Non-derivative liabilities				
Other financial liabilities	(62,655)	-	(62,655)	(62,655)
Derivative liabilities				
Net settled derivatives				
- outflow	-	(21,045,500)	(21,045,500)	(12,145,034)
Inflow	-	9,382,500	9,382,500	-
Total liabilities	**(62,655)**	**(11,663,000)**	**(11,725,655)**	**(12,207,689)**
Investment related commitments	**(69,150,685)**	-	**(69,150,685)**	-

For investment related commitments in the above tables the maximum amount of the commitment is allocated to the earliest period in which the commitment can be called.

The table below shows an analysis of financial assets and liabilities according to when they are expected to be recovered or settled as at 31 December 2021:

KZT'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Carrying amount
Non-derivative financial assets								
Cash and cash equivalents	9,551,504	-	-	-	-	-	-	9,551,504
Amounts due from credit institutions	1,004	838,630	-	488,665	-	-	-	1,328,299
Loans to customers	-	-	-	-	-	10,165,156	-	10,165,156
Investment financial assets	-	-	-	-	-	3,003,087	-	3,003,087
Total assets	**9,552,508**	**838,630**	**-**	**488,665**	**-**	**13,168,243**	**-**	**24,048,046**
Non-derivative financial liabilities								
Debt securities issued	-	-	-	-	-	(9,581,437)	-	(9,581,437)
Government grant liabilities	-	-	-	-	-	(765,890)	-	(765,890)
Other financial liabilities	(176,258)	-	-	-	-	-	-	(176,258)
Total liabilities	**(176,258)**	**-**	**-**	**-**	**-**	**(10,347,327)**	**-**	**(10,523,585)**
Net liquidity gap on recognised financial assets and liabilities	**9,376,250**	**838,630**	**-**	**488,665**	**-**	**2,820,916**	**-**	**13,524,461**
Investment related commitments	**66,454,689**	**-**	**-**	**-**	**-**	**-**	**-**	**66,454,689**

(e) Liquidity risk, continued

The table below shows an analysis of financial assets and liabilities according to when they are expected to be recovered or settled as at 31 December 2020:

KZT'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Carrying amount
Non-derivative financial assets								
Cash and cash equivalents	10,654,679	-	-	-	-	-	-	10,654,679
Amounts due from credit institutions	-	19,008,167	-	508,108	-	-	-	19,516,275
Financial assets measured at fair value through profit or loss	-	-	-	-	-	-	10,607	10,607
Investment financial assets	2,183,439	-	-	-	-	1,978,614	-	4,162,053
Other financial assets	-	-	-	-	-	18,759	-	18,759
Total assets	**12,838,118**	**19,008,167**	**-**	**508,108**	**-**	**1,997,373**	**10,607**	**34,362,373**
Non-derivative financial liabilities								
Other financial liabilities	(62,655)	-	-	-	-	-	-	(62,655)
Derivative liabilities								
Net settled derivatives	-	-	-	-	(12,145,034)	-	-	(12,145,034)
Total liabilities	**(62,655)**	**-**	**-**	**-**	**(12,145,034)**	**-**	**-**	**(12,207,689)**
Net liquidity gap on recognised financial assets and liabilities	**12,775,463**	**19,008,167**	**-**	**508,108**	**(12,145,034)**	**1,997,373**	**10,607**	**22,154,684**
Investment related commitments	**(69,150,685)**	**-**	**-**	**-**	**-**	**-**	**-**	**(69,150,685)**

21 Capital management

The Company is not subject to any externally imposed capital requirements.

The Company defines capital as total equity. The Company's objective of capital management is to safeguard the ability of the Company to continue as a going concern in order to provide a strong capital base to support the investment activities of the Company.

22 Segments

The Company's operations are highly integrated and constitute a single business segment for the purposes of IFRS 8 *Segment Reporting*. The Company's assets are concentrated in the Republic of Kazakhstan and Company generates profit from its operations in the Republic of Kazakhstan. The Chief Operating Decision Maker, in the case of the Company, the Chairman of the Management Board, only receives and reviews the information on the Company as a whole.

