Kazakhstan Stock Exchange JSC

Separate Financial Statements

For 2021 and
Independent Auditor's Report

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Statement of management's responsibilities for the preparation and approval of the separate financial statements for the year ended 31 December 2021

Management of Kazakhstan Stock Exchange JSC (the Company) is responsible for the preparation of the separate financial statements that present fairly, in all material respects, the financial position of the Company as of 31 December 2021, its performance, cash flows, and changes in equity for the year then ended, under International Financial Reporting Standards (IFRS).

In preparing these separate financial statements, the management is responsible for:

- Selecting appropriate accounting policies and applying them consistently
- Providing information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Disclosing additional information in cases where compliance with the requirements of IFRS is not enough for users of the information to understand the effects of certain transactions and other events or conditions on the financial position or financial performance of the Company
- Evaluating the Company's ability to continue as a going concern in the foreseeable future.

Management of the Company is also responsible for:

- Designing, implementing and maintaining reliable internal controls within the Company
- Providing, at any time, with reasonable accuracy, the information on the Company's financial position, and ensuring compliance of the financial statements with IFRS requirements
- Maintaining accounting records in compliance with the laws of the Republic of Kazakhstan
- Taking such steps as are reasonably available to safeguard Company's assets
- Detecting and preventing financial fraud and other irregularities.

The separate financial statements for the year ended 31 December 2021 were approved by the management of the Company on 20 April 2022.

On behalf of the Management

A.O. Aldambergen
Chairperson of the Management Board

20 April 2022

Almaty, Kazakhstan

S.U. Akylbekova
Chief Accountant

Тел.: +7 727 331 31 34
Факс: +7 727 331 31 35
info@bdoqz.com
www.bdoqz.com

ТОО "BDO Kazakhstan"
ул. Бухар Жырау, 23
Алматы, Казахстан
A15A0E2

Tel: +7 727 331 31 34
Fax: +7 727 331 31 35
info@bdoqz.com
www.bdoqz.com

"BDO Kazakhstan" LLP
23 Bukhar Zhyrau Ave.
Almaty, Kazakhstan
A15A0E2

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Kazakhstan Stock Exchange JSC

Auditor's Report

Opinion

We have audited the accompanying separate financial statements of Kazakhstan Stock Exchange JSC (the Company) which comprise the statement of financial position at the close of business on 31 December 2021, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the summary of significant accounting principles and other explanatory notes.

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

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual audit report but does not include the financial statements and our auditor's report thereon. We assume that the approved annual audit report will be submitted to us after this Audit Report has been issued. Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable preparation of the 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 alternatives but to do so.

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

Auditor's Responsibilities for the Audit of the Separate Financial Statements

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

As part of the audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Auditor

T.A. Omarov ______________________

Qualified Auditor of the Republic of Kazakhstan.

Auditor's Qualification Certificate No.МФ - 0000237 issued on 29 April 1996 by the Qualification Commission of the Auditors' Board for certification of the candidate auditors of the Republic of Kazakhstan

Director

T.A. Omarov ______________________

BDO Kazakhstan LLP
State license No. 21030362 issued on 22 October 2021 by the Committee of financial control of the Ministry of Finance of the Republic of Kazakhstan
Nur-Sultan City.

20 April 2022

Almaty

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

(KZT thousand)

	Notes	*2021*	*2020*
Commission incomes	5	**4.188.017**	3.107.929
Interest income	6	**3.067.027**	2.473.034
Credit losses expenses		**(121.157)**	(18.192)
Net profit/(loss) from foreign currency transactions		**6.220**	3.198
Income from dividends		**13.977**	3.941
Other income		**10.943**	5.108
Income from investments reported by the equity method		**621**	-
OPERATING INCOME		**7.165.648**	5.575.018
OPERATING EXPENSES	7	**(2.865.416)**	(2.452.857)
INCOME BEFORE CORPORATE INCOME TAX		**4.300.232**	3.122.161
Corporate income tax expenses	8	**(385.019)**	(238.686)
Profit for the year		**3.915.213**	2.883.475
Other comprehensive income			
Other comprehensive income not reclassified to profit or loss in the current or subsequent periods			
Revaluation of property, plant and equipment	16	-	(72.216)
Loss on equity instruments carried at fair value through other comprehensive income		-	(13)
Corporate income tax referring to other comprehensive income components		-	(6.038)
Other comprehensive income for the year net of taxes		-	(78.267)
Total comprehensive income for the year		**3.915.213**	2.805.208
Earnings per share			
Basic and diluted (KZT)	9	**3.641,28**	2.945,44

Signed and approved for issue on behalf of the Management Board of Kazakhstan Stock Exchange JSC

A.O. Aldambergen
Chairperson of the Management Board

S.U. Akybbekova
Chief Accountant

20 April 2022

Almaty, Kazakhstan

Notes on pages 5-46 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2021

(KZT thousand)

	Notes	31 December 2021	31 December 2020*
ASSETS			
Cash and cash equivalents	10	**64.426.157**	46.790.176
Amounts due from credit institutions	11	-	1.296.477
Reverse repo transactions	11	**4.214.269**	-
Financial assets of the central counterparty	12	**4.245.575.870**	1.425.047.691
Investment securities	13	**34.379.343**	29.142.517
Equity investments carried at fair value through other comprehensive income	14	**21.053**	21.053
Investment in subsidiaries	1	**12.852**	12.852
Investments in associate	15	**90.537**	91.548
Current corporate income tax assets		**78.295**	11.476
Property, plant and equipment	16	**1.407.315**	1.345.416
Intangible assets	17	**1.293.999**	1.016.864
Advances paid	18	**574.519**	661.896
Other assets	19	**461.090**	327.291
Total assets		**4.352.535.299**	1.505.765.257
LIABILITIES			
Funds of clearing participants	20	**86.830.269**	64.690.851
Financial liabilities of central counterparty	12	**4.245.575.870**	1.425.047.691
Deferred corporate income tax liabilities	8	**191.506**	131.773
Advances received		**50.423**	31.071
Other liabilities	19	**195.522**	85.745
Total liabilities		**4.332.843.590**	1.489.987.131
EQUITY			
Issued capital	21	**4.189.030**	4.189.030
Treasury stock	21	-	-
Fair value reserve	21	-	-
Provision for revaluation of property, plant and equipment	21	**90.986**	100.833
Reserve funds	21	**3.170.000**	3.170.000
Retained earnings		**12.241.693**	8.318.263
Total equity		**19.691.709**	15.778.126
Total equity and liabilities		**4.352.535.299**	1.505.765.257

** Certain amounts in this column are not consistent with the separate financial statements for 2020 as they report reclassifications disclosed in Note 2.*

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S.U. Akybbekova
Chief Accountant

20 April 2022

Almaty, Kazakhstan

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SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

(KZT thousand)

	Notes	*Issued capital*	*Treasury stock*	*Fair value reserve*	*Reserve for revaluation of property, plant and equipment*	*Reserve funds*	*Retained earnings*	*Total equity*
1 January 2019 year		2.661.775	(62.076)	13	179.490	1.750.000	6.854.385	11.383.587
Profit for the year		-	-	-	-	-	2.883.475	2.883.475
Other comprehensive income for the year		-	-	(13)	(78.254)	-	-	(78.267)
Total comprehensive income for the year		-	-	(13)	(78.254)	-	2.883.475	2.805.208
Increase in charter capital	21	1.527.255	62.076	-	-	-	-	1.589.331
Amortisation of revaluation reserve	21	-	-	-	(403)	-	403	-
Increase in reserve	21	-	-	-	-	1.420.000	(1.420.000)	-
31 December 2020		4.189.030	-	-	100.833	3.170.000	8.318.263	15.778.126
Profit for the year		-	-	-	-	-	3.915.213	3.915.213
Total comprehensive income for the year		-	-			-	3.915.213	3.915.213
Amortisation of revaluation reserve	21	-	-	-	(9.847)	-	9.847	-
Reclassification of assets	2	-	-	-	-	-	(1.630)	(1.630)
31 December 2021		4.189.030	-	-	90.986	3.170.000	12.241.693	19.691.709

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Chairperson of the Management Board

S.U. Akylbekova
Chief Accountant

20 April 2022

Almaty, Kazakhstan

Notes on pages 5-46 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

(KZT thousand)

	Notes	2021	2020
Operating activities			
Profit before corporate income tax expenses		4.300.232	3.122.261
Adjustments for reconciliation of corporate income tax expenses with net cash flows:			
Credit losses expenses		121.157	18.192
Loss from impairment of assets held for sale		-	934
Deferred tax expenses		59.733	-
Net foreign exchange difference		-	(1.349)
Income from dividends		(13.977)	(3.941)
Accrued interest income		(3.067.027)	(2.473.034)
Depreciation and amortisation	7	315.357	236.079
Income from participation in associate		(621)	-
Change in operating assets and liabilities			
Net decrease/(increase) in operating assets			
Reverse repo transactions		4.214.269	1.953.000
Amounts due from credit institutions		1.296.476	81.567
Advances paid		87.377	(657.862)
Other assets		(200.616)	(205.628)
Net increase/(decrease) in operating liabilities			
Funds of clearing participants		17.555.900	30.780.323
Advances received		19.352	(17.277)
Other liabilities		109.777	(283.831)
Interest received		351.308	462.047
Corporate income tax paid		(380.074)	(178.046)
Net inflow/(outflow) of cash from operating activities		24.768.623	32.833.335
Investing activities			
Purchase of property, plant and equipment	16	(174.621)	(129.059)
Purchase of intangible assets	17	(426.697)	(418.708)
Costs capitalised to intangible assets	17	(53.073)	(6.008)
Acquisition of investment securities net of proceeds from repayment of investment securities		(8.074.028)	(8.360.741)
Dividends received		13.977	3.941
Net outflow of cash from investing activities		(8.714.442)	(8.910.575)
Investing activities			
Proceeds from increase in charter capital	21	-	1.589.331
Net inflow of cash from financing activities		-	1.589.331
Effect of changes in foreign currency exchange rates on cash and cash equivalents		1.658.731	1.048.712
Effect of expected credit losses on cash and cash equivalents	10	(76.931)	(14.190)
Net change in cash and cash equivalents		17.635.981	26.546.613
Cash and cash equivalents at the year-beginning		46.790.176	20.243.563
Cash and cash equivalents at the year-end	10	64.426.157	46.790.176

Signed and approved for issue on behalf of the Management Board of Kazakhstan Stock Exchange JSC

A.O. Aldambergen
Chairperson of the Management Board

20 April 2022

Almaty, Kazakhstan

S.U. Akylbbekova
Chief Accountant

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Notes on pages 5-46 are an integral part of these separate financial statements.

(KZT thousand if not stated otherwise)

1. Corporate information

Kazakhstan Stock Exchange Joint-Stock Company (the Company, the Stock Exchange) was established on November 17, 1993, under the laws of the Republic of Kazakhstan.

Currently, the Company operates based on the certificate of state re-registration of the legal entity No. 1952-1910-01-AO dated January 7, 2004, issued by the Justice Department of the Bostandyk District under the Department of Justice of Almaty.

The Company's activities in the securities market are carried out based on the following licenses:

1) License for carrying out activities on the securities market dated July 19, 2012 No. 4.2.3/1, issued by the Committee for the Control and Supervision of the Financial Market and Financial Organizations of the National Bank of the Republic of Kazakhstan. The license gives the right to carry out the following activities in the securities market:
   - Trading in securities and other financial instruments
   - Clearing activities on transactions with financial instruments in the securities market.

2) Licenses for banking operations in national and foreign currencies dated January 30, 2020 No. 4.3.8 issued by the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market. The license gives the right to conduct the following banking operations:
   - Opening and maintaining correspondent accounts of banks and organizations engaged in certain types of banking operations
   - Transfer operations: execution of orders of individuals and legal entities on payments and money transfers
   - Opening and maintaining bank accounts of legal entities
   - Organization of exchange operations with foreign currency, except for the organization of exchange operations with foreign currency in cash.

