Kazakhstan Stock Exchange JSC

Consolidated financial statements

for 2020
together with independent auditor's report

CONTENTS

INDEPENDENT AUDITOR'S REPORT

Consolidated statement of comprehensive income ... 1
Consolidated statement of financial position ... 2
Consolidated statement of changes in equity ... 3
Consolidated statement of cash flows ... 4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Principal activities ... 5
2. Basis of preparation ... 6
3. Summary of accounting policies ... 7
4. Significant accounting judgments and estimates ... 17
5. Revenue from services ... 18
6. Interest revenue ... 18
7. Operating expenses ... 19
8. Taxation ... 19
9. Earnings per share ... 20
10. Cash and cash equivalents ... 20
11. Amounts due from credit institutions ... 21
12. Financial assets and liabilities of the central counterparty ... 21
13. Investment securities ... 21
14. Equity securities at fair value through other comprehensive income ... 22
15. Assets held for sale ... 22
16. Property and equipment ... 22
17. Intangible assets ... 23
18. Advances paid ... 23
19. Other assets and liabilities ... 24
20. Funds of clearing participants ... 24
21. Share capital ... 25
22. Commitments and contingencies ... 26
23. Risk management ... 27
24. Fair value measurement ... 32
25. Offsetting of financial instruments ... 34
26. Maturity analysis of assets and liabilities ... 35
27. Related party transactions ... 35

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Independent auditor's report

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

Opinion

We have audited the consolidated financial statements of Kazakhstan Stock Exchange JSC and its subsidiary (hereinafter, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements of Group for the year ended 31 December 2020, were audited by another auditor who expressed an unmodified opinion on those statements on 17 April 2020.

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Other information included in the Group's 2020 Annual Report

Other information consists of the information included in the Group's 2020 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

The Group's Annual 2020 Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and the Board of Directors for the consolidated financial statements

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

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

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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.

Ernst & Young LLP

Olga Khegay Auditor	Rustamzhan Sattarov General Director Ernst and Young LLP
Auditor's qualification certificate No. МФ-0000286 dated 25 September 2015	State audit license for audit activities on the territory of the Republic of Kazakhstan: series МФЮ-2 No. 0000003 issued by the Ministry of finance of the Republic of Kazakhstan on July 15, 2005

050060, Republic of Kazakhstan, Almaty,
Al - Farabi Ave. 77 / 7, Esentai Tower

28 April 2021

Statement of the management of responsibility for preparation and approval of the consolidated financial statements for the year ended 31 December 2020

The following statement, which must be considered together with the description of the responsibilities of the auditors contained in the presented auditor's report, is made for division of responsibilities of the management [1] and the auditors regarding to the consolidated financial statements of Kazakhstan Stock Exchange JSC (the "Group").

The management of Kazakhstan Stock Exchange JSC shall be responsible for preparation of the consolidated financial statements presenting fairly the financial position at the close of business on 31 December 2020, and its performance, cash flows and changes in equity for the year ended 31 December 2020, in accordance with International Financial Reporting Standards (the "IFRS").

In preparing the consolidated financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information in a manner that provides relevant, reliable, comparable and understandable information including information on the accounting policies;
- Providing additional disclosures when compliance with IFRS requirements are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position or financial performance;
- Making an assessment of the Group's ability to continue as a going concern.

The Group's management is also responsible for:

- Designing, implementing and ensuring a reliable system of internal controls throughout the Group;
- Maintaining accounting records that are sufficient to disclose and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group, and which enable them to ensure that the financial statements of the Group comply with IFRS requirements;
- Maintaining accounting records in compliance with the legislation of the Republic of Kazakhstan;
- Taking such steps that are reasonably available to them to safeguard the assets of the Group;
- Preventing and detecting financial and other irregularities.

The consolidated financial statements for the year ended 31 December 2020 were approved for issue by the management of the Group on 28 April 2021.

On behalf of the Management

A.O. Aldambergen
Chairman of the Management Board

28 April 2021

Almaty, Kazakhstan

S.U. Akybbekova
Chief accountant

[1] The management shall mean here the Management Board of Kazakhstan Stock Exchange JSC subject to paragraph 2 of clause 4 of Article 6 of the Law of the Republic of Kazakhstan *On Accounting and Financial Reporting*.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

(In thousands of tenge)

	Note	2020	2019*
Revenue from services	5	**3,157,781**	2,474,903
Interest revenue	6	**2,473,034**	1,773,563
Credit loss expense		**(18,310)**	(6,111)
Net gains/(losses) from foreign currencies		**4,900**	(1,964)
Other income		**5,108**	4,525
Operating income		**5,622,513**	4,244,916
Operating expenses	7	**(2,486,825)**	(1,830,445)
Profit before corporate income tax expense		**3,135,688**	2,414,471
Corporate income tax expense	8	**(242,177)**	(221,782)
Profit for the year		**2,893,511**	2,192,689
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Revaluation of property and equipment	16	**(72,216)**	–
Losses on equity instruments at fair value through other comprehensive income		**(13)**	(44)
Corporate income tax relating to components of other comprehensive income		**(6,038)**	–
Other comprehensive income for the year, net of tax		**(78,267)**	(44)
Total comprehensive income for the year		**2,815,244**	2,192,645
Earnings per share			
Basic and diluted (in tenge)	9	**2,955.69**	2,281.57

* *Certain amounts in this column do not agree to the consolidated financial statements for the year ended 31 December 2019, as they reflect the reclassifications made and disclosed in Note 2.*

Signed and authorized for release on behalf of the Management Board:

A.O. Aldambergen
Chairman of the Management Board

S.U. Akybbekova
Chief accountant

28 April 2021

Almaty, Kazakhstan

The notes on pages 5-36 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2020

(In thousands of tenge)

	Note	31 December 2020	31 December 2019*
Assets			
Cash and cash equivalents	10	**46,817,874**	20,261,920
Amounts due from credit institutions	11	**1,296,477**	1,377,794
Reverse repurchase agreements		**–**	1,953,000
Financial assets of the central counterparty	12	**1,425,047,691**	26,283,673
Investment securities	13	**29,142,517**	18,770,472
Equity instruments at fair value through other comprehensive income	14	**21,053**	21,053
Assets held for sale	15	**91,548**	92,495
Current corporate income tax assets		**11,476**	20,468
Deferred corporate income tax assets		**1,395**	1,000
Property and equipment	16	**1,347,229**	1,397,689
Intangible assets	17	**1,033,423**	734,879
Advances paid	18	**662,220**	4,372
Other assets	19	**328,933**	122,268
Total assets		**1,505,801,836**	71,041,083
Liabilities			
Funds of clearing participants	20	**64,690,851**	32,857,039
Financial liabilities of the central counterparty	12	**1,425,047,691**	26,283,673
Current corporate income tax liabilities		**3,784**	1,081
Deferred corporate income tax liabilities	8	**131,773**	74,087
Advances received		**31,616**	49,038
Other liabilities	19	**91,417**	376,036
Total liabilities		**1,489,997,132**	59,640,954
Equity			
Share capital	21	**4,189,030**	2,661,775
Treasury shares	21	**–**	(62,076)
Fair value reserve	21	**–**	13
Revaluation reserve for property and equipment	21	**100,833**	179,490
Reserve fund	21	**3,170,000**	1,750,000
Retained earnings		**8,344,841**	6,870,927
Total equity		**15,804,704**	11,400,129
Total liabilities and equity		**1,505,801,836**	71,041,083