23 Investment related commitments

The Company purchases liabilities in its portfolio via subsidiary Seriktes Kazyna B.V. The Company diversifies its portfolio of investments across managers, underlying industries, countries and investment stages.

The contractual amounts of investment related commitments are set out in the following table:

	2021 KZT'000	2020 KZT'000
Contracted amount		
ENIF	12,950,100	-
Falah Growth Fund LP	17,142,054	16,725,947
CITIC-Kazyna Investment Fund LP	14,567,378	14,328,920
Kazakhstan Infrastructure Fund C.V.	11,587,817	24,170,029
Da Vinci	4,252,848	-
VTB Capital Innovation Fund L.P.	2,632,409	2,628,955
KCM Sustainable Development Fund I	1,894,552	5,824,324
Islamic Infrastructure Fund Limited Partnership	482,297	470,275
ADM Kazakhstan Capital Restructuring Fund CV	395,301	385,448
Kazakhstan Growth Fund	281,988	274,958
DBK Equity Fund C.V.	267,945	523,364
Wolfenson Capital Partners LP	-	1,914,404
Macquarie Renaissance Infrastructure Fund	-	1,811,147
Aureos Central Asia Fund LLC	-	92,914
	66,454,689	**69,150,685**

In accordance with the foundation agreements of the private equity funds, in case of failure to pay the amount of capital commitments after the manager issues a request for payment, certain sanctions may be applied against the Company including delaying the payment of interest, suspension of income distributions, suspension of rights to participate in the corporate management of funds and forced sale of the Company's share to co-investors or third parties. As at 31 December 2021 and 2020 the Company had no overdue investment related commitments.

24 Leases

Leases as lessee

The Company leases real estate item with a contract term of 1 year. This lease is short-term and the Company has elected not to recognise right-of-use assets and lease liabilities for this lease.

During 2021, the Company recognised expense on operating leases of KZT 84,821 thousand (2020: KZT 78,224 thousand) within general and administrative expenses.

25 Contingencies

(a) Insurance

The insurance industry in the Republic of Kazakhstan is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Company does not have full coverage for its premises and equipment, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Company property or related to the Company's operations. Until the Company obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Company's operations and financial position.

(b) Taxation contingencies in Kazakhstan

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, including opinions with respect to IFRS treatment of revenues, expenses and other items in the separate financial statements. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines, penalties 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 the Republic of 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 separate financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

26 Related party transactions

(a) Control relationship

The Company's parent company is Baiterek National Management Holding JSC. The Company is ultimately controlled by the Government of the Republic of Kazakhstan.

(b) Transactions with the members of the Board of Directors and the Management Board

Total remuneration included in personnel expenses for the year ended 31 December 2021 and 2020 is as follows:

	2021 KZT'000	2020 KZT'000
Members of the Management Board	214,366	187,570
Members of the Board of Directors	36,549	31,176
Total	**250,915**	**218,745**

These amounts include cash and non-cash benefits in respect of the members of the Board of Directors and the Management Board.

(c Transactions with other related parties

Other related parties include state-controlled companies, national companies and subsidiaries of national companies. The outstanding balances and the related average interest rates as at 31 December 2021 and related profit or loss amounts of transactions for the year ended 31 December 2021 with other related parties are as follows:

	Parent Company		Subsidiaries		Investments in subsidiaries		Other subsidiaries of the Parent Company		Entities controlled by the Government of the Republic of Kazakhstan		Total
	KZT'000	Nominal average interest rate	KZT'000	Nominal average interest rate	KZT'000	Nominal average interest rate	KZT'000	Nominal average interest rate	KZT'000	Nominal average interest rate	KZT'000
Separate Statement of Financial Position as at 31 December 2021											
Assets											
Cash and cash equivalents	-	-	-	-	-	-	-	-	9,491,699	-	9,491,699
Investments in subsidiaries measured at fair value through profit or loss	-	-	145,260,908	-	-	-	-	-	-	-	145,260,908
Loans to customers	-	-	10,165,156	8.1	-	-	-	-	-	-	10,165,156
Investments in joint ventures measured at fair value through profit or loss	-	-	-	-	364,630	-	-	-	-	-	364,630
Investment financial assets	-	-	-	-	-	-	-	-	512,370	6.5	512,370
Deferred tax asset	-	-	-	-	-	-	-	-	53,464	-	53,464
Current tax asset	-	-	-	-	-	-	-	-	1,703,109	-	1,703,109
Liabilities											
Debt securities issued	(9,581,437)	7.1	-	-	-	-	-	-	-	-	(9,581,437)
Government grants	-	-	-	-	-	-	-	-	(765,890)	-	(765,890)
Other liabilities	-	-	-	-	-	-	(137,026)	-	(133)	-	(137,159)