The legal address of the Company: 8th floor, 280 Baizakov Street, Northern Tower of the Almaty Towers Multifunctional Complex, A15E2Y0, Almaty, Republic of Kazakhstan.

The main activity of the Stock Exchange is the organization of trading in securities and other financial instruments under the laws of the Republic of Kazakhstan.

Related activities of the Stock Exchange are the clearing of transactions with financial instruments, the implementation of certain types of banking operations, the provision of information and other services not prohibited by the laws of the Republic of Kazakhstan.

As of the close of business on December 31, 2021, and December 31, 2020, the shareholders, each of whom owns ordinary shares of the Company in an amount exceeding 5% of the total number of its outstanding shares, are as follows:

	31 December 2021, %	*31 December 2020, %*
Shareholders		
National Bank of the Republic of Kazakhstan State-owned Institution	**46,99**	43,89
Public Joint-Stock Company 'Moscow Exchange MICEX-RTS'	**13,10**	13,10
Komesk-Omir Insurance Company JSC	**7,64**	7,64
Halyk Bank of Kazakhstan JCS	**6,79**	6,79
Bolashaq Trade Group LLP	**5,02**	5,02
Other (individually owning less than 5%)	**20,46**	23,56
Total	**100,00**	100,00

Under paragraph 2 of Article 84 of the Law of the Republic of Kazakhstan '*On the Securities Market*' (the Law), the share of each shareholder of the Exchange together with its affiliates may not exceed 20% of the total number of outstanding shares, unless the shareholder is the National Bank of the Republic of Kazakhstan.

(KZT thousand if not stated otherwise)

1. Corporate information (continued)

During the years ended December 31, 2021, and December 31, 2020, the National Bank of the Republic of Kazakhstan (the NBRK) is a controlling party of the Company holding a considerable share of participation in the Company's share capital.

Information about Subsidiary as of December 31, 2021 and December 31, 2020 is disclosed below:

			31 December 2021		*31 December 2020*	
Entity	*Country of operation*	*Activity*	*Share of participation/votes, %*	*Contribution to the issued capital*	*Share of participation/votes, %*	*Contribution to the issued capital*
eTrade.kz LLP	Kazakhstan	Information technologies	**100**	**12.852**	100	12.852
				12.852		12.852

Information about associates as of December 31, 2021, and December 31, 2020, is disclosed below:

			31 December 2021		*31 December 2020*	
Entity	*Country of operation*	*Activity*	*Share of participation/votes, %*	*Contribution to the issued capital*	*Share of participation/votes, %*	*Contribution to the issued capital*
RTRS LLP	Kazakhstan	Rental services	**50**	**135000**	50	135.000
				135.000		135.000

In 2021 the resulting profit of RTRS LLP amounted to KZT 1.242 thousand (2020: resulting loss of KZT 1.894 thousand).

The carrying amount of investment in associate as of December 31, 2021, was KZT 90.537 thousand (December 31, 2020: KZT 91.548 thousand).

2. Basis of preparation

Background

The accompanying financial statements were prepared in compliance with International Financial Reporting Standards (the IFRS).

These separate financial statements have been prepared under the historical cost bases except as disclosed in the *Accounting Policies* section below. For example, financial assets carried at fair value through other comprehensive income and property, plant and equipment (groups: building, land, vehicles) have been measured at fair value.

These separate financial statements have been issued additionally to the consolidated financial statements of the Company and its Subsidiary. Consolidated financial statements of the Company have been approved by the Company management on April 20, 2022.

These separate financial statements are presented in thousands of Kazakhstan tenge (tenge, KZT) except for the data of earning per share calculation unless stated otherwise.

These separate financial statements have been prepared on a going concern basis assuming that the Company is currently operating and will operate shortly.

(KZT thousand if not stated otherwise)

2. Basis of preparation (continued)

COVID-19 pandemic effect

The Covid-19 outbreak was first reported near the end of 2019. On 11 March 2020, the WHO announced that the Covid-19 outbreak could be characterised as a pandemic. Despite the rapid and timely development of vaccines, in 2021, the coronavirus continued to mutate and spread across the planet.

Covid-19 has had a significant impact on the global economy. Many countries imposed travel restrictions on millions of people, while many regions also imposed quarantine measures. Businesses suffered significant losses and supply chain disruption. Some countries began to ease the isolation, but the process was gradual and millions of workers lost their jobs as businesses were disrupted.

The Covid-19 pandemic also led to significant volatility in financial and commodity markets around the world. Many governments have announced measures to provide financial and non-financial support to the affected organisations. The Government and the National Bank of the Republic of Kazakhstan have put in place support measures to ensure that economic performance does not deteriorate significantly as a result of the Covid-19 outbreak. These measures include, inter alia, concessional loans for entities operating in the affected industries and affected individuals, credit holidays and relaxation of certain regulatory restrictions to support the financial sector and its ability to provide resources and help customers avoid liquidity shortages as a result of Covid-19 containment measures.

Concerning the Covid-19 pandemic, entities should consider the accounting and disclosure requirements for the following: going concern, financial instruments, assessment of impairment of non-financial assets, government grants, income taxes, insurance liabilities, leases, insurance benefits, estimated liabilities under onerous contracts, fair value measurements, revenue recognition, inventories, events after the reporting period, and other disclosure requirements.

The Covid-19 pandemic has an impact on the assumptions and uncertainties associated with the measurement of assets and liabilities. Consequently, entities should carefully consider the need for additional disclosures to help users of financial statements understand the judgements made in the financial statements. Since the impact of the effects of the Covid-19 in the IFRS financial statements is highly dependent on the nature of the entity's operations and the extent to which the entity is exposed to such an impact, the possible impact has not been reflected in the data provided.

The Company management estimates that this situation should not result in the termination of the Company's operations. However, the situation may rapidly change and the future impact on the Company's operations cannot be reliably estimated at present.

Estimation uncertainty

To the extent that information was available on December 31, 2021, the Company has reported revised estimates of expected future cash flows in its assessment of ECLs, the fair value measurement of financial instruments.

(KZT thousand if not stated otherwise)

2. Basis of preparation (continued)

Reclassification

In 2021 the Company ceased classification of the asset, namely the share of participation in the share capital of RTRS LLP, as held for sale since the criteria to recognize this asset as held for sale following IFRS 5 were no longer met.

Management decided to abandon the intention to sell this asset as management believes that it is not probable that a transaction with Central Securities Depository JSC will take place in the foreseeable future.

The adjustments are presented below as if the asset, namely the interest in the share capital of RTRS LLP, had always been accounted for by the Company as an investment in an associate following IAS 28:

1 January 2020

Separate statement of financial position	*As per the previous financial statements*	*Reclassification amount*	*Adjusted amount*
Assets			
Assets held for sale	92.495	(92.495)	-
Investments in associates	-	92.495	92.495
Total assets	**92.495**	**-**	**92.495**

As of 31 December 2020

Separate statement of financial position	*As per the previous financial statements*	*Reclassification amount*	*Adjusted amount*
Assets			
Assets held for sale	91.548	(91.548)	-
Investments in associates	-	91.548	91.548
Total assets	**91.548**	**-**	**91.548**

No adjustments were made to the data presented in the statement of comprehensive annual income, the statement of cash flows and the statement of changes in equity for 2020 due to the absolute immateriality of the amounts.

(KZT thousand if not stated otherwise)

3. Summary of significant accounting policies

Application of new IFRS, interpretations and adjustments to IFRS

The accounting principles applied in the preparation of the separate financial statements comply with the principles applied in the preparation of the separate financial statements of the Company for the year ended December 31, 2020, except for adopted new standards and interpretations effective on January 01, 2021. The Company did not prematurely apply the standards, interpretation or amendments to IFRS issued but not yet effective.

The Company applied the amendments to IFRS listed below for the first time in 2021, but without any impact on its separate financial statements.

<u>Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16</u>

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments

- include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

<u>Covid-19-Related Rent Concessions – Amendment to IFRS 16</u>

On May 28, 2020, the IASB amended IFRS 16 to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the Covid-19 pandemic. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16 if the change were not a lease modification. The amendment was intended to apply until June 30, 2021, but due to the continuing impact of the Covid-19 pandemic on March 31, 2021, the IASB decided to extend the application of the simplification until June 30, 2022.

New standards, interpretations and amendments to IFRS issued but not yet effective

There are several IFRS, IFRS Interpretations and amendments to IFRS that have been issued by the IASB and are effective for future accounting periods beginning on or after January 01, 2022.

The most important of these are as follows:

<u>Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37</u>
As of January 01, 2022, paragraph 68 of IAS 37 Provisions, Contingent Liabilities and Contingent Assets is amended to state that the costs of fulfilling a contract include costs that are directly attributable to that contract and include

- Incremental costs incurred in fulfilling that contract, such as direct labour and materials costs
- Allocated other costs that are directly attributable to the contract, such as the allocated portion of depreciation costs of an item of property, plant and equipment used to fulfil - among other contracts - that contract.

(KZT thousand if not stated otherwise)

3. Summary of significant accounting policies (continued)

Application of new IFRS, interpretations and adjustments to IFRS (continued)

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
As of January 01, 2022, the revised IAS 16 Property, Plant and Equipment prohibits deducting from the cost of an item of property, plant and equipment the amounts that an entity received from the sale of items produced using that item while the item was being prepared for its intended use. Instead, the entity must recognise revenue from the sale of those items and the related costs in profit or loss.

IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS.

IFRS 9 Financial Instruments Fees in the '10 per cent' test for derecognition of financial liabilities

As of January 01, 2022, amended IFRS 9 Financial Instruments clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

Reference to the Conceptual Framework – Amendments to IFRS 3

As of January 01, 2022, the reference in IFRS 3 Business Combinations is updated to require one of the combining entities identified as the acquirer to use the 2018 Conceptual Framework for Financial Reporting to determine what constitutes the asset acquired or liability assumed. As of the same date, an exception has also been introduced to require entities applying the standard to use IAS 37 Provisions, Contingent Liabilities and Contingent Assets instead of the Conceptual Framework for Financial Reporting, for certain types of liabilities and contingent liabilities. The Board expects the exception to remain in IAS 37 for as long as the definition of a liability in that standard differs from the definition in the latest version of the Conceptual Framework.

IFRS 17 and the amendments to IAS 1 effectiveness shift

In March 2020, the IASB decided to postpone the effective date of IFRS 17 Insurance Contracts until January 01, 2023. In April 2020, the IASB decided to postpone the effective date of the amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current - Amendments to IAS 1 from January 01, 2022, to January 01, 2023.

The Company does not expect IFRS, IFRS interpretations and amendments to IFRS issued by the IASB but not yet effective to have a material impact on its operations.

(KZT thousand if not stated otherwise)

3. Summary of significant accounting policies (continued)

Financial assets and liabilities

Initial recognition

Recognition date

Regular way purchases or sales of financial assets and liabilities are recognised using trade date accounting, i.e. the date that the Company commits to purchase the asset or liability.

Regular way purchases or sales are purchases or sales of financial assets and liabilities under contractual terms that require delivery of assets or liabilities within the time frame established by regulation or convention in the marketplace.

Initial measurement

The classification of financial instruments on initial recognition depends on the contractual terms and conditions and the business model used to manage the instruments. Financial instruments are measured initially at fair value, including transaction costs, except for financial assets and financial liabilities that are measured at FVTPL.

Measurement categories of financial assets and liabilities

The Company classifies all its financial assets based on the business model used to manage the assets and the contractual terms of the assets as valued at:

- amortised cost
- FVTOCI
- FVTPL.

The Company classifies and measures derivative instruments and instruments held for trading at FVTPL. The Company, at its discretion, may designate financial instruments as at FVTPL if such designation eliminates or significantly reduces a measurement or recognition inconsistency.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or FVTPL when they are either held for trading and derivative instruments or are designated at fair value.

Amounts due from credit institutions, investment securities carried at amortised cost

The Company measures amounts due from credit institutions and other financial investments at amortised cost only if both of the following conditions are met

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

These terms are discussed in more detail below.