* *Certain amounts in this column do not agree to the consolidated financial statements for the year ended 31 December 2019, as they reflect the reclassifications made and disclosed in Note 2.*

Signed and authorized for release on behalf of the Management Board:

A.O. Aldambergen
Chairman of the Management Board

S.U. Akybbekova
Chief accountant

28 April 2021

Almaty, Kazakhstan

The notes on pages 5-36 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

(In thousands of tenge)

	Note	*Share capital*	*Treasury shares*	*Fair value reserve*	*Revaluation reserve for property and equipment*	*Reserve fund*	*Retained earnings*	*Total equity*
1 January 2019		2,366,256	(62,076)	57	179,893	1,750,000	4,677,835	8,911,965
Profit for the year		–	–	–	–	–	2,192,689	2,192,689
Other comprehensive income for the year		–	–	(44)	–	–	–	(44)
Total comprehensive income for the year		–	–	(44)	–	–	2,192,689	2,192,645
Increase in share capital	21	295,519	–	–	–	–	–	295,519
Depreciation of revaluation reserve	21	–	–	–	(403)	–	403	–
31 December 2019		2,661,775	(62,076)	13	179,490	1,750,000	6,870,927	11,400,129
Profit for the year		–	–	–	–	–	**2,893,511**	**2,893,511**
Other comprehensive income for the year		–	–	**(13)**	**(78,254)**	–	–	**(78,267)**
Total comprehensive income for the year		–	–	**(13)**	**(78,254)**	–	**2,893,511**	**2,815,244**
Increase in share capital	21	**1,527,255**	**62,076**	–	–	–	–	**1,589,331**
Depreciation of revaluation reserve	21	–	–	–	**(403)**	–	**403**	–
Increase in reserve fund	21	–	–	–	–	**1,420,000**	**(1,420,000)**	–
31 December 2020		**4,189,030**	–	–	**100,833**	**3,170,000**	**8,344,841**	**15,804,704**

Signed and authorized for release on behalf of the Management Board:

A.O. Aldambergen
Chairman of the Management Board

S.U. Akybbekova
Chief accountant

28 April 2021

Almaty, Kazakhstan

The notes on pages 5-36 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

(In thousands of tenge)

	Note	*2020*	*2019*
Cash flows from operating activities			
Profit before corporate income tax expense		**3,135,688**	2,414,471
Adjustments to reconcile profit before corporate income tax expense to net cash flows:			
Loss from disposal of property and equipment		**–**	6,322
Credit loss expense		**18,310**	2,425
Loss from impairment of assets held for sale		**934**	–
Net foreign exchange differences		**(1,349)**	–
Accrued interest income		**(2,473,034)**	(1,706,859)
Depreciation of property and equipment and amortisation of intangible assets	7	**240,290**	124,519
Changes in operating assets and liabilities			
Net decrease/(increase) in operating assets			
Reverse repurchase agreements		**1,953,000**	(1,953,000)
Amounts due from credit institutions		**81,567**	(230,925)
Advances paid		**(657,850)**	567
Other assets		**(206,823)**	39,593
Net increase/(decrease) in operating liabilities			
Funds of clearing participants		**30,780,323**	(6,279,315)
Advances received		**(17,422)**	(17,190)
Other liabilities		**(283,020)**	298,080
Interest received		**462,047**	1,707,466
Corporate income tax paid		**(179,229)**	(212,517)
Net cash flows from/(used in) operating activities		**32,853,432**	(5,806,363)
Cash flows from investing activities			
Purchase of property and equipment	16	**(130,418)**	(153,593)
Purchase of intangible assets	17	**(418,819)**	(596,772)
Expenditures capitalised within intangible assets		**(11,353)**	(20,315)
Purchase less proceeds from redemption of investment securities		**(8,360,741)**	(177,018)
Net cash used in investing activities		**(8,921,331)**	(947,698)
Cash flows from financing activities			
Proceeds from increase in share capital	21	**1,589,331**	295,519
Net cash flow from financing activities		**1,589,331**	295,519
Effect of exchange rates changes on cash and cash equivalents		**1,048,712**	–
Effect of expected credit losses on cash and cash equivalents	10	**(14,190)**	–
Net change in cash and cash equivalents		**26,555,954**	(6,458,542)
Cash and cash equivalents, beginning		**20,261,920**	26,720,462
Cash and cash equivalents, ending	10	**46,817,874**	20,261,920

Signed and authorized for release on behalf of the Management Board:

A.O. Aldambergen
Chairman of the Management Board

S.U. Akybbekova
Chief accountant

28 April 2021

Almaty, Kazakhstan

The notes on pages 5-36 form an integral part of these consolidated financial statements.

(In thousands of tenge)

1. Principal activities

Kazakhstan Stock Exchange Joint Stock Company (the "Company", "Stock Exchange") was established on 17 November 1993 in accordance with the legislation of the Republic of Kazakhstan.

Currently the Company conducts its business under a certificate on state re-registration of a legal entity No. 1952-1910-01-AO dated 7 January 2004 issued by Department of Justice of Bostandyk region of Almaty.

The Company carries out its activities in the securities' market based on licenses:

1) The license to carry out activities in the securities market No. 4.2.3 / 1 dated 19 July 2012 issued by the Committee on control and supervision of 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:
   - Management of trading in securities and other financial instruments;
   - Clearing activities on transactions with financial instruments in securities' market;
2) The license to settle banking operations in national and foreign currency No.4.3.8 dated 30 January 2020 issued by the Agency of the Republic of Kazakhstan for regulation and development of the financial market. The license gives the right to conduct the following banking operations:
   - Opening and maintaining correspondent accounts of banks and entities carrying out certain types of banking operations;
   - Transfer operations: execution of orders of individuals and legal entities on payments and money transfer;
   - Opening and managing bank accounts of legal entities;
   - Arranging foreign currency exchange operations, except the arrangement of exchange operations with foreign currency in cash.

The legal address of the Company is 280, Baizakov St., North Tower of Almaty Towers Multifunction Complex, Floor 8, Almaty, Republic of Kazakhstan, 050040.

The primary activity of the Stock Exchange is to organize trade in securities and other financial instruments under the legislation of the Republic of Kazakhstan.

The related activities of the Stock Exchange include clearing of transactions with financial instruments, settlement of specific types of banking operations, provision of information and other services not prohibited by the legislation of the Republic of Kazakhstan.