	Parent Company		Subsidiaries		Investments in subsidiaries		Other subsidiaries of the Parent Company		Entities controlled by the Government of the Republic of Kazakhstan		Total
	KZT'000	Nominal average interest rate	KZT'000	Nominal average interest rate	KZT'000	Nominal average interest rate	KZT'000	Nominal average interest rate	KZT'000	Nominal average interest rate	KZT'000
Separate Statement of Profit or Loss and Other Comprehensive Income											
Interest income	-	-	2,808	8.1	-	-	-	-	343,201	-	346,009
Interest expense	(185,052)	7.1	-	-	-	-	-	-	(173,589)	-	(358,641)
Net loss on revaluation of investment in subsidiaries measured at fair value through profit or loss	-	-	(313,120)	-	-	-	-	-	-	-	(313,120)
Net loss on derivative financial instruments	-	-	-	-	-	-	324,325	-	-	-	324,325
Dividend income on investments in subsidiaries at fair value through profit or loss	-	-	2,041,910	-	-	-	-	-	-	-	2,041,910
Net foreign exchange gain	-	-	-	-	-	-	-	-	(81,181)	-	(81,181)
General and administrative expenses	-	-	-	-	-	-	(84,821)	-	-	-	(84,821)
Income tax expense	-	-	-	-	-	-	-	-	(2,146,999)	-	(2,146,999)

Other related parties include state controlled companies, national companies and subsidiaries of national companies. The outstanding balances and the related average effective interest rates as at 31 December 2020 and related profit or loss amounts of transactions for the year ended 31 December 2020 with other related parties are as follows:

	Subsidiaries		Other subsidiaries of the Parent Company		Entities controlled by the Government of the Republic of Kazakhstan		Total
	KZT'000	Nominal average interest rate	KZT'000	Nominal average interest rate	KZT'000	Nominal average interest rate	KZT'000
Separate Statement of Financial Position as at 31 December 2020							
Assets							
Investments in subsidiaries measured at fair value through profit or loss	115,787,668	-	-	-	-	-	115,787,668
Deferred tax asset	-	-	-	-	2,348,696	-	2,348,696
Current tax asset	-	-	-	-	1,107,538	-	1,107,538
Liabilities							
Derivative financial instruments	-	-	(12,145,034)	-	-	-	(12,145,034)
Other liabilities	-	-	(130,683)	-	-	-	(130,683)
Separate Statement of Profit or Loss and Other Comprehensive Income							
Interest income	-	-	13,825	-	195,874	-	209,699
Net loss on revaluation of investments in subsidiaries measured at fair value through profit or loss	(536,540)	-	-	-	-	-	(536,540)
Net income on assets at fair value through other comprehensive income	-	-	346,941	-	(202,894)	-	144,047
Net loss on derivative financial instruments	-	-	(1,030,473)	-	-	-	(1,030,473)
Dividend income on investments in subsidiaries measured at fair value through profit or loss	2,682,849	-	-	-	-	-	2,682,849
Net foreign exchange gain	-	-	(83,669)	-	1,196,105	-	1,112,436
General administrative expenses	-	-	(114,319)	-	-	-	(114,319)
Income tax expense	-	-	-	-	(1,094,379)	-	(1,094,379)

The majority of balances resulting from transactions with related parties mature within one year, except for investments in subsidiaries measured at fair value through profit or loss. Transactions with related parties are not secured.