(KZT thousand if not stated otherwise)

3. Summary of significant accounting policies (continued)

Financial assets and liabilities (continued)

Assessment of business model

The Company defines the business model at the level that best reflects how the pooled financial assets are managed to achieve a particular business objective.

The Company's business model is based on observable factors such as

- how the performance of the business model and the return on the financial assets held within that business model are assessed and how this information is communicated to key management personnel within the organisation
- the risks that affect the performance of the business model (and the return on the financial assets held under that business model) and, in particular, how those risks are managed
- how the business managers are remunerated (e.g., whether the remuneration is based on the fair value of the assets managed or on the contractual cash flows generated)
- the expected frequency, volume and timing of sales are also important considerations in assessing the Company's business model.

If the cash flows after initial recognition are realised in a manner different from the Company's expectations, the Company does not change the classification of the remaining financial assets held under this business model but further takes such information into account when valuing the newly created or recently acquired financial assets.

The 'solely payments of principal and interest on outstanding principal' test (SPPI test)

As part of the second stage in the classification process, the Company assesses the contractual terms of the financial asset to determine whether the contractual cash flows of the asset are solely payments of principal and interest on the principal outstanding (the so-called SPPI test).

For this test, 'principal' represents the fair value of the financial asset at initial recognition and this may change over the life of the financial asset (e.g. if principal repayments or amortisation of premium/discounts occurs).

The most significant elements of interest under a loan agreement are usually reimbursement for the time value of money and reimbursement for credit risk. For the SPPI test, the Company applies judgement and analyses relevant factors, such as the currency in which the financial asset is denominated and the period for which the interest rate is set.

However, contractual terms that have a non-significant effect on the exposure or volatility of contractual cash flows that are unrelated to the underlying loan agreement do not trigger contractual cash flows that are solely payments of principal and interest on the outstanding principal.

In such cases, the financial asset must be measured at FVTPL.

Equity instruments measured at FVTOCI

The Company sometimes makes an irrevocable election on initial recognition of certain equity investments to classify them as equity instruments measured at FVTOCI if they meet the definition of an equity instrument under IAS 32 Financial Instruments: Presentation and are not held for trading.

The decision to make such a classification is made on an instrument-by-instrument basis.

(KZT thousand if not stated otherwise)

3. Summary of significant accounting policies (continued)

Financial assets and liabilities (continued)

Equity instruments measured at FVTOCI (continued)

Gains and losses on such equity instruments are never reclassified as profit or loss. Dividends are recognised in profit or loss as other income when the right to receive the dividend payment is established, except to the extent that the Company receives a benefit from such proceeds as a refund of a portion of the cost of such instrument. In such circumstances, the gain is recognised in other comprehensive income. Equity instruments that are measured at FVTOCI are not subject to testing for impairment. On disposal of such instruments, the accumulated revaluation reserve is transferred to retained earnings.

Reclassification of financial assets and liabilities

The Company does not reclassify financial assets after their initial recognition except in exceptional circumstances when the Company changes its business model for managing the financial assets.

Financial liabilities are never reclassified. The Company has not reclassified financial assets and liabilities in 2021.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, amounts due from the NBRK and amounts due from credit institutions that mature within ninety days of the date of origination and are free from contractual liabilities.

Repo transactions, reverse repo transactions and borrowings of securities

Sale and repurchase agreements ('repo agreements') are treated as secured financing transactions. Securities sold under sale and repurchase agreements are retained in the separate statement of financial position and, in case the transferee has the right by contract or custom to sell or repledge them, reclassified as securities pledged under sale and repurchase agreements. The corresponding liability is presented within repo transactions in the separate statement of financial position. Securities purchases under agreements to resell ('reverse repo') are recorded as reverse repo transactions in the separate statement of financial position. The difference between the sale and repurchase price is treated as interest and accrued over the life of repo agreements using the effective interest method.

Securities lent to counterparties are retained in the separate statement of financial position. Securities borrowed are recorded in the separate statement of financial position only when sold to third parties. In this case, the transaction of purchase and sale is recorded in the separate statement of comprehensive income.

The obligation to return them is recorded at fair value as a trading liability.

Derivatives

In the normal course of business, the Company enters into various derivative financial instruments including futures, forwards, swaps and options in the foreign exchange and capital markets. These financial instruments are held for trading and are initially recorded at fair value. The fair values are estimated based on quoted market prices or pricing models that take into account the current market and contractual prices of the underlying instruments and other factors.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Gains and losses resulting from these instruments are included in the separate statement of comprehensive income as net gains/(losses) from trading securities or net gains/(losses) from foreign currencies dealing, depending on the nature of the instrument.

(KZT thousand if not stated otherwise)

3. Summary of significant accounting policies (continued)

Leases

Company as a lessee

The Company uses the common approach to recognize and measure all lease contracts, except short-term leases and leases of low-value assets. As of December 31, 2021, and December 31, 2020, the leases were re resented by short-term leases or leases of low-value assets. The Company did not recognise lease liabilities and right-of-use assets.

Short-term leases and leases of low-value assets
The Company applies the recognition exemption for short-term leases (i.e. leases with a lease term of 12 months or less at inception and that do not contain a purchase option).
The Company also applies the recognition exemption for leases of low-value assets to leases of office equipment considered to be of low value (up to five thousand dollars).
Lease payments for short-term leases and leases of low-value assets are recognised as rental expenses on a straight-line basis over the lease term.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the separate statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. The right of set-off must not be contingent on a future event and must be legally enforceable in all of the following circumstances:

- in the ordinary course of business
- in the event of default, and
- in the event of insolvency or bankruptcy of the entity or any of the counterparties.

These conditions are not generally met in master netting agreements, and the related assets and liabilities are presented gross in the separate statement of financial position.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised in the statement of financial position when

- the rights to receive cash flows from the asset have expired
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and
- the Company either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company’s continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay. Where continuing involvement takes the form of an issued and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company’s continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company’s continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

In this case, the Company’s continuing involvement is measured at the lower of the fair value of the transferred asset and the option exercise price.

(KZT thousand if not stated otherwise)

3. Summary of significant accounting policies (continued)

Derecognition of financial assets and liabilities (continued)

Financial assets (continued)

Writing-off

Financial assets are written off in part or in full only when the Company no longer expects to recover the asset. If the amount to be written off is higher than the accumulated impairment allowance, the difference is first recorded as an increase in the allowance, which is then applied to the gross carrying amount. Any subsequent recoveries are credited to the credit loss expense. The write-off relates to derecognition.

Financial liabilities

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

Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Taxation

The current income tax expense is calculated following the regulations of the Republic of Kazakhstan.

Deferred tax assets and liabilities are calculated in respect of temporary differences using the balance sheet liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured at tax rates, which will be used during the period of asset disposal or liability settlement based on the legislation in effect or substantially in effect at the reporting date.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and, probably, the temporary difference will not reverse in the foreseeable future.
Kazakhstan also has various operating taxes that are assessed on the Company's activities. These taxes are included as a component of operating expenses.

Property, plant and equipment

Property, plant and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of equipment when that cost is incurred if the recognition criteria are met.
Following initial recognition, buildings and constructions, land and vehicles are carried at a revalued amount, which is the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

(KZT thousand if not stated otherwise)

3. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus is credited to the revaluation reserve for property and equipment in other comprehensive income, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. In this case, the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss except that a deficit directly offsetting a previous surplus on the same asset is directly offset against the surplus in the revaluation reserve for property and equipment.

An annual transfer from the revaluation reserve for property and equipment to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets' original cost.
On disposal of an asset, the attributable amount included in the revaluation reserve is transferred to retained earnings.
Depreciation of an asset begins when it is available for use.

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

	Years
Buildings	40
Machinery and equipment	3-15
Vehicles	6.7
Others	6-10

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

Costs related to repairs and renewals are charged when incurred and included in other operating expenses unless they qualify for capitalisation.

Intangible assets

Intangible assets include software and licenses.

Intangible assets acquired separately are initially measured at the initial cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets can have a finite or indefinite useful life. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful lives of intangible assets are stated below:

	Useful lives (years) used in 2021
In-house software	6-9
Other software and licenses	5-8
Others	1-5

(KZT thousand if not stated otherwise)

3. Summary of significant accounting policies (continued)

Intangible assets (continued)

If the Company produces an intangible asset, then expenses for the development of an intangible asset are included in the cost of an intangible asset and accounted for as construction in progress until an intangible asset is ready in full for the intended use under the contract terms. The cost of an in-house intangible asset is an amount of the following costs incurred from a date on which an intangible asset becomes meeting the recognition criteria for the first time and includes all costs that may be directly allocated or attributed reasonably and consistently to development, production, manufacturing and preparation of an asset for its intended use:

1) costs for materials and services used or consumed when producing an intangible asset;
2) salary and other costs connected with employees directly involved in the production of an asset (the Stock Exchange capitalizes rewards of employees directly involved in the completion of development of the software products based on reports on works performed if such works conform to all of the above-mentioned requirements);
3) any costs that directly relate to an asset produced, such as fees for registration of a legal right, patents and licenses used for the production of an asset.

Assets classified as held for sale

The Company classifies a non-current asset (or a disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the non-current asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (disposal group) and its sale must be highly probable.

The sale qualifies as highly probable if management is committed to a plan to sell the non-current asset (or disposal group).

An active programme to locate a buyer and complete the plan must have been initiated. In addition, the non-current asset (or disposal group) must have been actively marketed for a sale at a price that is reasonable with its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification of the non-current asset (or disposal group) as held for sale.

Investments in subsidiaries

The subsidiary is an entity including such entities as a limited liability partnership controlled by the Company. Investments in subsidiaries are recorded in the separate financial statements at historical cost less any impairment loss.

Investments in associates

An associate is an entity with a significant influence on the Company. Under the equity method of accounting, on initial recognition, the investment in an associate is recognised at cost and its carrying amount is increased or decreased by recognising the investor's share of the profit or loss of the investee after the date of acquisition.

The investor's share of the profit or loss of an investee is recognised in the Company's profit or loss. Funds received from the investee as a result of profit distributions reduce the carrying amount of the investment.

Funds of clearing participants

The most of clearing participants' funds comprise cash of the members of the foreign exchange market placed on correspondent accounts of the Stock Exchange at the reporting date to make operations on the next trading day. Following the Exchange's in-house Rules of Execution of Clearing Activities for Transactions in Financial Instruments, approved by decision of the Board of Directors No. 26 dated September 07, 2018, each clearing participant must maintain a certain level of collateral and ensure payment of the security deposit in the Exchange's correspondent account, so some of the clearing participants leave an amount of money at the end of the trading day in the Exchange's correspondent account for trading on the next trading day. The Stock Exchange recognizes them as liabilities to clearing participants.

(KZT thousand if not stated otherwise)

3. Summary of significant accounting policies (continued)

Assets and liabilities of the central counterparty

The Stock Exchange acts as a central counterparty in the foreign exchange market and derivative market being for each participant a party to all transactions concluded at exchange auctions and guarantees performance thereof on a net basis. The assets and liabilities for such transactions are presented in the statement of financial position at the net fair value calculated based on daily estimated prices determined by the Stock Exchange under approved internal documents. The financial assets and liabilities measured at fair value through profit or loss include assets and liabilities of the central counterparty on open transactions in the stock and foreign exchange market at the end of the reporting period.

Security of the central counterparty

The Stock Exchange guarantees the discharge of net liabilities to the participants in the stock, foreign exchange and derivative markets using the individual and collective security system. Individual security of a participant may be either full or partial depending on a category assigned to a clearing participant to be determined based on its financial position.

As collateral for the fulfilment of obligations by a clearing participant with partial collateral on deals concluded on conditions of partial coverage the Exchange sets requirements for partial coverage of net obligations on deals recorded on clearing accounts and submitted orders of such clearing participants and calculated taking into account particulars set by internal methods of the Exchange for particular exchange markets, as well as requirements for making a guarantee fee on the relevant exchange market.