As at the close of business on 31 December 2020 and 31 December 2019, the shareholders holding more than 5% of ordinary shares of the Company are presented as follows:

	31 December 2020, %	*31 December 2019, %*
Shareholders		
SE National Bank of the Republic of Kazakhstan	**43.89**	49.11
"Moscow Exchange MICEX-RTS" Public Joint Stock Company	**13.10**	3.37
Kommesk-Omir Insurance Company JSC	**7.64**	8.54
Halyk Bank Kazakhstan JSC	**6.79**	7.59
Bolashaq Trade Group LLP	**5.02**	–
Others (individually holding less than 5%)	**23.56**	31.39
Total	**100.00**	100.00

Under clause 2 of Article 84 of the law of the Republic of Kazakhstan "On securities market" (the "Law"), an interest of each shareholder together with its affiliates cannot exceed 20% of the total outstanding shares, except when the shareholder is the National Bank of the Republic of Kazakhstan.

During the years ended 31 December 2020 and 31 December 2019, the controlling party of the Company is the National Bank of the Republic of Kazakhstan (the "NBRK").

(In thousands of tenge)

1. Principal activities (continued)

These consolidated financial statements comprise financial statements of the Company and the following subsidiary (the "Group"):

			Ownership/ voting, %	
Name	*Country of business*	*Type of business*	*31 December 2020*	*31 December 2019*
eTrade.kz LLP	Kazakhstan	Information technologies	**100**	100

2. Basis of preparation

General

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

The consolidated financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below. For example, financial assets at fair value through other comprehensive income and property and equipment (buildings, land, vehicles) were measured at fair value.

These consolidated financial statements are presented in thousands of Kazakh tenge ("KZT" or "tenge"), except per share amounts and unless otherwise indicated.

These consolidated financial statements have been prepared based on the assumption that the Group is a going concern and will continue as a going concern in the foreseeable future.

Impact of COVID-19 pandemic

Due to the rapid spread of COVID-19 pandemic in 2020 many governments, including the Government of the Republic of Kazakhstan, have introduced various measures to combat the outbreak, including travel restrictions, quarantines, closure of business and other venues and lockdown of certain areas. These measures have affected the global supply chain, demand for goods and services, as well as scale of business activity. It is expected that pandemic itself as well as the related public health and social measures may influence the business of the entities in a wide range of industries.

Support measures were introduced by the Government and the National Bank of the Republic of Kazakhstan to counter the economic downturn caused by the COVID-19 pandemic. These measures include, among others, subsidized lending to affected industries and individuals, payment holidays and easing of certain regulatory restrictions to help the financial sector maintain its capabilities to provide resources and to help customers avoid liquidity shortages as a result of the COVID-19 containment measures.

The Group continues to assess the effect of the pandemic and changing economic conditions on its activities, financial position and financial results.

Estimation uncertainty

To the extent that information was available as at 31 December 2020, the Group has reflected revised estimates of expected future cash flows in assessing ECL, measuring the fair value of financial instruments.

Reclassifications

The following reclassifications have been made to 2019 balances to conform to the 2020 presentation

Consolidated statement of comprehensive income	*As previously reported*	*Reclassification*	*As adjusted*
Interest revenue	1,706,859	66,704	1,773,563
Net gains/(losses) from foreign currencies	58	(2,022)	(1,964)
Other income	108,806	(104,281)	4,525
Interest expense	(31,255)	31,255	–
Operating expenses	(1,838,789)	8,344	(1,830,445)
Profit before corporate income tax expense	**2,414,471**	**–**	**2,414,471**

(In thousands of tenge)

2. Basis of preparation (continued)

Reclassifications (continued)

Consolidated statement of financial position	*As previously reported*	*Reclassification*	*As adjusted*
Assets			
Reverse repurchase agreements	27,274,727	(25,321,727)	1,953,000
Financial assets of the Central counterparty	961,946	25,321,727	26,283,673
Total assets	**71,041,083**	**–**	**71,041,083**
Liabilities			
Repurchase agreements	25,321,727	(25,321,727)	–
Funds of clearing participants	961,946	25,321,727	26,283,673
Total liabilities	**59,640,954**	**–**	**59,640,954**

These reclassifications did not have an impact on the Group's consolidated statement of financial position as at 31 December 2019.

3. Summary of accounting policies

Changes in accounting policies

The Group has early adopted Amendment to IFRS 16 *Covid-19-Related Rent Concessions*, which provides lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification. No other standard, interpretation or amendment that has been issued but is not yet effective was early adopted by the Group.

Several other amendments effective since 1 January 2020 were applied but do not have an impact on the consolidated financial statements of the Group.

Basis of consolidation

Subsidiaries, which are those entities which are controlled by the Group, are consolidated. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in full; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests, the cumulative translation differences, recorded in equity; recognises the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss and reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

(In thousands of tenge)

3. Summary of accounting policies (continued)

Measurement of fair value

The Group measures financial instruments carried at FVPL and FVOCI and non-financial assets such as investment property, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

Financial assets and liabilities

Initial recognition

Date of recognition

All regular way purchases and sales of financial assets and liabilities are recognised on the trade date i.e. the date that the Group commits to purchase the asset or liability. Regular way purchases or sales are purchases or sales of financial assets and liabilities that require delivery of assets and liabilities within the period generally established by regulation or convention in the marketplace.

Initial measurement

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value and, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost;
- FVOCI;
- FVPL.

(In thousands of tenge)

3. Summary of accounting policies (continued)

Financial assets and liabilities (continued)

Initial measurement (continued)

Measurement categories of financial assets and liabilities (continued)

The Group classifies and measures its derivative and trading portfolio at FVPL. The Group may designate financial instruments at FVPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL when they are held for trading, are derivative instruments or the fair value designation is applied.

Amounts due from credit institutions, investments securities at amortised cost

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

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

The details of these conditions are outlined below.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

- The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:
  - How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
  - The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
  - How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);
  - The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process the Group assesses the contractual terms of financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

(In thousands of tenge)

3. Summary of accounting policies (continued)

Financial assets and liabilities (continued)

Initial measurement (continued)

Equity instruments at FVOCI

Upon initial recognition, the Group occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as other income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal of these instruments, the accumulated revaluation reserve is transferred to retained earnings.

Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group changes the business model for managing financial assets. Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets and liabilities in 2020.

Cash and cash equivalents

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

Repurchase and reverse repurchase agreements and securities lending

Sale and repurchase agreements ("repos") are treated as secured financing transactions. Securities sold under sale and repurchase agreements are retained in the consolidated 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 amounts due to credit institutions or customers. Securities purchased under agreements to resell ("reverse repo") are recorded as amounts due from credit institutions or loans to customers as appropriate. The difference between sale and repurchase price is treated as interest revenue and accrued over the life of repo agreements using the effective interest method.