Transactions with government-related entities

The Company transacts with a number of entities that are controlled by the Government of Kazakhstan. The Company applies the exemption in IAS 24 *Related Party Disclosures* that allows to present reduced related party disclosures regarding transactions with government-related entities.

27 Fair value

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 measurement 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.

The Company uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives like interest rate swaps.

Fair value of investments in subsidiaries is measured using the adjusted net assets value approach. Assets of subsidiaries mainly comprise investments in financial instruments measured at fair value through profit or loss, including shares of private equity funds.

To determine fair value of these investments including shares in the private equity funds, the Company and its subsidiaries use annual audited financial statements and quarterly management reports of underlying investment funds which use proprietary valuation models. To determine fair values of investments as at 31 December 2021 the Company engages an independent valuation. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Example of instruments involving significant unobservable inputs include equity securities for which there is no active market.

(a) Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2021 are as follows:

KZT'000	Financial instruments at fair value through profit or loss	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
31 December 2021						
Financial assets measured at fair value						
Debt securities	6,678	-	512,370	-	519,048	519,048
	6,678	**-**	**512,370**	**-**	**519,048**	**519,048**
Financial assets not measured at fair value						
Cash and cash equivalents	-	9,551,504	-	-	9,551,504	9,551,504
Amounts due from credit institutions	-	1,328,299	-	-	1,328,299	1,328,299
Investment financial assets	-	2,484,039	-	-	2,484,039	3,184,638
Loans to customers	-	10,165,156	-	-	10,165,156	10,165,156
	-	**23,528,998**	**-**	**-**	**23,528,998**	**24,229,597**
Financial liabilities not measured at fair value						
Debt securities issued	-	-	-	9,581,437	9,581,437	9,322,366
Other liabilities	-	-	-	176,258	176,258	176,258
	-	**-**	**-**	**9,757,695**	**9,757,695**	**9,498,624**

The carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2020 are as follows:

KZT'000	Financial instruments at fair value through profit or loss	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
31 December 2020						
Financial assets measured at fair value						
Debt securities	-	-	2,183,439	-	2,183,439	2,183,439
Equity securities	10,607	-	-	-	10,607	10,607
	10,607	**-**	**2,183,439**	**-**	**2,194,046**	**2,194,046**
Financial assets not measured at fair value						
Cash and cash equivalents	-	10,654,679	-	-	10,654,679	10,654,679
Amounts due from credit institutions	-	19,516,275	-	-	19,516,275	19,516,275
Debt securities	-	1,978,614	-	-	1,978,614	2,580,122
Other financial assets	-	18,759	-	-	18,759	18,759
	-	**32,168,327**	**-**	**-**	**32,168,327**	**32,769,835**
Financial liabilities measured at fair value						
Cross currency and interest rate swap	12,145,034	-	-	-	12,145,034	12,145,034
	12,145,034	**-**	**-**	**-**	**12,145,034**	**12,145,034**
Financial liabilities not measured at fair value						
Other liabilities	-	-	-	62,655	62,655	62,655
	-	**-**	**-**	**62,655**	**62,655**	**62,655**

(b) Fair value hierarchy

The Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making 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 valuations. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect difference between the instruments.

The Company has a control framework with respect to the measurement of fair values. This framework includes engagement of independent valuation by qualified appraisal which reports to the Chief Financial Officer, and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements. Specific controls include:

- verification of observable pricing;
- a review and approval process for new models and changes to models
- quarterly calibration and back testing of models against observed market transactions
- review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared to previous period.

The table below analyses assets and liabilities measured at fair value as at 31 December 2021, by the level in the fair value hierarchy into which the fair value measurement is categorised.

KZT'000	Level 1	Level 2	Level 3	Total
Investments in subsidiaries measured at fair value through profit or loss	-	-	145,260,908	145,260,908
Investments in joint ventures measured at fair value through profit or loss	-	-	364,630	364,630
Investment financial assets	519,048	-	-	519,048
	519,048	**-**	**145,625,538**	**146,144,586**

The table below analyses assets and liabilities measured at fair value as at 31 December 2020, by the level in the fair value hierarchy into which the fair value measurement is categorised.