As collateral for the fulfilment of obligations by a clearing participant with partial collateral on deals concluded on conditions of full coverage, the Exchange sets requirements for full coverage of net obligations in those financial instruments in which they arise as a result of the conclusion of such deals.

As collateral for the fulfilment of obligations of clearing participants with full coverage, the Exchange sets requirements for full coverage of net obligations on all clearing accounts of such clearing participants.

The central counterparty claims for the amount of partial security are calculated based on internal methods of the Stock Exchange and must cover an amount of credit and market risk of net liabilities of a clearing participant to the central counterparty in all financial instruments.

The financial instruments taken as partial security in the stock, foreign exchange, and derivative markets are the tenge and US dollar transferred by participants to the correspondent accounts of the Stock Exchange.

As collateral on the stock market, in addition to money, clearing participants deposit securities traded on the Exchange. These securities are recorded as collateral on the KASE section on sub-accounts (client and own) of the personal account of each deponent clearing participant of the stock market in Central Securities Depository JSC, they are not assets of the Exchange and are not shown in a separate statement of financial position.

In case of insufficient collateral and/or margin collateral of the clearing participant to secure their open positions, the clearing participant must fulfil the requirement issued by the Exchange by making additional collateral or concluding deals leading to a reduction of the value of open positions.

A clearing participant without collateral shall not provide collateral and shall not pay guarantee fees.

The collective security of trades to clearing participants is the clearing reserve and reserve funds. The reserve funds are established at the expense of the own funds of the Stock Exchange for each stock exchange market. Reserve funds are established based on guarantee fees of clearing participants credited by clearing participants to the Exchange's correspondent account. On a particular exchange market, separate guarantee funds can be created to cover unfulfilled obligations on deals in financial instruments concluded in trading regimes with the participation of a central counterparty. The guarantee funds shall be used exclusively to cover unfulfilled obligations on transactions in financial instruments of a particular exchange market for which the guarantee fund was formed.

Guarantee funds may not be used as collateral for any other obligations of the Exchange and/or its clearing participants other than obligations on deals concluded on the exchange-based market as part of the settlement of a default. Collective collateral is used only in case of insufficient funds for individual collateral. The procedure for using collective collateral is provided in the Company's internal documents.

(KZT thousand if not stated otherwise)

3. Summary of significant accounting policies (continued)

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, an outflow of resources embodying economic benefits will probably be required to settle the obligation and a reliable estimate of the obligation can be made.

Defined benefits and other employee benefit obligations

The Company does not have any pension arrangements separate from the State pension system of the Republic of Kazakhstan, which requires current contributions by the employer calculated as a percentage of current gross salary payments; such expense is charged in the period the related salaries are earned. These amounts are recorded in the accounting period to which the related salaries relate. In addition, the Company does not provide significant post-employment benefits to its employees.

Equity

Issued capital

Ordinary shares and non-redeemable preferred shares with discretionary dividends are both classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity.

Any excess of the fair value of the consideration received over the par value of shares issued is recognised as additional paid-in capital.

Treasury stock

Where the Company purchases the Company's shares, the consideration paid, including any attributable transaction costs, net of income taxes, is deducted from total equity as treasury shares until they are cancelled or reissued.

Where such shares are subsequently sold or reissued, any consideration received is included in equity. Treasury stock is carried at weighted average cost.

Dividends

Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date.

Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the consolidated financial statements are authorised for issue.

Contingent assets and liabilities

Contingent liabilities are not recognised in the separate statement of financial position but are disclosed unless the possibility of any outflow in the settlement is remote. A contingent asset is not recognised in the separate statement of financial position but disclosed when an inflow of economic benefits is probable.

Income and expenses recognition

Revenue is recognised to the extent that the economic benefits will probably flow to the Company and the revenue can be reliably measured. The following criteria must also be met before revenue can be recognised in the financial statements:

(KZT thousand if not stated otherwise)

3. Summary of significant accounting policies (continued)

Interest and similar revenue and expenses

The Company calculates interest revenue on debt financial assets measured at amortised cost or FVTPL by applying the effective interest rate to the gross carrying amount of the financial assets, except for credit-impaired financial assets. The effective interest rate is the rate that, when discounted, exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Company revises its estimates of payments or receipts.

The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

Commission incomes

The Company earns fee and commission income from a diverse range of services it provides to its customers. Fee and commission income can be divided into the following two categories:

- *Commission income from services provided over time*

Commission earned for the provision of services overtime is accrued over that period as the service is performed.

These fees include commission income, listing and clearing fees, information services, remote access services and membership fees.

- *Commission income from transaction services*

Commission earned for conducting or negotiating a transaction on behalf of a third party, such as where the Company is obliged to agree to purchase shares or other securities or to purchase or sell businesses, are recognised on completion of the transaction.

Commission (or a part thereof) relating to certain performance obligations are recognised when the corresponding criteria have been met.

Where the contract provides for variable consideration, commission income is recognised only to the extent that it is probable that the subsequent resolution of the uncertainty inherent in the variable consideration will not cause a significant reduction in the amount of revenue recognised on an accrual basis.

Dividend income

Revenue is recognised when the Company's right to receive the payment is established.

Foreign currencies translation

The separate financial statements are presented in Kazakhstan tenge, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially translated to the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Gains and losses resulting from the translation of foreign currency transactions are recognised in the separate statement of comprehensive income under 'Net revenue from foreign exchange transactions.

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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(KZT thousand if not stated otherwise)

3. Summary of significant accounting policies (continued)

Foreign currencies translation (continued)

Differences between the contractual exchange rate of a foreign currency transaction and the official exchange rate at the date of the transaction are included in gains less losses from foreign currencies.

As of December 31, 2021, and 2020, the official rates were as follows

	31 December 2021	*31 December 2020*
KZT/USD	**431,8**	420,91
KZT/EUR	**489,1**	516,79
KZT/RUR	**5,76**	5,62
KZT/GBP	**583,32**	574,88

4. Significant accounting estimates and assumptions

Estimation uncertainty

In the process of applying the Company's accounting policies, management has used its judgments and made estimates in determining the amounts recognised in the separate financial statements. The most significant uses of judgments and estimates are discussed below.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recognized in the separate statement of financial position cannot be determined based on prices in active markets, it is determined using the various valuation models, including mathematical models. The inputs to these models are derived from observable markets where possible; otherwise, judgement is required in establishing fair values. Further details are provided in Note 24.

Expected credit losses estimates

The Company establishes allowances (provisions) for expected credit losses on financial assets and receivables. The Company determines the allowances based on the credit ratings assigned to financial assets or their issuers, the ageing of accounts receivable and the accounts receivable.

Impairment of property, plant and equipment and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Management assesses whether there is any indication of impairment at the reporting date based on an analysis of internal and external factors.
If any indication of impairment exists, the Company estimates the recoverable amount. The recoverable amount is determined as the higher of fair value less costs to sell and value in use.
The determination of the recoverable amount of a cash-generating unit involves the use of estimates by management. Methods used to determine the value in use include discounted cash flow techniques.

These estimates, including the methodologies used, may have a material impact on the fair value and ultimately the amount of any impairment of non-financial assets or its reversal in future periods. As of December 31, 2020, the Company revalued property, plant and equipment by engaging an independent appraiser. As a result of this revaluation, the carrying value of property, plant and equipment was restated to fair value. Based on the analysis of external and internal indicators as of December 31, 2021, the Company did not find any indicators of impairment of property, plant and equipment and intangible assets.

Management believes that as of December 31, 2021, the revalued amounts have not changed significantly since the date of the previous valuation and, therefore, the carrying amounts of the Company's property, plant and equipment are equal to/approximate their fair value. As of December 31, 2021, the Company did not perform a revaluation of property, plant and equipment.

(KZT thousand if not stated otherwise)

4. Significant accounting estimates and assumptions (continued)

Legal proceedings

Under IFRS, the Company recognises provisions only when there is a present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required and the cost of that outflow can be measured reliably. Where these criteria are not met, no provision is made and such contingent liability is disclosed in the notes to the separate financial statements. The occurrence of any liability, not currently recorded or disclosed in the separate financial statements, could have a significant effect on the financial position of the Company. The application of this principle to litigations requires the Company management to make decisions regarding various actual and legal issues that are beyond its control. The Company reviews pending litigation each time there is a change in its development and at each balance sheet date to assess whether a provision should be made in the separate financial statements. There are the following factors that are taken into account by the Company when making decisions regarding provisioning: the nature of a suit, claim or fine; the potential losses in the jurisdiction of the litigation, claim filed or penalty imposed; the progress of the litigation (including after the date of preparation of the financial statements but before its issue); legal advisors' opinions; experience with such kind of litigations; any decisions of the management of the Company regarding how to respond to a suit, claim or fine.

5. Commission incomes

Commission incomes comprise the following items:

	2021	*2020*
Commission fees	**1.524.037**	1.371.167
Listing fees	**837.673**	839.787
Clearing fees	**1.168.984**	389.073
Membership fees	**339.685**	286.518
Income from information services	**208.022**	182.849
Technical fees	**109.616**	38.535
Total commission incomes	**4.188.017**	3.107.929

In the separate statement of financial position the Company recognised the following contract assets and liabilities related to the contracts with customers:

	2021	*2020*
Contract assets (reported in the Other assets)	**414.613**	303.450
Contract liabilities (reported as Advances received)	**50.423**	31.071

(KZT thousand if not stated otherwise)

5. Commission incomes (continued)

The Company will normally charge fees before the completion of the transaction for which they are due, or immediately thereafter (in the case of contracts where the obligation to perform is at a point in time, such as Exchange transaction fees). In the case of services performed over a period (such as listing fees), the Company normally charges amounts in advance on a monthly, quarterly or annual basis in respect of the relevant part of the total term of the contract.

The Company applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose the remaining performance obligations for contracts that have an original expected life of one year or less.

6. Interest income

	2021	*2020*
Financial assets carried at amortised cost		
Investment securities	**2.706.523**	2.012.007
Reverse repo transactions	**275.757**	306.393
Amounts due from credit institutions	**64.675**	120.841
Cash equivalents	**20.072**	33.793
Total interest income from financial assets	**3.067.027**	2.473.034

7. Operating expenses

	2021	*2020*
Staff costs	**1.720.396**	1.599.377
Depreciation and amortisation *(Notes 16, 17)*	**315.357**	236.079
Social tax	**161.014**	151.072
Taxes other than income tax	**139.718**	130.958
Maintenance of property, plant and equipment and intangible assets	**149.290**	76.773
Banking services	**7.328**	62.176
Communications and SWIFT servicing	**36.362**	27.373
Information services	**17.670**	25.372
Business development expenses	**49.757**	23.960
Membership fees	**20.698**	16.193
Professional services	**45.699**	14.206
Operating lease	**24.175**	13.700
Staff training	**27.836**	7.460
Travel expenses	**13.091**	5.995
Insurance payments	**11.347**	1.100
Postal and courier services	**1.846**	707
Other expenses	**123.832**	60.356
Total operating expenses	**2.865.416**	2.452.857

(KZT thousand if not stated otherwise)

8. Taxation

Corporate income tax expenses consist of the following items:

	2021	*2020*
Accrual of corporate income tax - current portion	**300.597**	182.926
Adjustment of corporate income tax of previous periods	**24.689**	4.112
Deferred tax accrual - origination and reversal of temporary differences	**59.733**	57.686
Less: Deferred tax recognised in other comprehensive income (revaluation of property, plant and equipment)	**-**	(6.038)
Corporate income tax expenses	**385.019**	238.686

Company income is taxed only in the Republic of Kazakhstan. According to tax legislation, the applicable corporate income tax rate in 2021 and 2020 is 20%.

A reconciliation between corporate income tax expense reflected in these separate financial statements and profit before accounting for corporate income tax multiplied by the statutory tax rate for the years ended December 31 is as follows.