Securities lent to counterparties are retained in the consolidated statement of financial position. Securities borrowed are not recorded in the consolidated statement of financial position, unless these are sold to third parties, in which case the purchase and sale are recorded within gains less losses from trading securities in the consolidated statement of profit or loss. The obligation to return them is recorded at fair value as a trading liability.

Derivative financial instruments

In the normal course of business, the Group enters into various derivative financial instruments including futures, forwards, swaps and options in the foreign exchange and capital markets. Such financial instruments are held for trading and are 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 it is negative. Gains and losses resulting from these instruments are included in the consolidated statement of profit or loss as net gains/(losses) from financial instruments at fair value through profit or loss or net gains/(losses) from foreign currencies, depending on the nature of the instrument.

Lease

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. As at 31 December 2020 and 31 December 2019, the lease agreements were short-term or of low-value assets. The Group did not recognize lease liabilities and right-of-use assets.

(In thousands of tenge)

3. Summary of accounting policies (continued)

Lease (continued)

Group as a lessee (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (less than 5 thousand US dollars). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability 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:

- The normal course of business;
- The event of default; and
- The event of insolvency or bankruptcy of the entity and all of the counterparties.

These conditions are not generally met in master netting agreements, and the related assets and liabilities are presented gross in the consolidated 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 where:

- The rights to receive cash flows from the asset have expired;
- The Group has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and
- The Group 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 Group 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 Group'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 Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group 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 Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Write-off

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. A write-off constitutes a derecognition event.

(In thousands of tenge)

3. Summary of accounting policies (continued)

Derecognition of financial assets and liabilities (continued)

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 corporate income tax expense is calculated in accordance with the regulations of the Republic of Kazakhstan.

Deferred tax assets and liabilities are calculated in respect of temporary differences using the 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.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

There are various operating taxes in Kazakhstan that are assessed on the Group's activities. These taxes are included as a component of operating expenses.

Property and equipment

Property and equipment are carried at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment. Such cost includes the cost of replacing part of equipment when that cost is incurred if the recognition criteria are met.

Following initial recognition at cost, buildings 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. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

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 included 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. 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. Upon disposal, any revaluation reserve relating to the particular asset being sold 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
Motor vehicles	6.7
Other	6-10

(In thousands of tenge)

3. Summary of accounting policies (continued)

Property and equipment (continued)

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 capitalization.

Intangible assets

Intangible assets include computer software and licenses.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is 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 useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation periods and methods for intangible assets with indefinite useful lives are reviewed at least at each financial year-end.

The estimated useful lives of intangible assets are as follows:

	Useful lives in years used in 2020
Internally developed software	6-9
Other software and licenses	5-8
Other	1-5

If the Group creates an intangible asset, the cost of developing the intangible asset is included in the cost of the intangible asset and is accounted for as construction-in-progress until the intangible asset is fully ready for its intended use in accordance with the terms of the contract.

The cost of an internally generated intangible asset is the total of the following costs incurred from the date that the intangible asset first becomes eligible for recognition and includes all costs that can be directly allocated or attributed on a reasonable and consistent basis to the development, creation, production and preparation of an asset for its intended use:

1) costs of materials and services used or consumed in the creation of an intangible asset;
2) salary and other costs associated with employees directly engaged in the creation of the asset (the Group capitalizes the remuneration of employees directly engaged in the finalization of software products on the basis of reports on the work completed, if all such requirements are met);
3) any costs that are directly attributable to the asset being created, such as fees for registration of legal rights, patents and licenses used to create the asset.

Assets classified as held for sale

The Group 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 (or disposal groups) and its sale must be highly probable.

The sale qualifies as highly probable if the Group's management is committed to a plan to sell the non-current asset (or disposal group) and an active program to locate a buyer and complete the plan must have been initiated. Further, the non-current asset (or disposal group) must have been actively marketed for a sale at price that is reasonable in relation to its current fair value and 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.

The Group measures an asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell. The Group recognises an impairment loss for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell if events or changes in circumstance indicate that their carrying amount may be impaired.

(In thousands of tenge)

3. Summary of accounting policies (continued)

Funds of clearing participants

Most of the funds of clearing participants 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. Under an internal document of the Stock Exchange "Rules for conducting clearing activities relating to transactions with financial instruments" each clearing participant is required to keep a particular level of security and security deposit on a correspondent account of the Stock Exchange. Also, some of the clearing members leave cash on the correspondent account of the Stock Exchange at the end of the trading day for the purpose of trading on the next trading day. The Stock Exchange recognizes them as liabilities to clearing participants.

Assets and liabilities of the central counterparty

The Stock Exchange acts as a central counterparty in the stock, foreign exchange 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 consolidated 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 transactions in the stock and foreign exchange markets that are not completed at the end of the reporting period.

Security of the central counterparty

The Stock Exchange guarantees 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 a security for the fulfillment of obligations by a clearing participant with partial security for transactions concluded on conditions of partial security, the Stock Exchange establishes requirements for partial security of net liabilities on transactions recorded on clearing accounts and submitted applications of such clearing participants and calculated taking into account the specifics established by the Stock Exchange's internal methods for certain exchange markets, as well as the requirement to contribute a guarantee contribution on the relevant exchange market.

As a security for the fulfillment of obligations by a clearing participant with partial security under transactions concluded on full coverage terms, the Stock Exchange establishes requirements for full coverage of net liabilities in those financial instruments in which they arise as a result of conclusion of such transactions.

As a security for the fulfillment of obligations of clearing participants with full coverage, the Stock Exchange establishes requirements for full coverage of net liabilities on all clearing accounts of such a clearing participant.

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

Financial instruments accepted for partial security in the stock market, foreign exchange market and derivatives market are tenge and US dollars, transferred by participants to the correspondent accounts of the Stock Exchange.

In addition to cash, clearing participants contribute securities traded on the Stock Exchange as security in the stock market. These securities are accounted for as security on the "KASE" section on subaccounts (client and own) of the personal account of each depositor-clearing participant of the stock market with the Central Securities Depository JSC, are not assets of the Stock Exchange and are not recorded in the consolidated statement of financial position.

If the clearing participant lacks security and / or margin security to ensure its open positions, the clearing participant is obliged to fulfill the requirement set by the Stock Exchange by contributing additional security or concluding transactions that lead to a decrease in the value of open positions.

A clearing participant without security does not provide security and does not pay guarantee deposits.