KZT'000	Level 1	Level 2	Level 3	Total
Investments in subsidiaries measured at fair value through profit or loss	-	-	115,787,668	115,787,668
Financial assets measured at fair value through profit or loss	-	-	10,607	10,607
Investment financial assets	2,183,439	-	-	2,183,439
Derivative liabilities	-	(12,145,034)	-	(12,145,034)
	2,183,439	**(12,145,034)**	**115,798,275**	**105,836,680**

The following table shows a reconciliation for the year ended 31 December 2021 for fair value measurements in Level 3 of the fair value hierarchy:

KZT'000	Investments in subsidiaries measured at fair value through profit or loss	Financial assets measured at fair value through profit or loss
Balance at beginning of the year	**115,787,668**	**10,607**
Acquisition of subsidiaries (Note 19)	18,821,223	-
Transfer of assets from Parent Company (Note 18)	-	364,630
Net loss on transactions recognised in profit or loss	(313,120)	-
Additions	10,965,137	-
Disposals	-	(10,607)
Balance at the end of the year	**145,260,908**	**364,630**

The following table shows a reconciliation for the year ended 31 December 2021 for fair value measurements in Level 3 of the fair value hierarchy:

KZT'000	Investments in subsidiaries measured at fair value through profit or loss	Financial assets measured at fair value through profit or loss
Balance at beginning of the year	**108,107,693**	**15,807**
Net loss on transactions recognised in profit or loss	(536,540)	(5,200)
Additions	9,035,906	-
Disposals	(819,391)	-
Balance at the end of the year	**115,787,668**	**10,607**

Fair value of the Company's investments in subsidiaries is measured using the adjusted net assets value approach. Assets of subsidiaries mainly comprise investments in financial instruments measured at fair value through profit or loss, including shares of private equity funds. These funds invest primarily in private equity, through purchasing unlisted ordinary shares of businesses in emerging markets (predominantly Kazakhstan and Russia). To determine the fair value of these financial instruments as at 31 December 2021 and 31 December 2020, the Company and its subsidiaries engaged an independent appraiser. The approach followed by the appraiser was to estimate the fair value of the underlying portfolio investments (business) held by each fund, and then calculate the share of the Company's subsidiaries of this business value. As a cross check, the appraiser also reviews fair values of investments as reported by each of the funds, and assesses the basis for material differences between the appraised fair value and fair values reported by the managers.

A number of valuation techniques were used by the appraiser to value the underlying portfolio investments, depending on the nature of the business concerned, the availability of market comparables, and the stage in the business's life cycle. The following table summarises fair value valuation techniques for these investments and sensitivity of measurement of fair value by the appraiser to changes in key assumptions.

The table below sets out information about significant unobservable inputs used at year end in the measuring of the most significant underlying portfolio companies of private equity funds categorised as Level 3 in the fair value hierarchy as at 31 December 2021, together with a sensitivity analysis for shifts in these inputs which the Group considers were reasonably possible at the reporting date, assuming all other variables remain unchanged.

Industry in which company operates	Fair value of the Company's share	Valuation technique	Significant unobservable inputs	Reasonable shift	Fair value measurement sensitivity to shifts in unobservable inputs
Power engineering	20,459,640	Income approach	Discounted cash flows[1]	+/- 5%	1,022,982
	2,754,654	Income approach	Discounted cash flows	+/- 5%	137,733
	30,061	Income approach	Discounted cash flows	+/- 5%	1,503
Alternative power engineering	7,321,981	Income approach	Discounted cash flows	+/- 5%	366,099
	4,401,582	Income approach	Discounted cash flows	+/- 5%	220,079
	3,560,591	Income approach	Discount rate	+1%	(122,354)
	99,014	Income approach	Discounted cash flows	+/- 5%	4,951
Transport and logistics	40,150,346	Income approach	Discounted cash flows[2]	+/- 5%	2,025,517
	10,585,042	Income approach	Discounted cash flows	+/- 5%	529,252
	3,991,654	Income approach	Discounted cash flows	+/- 5%	199,583
	3,720,642	Income approach	Discounted cash flows	+/- 5%	186,032
	3,652,338	Income approach	Discounted cash flows	+/- 5%	182,617
	3,600,000	Income approach	Discounted cash flows	+/- 5%	180,000