	2021	*2020*
Profit before corporate income tax expenses	**4.300.232**	3.122.161
Statuary tax rate	20%	20%
Tax calculated using the statutory rate	**860.046**	624.432
Adjustment of corporate income tax of previous periods	**24.689**	4.112
Non-taxable income		
Non-taxable interest income from government and other securities	**(541.305)**	(402.399)
Other non-taxable income	**(2.795)**	(788)
Non-deductible expenses		
Credit losses expenses	**24.232**	3.638
Membership fees	**3.681**	2.879
General and administrative expenses	**6.683**	2.306
Others	**9.788**	4.506
Corporate income tax expenses	**385.019**	238.686

Deferred tax assets and liabilities as of December 31, and their movements for the respective years, comprise the following

		Origination and decrease of temporary differences			*Origination and decrease of temporary differences*		
	31 December 2019	*In profit or loss*	*In other comprehensive income*	*31 December 2020*	*In profit or loss*	*In other comprehensive income*	*31 December 2021*
Tax effect of deductible temporary differences							
Accruals for unused vacations	**12.645**	45	-	**12.690**	1.533	-	**14.223**
Others	**3.248**	(3.248)	-	**-**		-	**-**
Deferred tax asset	**15.893**	(3.203)	-	**12.690**	1.533	-	**14.223**
Tax effect of taxable temporary differences							
Property, plant and equipment and intangible assets	**(89.980)**	(48.445)	(6.038)	**(144.463)**	(61.266)	-	**(205.729)**
Deferred tax liability	**(89.980)**	(48.445)	(6.038)	**(144.463)**	(61.266)	-	**(205.729)**
Total deferred corporate tax liabilities, net	**(74.087)**	(51.648)	(6.038)	**(131.773)**	(59.733)	-	**(191.506)**

(KZT thousand if not stated otherwise)

9. Earnings per share

Earnings and the weighted average number of ordinary shares used to calculate basic earnings per share are shown below.

	2021	*2020*
Net profit for the year expensed to Company shareholders	**3.915.213**	2.883.475
The weighted average number of ordinary shares for determining basic earnings per share	**1.075.231**	978.964
Basic and diluted earnings per share (KZT)	**3.641,28**	2.945,44

10. Cash and cash equivalents

Cash and cash equivalents comprise as follows

	31 December 2021	*31 December 2020*
Cash-on-hand	**-**	166
Correspondent accounts in credit institutions	**53.043.475**	41.429.103
Correspondence account in NBRK	**11.482.909**	5.384.203
Net of the valuation allowance for ECLs	**(100.227)**	(23.296)
Cash and cash equivalents	**64.426.157**	46.790.176

Correspondent accounts at banks include the following items:

	31 December 2021	*31 December 2020*
The Bank of New York Mellon	**28.671.599**	21.413.367
Central Securities Depository JSC	**22.668.612**	13.693.519
Citibank N.A.	**883.739**	5.801.945
Altyn Bank JSC	**349.499**	267.211
JPMorgan Chase Bank, N.A.	**462.028**	239.396
Other credit institutions	**7.998**	13.665
	53.043.475	41.429.103
Net of the valuation allowance for ECLs	**(100.227)**	(23.296)
Correspondent accounts in credit institutions	**53.943.248**	41.405.807

The balances of cash and cash equivalents have no indications of a significant increase in credit risk or impairment as of December 31, 2021, and December 31, 2020.

An analysis of movements in the valuation allowance for ECLs for the year is as follows

	2021	*2020*
Valuation allowance for ECLs as of 1 January	**(23.296)**	(9.106)
Net change in allowance	**(76.931)**	(14.190)
As of 31 December	**(100.227)**	(23.296)

(KZT thousand if not stated otherwise)

11. Amounts due from credit institutions and reverse repo transactions

Amounts due from credit institutions are presented below:

	31 December 2021	*31 December 2021*
Term deposits placed for over 90 days	-	1.300.000
Net of the valuation allowance for ECLs	-	(3.523)
Total amounts due from credit institutions	-	1.296.477

As of December 31, 2020 term deposits included funds for KZT 1.300.000 thousand placed in SB Sberbank of Russia JSC with a nominal interest rate of 9.00% per annum. In February 2021 these deposits were repaid.

The analysis of changes in the valuation allowance for ECLs for the year is presented below:

	2021	*2020*
Valuation allowance for ECLs as of 1 January	-	(3.773)
Net change in allowance	-	250
31 December 2021	-	(3.523)

Reverse repos are presented as follows:

	31 December 2021	*31 December 2020*
KZT	**2.055.614**	-
USD	**2.158.655**	-
Total reverse repo transactions	**4.214.269**	-

12. Financial assets and liabilities of the central counterparty

	31 December 2021	*31 December 2020*
Repo and reverse repo transactions	**4.245.488.596**	**1.423.667.918**
Currency transactions	**87.274**	**1.379.773**
Total financial assets and liabilities of the central counterparty	**4.245.575.870**	**1.425.047.691**

Central counterparty financial assets represent receivables arising from foreign exchange and repo transactions and central counterparty financial liabilities represent payables under the relevant transactions entered into by the Company with market participants in its role as a central counterparty.

Set-off and liabilities of individual counterparties are offset under IAS 32.

13. Investment securities

Investment securities comprise the following items:

	31 December 2021	*31 December 2020*
Debt securities measured at amortised cost		
Notes of the National Bank of the Republic of Kazakhstan	**33.420.303**	28.723.307
Bonds of the Ministry of Finance of the Republic of Kazakhstan	**1.000.479**	419.210
Corporate bonds	-	-
Net of the valuation allowance for ECLs	**(41.439)**	-
Investment securities	**34.379.343**	29.142.517

(KZT thousand if not stated otherwise)

14. Financial assets carried at fair value through other comprehensive income

Equity securities carried at FVTOCI include the following items:

	31 December 2021		*31 December 2020*	
	Share of participation, %	*Amount*	*Share of participation, %*	*Amount*
Central Securities Depository JSC	**29,28**	**18.800**	29,28	18.800
Kyrgyz Stock Exchange ZAO	**7,05**	**2.253**	7,05	2.253
Equity securities measured at FVTOCI	**-**	**21.053**	-	21.053

The Company at its discretion classified certain investments in equity instruments as equity investments measured at FVTOCI on the basis that they are not held for trading. Such investments include mandatory equity investments in exchanges and clearing organisations.

Central Securities Depository JSC is a not-for-profit organisation.

The controlling shareholder of Central Securities Depository JSC is the National Bank of the Republic of Kazakhstan, which holds 63.24%.

The Company's management believes that the Company does not have a significant influence on the operations of Central Securities Depository JSC.

15. Investments in associates

Investments in associates as of December 31, 2021, and 2020 are as follows

	31 December 2021		*31 December 2020*	
	Share of participation, %	*Amount*	*Share of participation, %*	*Amount*
RTRS LLP	**50**	**90.537**	50	91.548

Further details are provided in Note 2.

(KZT thousand if not stated otherwise)

16. Property, plant and equipment

	Building	*Land*	*Plant, machinery and equipment*	*Vehicles*	*Others*	*Total*
Revalued cost						
31 December 2019	1.018.154	179.675	480.133	54.936	135.350	1.868.248
Additions	**-**	**-**	**121.581**	**-**	**7.478**	**129.059**
Disposal	**(83.821)**	**(102.405)**	**-**	**2.536**	**-**	**(183.690)**
31 December 2020	**934.333**	**77.270**	**601.714**	**57.472**	**142.828**	**1.813.617**
Additions	**-**	**-**	**169.292**	**1.454**	**3.875**	**174.621**
Disposal	**-**	**-**	**(12.978)**	**-**	**-**	**(12.978)**
31 December 2021	**934.333**	**77.270**	**758.028**	**58.926**	**146.703**	**1.975.260**
Accumulated depreciation						
31 December 2019	(58.489)	-	(290.381)	(17.077)	(105.637)	(471.584)
Accumulated depreciation	**(25.996)**	**-**	**(65.693)**	**(9.912)**	**(6.490)**	**(108.091)**
Disposal	**84.485**	**-**	**-**	**26.989**	**-**	**111.474**
31 December 2020	**-**	**-**	**(356.074)**	**-**	**(112.127)**	**(468.201)**
Disposal	**-**	**-**	**12.978**	**-**	**-**	**12.978**
Accumulated depreciation	**(26.074)**	**-**	**(59.061)**	**(17.778)**	**(9.809)**	**(112.722)**
31 December 2021	**(26.074)**	**-**	**(402.157)**	**(17.778)**	**(121.936)**	**(567.945)**
Net carrying amount						
31 December 2019	**959.665**	**179.675**	**189.752**	**37.859**	**29.713**	**396.664**
31 December 2020	**934.333**	**77.270**	**245.640**	**57.472**	**30.701**	**1.345.416**
31 December 2021	**908.259**	**77.270**	**355.871**	**41.148**	**24.767**	**1.407.315**

The Company engaged an independent appraiser, Bureau of Independent Valuation LLP, to determine the fair value of land, buildings and vehicles owned by the Company. The fair value is determined by reference to similar properties available on the market and using the discounted cash flow method.

The revaluation date is December 31, 2020. Further information about fair values of land, buildings and vehicles is disclosed in Note 24.

If the valuation of land, buildings and vehicles was performed using the historical cost model, the carrying amounts would be as follows

	31 December 2021			*31 December 2020*		
	Land	*Building*	*Vehicles*	*Land*	*Building*	*Vehicles*
Historical cost	**1.628**	**1.023.223**	**61.424**	1.628	1.023.223	61.424
Accumulated depreciation	-	**(130.035)**	**(39.286)**	-	(232.357)	(30.073)
Net carrying amount	**1.628**	**893.188**	**22.138**	1.628	790.866	31.351

As of December 31, 2021, the initial cost of the fully depreciated property, plant and equipment equalled KZT 283.974 thousand (31 December 2020: KZT 274.992 thousand).

(KZT thousand if not stated otherwise)

17. Intangible assets

Movement in intangible assets is presented below:

	Intracompany-developed software	*Other software and licenses*	*Others*	*Development costs*	*Total*
Historical cost					
31 December 2019	**194.721**	**691.955**	**5.831**	**2.293**	**894.800**
Additions	2.643	406.521	281	9.263	418.708
Capitalisation of salary and other costs	6.008	-	-	-	6.008
Write-off	11.085	-	471	(11.556)	-
31 December 2020	214.457	1.098.476	6.583	-	1.319.516
Additions	-	397.878	-	28.819	**426.697**
Capitalisation of salary and other costs	53.073	-	-	-	**53.073**
Transfers	-	13.056	-	(13.056)	-
31 December 2021	**267.530**	**1.509.410**	**6.583**	**15.763**	**1.799.286**
Accumulated amortisation					
31 December 2019	(88.738)	(80.353)	(5.573)	-	(174.664)
Accumulated amortisation	(36.832)	(90.146)	(1.010)	-	(127.988)
Write-off					
31 December 2020	**(125.570)**	**(170.499)**	**(6.583)**	**-**	**(302.652)**
Accumulated depreciation	(47.937)	(154.698)	**-**	**-**	**(202.635)**
31 December 2021	**(173.507)**	**(325.197)**	**(6.583)**	**-**	**(505.287)**
Net carrying amount					
31 December 2019	**105.983**	**611.602**	**258**	**2.293**	**720.136**
As of 31 December 2020	**88.887**	**927.977**	**-**	**-**	**1.016.864**
As of 31 December 2021	**94.023**	**1.184.213**	**-**	**15.763**	**1.293.999**

As of December 31, 2021, the historical cost of fully amortised intangible assets amounted to KZT 90.160 thousand (31 December 2020: KZT 45.614 thousand).

(KZT thousand if not stated otherwise)

18. Advances paid

As of December 31, 2021 advances paid amounted to KZT 574.519 thousand, including advances paid to Moscow Exchange MICEX-RTS PJSC ('MOEX') for KZT 557.835 thousand, as part of the strategic agreement dated October 10, 2018, for purchase of software products for exchange trading and clearing.