(In thousands of tenge)

3. Summary of accounting policies (continued)

Assets and liabilities of the central counterparty (continued)

Security of the central counterparty (continued)

The clearing reserve and guarantee funds are collective security of settlement of the transactions to the clearing participants. The reserve funds are formed at the expense of own funds of the Stock Exchange for each stock exchange market. Guarantee funds are formed on the basis of guarantee contributions of clearing participants credited by clearing participants to the correspondent account of the Stock Exchange. On a certain exchange market, individual guarantee funds may be created, which are used to cover unfulfilled obligations under transactions with financial instruments concluded in trading modes with the participation of a central counterparty. Reserve funds are used solely to cover unfulfilled obligations on transactions with financial instruments of a particular exchange market for which this reserve fund was formed. The funds of guarantee funds cannot be used as security for the fulfillment of any other obligations of the Stock Exchange and / or its clearing participants in addition to obligations on transactions concluded on the exchange market as part of of default settlement. Collective security is used only in case of insufficient funds of individual security. The procedure for using collective security is stipulated by the internal documents of the Company.

Provisions

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

Retirement and other employee benefit obligations

The Group 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. In addition, the Group has no significant post-employment benefits.

Equity

Share capital

Ordinary shares and non-redeemable preference 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 consideration received over the par value of shares issued is recognised as additional paid-in capital.

Treasury shares

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 shares are stated 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.

Contingencies

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

(In thousands of tenge)

3. Summary of accounting policies (continued)

Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest and similar revenue and expense

The Group calculates interest revenue on debt financial assets measured at amortized cost or at FVOCI by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. EIR is the rate that 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 Group 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 revenue or expense.

Fee and commission income

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

Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period as respective performance obligations are satisfied. Such items include commission income, listing and clearing fees, information services, remote access services, and membership fees.

Commission income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party – such as where the Group's performance obligation is the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognised on completion of the underlying transaction. Fees or components of fees that are linked to certain performance obligations are recognised after fulfilling the corresponding criteria. When the contract provides for a variable consideration, fee and commission income is only recognized to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur until the uncertainty associated with the variable consideration is subsequently resolved.

Foreign currency translation

The consolidated financial statements are presented in tenge, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transactions. 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 consolidated statement of comprehensive income as net gains from transactions in foreign currencies. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Difference between the contractual exchange rate of a transaction in a foreign currency and the exchange rate on the date of the transaction is included in gains less losses from dealing in foreign currencies. As at 31 December 2020 and 2019, the official exchange rates comprised the following:

	31 December 2020	*31 December 2019*
KZT/USD	**420.91**	382.59
KZT/EUR	**516.79**	429
KZT/RUR	**5.62**	6.16
KZT/GBP	**574.88**	503.41

(In thousands of tenge)

3. Summary of accounting policies (continued)

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

Application of IFRS 17 will not have an impact on the consolidated financial statements of the Group.

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

As part of its 2018-2020 Annual Improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment 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. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to consolidated financial liabilities that are modified or exchanged on or after the beginning of the annual period in which it will first apply the amendment and does not expect this will result in a material impact on its consolidated financial statements.

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

In August 2020 the IASB issued *Interest Rate Benchmark Reform – Phase 2* Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, (IBOR reform Phase 2) to address the accounting issues which arise upon the replacement of an IBOR with a RFR.

IBOR reform Phase 2 includes a number of reliefs and additional disclosures. The reliefs apply upon the transition of a financial instrument from an IBOR to a risk-free-rate (RFR).

Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are required as a practical expedient to be treated as changes to a floating interest rate, provided that, for the financial instrument, the transition from the IBOR benchmark rate to RFR takes place on an economically equivalent basis.

The Group will apply IBOR reform Phase 2 from 1 January 2021.

4. Significant accounting judgments and estimates

Estimation uncertainty

In the process of applying the Group's accounting policies, management has used its judgments and made estimates in determining the amounts recognised in the consolidated financial statements. The most significant use of judgments and estimates are as follows:

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Additional details are provided in *Note 24*.

(In thousands of tenge)

5. Revenue from services

Revenue from services comprises:

	2020	*2019*
Transaction fees and commissions	**1,371,167**	1,013,780
Listing fees	**839,787**	727,052
Clearing fees	**389,073**	239,557
Membership fees	**286,518**	259,066
Income from information services	**232,701**	202,913
Income from remote access services	**38,535**	32,535
Revenue from services	**3,157,781**	2,474,903

Revenue from contracts with customers

The Group's revenue from contracts with customers is mostly represented by revenue from services. Revenue from contracts with customers recognized in the consolidated statement of comprehensive income for the years ended 31 December 2020 and 2019 amounted to:

	2020	*2019*
Fee and commission income	**2,886,545**	2,239,455
Other revenue from contracts with customers	**271,236**	235,448
Total revenue from contracts with customers	**3,157,781**	2,474,903

The Group recognised the following contract assets and contract liabilities in the consolidated statement of financial position related to its contracts with customers:

	2020	*2019*
Contract assets (presented within other assets)	**304,632**	92,259
Contract liabilities (presented as advances received)	**31,616**	49,038

The Group usually collects fees and commissions in advance of completion of the underlying transaction or shortly thereafter (for contracts where performance obligation is satisfied at a certain point in time, such as fees and commissions for the Stock Exchange transactions). For services provided over time (such as listing fees), the Group usually charges upfront monthly, quarterly or annual fees covering respective portion of the overall contract period.

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

6. Interest revenue

	2020	*2019*
Financial assets measured at amortized cost		
Investment securities	**2,012,007**	1,334,879
Reverse repurchase agreements	**306,393**	212,126
Amounts due from credit institutions	**120,841**	120,285
Cash equivalents	**33,793**	106,273
Total interest income from financial assets	**2,473,034**	1,773,563

(In thousands of tenge)

7. Operating expenses

	2020	*2019*
Personnel expenses	**1,621,770**	1,182,337
Depreciation and amortization *(Notes 16, 17)*	**240,290**	124,519
Social tax	**153,307**	110,100
Taxes other than income tax	**130,958**	53,527
Maintenance of property and equipment and intangible assets	**76,939**	54,372
Bank services	**62,456**	44,241
Communication and maintenance of SWIFT	**27,497**	32,735
Information services	**25,372**	19,151
Business development expenses	**23,960**	24,058
Membership fees	**16,193**	15,097
Professional services	**14,206**	17,491
Operating leases	**15,361**	17,055
Personnel training	**7,460**	14,497
Business trips	**5,995**	51,336
Insurance payments	**1,143**	1,296
Postal and courier expenses	**2,215**	2,143
Other expenses	**61,703**	66,490
Total operating expenses	**2,486,825**	1,830,445

8. Taxation

Corporate income tax expense comprises:

	2020	*2019*
Current corporate income tax charge	**186,812**	172,345
Adjustment of corporate income tax of prior years	**4,112**	–
Deferred tax charge – origination and reversal of temporary differences	**57,291**	49,437
Less: deferred tax recognised in other comprehensive income (revaluation of property and equipment)	**(6,038)**	–
Corporate income tax expense	**242,177**	221,782

The Republic of Kazakhstan was only one tax jurisdiction in which the Group's income is taxable. In accordance with tax laws, the applicable corporate income tax rate in 2020 and 2019 is 20%.

The reconciliation between the corporate income tax expense in the accompanying consolidated financial statements and profit before corporate income tax multiplied by the statutory tax rate for the periods ended 31 December is as follows.