Industry in which company operates	Fair value of the Company's share	Valuation technique	Significant unobservable inputs	Reasonable shift	Fair value measurement sensitivity to shifts in unobservable inputs
Transport and logistics	1,942,054	Income approach	Discounted cash flows	+/- 5%	97,103
	1,707,123	Income approach	Discounted cash flows	+/- 5%	85,356
	358,774	Income approach	Discount rate	+1%	(11,238)
	80,831	Income approach	Discounted cash flows	+/- 5%	4,042
Real estate	2,720,146	Income approach	Discount rate	+1%	(59,804)
	409,806	Income approach	Discount rate	+1%	(21,270)
	180,996	Cost approach	Amortised replacement costs	+/- 5%	9,050
Processing industry	3,359,088	Income approach	Discounted cash flows	+/- 5%	167,954
	2,965,408	Income approach	Discount rate	+1%	(86,021)
	2,732,842	Income approach	Discount rate	+1%	(25,423)
	2,366,703	Income approach	Discount rate	+1%	(67,853)
	1,783,096	Income approach	Discounted cash flows	+/- 5%	89,155
	1,221,783	Income approach	Discounted cash flows	+/- 5%	61,089
	589,531	Income approach	Discount rate	+1%	(8,739)
	498,625	Income approach	Discounted cash flows	+/- 5%	24,931
	201,273	Cost approach	Amortised replacement costs	+/- 5%	10,064

Industry in which company operates	Fair value of the Company's share	Valuation technique	Significant unobservable inputs	Reasonable shift	Fair value measurement sensitivity to shifts in unobservable inputs
	1,108,121	Income approach	Discounted cash flows	+/- 5%	55,406
Medical diagnostics	634,062	Income approach	Discounted cash flows	+/- 5%	31,703
	141,041	Cost approach	Amortised replacement costs	+/- 5%	7,052
	9,739,736	Income approach	Discounted cash flows	+/- 5%	486,987
	3,792,990	Income approach	Discount rate	+1%	(117,380)
	3,308,778	Income approach	Discount rate	+1%	(102,395)
	3,017,088	Income approach	Discounted cash flows	+/- 5%	150,854
	2,372,493	Income approach	Discounted cash flows	+/- 5%	118,625
Agriculture	1,123,059	Income approach	Discount rate	+1%	(31,362)
	1,080,054	Income approach	Discounted cash flows	+/- 5%	54,003
	1,000,000	Cost approach	Amortised replacement costs	+/- 5%	50,000
	766,162	Income approach	Discount rate	+1%	(27,922)
	757,130	Income approach	Discounted cash flows	+/- 5%	37,856
	102,313	Income approach	Discounted cash flows	+/- 5%	5,116
	39,396	Income approach	Discounted cash flows	+/- 5%	1,970

Industry in which company operates	Fair value of the Company's share	Valuation technique	Significant unobservable inputs	Reasonable shift	Fair value measurement sensitivity to shifts in unobservable inputs
Telecommunications	25,521	Income approach	Discounted cash flows	+/- 5%	1,276
Entertainment	629,885	Income approach	Discounted cash flows	+/- 5%	31,494
	224,679	Income approach	Discounted cash flows	+/- 5%	11,234
Venture financing	3,974,287	Adjusted NAV	Adjustment to NAV	+/- 5%	198,714
	2,674,638	Adjusted NAV	Adjustment to NAV	+/- 5%	133,732
	174,522	Adjusted NAV	Adjustment to NAV	+/- 5%	8,726
	7,341	Adjusted NAV	Adjustment to NAV	+/- 5%	367
Other net assets of subsidiaries	(18,878,012)				
Total	**145,260,908**				

(1) In order to determine the fair value of the investment, the Company used the following unobservable inputs:

- Average EBITDA margin in the amount of 17.4% (2020: 16.2%)
- Annual growth rate of revenue of 6.0% (2020: 5.8%)

(2) In order to determine the fair value of the investment, the Company used the following unobservable inputs:

- Average EBITDA margin in the amount of 85.8% (2020: 86.0%)
- Annual growth rate of revenue of 6.0% (2020: 5.8%)

Increase in EBITDA margin and increase in the annual growth rate of revenue would lead to an increase in the fair value of the investments.