19. Other assets and liabilities

Other assets and liabilities comprise the following items:

	31 December 2021	*31 December 2020*
Other financial assets		
Commissions receivable	**162.063**	139.586
Income from clearing transactions services	**185.714**	112.799
Income receivable from information services	**62.659**	53.952
Listing compensation receivable	**17.800**	10.762
Membership fees receivable	**6.414**	1.304
Income receivable from remote access services	**1.429**	250
Fines, penalties receivable	**175**	125
Total other financial assets	**436.254**	318.778
Net of the valuation allowance for ECLs	**(21.641)**	(15.328)
Total other financial assets	**414.613**	303.450
Other non-financial assets		
Taxes other than corporate income tax	**21.212**	8.637
Prepaid expenses	**11.574**	7.415
Inventories	**13.650**	6.379
Advances for vacations	**5**	1.371
Others	**36**	39
Total other non-financial assets	**46.477**	23.841
Total other assets	**461.090**	327.291

Other liabilities comprise the following items:

	31 December 2021	*31 December 2020*
Other financial liabilities		
Payables	**25.025**	12.109
Dividends payable	**2.203**	2.203
Total other financial liabilities	**27.228**	14.312
Other non-financial liabilities		
Accruals for unused vacations	**71.113**	63.448
Taxes other than corporate income tax	**86.192**	3.090
Others	**10.989**	4.895
Total other non-financial liabilities	**168.294**	71.433
Total other liabilities	**195.522**	85.745

20. Funds of clearing participants

As of December 31, 2021, and December 31, 2020, funds of clearing participants are represented by guarantee and margin contributions, which are collateral for net obligations of clearing participants in derivatives, equity and foreign exchange markets.

	31 December 2021	*31 December 2020*
Collateral for currency and stock markets	**85.698.345**	63.511.191
Guarantee fees for the currency market	**652.000**	701.000
Guarantee fees for the stock market	**366.000**	386.000
Guarantee fees for the derivatives market	**46.000**	35.000
Collateral for the derivatives market	**67.924**	57.660
Total funds of clearing participants	**86.830.269**	64.690.851

(KZT thousand if not stated otherwise)

20. Funds of clearing participants (continued)

Funds were placed by the following clearing participants.

	31 December 2021	*31 December 2020*
Kazakhstan second-tier banks	**67.020.412**	48.169.842
Other financial institutions	**19.272.597**	16.302.827
International banking clearing and credit institution	**537.260**	218.182
Total funds of clearing participants	**86.830.269**	64.690.851

21. Issued capital

The issued capital of the Company comprises the following ordinary shares:

	Issued shares	*Repurchased shares*	*Outstanding shares*	*Issued capital*	*Treasury stock*
1 January 2020	974.373	(13.329)	961.044	2.661.775	(62.076)
Increase in charter capital	100.858	-	100.858	1.527.255	-
31 December 2020	1.075.231	-	1.075.231	4.189.030	-
31 December 2021	**1.075.231**	-	**1.075.231**	**4.189.030**	**-**

As of December 31, 2021, there were a totally of 5.000.000 authorised ordinary shares (31 December 2020: 5.000.000 shares). As of December 31, 2021, 1.075.231 authorised shares were placed and fully paid.

On October 27, 2020, the Board of Directors approved a resolution for the allotment/disposal of 119.000 ordinary shares, including the previously repurchased 13.329 shares. Bolashaq Trade Group LLP acquired 5.683 ordinary shares according to a sale and purchase transaction dated December 21, 2020, as part of the exercise of pre-emptive rights. On December 15, 2020, the Company and MOEX entered into a sale transaction for 95.175 ordinary shares of the Company and 13.329 previously repurchased shares for KZT 13.918,67 per share in the implementation of the Strategic Cooperation Agreement dated October 10, 2018, previously signed by the parties.

Assets received as a result of the sale of shares were represented by cash in a total amount of KZT 1.510.231.369,68.

Nature and purpose of other provisions

Provision for revaluation of property, plant and equipment

The revaluation reserve for property and equipment is used to record increases in the fair value of land, buildings and vehicles, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

Fair value reserve

Fair value reserve reports the change in the fair value of financial assets measured at FVTOCI.

Reserve funds

The reserve fund is established following the Law of the Republic of Kazakhstan 'On Securities Market' to cover possible default of the market participants. On April 30, 2020 Board of Directors of the Company decided to increase the reserve fund by KZT 1.420.000 thousand.

As of the end of 2021, the Company assessed the adequacy of the reserve fund. The management of the Company is confident in the adequacy of the established reserve fund and declared that there is no need to increase the reserve fund as of December 31, 2021.

(KZT thousand if not stated otherwise)

21. Issued capital (continued)

Movement in other provisions

Movement in other provisions is presented below:

	Fair value reserve	*Provision for revaluation of property, plant and equipment*	*Reserve fund*
As of 1 January 2019	13	179.490	1.750.000
Net change in fair value of debt instruments measured at FVTOCI	(13)	-	-
Revaluation of property, plant and equipment	-	(72.216)	-
Tax effect of revaluation of property, plant and equipment	-	(6.038)	-
Amortisation of revaluation reserve net of taxes	-	(403)	-
As of 31 December 2020	-	**100.833**	**3.170.000**
Amortisation of revaluation reserve net of taxes	**-**	**(9.847)**	**-**
As of 31 December 2021	**-**	**90.986**	**3.170.000**

22. Commitments and contingencies

Operating environment

Kazakhstan continues economic reforms and development of legal, tax and regulatory frameworks as required by a market economy. The future stability of Kazakhstan's economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

Kazakhstan's economy is negatively impacted by a decline in oil prices and the volatility of the tenge against major foreign currencies.

Interest rates in the tenge remain high. The combination of the above resulted in reduced access to capital, a higher cost of capital and increased uncertainty regarding further economic growth, which could negatively affect the Company's future financial position, results of operations and business prospects.

Management believes it is taking appropriate measures to support the sustainability of the Company's business in the current circumstances.

Due to the current situation with the COVID-19 pandemic, there remains uncertainty regarding the further development of the pandemic and its duration, as well as the extent to which the economy may recover shortly. Various measures continue to be adopted by the Government, and their impact continues to evolve. Therefore management continuously assesses the increased risks as well as the impact of the pandemic and the measures taken by the Government.

Taxation

Tax conditions in the Republic of Kazakhstan are subject to change and inconsistent application and interpretation. Differing interpretations of Kazakhstan laws and regulations by the Company and Kazakhstan's authorities may lead to the assessment of additional taxes, penalties and interest.

Kazakhstan's tax legislation and practice is in a state of continuous development and therefore is subject to varying interpretations and frequent changes, which may be retroactive. In some instances, the tax legislation has been interpreted by Kazakhstan's tax authorities as referring to IFRS provisions, however, the interpretations of the relevant IFRS provisions may differ from the accounting policies, judgments and estimates made by management in preparing these separate financial statements and may result in additional tax liabilities for the Bank.

Tax years remain open to retroactive review by the tax authorities for three years following the tax year.

Management believes that its interpretation of the relevant legislation is appropriate and the Company's tax position is sustained.

(KZT thousand if not stated otherwise)

22. Commitments and contingencies (continued)

Legal proceedings

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

Commitments and contingencies (continued)

The Company's contractual and contingent liabilities on December 31 comprised the following

	31 December 2021	*31 December 2020*
Commitments and contingencies		
Capital costs liabilities	-	77.873

On October 10, 2018, the Company and MOEX signed a Strategic Cooperation Agreement. According to the agreement, the Company acquires the rights to use MOEX software (for servicing operations on KASE exchange markets), and MOEX provides strategic consulting services for KASE.

23. Risk management policy

Background

Risk management is an integral part of the Stock Exchange operations. The Stock Exchange operations are subject to the following risks:

- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Operating risk

The Stock Exchange realises the importance of an efficient and effective risk management process in place. To ensure an effective and efficient risk management policy, the Stock Exchange determined the basic risk management principles with the main purpose of the Stock Exchange protection from the existing risks and allowing the Stock Exchange to achieve the scheduled goals. The main objectives of the risk management system are risk sources identification, risk levels measurement, risk management policies and rules designing and control mechanisms introduction, including establishing limits and subsequent compliance to them.

Risk management policy, risk identification, estimation, monitoring and response, as well as the financial and operating risks management of the Stock Exchange are governed by the Stock Exchange's relevant internal documents.

The Stock Exchange's main risks are described below.

Risk management structure

The Board of Directors has overall responsibility for identifying and controlling risks, but there are also separate independent bodies responsible for managing and monitoring risks.

Board of directors

The Board of Directors is responsible for risk management strategy development and approval of policy concepts and limits on each type of risk. Additionally, the Board of Directors is responsible for substantive risk management issues, monitoring the relevant risk decisions and overseeing them.

(KZT thousand if not stated otherwise)

23. Risk management policy (continued)

Background (continued)

Management

The Management is responsible for ensuring the Stock Exchange's effective risk management system arrangement.

Market Risk Committee

A collegial advisory body of the Exchange, the minimum required membership of which shall be determined by the Management Board, the personal composition of which shall be approved by order of the Chairperson of the Management Board. Market Risk Committee is responsible for analysis, monitoring and identification of the risks related to the financial markets' situation as well as for operations of the Stock Exchange and its counterparts – issuers and investors.

Investment Committee

Investment Committee is a collegial body of the Stock Exchange which is composed of the members approved by the Management. Investment Committee is responsible for making investment decisions on transactions with financial instruments at the expense of the Stock Exchange funds and ensuring the minimization of investing activities' financial risks.

Mitigation of risk

As part of its overall risk management, the Company uses derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity price risk, credit risk and exposures arising from forecast transactions. The Company actively uses collateral to reduce credit risks.

Excessive risk concentrations

Risk is concentrated when several counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of risk reflect the relative sensitivity of the Company's performance to changes in circumstances affecting a particular industry or geographical location.

To avoid excessive concentrations of risks, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio.

Identified concentrations of risk are managed.

Credit risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties failed to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures concerning such limits.

In line with the Asset Investment Policy approved by a decision of the Board of Directors, the Stock Exchange forms performance-and-risk balanced portfolios of financial instruments diversified by types of assets, degree of liquidity, level of return and maturity.

Under the Asset Investment Policy, the Stock Exchange analyses the Stock Exchange investment portfolios monthly and the Risk Management Department analyses the investment portfolios' status and their risk exposure quarterly, including default probability determining of the financial instruments, as well as stress-testing and backtesting of the Stock Exchange investment portfolios.

(KZT thousand if not stated otherwise)

23. Risk management policy (continued)

Credit risk (continued)

Transactions with central counterparty

When acting as a central counterparty, the Exchange is also exposed to credit risks since it assumes the risks of clearing participants defaulting on their obligations and at the same time guarantees the performance of its obligations to each conscientious clearing participant.

To manage credit risk when acting as a central counterparty, the Exchange sets requirements for the financial condition of clearing participants, types and quality of accepted collateral which includes the money and liquid securities, issuers with a high level of reliability determined under the Exchange's internal methodologies.

Moscow Exchange has developed and continuously improves an internal rating system to ensure a balanced assessment of its counterparties and the level of risk assumed. Counterparties are assessed based on a comprehensive in-depth evaluation of counterparties' financial conditions, level of information transparency, business reputation and other financial and non-financial factors.

To mitigate the credit risk associated with transactions where the Exchange acts as a central counterparty, the Exchange has introduced a multi-tiered cascade collateral pool structure, compliant with international standards and consisting of different lines of protection.

The Stock Exchange credit risk on the part of the trading participant is minimized by the Stock Exchange's trading payments on the 'delivery versus payment' principle.

Impairment

The Company calculates expected credit losses (ECLs) to estimate the expected deficit in cash flows, which are discounted using an inflation rate. ECLs calculation model is described below, and the main elements are as follows:

Probability of Default (PD)	*Probability of default* is a calculated estimate of the probability of default occurring over a given time horizon. The default can only occur at a certain point in time during the period under review if the asset has not been derecognised and is still part of the portfolio.
Exposure at default (EAD)	*Exposure at default* is an estimate of the amount exposed to default at any future date, taking into account the expected changes to that value after the reporting date, including payments of principal and interest, contractual and otherwise, expected repayments of loans issued and interest accrued as a result of late payments.
Loss given default (LGD)	*Loss given default* is an estimate of the loss given default at a given point in time. It is calculated based on the difference between the contractual cash flows and the cash flows that the creditor expects to receive, including those resulting from the realisation of collateral. It is usually expressed as a percentage of EAD.