	2020	*2019*
Profit before corporate income tax expenses	**3,135,688**	2,414,471
Statutory tax rate	**20%**	20%
Tax calculated at statutory rate	**627,138**	482,894
Adjustment of corporate income tax of prior years	**4,112**	–
Non-taxable income		
Non-taxable interest income from government securities and other securities	**(402,399)**	(266,967)
Non-deductible expenses		
Credit loss expense	**3,662**	1,222
Membership fees	**2,879**	2,864
General and administrative expenses	**2,638**	4,381
Other	**4,147**	(2,612)
Corporate income tax expense	**242,177**	221,782

(In thousands of tenge)

8. Taxation (continued)

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

		Origination and reversal of temporary differences			*Origination and reversal of temporary differences*		
	31 December 2018	*In profit or loss*	*In other compre-hensive income*	*31 December 2019*	*In profit or loss*	*In other compre-hensive income*	*31 December 2020*
Tax effect of deductible temporary differences							
Accrual for unused vacations	9,069	4,223	–	13,292	**165**	–	**13,457**
Other	2,598	1,003	–	3,601	**(2,973)**	–	**628**
Deferred tax asset	11,667	5,226	–	16,893	**(2,808)**	–	**14,085**
Tax effect of taxable temporary differences							
Property and equipment and intangible assets	(35,317)	(54,663)	–	(89,980)	**(48,445)**	**(6,038)**	**(144,463)**
Deferred tax liability	(35,317)	(54,663)	–	(89,980)	**(48,445)**	**(6,038)**	**(144,463)**
Total deferred corporate income tax liabilities, net	(23,650)	(49,437)	–	(73,087)	**(51,253)**	**(6,038)**	**(130,378)**
Deferred corporate income tax assets	710	290	–	1,000	**395**	–	**1,395**
Deferred corporate income tax liabilities	(24,360)	(49,727)	–	(74,087)	**(51,648)**	**(6,038)**	**(131,773)**

9. Earnings per share

The earnings and weighted average number of common shares used in calculation of basic earnings per share are as follows.

	2020	*2019*
Net profit for the year attributable to the shareholders of the Group	**2,893,511**	2,192,689
Weighted average number of common shares for basic income per share computation	**978,964**	961,044
Basic and diluted earnings per share (tenge)	**2,955,69**	2,281,57

10. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	31 December 2020	*31 December 2019*
Cash on hand	**377**	551
Current accounts with credit institutions	**41,456,590**	10,570,419
Current account with the NBRK	**5,384,203**	9,700,056
Less: allowance for ECL	**(23,296)**	(9,106)
Cash and cash equivalents	**46,817,874**	20,261,920

Current accounts with banks comprise:

	31 December 2020	*31 December 2019*
The Bank of New York Mellon	**21,413,367**	7,127,256
Central securities depository JSC	**13,693,519**	2,096,921
Citibank N.A.	**5,801,945**	808,702
Altyn Bank JSC	**267,211**	369,327
JPMorgan Chase Bank, N.A.	**239,396**	140,262
Other credit institutions	**41,152**	27,951
	41,456,590	10,570,419
Less: allowance for ECL	**(23,296)**	(9,106)
Current accounts with credit institutions	**41,433,294**	10,561,313

(In thousands of tenge)

10. Cash and cash equivalents (continued)

The balances of cash and cash equivalents show no evidence of significant increase in credit risk or impairment as at 31 December 2020 and 31 December 2019. An analysis of changes in the ECL allowances during the year is, as follows:

	2020	*2019*
Allowance for ECL as at 1 January	**(9,106)**	(5,420)
Net change in ECL	**(14,190)**	(3,686)
At 31 December	**(23,296)**	(9,106)

11. Amounts due from credit institutions

	31 December 2020	*31 December 2019*
Time deposits for more than 90 days	**1,300,000**	1,381,567
Less: allowance for ECL	**(3,523)**	(3,773)
Total amounts due from credit institutions	**1,296,477**	1,377,794

At 31 December 2020, term deposits included funds in the amount of 1,300,000 thousand tenge (31 December 2019: 1,381,567 thousand tenge) placed with SB Sberbank of Russia JSC with a nominal interest rate of 9.00% per annum and maturity up to 1 February 2021 (31 December 2019: nominal interest rate of 9.00% per annum and maturity until 1 February 2020).

Amounts due from credit institutions did not have indicators of significant increase in credit risk or impairment as at 31 December 2020 and 31 December 2019. An analysis of changes in the ECL allowances during the year is, as follows:

	2020	*2019*
Allowance for ECL as at 1 January	**(3,773)**	(5,946)
Net change in ECL	**250**	2,173
At 31 December	**(3,523)**	(3,773)

12. Financial assets and liabilities of the central counterparty

	31 December 2020	*31 December 2019*
Repurchase and reverse repurchase agreements	**1,423,667,918**	25,321,727
Foreign currency transactions	**1,379,773**	961,946
Total financial assets and liabilities of the central counterparty	**1,425,047,691**	26,283,673

Financial assets of the central counterparty represent receivables from foreign exchange and repo transactions, and financial liabilities of the central counterparty are payables from related transactions entered into by the Group with market participants in the role of a central counterparty.

The offsetting of counterclaims and liabilities of individual counterparties is made in accordance with IAS 32.

13. Investment securities

Investment securities comprise:

	31 December 2020	*31 December 2019*
Debt securities at amortised cost		
Notes of the National Bank of the Republic of Kazakhstan	**28,723,307**	18,744,845
Bonds of the Ministry of Finance of the Republic of Kazakhstan	**419,210**	–
Corporate bonds	**–**	25,944
Less: allowance for ECL	**–**	(317)
Investment securities	**29,142,517**	18,770,472

(In thousands of tenge)

14. Equity securities at fair value through other comprehensive income

Equity securities measured at FVOCI comprise:

	31 December 2020		*31 December 2019*	
	Ownership interest, %	*Amount*	*Ownership interest, %*	*Amount*
Central securities depository JSC	**29.28**	**18,800**	29.28	18,800
Kyrgyz Stock Exchange CJSC	**7.05**	**2,253**	7.05	2,253
Equity securities at FVOCI	**–**	**21,053**	–	21,053

The Group has designated some of its equity investments as equity investments at FVOCI on the basis that these are not held for trading. Such investments include mandatory investments in the capital of exchanges and clearing organizations.

Central Securities Depository JSC is a non-profit organization. The controlling shareholder of Central Securities Depository JSC is the National Bank of the Republic of Kazakhstan with 63.24% ownership. The Group's management believes that the Group does not have a significant impact on the activities of Central Securities Depository JSC.