The table below sets out information about significant unobservable inputs used at year end in the measuring of the most significant underlying portfolio companies of private equity funds categorised as Level 3 in the fair value hierarchy as at 31 December 2020, together with a sensitivity analysis for shifts in these inputs which the Company considers were reasonably possible at the reporting date, assuming all other variables remain unchanged.

Industry in which company operates	Fair value of the Company's share	Valuation technique	Significant unobservable inputs	Reasonable shift	Fair value measurement sensitivity to shifts in unobservable inputs
	22,513,090	Income approach	Discounted cash flows	+/- 5%	1,125,655
	471,544	Comparative approach	Amortised replacement costs	+/- 5%	23,577
	38,281	Income approach	Discounted cash flows	+/- 5%	1,914
Power engineering	26,411	Income approach	Discounted cash flows	+/- 5%	1,321
	7,853,681	Comparative approach	EBITDA/ (multiplier)	+/- 5%	392,684
	4,142,000	Income approach	Discounted cash flows	+/- 5%	207,100
Alternative power engineering	124,287	Cost approach	Amortised replacement costs	+/- 5%	6,214
	40,150,121	Income approach	Discounted cash flows	+/- 5%	2,007,506
Transport and logistics	4,454,394	Comparative approach	EBITDA/ (multiplier)	+/- 5%	222,720
	3,522,235	Income approach	Discounted cash flows	+/- 5%	176,112
	3,407,435	Income approach	Discounted cash flows	+/- 5%	170,372

Industry in which company operates	Fair value of the Company's share	Valuation technique	Significant unobservable inputs	Reasonable shift	Fair value measurement sensitivity to shifts in unobservable inputs
Transport and logistics	1,890,507	Comparative approach	EBITDA/ (multiplier)	+/- 5%	94,525
	1,177,882	Cost approach	Amortised replacement costs	+/- 5%	58,894
	735,156	Income approach	Discounted cash flows	+1%	(14,032)
	108,513	Cost approach	Amortised replacement costs	+/- 5%	5,426
Real estate	3,256,349	Income approach	Discount rate	+1%	(94,154)
	240,000	Cost approach	Amortised replacement costs	+/- 5%	12,000
Processing industry	3,693,653	Income approach	Discount rate	+1%	(130,696)
	3,359,088	Income approach	Discounted cash flows	+/- 5%	167,954
	2,664,825	Income approach	Discount rate	+1%	(99,408)
	2,635,469	Income approach	Discount rate	+1%	(55,842)
	2,367,153	Income approach	Discounted cash flows	+/- 5%	118,358
	1,241,292	Income approach	Discounted cash flows	+/- 5%	62,065
	1,117,303	Income approach	Discounted cash flows	+/- 5%	55,865
	196,197	Cost approach	Amortised replacement costs	+/- 5%	9,810

Industry in which company operates	Fair value of the Company's share	Valuation technique	Significant unobservable inputs	Reasonable shift	Fair value measurement sensitivity to shifts in unobservable inputs
Natural resources	909,627	Comparative approach	EBITDA/ (multiplier)	+/- 5%	45,481
Medical diagnostics	1,293,428	Comparative approach	EBITDA/ (multiplier)	+/- 5%	64,671
	1,077,651	Cost approach	Adjustment to NAV	+/- 5%	53,883
	572,405	Comparative approach	Stock-exchange quotation	+/- 5%	28,620
	163,757	Cost approach	Amortised replacement costs	+/- 5%	8,188
Agriculture	7,172,461	Income approach	Discounted cash flows	+/- 5%	358,623
	3,882,000	Income approach	Discounted cash flows	+/- 5%	194,100
	2,469,526	Cost approach	mortised replacement costs	+/- 5%	123,476
	1,566,615	Income approach	Discounted cash flows	+/- 5%	78,331
	1,080,054	Income approach	Discounted cash flows	+/- 5%	54,003
	1,013,131	Income approach	Discount rate	+1%	(15,654)
	1,000,000	Income approach	Discounted cash flows	+/- 5%	50,000
	650,569	Cost approach	Amortised replacement costs	+/- 5%	32,528
	300,965	Cost approach	Amortised replacement costs	+/- 5%	15,048
Electrical industry	527,381	Income approach	Discounted cash flows	+/- 5%	26,369