For receivables, the Exchange applies the simplified approach of the standard and calculates the valuation allowance against the ECLs based on the credit losses expected to occur over the life of the asset (expected lifetime credit losses or lifetime ECLs). The Stock Exchange used a valuation reserve matrix based on its experience of credit losses adjusted subject to predicted factors specific for borrowers and overall economic conditions.

(KZT thousand if not stated otherwise)

23. Risk management policy (continued)

Credit risk (continued)

Impairment (continued)

In the case of other debt financial assets, the ECLs are calculated for 12 months. However, in case of a significant increase in credit risk under a financial instrument after initial recognition, an allowance for losses is measured in the amount equal to expected credit losses for the entire period.

Definition of default

The Company considers a default has occurred concerning funds in banks and takes immediate action to remedy the default if, at the close of the trading day, the required intraday payments, as specified in the individual agreements, have not been made.

Treasury and interbank relationships

The Company's treasury relationships include relationships with counterparties such as financial services organisations, banks, broker-dealers, exchanges and clearing organisations.

To assess these relationships the Company's credit risk department reviews publicly available information such as financial statements and data from other external sources, such as external ratings.

The Company uses the following credit rating levels:

External rating agency (Fitch)	*Rating*	*Lifetime PD*
AA+ to AAA AA A+ to AA- A- BBB+	High	0-2%
BBB BBB- BB+ BB- to BB B- to B+	Standard	2-14%
CCC CCC-	Lower than standard	14-100%
D	Impairment	100%

Maximum credit exposure

The maximum exposure to credit risk for the components of the separate statement of financial position, including derivatives, before the effect of mitigation through the use of master netting and collateral agreements, is best represented by their carrying amounts.

Where financial instruments are recorded at fair value, the carrying amount represents the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

(KZT thousand if not stated otherwise)

23. Risk management policy (continued)

Maximum credit exposure (continued)

The Stock Exchange financial assets classification according to credit risks is provided below.

	AA	*AA-/A+*	*BBB*	*BBB-*	*<BBB-*	*Credit rating is not assigned*	*Total*
31 December 2021							
Cash and cash equivalents other than cash on hand	**28.646.529**	**1.344.774**	**1.278**	**34.077.051**	**356.489**	**36**	**64.426.157**
Amounts due from credit institutions	-	-	-	-	-	-	-
Reverse repo transactions	-	-	-	**4.214.269**	-	-	**4.214.269**
Investment securities	-	-	-	**34.379.343**	-	-	**34.379.343**
Other financial assets	-	-	-	-	-	**414.613**	**414.613**
Total	**28.646.529**	**1.344.774**	**1.278**	**72.670.663**	**356.489**	**414.649**	**103.434.382**
31 December 2020							
Cash and cash equivalents other than cash on hand	21.395.407	6.036.923	1.172	5.661.874	1.115	13.693.519	46.790.010
Amounts due from credit institutions	-	-	-	1.296.477	-	-	1.296.477
Investment securities	-	-	-	29.142.517	-	-	29.142.517
Other financial assets	-	-	-	-	-	303.450	303.450
Total	21.395.407	6.036.923	1.172	36.100.868	1.115	13.996.969	77.532.454

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stressful circumstances. To limit this risk, management has ensured the availability of various sources of funding in addition to the existing minimum amount of bank deposits. Management also manages assets with liquidity in mind and monitors future cash flows and liquidity daily. This process includes estimating expected cash flows and the availability of high-quality collateral that can be used to secure additional funding if required.

Liquidity risk management

As part of managing liquidity risk in acting as a central counterparty, the Exchange uses the following instruments: foreign currency market overdraft on the correspondent account with the National Bank of the Republic of Kazakhstan, direct repo transactions and targeted foreign currency transactions conditionally called short-term currency swap.

Temporarily available assets of the Exchange were placed on deposits with second-tier banks for a period not exceeding two years. The list of second-tier banks in which the Exchange's deposits could be placed was regularly reviewed and approved by the Exchange's Investment Committee.

At the same time, the investees making up the investment portfolio are diversified for the elimination of the loss risks arising from the concentration of financial assets with the same maturity in the Stock Exchange's investment portfolio.

(KZT thousand if not stated otherwise)

24. Risk management policy (continued)

Liquidity risk (continued)

Liquidity risk management (continued)

According to the Stock Exchange's Policy, the funds of trading participants are not placed in any instruments but kept with the Stock Exchange's correspondent accounts. Liquidity risk arising during trades is minimized as the Stock Exchange makes payments in return for net claims of the trading participants in line with the 'delivery versus payment' principle which says that the money of the trading participant violating the settlement rules is not transferred, but remained with the Stock Exchange's correspondent accounts. Besides, for minimisation of default risk on forwarding deals the derivatives market participants have set up guarantee funds, and the Stock Exchange has set up a reserve fund; these funds levels are estimated using the internal methodology.

The table below summarises the maturity profile of the Company's financial liabilities on December 31 based on contractual undiscounted repayment obligations.

31 December 2021	*Less than a month*	*One to three months*	*Three to twelve months*	*1 to 5 years*	*Over 5 years*	*Without maturity*	*Total*
Financial liabilities							
Funds of clearing participants	**86.830.269**	**-**	**-**	**-**	**-**	**-**	**86.830.269**
Other financial liabilities	**25.025**	**-**	**2.203**	**-**	**-**	**-**	**27.228**
Total financial liabilities	**86.855.294**	**-**	**2.203**	**-**	**-**	**-**	**86.857.497**

31 December 2020	*Less than a month*	*One to three months*	*Three to twelve months*	*1 to 5 years*	*Over 5 years*	*Without maturity*	*Total*
Financial liabilities							
Funds of clearing participants	64.690.851	-	-	-	-	-	64.690.851
Other financial liabilities	12.109	-	2.203	-	-	-	14.312
Total financial liabilities	64.702.960	-	2.203	-	-	-	64.705.163

Market risk

Market risk is the risk of losses due to changes in market parameters, including changes in interest rates, foreign exchange rates, prices for financial instruments to which the Exchange is exposed, as well as due to low market liquidity due to costs of liquidating positions, including open positions of clearing participants on deals concluded in modes with the central counterparty.

To manage market risk the central counterparty uses such elements of the risk management system as a system for determining risk parameters of financial instruments, limits for opening positions of clearing participants on certain exchange markets, control of sufficiency of collateral/margin for clearing participants with partial collateral, control of full coverage of arising obligations for clearing participants with full coverage, revaluation of the value of collateral/margin collateral and net positions of clearing participants

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in currency exchange rates. The financial position and cash flows of the Stock Exchange are subject to fluctuations in foreign currency exchange rates.

(KZT thousand if not stated otherwise)

23. Risk management policy (continued)

Currency risk (continued)

The table below indicates the currencies in which the Exchange has significant exposure on December 31 on its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the currency rate against the tenge on the separate statement of comprehensive income (due to the non-trading monetary assets and liabilities whose fair value is sensitive to changes in foreign exchange rates).

The effect on equity does not differ from the effect on the separate statement of comprehensive income. A negative amount in the table discloses a potential net reduction in the separate statement of comprehensive income or equity, while a positive amount reflects a net potential increase.

	2021		*2020*	
Currency	*Change in currency rate, %*	*Effect on income before tax*	*Change in currency rate, %*	*Effect on income before tax*
US dollar	**14%**	**50.906**	14%	48.887
	(-11%)	**(39.998)**	(11%)	(32.912)
Euro	**14%**	**(-10)**	14%	(5)
	(-11%)	**7**	(11%)	4

Operating risk

Operational risk is the risk arising from system failure, human error, fraud or external events. In case of a control system failure, operation risks can injure reputation, have legal consequences, or cause financial loss. The Exchange cannot assume that all operational risks have been eliminated, but through a system of controls and by monitoring and responding appropriately to potential risks, the Exchange can manage such risks. The control system provides for the effective split of responsibilities, access privileges, approval and reconciliation procedures, human resources training and assessment procedures. Risk monitoring is performed by the Risk Management Department. To ensure the continuity of the Exchange's operations, policies and procedures for business continuity and recovery have been developed.

25. Fair value measurement

Fair value hierarchy

The Company uses the following fair value hierarchy for determining and disclosing fair values depending on the valuation model:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques for which not all inputs which have a significant effect on the recorded fair value are observable.

(KZT thousand if not stated otherwise)

24. Fair value measurement (continued)

For fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level in the fair value hierarchy.

		Fair value measurement using inputs					
31 December 2021	*Measurement date*	*Level 1*	*Level 2*	*Level 3*	*Total*	*Fair value*	*Unrecognised profit/(loss)*
Assets measured at fair value							
Equity securities carried at fair value through other comprehensive income	31 December 2021	**-**	**-**	**21.053**	**21.053**	**21.053**	**-**
Property, plant and equipment - land, buildings, vehicles	31 December 2020	**-**	**-**	**1.026.677**	**1.026.677**	**1.026.677**	**-**
Assets with a disclosed fair value							
Cash and cash equivalents	31 December 2021	**11.482.909**	**52.943.248**	**-**	**52.943.248**	**52.943.248**	**-**
Amounts due from credit institutions	31 December 2021	**-**	**-**	**-**	**-**	**-**	**-**
Investment securities	31 December 2021	**34.379.343**	**-**	**-**	**34.379.343**	**34.430.667**	**51.324**
Reverse repo transactions	31 December 2021	**-**	**4.214.269**	**-**	**4.214.269**	**4.214.269**	**-**
Other financial assets	31 December 2021	**-**	**-**	**461.090**	**461.090**	**461.090**	**-**
Liabilities with a disclosed fair value							
Funds of clearing participants	31 December 2021	**-**	**86.830.269**	**-**	**86.830.269**	**86.830.269**	**-**
Other financial liabilities	31 December 2021	**-**	**-**	**27.228**	**27.228**	**27.228**	**-**

		Fair value measurement using inputs					
31 December 2020	*Measurement date*	*Level 1*	*Level 2*	*Level 3*	*Total*	*Fair value*	*Unrecognised profit/(loss)*
Assets measured at fair value							
Equity securities carried at fair value through other comprehensive income	31 December 2020	-	-	21.053	21.053	21.053	-
Property, plant and equipment - land, buildings, vehicles	31 December 2020	-	-	1.069.075	1.069.075	1.069.075	-
Assets with a disclosed fair value							
Cash and cash equivalents	31 December 2020	5.384.369	41.405.807	-	46.790.176	46.790.176	-
Amounts due from credit institutions	31 December 2020	-	1.296.477	-	1.296.477	1.296.477	-
Investment securities	31 December 2020	29.142.517	-	-	29.142.517	29.152.006	9.489
Other financial assets	31 December 2020	-	-	303.450	303.450	303.450	-
Liabilities with a disclosed fair value							
Funds of clearing participants	31 December 2020	-	64.690.851	-	64.690.851	64.690.851	-
Other financial liabilities	31 December 2020	-	-	14.312	14.312	14.312	-

(KZT thousand if not stated otherwise)

24. Fair value measurement (continued)

Valuation techniques and assumptions

Techniques and assumptions used to determine fair values for the assets and liabilities recorded at fair value in the financial statements and the items that are not measured at fair value in the separate statement of financial position but whose fair value is disclosed are presented below.

Assets with the fair value approximating carrying value

For financial assets and financial liabilities that are liquid or have a short term maturity (less than three months), it is assumed that their fair value approximates their carrying amounts. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Financial assets and financial liabilities carried at amortised cost

The fair value of quoted bonds is based on quoted market prices at the reporting date. The fair value of unquoted instruments amounts due from credit institutions amounts due to clearing participants, and other financial assets and liabilities are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and maturity.