15. Assets held for sale

On 25 December 2018, the Board of Directors of the Group announced its decision to sell 50% of the Group's interest in the charter capital of RTRS LLP. During 2020, negotiations on the sale with the Central Securities Depository JSC were not completed due to the lack of agreement between the parties to this transaction. The Group's management adheres to the plan to sell the share of RTRS LLP in accordance with the decision of the Board of Directors dated 25 December 2018 and believes that it is highly probable that a transaction with Central Securities Depository JSC will be concluded during 2021. At 31 December 2020, the investment in RTRS LLP was accounted for as an investment held for sale.

16. Property and equipment

	Building	*Land*	*Machinery and equipment*	*Motor vehicles*	*Other*	*Total*
Revalued cost						
31 December 2018	1,018,154	179,675	351,679	46,747	127,128	1,723,383
Additions	–	–	129,783	14,768	9,042	153,593
Disposal	–	–	–	(6,579)	–	(6,579).
31 December 2019	1,018,154	179,675	481,462	54,936	136,170	1,870,397
Additions	**–**	**–**	**122,868**	**–**	**7,550**	**130,418**
Revaluation	**(83,821)**	**(102,405)**	**–**	**2,536**	**–**	**(183,690)**
31 December 2020	**934,333**	**77,270**	**604,330**	**57,472**	**143,720**	**1,817,125**
Accumulated depreciation						
31 December 2018	(32,494)	–	(248,214)	(11,858)	(97,101)	(389,667)
Depreciation charge	(25,995)	–	(42,583)	(8,274)	(9,244)	(86,096)
Disposal	–	–	–	3,055	–	3,055
31 December 2019	(58,489)	–	(290,797)	(17,077)	(106,345)	(472,708)
Depreciation charge	**(25,996)**	**–**	**(66,214)**	**(9,912)**	**(6,540)**	**(108,662)**
Revaluation	**84,485**	**–**	**–**	**26,989**	**–**	**111,474**
31 December 2020	**–**	**–**	**(357,011)**	**–**	**(112,885)**	**(469,896)**
Net book value						
At 31 December 2019	959,665	179,675	190,665	37,859	29,825	1,397,689
At 31 December 2020	**934,333**	**77,270**	**247,319**	**57,472**	**30,835**	**1,347,229**

(In thousands of tenge)

16. Property and equipment (continued)

The Group used the services of an independent appraiser, Byuro Nezavisimoy Otsenki LLP, to determine the fair value of land, buildings and motor vehicles owned by the Group. The fair value is determined based on the cost of similar properties available on the market and using the discounted cash flow method. Date of revaluation – 31 December 2020. See *Note 24* for more details with respect to fair value of land, buildings and motor vehicles.

If the land, buildings and motor vehicles were measured using the cost model, the carrying amounts would be as follows:

	31 December 2020			*31 December 2019*		
	Land	*Building*	*Motor vehicles*	*Land*	*Building*	*Motor vehicles*
Cost	**1,628**	**1,023,223**	**61,424**	1,628	1,023,223	61,424
Accumulated depreciation	**–**	**(232,357)**	**(30,073)**	–	(206,776)	(20,859)
Net book value	**1,628**	**790,866**	**31,351**	1,628	816,447	40,565

As at 31 December 2020, the cost of fully depreciated property and equipment amounted to 274,992 thousand tenge (31 December 2019: 268,103 thousand tenge).

17. Intangible assets

The movements in intangible assets were as follows:

	Internally developed software	*Other software and licenses*	*Other*	*Construc-tion-in-progress*	*Total*
Cost					
31 December 2018	184,677	115,234	5,573	–	305,484
Additions	–	594,221	258	2,293	596,772
Capitalization of salaries and other costs	20,315	–	–	–	20,315
Write-off	–	(217)	–	–	(217)
31 December 2019	204,992	709,238	5,831	2,293	922,354
Additions	**2,643**	**406,632**	**281**	**9,263**	**418,819**
Capitalization of salaries and other costs	**11,353**	**–**	**–**	**–**	**11,353**
Transfers	**11,085**	**–**	**471**	**(11,556)**	**–**
31 December 2020	**230,073**	**1,115,870**	**6,583**	**–**	**1,352,526**
Accumulated amortization					
31 December 2018	(65,065)	(78,631)	(5,573)	–	(149,269)
Amortization charge	(23,762)	(14,661)	–	–	(38,423)
Write-off	–	217	–	–	217
31 December 2019	(88,827)	(93,075)	(5,573)	–	(187,475)
Amortization charge	**(40,398)**	**(90,220)**	**(1,010)**	**–**	**(131,628)**
31 December 2020	**(129,225)**	**(183,295)**	**(6,583)**	**–**	**(319,103)**
Net book value					
At 31 December 2019	116,165	616,163	258	2,293	734,879
At 31 December 2020	**100,848**	**932,575**	**–**	**–**	**1,033,423**

18. Advances paid

As at 31 December 2020, advances issued amounted to 662,220 thousand tenge (31 December 2019: 4,372 thousand tenge), including an advance paid to Moscow Exchange MICEX-RTS PJSC (hereinafter referred to as "MOEX") in the amount of 650,606 thousand tenge under the strategic agreement dated 10 October 2018 to purchase software products for exchange trading and clearing.

(In thousands of tenge)

19. Other assets and liabilities

Other assets comprise:

	31 December 2020	*31 December 2019*
Other financial assets		
Commission fees receivable	**139,586**	40,759
Income from clearing transactions services	**112,799**	14,887
Income from information services receivable	**55,457**	37,023
Listing fees receivable	**10,762**	10,480
Membership fees receivable	**1,304**	–
Income from remote access services receivable	**250**	38
Fines and penalties receivable	**125**	38
Total other financial assets	**320,283**	103,225
Less: allowance for ECL	**(15,651)**	(10,966)
Total other financial assets	**304,632**	92,259
Other non-financial assets		
Taxes other than corporate income tax	**9,097**	3,856
Deferred expenses	**7,415**	15,799
Inventories	**6,379**	7,730
Advances for vacations	**1,371**	2,585
Other	**39**	39
Total other non-financial assets	**24,301**	30,009
Total other assets	**328,933**	122,268

Other liabilities comprise:

	31 December 2020	*31 December 2019*
Other financial liabilities		
Accounts payable	**12,339**	279,966
Dividends payable	**2,203**	2,203
Total other financial liabilities	**14,542**	282,169
Other non-financial liabilities		
Accrual for unused vacations	**67,285**	66,460
Taxes other than corporate income tax	**4,696**	22,045
Other	**4,894**	5,362
Total other non-financial liabilities	**76,875**	93,867
Total other liabilities	**91,417**	376,036

20. Funds of clearing participants

As at 31 December 2020 and 31 December 2019, funds of clearing participants comprise guarantee and margin deposits, which serve as security for the fulfilment of net obligations of clearing participants in the derivatives market, stock and foreign exchange market transactions.