Industry in which company operates	**Fair value of the Company's share**	**Valuation technique**	**Significant unobservable inputs**	**Reasonable shift**	**Fair value measurement sensitivity to shifts in unobservable inputs**
Financial services	1,403,642	Comparative approach	EBITDA/ (multiplier)	+/- 5%	70,182
	10,495	Income approach	Discounted cash flows	+/- 5%	525
Entertainment	1,698,056	Comparative approach	EBITDA/ (multiplier)	+/- 5%	84,903
	695,774	Comparative approach	EBITDA/ (multiplier)	+/- 5%	34,789
Other net assets of subsidiaries	(23,086,735)				
Total	**115,787,668**				

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2021:

KZT'000	Level 2	Total fair value	Total carrying amount
Assets			
Cash and cash equivalents	9,551,504	9,551,504	9,551,504
Amounts due from credit institutions	1,328,299	1,328,299	1,328,299
Loans to customers	10,165,156	10,165,156	10,165,156
Investment financial assets	3,184,638	3,184,638	2,484,039
Liabilities			
Debt securities issued	9,322,366	9,322,366	9,581,437
Other financial liabilities	176,258	176,258	176,258

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2020:

KZT'000	Level 2	Total fair value	Total carrying amount
Assets			
Cash and cash equivalents	10,654,679	10,654,679	10,654,679
Amounts due from credit institutions	19,516,275	19,516,275	19,516,275
Investment financial assets	2,580,122	2,580,122	1,978,614
Other financial assets	18,759	18,759	18,759
Liabilities			
Other financial liabilities	(62,655)	(62,655)	(62,655)

28 Subsequent events

On 2 January 2022 protests started in Western Kazakhstan related to an increase in the liquefied natural gas price from 60 tenge to 120 tenge per litre. These protests spread to other cities and resulted in looting and loss of life. On 5 January 2022 the government declared a state of emergency. As a result of the above protests and state of emergency the President of Kazakhstan has made certain public announcements regarding possible measures including additional taxes. On 19 January 2022 the state of emergency was lifted.

On 20 January 2022 by the decision of the Board of Directors #01-22, the Company placed 1 ordinary share of Kazyna Capital Management JSC within authorised limits at the placement price of KZT 5,000,000 thousand through the subscription by National Management Holding Baiterek JSC in accordance with the right of pre-emptive purchase.

On 24 February 2022, the Russian Federation commenced military operation in Ukraine. The US Treasury Department has announced unprecedented and large-scale sanctions against Russia. Ten largest Russian financial institutions are under the restrictions of the United States of America, including three largest banks - Sberbank, VTB and Alfa-Bank, which have their subsidiaries in Kazakhstan. Limits for the subsidiaries of Russian banks were closed and the Group transferred cash to other Kazakhstan banks.

The Company currently is unable to quantify what the impact, if any, may be on the financial position of any new measures the government may take or any impact from the effect on the Kazakhstan economy as a result of the above events.

On 28 January 2022, the Department of the State Corporation "Government for Citizens" for Nur-Sultan registered the transformation of Kazakhstan Project Preparation Fund LLP into a joint-stock company. On 17 March 2022 the Board of Directors of the Company made decision to reorganise Kazakhstan Project Preparation Fund JSC and QazTech Ventures JSC through merger with the Company. The Company is planning to submit this decision for consideration to the sole shareholder of Baiterek NMH in April 2022.