Property, plant and equipment - buildings

The fair value of the property was determined using both the market approach and the discounted cash flow method. Under the mark-to-market method, the valuation performed by the appraiser is based on market transaction prices, significantly adjusted for differences in the nature, location or condition of the specific property.

Under the discounted cash flow method, the fair value is estimated using assumptions about the benefits and liabilities associated with ownership over the life of the asset. This method involves projecting a sequence of cash flows by interest in the property.

The discount rate derived from market-based evidence is applied to this sequence of projected cash flows, resulting in the present value of the income stream associated with the asset.

Property, plant and equipment - land

The fair value of the properties has been determined using the market approach. The valuation performed by the appraiser is based on market transaction prices, significantly adjusted for differences in the nature, location or condition of the specific property.

Significant unobservable inputs and sensitivity of Level 3 non-financial instruments measured at fair value to changes in key assumptions

The following table summarises the sensitivity of the Company's building fair value measurements categorised within Level 3 of the fair value hierarchy to changes in unobservable inputs as of December 31.

(KZT thousand if not stated otherwise)

24. Fair value measurement (continued)

2021

Unobservable inputs	*Indication*	*Change in unobservable inputs*	*Effect on fair value*
Discounting rate	26,22%	+1%	**(52.219)**
		-1%	**59.312**

2020

Unobservable inputs	*Indication*	*Change in unobservable inputs*	*Effect on fair value*
Discounting rate	15,72%	+1%	**(32.601)**
		-1%	**37.029**

26. Offsetting of financial instruments

The tables below show financial assets offset against financial liabilities in the separate statement of financial position and the effect of enforceable master netting agreements and similar agreements (ISDA, RISDA and similar) that do not result in offsetting in the separate statement of financial position:

	Net amount of financial assets presented in the separate statement of financial position	*Net amount of financial liabilities presented in the separate statement of financial position*	*Related amounts with offsetting not recognised in the separate statement of financial position*		*Net amount*
As of 31 December 2021			*Financial instruments*	*Cash collateral received*	
Financial assets					
Financial assets of the central counterparty	**4.245.575.870**	**-**	**(4.245.575.870)**	**-**	**-**
Total	**4.245.575.870**	**-**	**(4.245.575.870)**	**-**	**-**
Financial liabilities					
Financial liabilities of central counterparty	**-**	**(4.245.575.870)**	**4.245.575.870**	**-**	**-**
Total	**-**	**(4.245.575.870)**	**4.245.575.870**	**-**	**-**

	Net financial assets presented in the separate statement of financial position	*Net financial liabilities presented in the separate statement of financial position*	*Related amounts with offsetting not recognised in the separate statement of financial position*		*Net amount*
31 December 2020			*Financial instruments*	*Cash collateral received*	
Financial assets					
Financial assets of the central counterparty	**1.425.047.691**	**-**	**(1.425.047.691)**	**-**	**-**
Total	**1.425.047.691**	**-**	**(1.425.047.691)**	**-**	**-**
Financial liabilities					
Financial liabilities of central counterparty	**-**	**(1.425.047.691)**	**1.425.047.691**	**-**	**-**
Total	**-**	**(1.425.047.691)**	**1.425.047.691**	**-**	**-**

(KZT thousand if not stated otherwise)

27. Assets and liabilities' maturities analysis

Assets and liabilities by maturity are presented below:

	31 December 2021			31 December 2020		
	During a year	*Over a year*	*Total*	*During a year*	*Over a year*	*Total*
Cash and cash equivalents	**64.426.157**	**-**	**64.426.157**	46.790.176	-	46.790.176
Amounts due from credit institutions	**-**	**-**	**-**	1.296.477	-	1.296.477
Reverse repo transactions	**4.214.269**	-	**4.214.269**	-	-	-
Financial assets of the central counterparty	**4.245.575.870**	-	**4.245.575.870**	1.425.047.691	-	1.425.047.691
Investment securities	**34.379.343**	-	**34.379.343**	29.142.517	-	29.142.517
Equity securities carried at fair value through other comprehensive income	-	**21.053**	**21.053**	-	21.053	21.053
Investments in subsidiaries	-	**12.852**	**12.852**	-	12.852	12.852
Investments in associate	-	**90.537**	**90.537**	-	91.548	91.548
Current corporate income tax assets	**78.295**	-	**78.295**	11.476	-	11.476
Property, plant and equipment	-	**1.407.315**	**1.407.315**	-	1.345.416	1.345.416
Intangible assets	-	**1.293.999**	**1.293.999**	-	1.016.864	1.016.864
Advances paid	**16.684**	**557.835**	**574.519**	11.290	650.606	661.896
Other assets	**461.090**	-	**461.090**	327.291	-	327.291
Total	**4.349.151.708**	**3.383.591**	**4.352.535.299**	1.502.626.918	3.138.339	1.505.765.257
Funds of clearing participants	**86.830.269**	-	**86.830.269**	64.690.851	-	64.690.851
Financial liabilities of central counterparty	**4.245.575.870**	-	**4.245.575.870**	1.425.047.691	-	1.425.047.691
Deferred corporate income tax liabilities	-	**191.506**	**191.506**	-	131.773	131.773
Advances received	**50.423**		**50.423**	31.071	-	31.071
Other liabilities	**195.522**	-	**195.522**	85.745	-	85.745
Total	**4.332.652.084**	**191.506**	**4.332.843.590**	1.489.855.358	131.773	1.489.987.131
Net position	**16.499.624**	**3.192.085**	**19.691.709**	12.771.560	3.006.566	15.778.126

(KZT thousand if not stated otherwise)

28. Related party transactions

Under IAS 24 Related Party Disclosures, parties are considered to be related if one party can control or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not. The prices and terms of such transactions may differ from those between unrelated parties.

Details of transactions between the Company and other related parties are disclosed below.

	31 December 2021			*31 December 2020*		
	Parent	*Other related parties*	*Key management personnel*	*Parent*	*Other related parties*	*Key management personnel*
Cash and cash equivalents	**11.482.909**	**22.668.612**	**-**	**5.384.203**	**13.693.519**	**-**
Investment securities	**33.420.306**	**-**	**-**	**28.723.307**	**-**	**-**
Advances paid	**-**	**557.835**	**-**	**-**	**650.606**	**-**
Other assets	**-**	**-**	**-**	**30.452**	**39.443**	**65**
Funds of clearing participants				**-**	**3.561.366**	**-**
Advances received	**-**	**3.340**	**-**	**-**	**1.505**	**-**
Other liabilities	**-**	**3.433**	**784**	**-**	**3.012**	**9.598**

The statement of comprehensive income for the years ended December 31, 2021, and December 31, 2020, comprises the following amounts arising from related parties' transactions.

	For the year ended 31 December					
	2021			*2020*		
	Parent	*Other related parties*	*Key management personnel*	*Parent*	*Other related parties*	*Key management personnel*
Service revenue	**184.120**	**439.404**	**-**	**313.574**	**444.784**	**-**
Interest income	**-**	**-**	**-**	**1.992.200**	**-**	**-**
Income from dividends	**-**	**13.977**	**-**	**-**	**3.941**	**-**
Other income	**-**	**-**	**-**	**-**	**-**	**-**
Operating expenses	**-**	**(260)**	**-**	**-**	**(93.794)**	**-**

Key management personnel remuneration is as follows.

	2021	*2020*
Executive body members' remunerations	**186.272**	**232.904**
Corporate body remunerations	**52.958**	**52.772**
Other officers	**13.945**	**12.116**
Social tax	**17.032**	**27.804**
Total	**270.207**	**325.596**

(KZT thousand if not stated otherwise)

29. Events after the reporting period

In Kazakhstan, protests began in early January 2022 amid a sharp increase in the price of liquefied gas due to the transition to a market-based pricing mechanism. The protests started in the gas-producing city of Zhanaozen in western Kazakhstan but later spread to Almaty and other cities in the country. Protesters shifted from economic to political demands, which included the resignation of the government. On January 04-05 in Almaty, the protests escalated into riots, including arson of government buildings and looting, and the authorities lost control of the city. A state of emergency was declared in Kazakhstan. On 6 January, at the request of the President of Kazakhstan, a CSTO operation was declared in Kazakhstan, as a result of which Kazakhstan's authorities reported as early as January 07 that order had been restored in the country.

Under these circumstances, the Company's operations were organised to allow participants to trade and settle on January 05, 2022, with the physical presence of employees being minimised to ensure their safety.

Also, taking into account the risk of loss of Internet connection, the Company switched to a backup communication channel with Central Securities Depository JSC, which allowed completing clearing and settlements even after the Internet shutdown. On January 06, 2022, the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market and the National Bank of the Republic of Kazakhstan (NBRK) by joint order adopted a decision on the temporary suspension of all financial market participants, including banks, brokerage firms, the Stock Exchange, Central Securities Depository JSC and RSE Kazakhstan Interbank Settlement Centre from January 06, 2022.

On January 06, 2022, it was decided to postpone the date of performance of obligations/claims for all transactions on the stock and foreign exchange market from the settlement date on January 06, 2022, to the next settlement date on January 10, 2022.

On January 09, 2022, the NBRK published a message 'On measures to ensure the stability of the financial system', which indicated that due to the instability of the Internet and the ongoing anti-terrorist operation in Almaty and other regions, the restoration of the banking system would be carried out in stages, based on the priority and social importance of banking services for the population and businesses.

Due to the ongoing state of emergency and continuing curfew restrictions and continuing high level of terrorist danger, from January 10 to 21, 2022 a reduced schedule of trading on all stock markets was in place at KASE.

On February 21, 2022, the Russian Federation recognised the independence of the previously unrecognised so-called Donetsk and Luhansk People's Republics.

On February 24, Russian President Vladimir Putin, in response to an appeal by the leaders of the Donbas republics, decided to conduct a special military operation. The actions of the Russian Federation were condemned by a significant number of countries in the international community and international organizations. The military operation led to new international sanctions against the Russian Federation aimed, among other things, at partially isolating the country from the global economy and limiting the Russian Federation's participation in several sports and other international events. Globally, the aforementioned sanctions have led to a reduction in international trade and a sharp rise in food and energy prices.
Retaliatory sanctions by Western countries have severely impacted stock markets in both the Russian Federation and Kazakhstan.
The Stock Exchange index fell to 3361, 98 points (minus 5, 28%) in February. KZT/USD exchange rate decreased by 6,6% in one trading session. Trading on the stock market was closed for a few days, after which all KASE platforms were restored. From March 01, the Exchange suspended trading in securities of Russian issuers with restrictions imposed on transactions in them.

To reduce pressure on the exchange rate, the NBRK urgently raised the base rate from 10, 25% to 13, 5%.
In the face of increased pressure on Kazakhstan's financial market, the National Bank and the Government launched a joint action plan.

(KZT thousand if not stated otherwise)

28. Events after the reporting period (continued)

The military operation of the Russian Federation had a limited impact on the Company's operations. In particular, the Exchange suspended operations on correspondent and current accounts opened with the sanctioned banks. Among other things, the Exchange worked to replace the organisation by providing brokerage services for the investment of its portfolio, the collateral portfolio of clearing participants and the portfolio of clearing funds to reduce credit and reputational risks. Brokerage services agreements with Halyk Finance Subsidiary of Halyk Bank Kazakhstan JSC and Halyk Global Markets JSC were concluded with the right to maintain customer accounts as a nominee.

The Company's management believes that the events related to the military operation of the Russian Federation in Ukraine will not affect the continuity of the Company's operations; however, anti-Russian sanctions may affect the Company's operations by increasing the prices of goods, works and services purchased.

The Company, as a sole equity holder of eTrade.kz LLP decided to increase the share capital of the partnership to KZT 153.150.000 (Minutes of the meeting of Exchange Board of Directors No. 67 dated 29.11.2021). The Exchange deposited KZT 151.205.000 by wire transfer made on 07.02.2022. The Exchange management decided to incorporate KASE Clearing Center JSC by reorganizing eTrade.k LLP (Minutes of the Exchange Board of Directors meeting No. 10 dated 28.03.2022).