	31 December 2020	*31 December 2019*
Margin deposits	**63,511,191**	32,023,379
Guarantee deposits for the foreign exchange market	**701,000**	675,000
Guarantee deposits for the stock market	**386,000**	69,000
Margin account for futures	**57,660**	57,660
Guarantee deposits for currency futures	**32,000**	30,000
Guarantee deposits for stock futures	**3,000**	2,000
Total clearing participants' funds	**64,690,851**	32,857,039

(In thousands of tenge)

20. Funds of clearing participants (continued)

Funds were placed by the following clearing participants.

	31 December 2020	*31 December 2019*
Second tier banks of Kazakhstan	**48,169,842**	29,093,748
Other financial institutions	**16,302,827**	2,183,111
International banking settlement and credit institute	**218,182**	1,580,180
Total funds of clearing participants	**64,690,851**	32,857,039

21. Share capital

The Company's share capital comprises the following number of common shares:

	Number of issued shares	*Number of repurchased shares*	*Number of outstanding shares*	*Share capital*	*Treasury shares*
1 January 2019	942,013	(13,329)	928,684	2,366,256	(62,076)
Increase in share capital	32,360	–	32,360	295,519	–
31 December 2019	974,373	(13,329)	961,044	2,661,775	(62,076)
Increase in share capital	**100,858**	–	**100,858**	**1,527,255**	–
Sale of previously repurchased shares	–	**13,329**	**13,329**	–	**62,076**
31 December 2020	**1,075,231**	–	**1,075,231**	**4,189,030**	–

As at 31 December 2020, the total number of authorized ordinary shares is 5,000,000 pieces (31 December 2019: 5.000.000 pieces). As at 31 December 2020, the authorized shares were placed in the amount of 1,075,231 shares and were fully paid (31 December 2019: 974,373 shares, of which 13,329 pieces were repurchased shares).

On 27 October 2020, the Board of Directors of the Company approved the decision on the placement / sale of 119,000 ordinary shares, including the previously repurchased shares in the amount of 13,329 pieces.

On 21 December 2020, the Company and Bolashaq Trade Group LLP entered into a transaction for the sale of ordinary shares of the Companies in the amount of 5,683 ordinary shares at a price of 13,918.67 tenge per share. Assets received as a result of sale of shares were comprised of cash in the total amount of 79,100 thousand tenge.

On 15 December 2020, the Company and MOEX entered into a transaction for the sale of ordinary shares of the Company in the amount of 95,175 pieces and previously repurchased shares in the amount of 13,329 pieces at a price of 13,918.67 tenge per share, as part of the implementation of the Agreement on Strategic Cooperation previously signed by the parties on 10 October 2018. Assets received as a result of sale of shares were comprised of cash in the total amount of 1,510,231 thousand tenge.

On 12 December 2018, the Board of Directors of the Company approved the decision on the placement of 32,360 ordinary shares.

On 21 January 2019, the Company and MOEX entered into a transaction to sell 32,360 ordinary shares of the Company at a price of 9,132.22 tenge per share, as part of the implementation of the Agreement on Strategic Cooperation previously signed by the parties on 10 October 2018.

Nature and purpose of other reserves

Revaluation reserve for property and equipment

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

Fair value reserve

This reserve records fair value changes on financial assets at FVOCI.

Reserve fund

The reserve fund is formed in accordance with the requirements of the Law of the Republic of Kazakhstan "On the Securities Market" to cover a possible default of market participants. On 30 April 2020 the Board of Directors of the Company approved the increase in reserve fund by 1,420,000 thousand tenge.

(In thousands of tenge)

21. Share capital (continued)

Nature and purpose of other reserves (continued)

Movements in other reserves

Movements in other reserves were as follows:

	Fair value reserve	*Revaluation reserve for property and equipment*	*Reserve fund*
At 1 January 2019	57	179,893	1,750,000
Net change in fair value of debt instruments at fair value through other comprehensive income	(44)	–	–
Depreciation of revaluation reserve, net of tax	–	(403)	–
At 31 December 2019	13	179,490	1,750,000
Net change in fair value on equity instruments at fair value through other comprehensive income	**(13)**	**–**	**–**
Revaluation of property and equipment	**–**	**(72,216)**	**–**
Tax effect of revaluation of property and equipment	**–**	**(6,038)**	**–**
Depreciation of revaluation reserve, net of tax	**–**	**(403)**	**–**
Increase in reserve fund	**–**	**–**	**1,420,000**
At 31 December 2020	**–**	**100,833**	**3,170,000**

22. Commitments and contingencies

Operating environment

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

Lower oil prices and volatility in the exchange rate of tenge against major foreign currencies have a negative impact on the economy of Kazakhstan. Interest rates in tenge remain high. Combination of these factors resulted in a reduced access to capital, a higher cost of capital, and increase in uncertainty regarding economic growth, which could negatively affect the Group's future financial position, results of operations and business prospects. The management of the Group believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

Due to the current situation with the COVID-19 pandemic, uncertainty remains about the future development of the pandemic and its duration, as well as the extent of possible economic recovery in the near future. The Government continues to take various measures and their effects continue to evolve. Therefore, the Group's management is constantly assessing the increased risks, as well as the consequences of the pandemic and the measures taken by the government.

Taxation

The tax environment in the Republic of Kazakhstan is subject to change and inconsistent application and interpretations. Differences in the interpretation of Kazakhstan laws and regulations of the Group and authorities may lead to the accrual of additional taxes, fines and penalties.

Kazakhstan legislation and taxation practices are in a state of continuous development, and therefore subject to varying interpretations and frequent changes that may have retroactive effect. In some cases, in order to determine the taxable base, tax legislation refers to IFRS provisions, while interpretation of the relevant provisions of IFRS by Kazakhstan tax authorities may differ from the accounting policies, judgments and estimates applied by management in preparing these consolidated financial statements, which can lead to origination of additional tax liabilities of the Group. Tax authorities may conduct a retrospective audit during three years after the end of the tax year. The Group's management believes that its interpretations of the relevant legislation are appropriate and the Group's tax position will be sustained.

(In thousands of tenge)

22. Commitments and contingencies (continued)

Legal proceedings

In the ordinary course of business, the Group 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 Group.

Commitments and contingencies

At 31 December the Group's commitments and contingencies comprised the following:

	31 December 2020	*31 December 2019*
Commitments and contingencies		
Capital expenditure commitments	77,873	1,164,644

On 10 October 2018, the Company and MOEX signed the Strategic Cooperation Agreement. In accordance with the Agreement, the Company shall acquire the right to use the MOEX software (to service transactions on the stock exchange markets of the KASE), provision by the MOEX of the strategic consulting services for the KASE.

23. Risk management

Introduction

Risk management is an integral part of the Group's activities. The basic risks inherent in the Group's activities are:

- Credit risk;
- Liquidity risk;
- Market risk;
- Currency risk;
- Operational risk.

The Group recognises that it is essential to have efficient and effective risk management processes in place. The Group recognises that it is essential to have efficient and effective risk management processes in place. To enable this, the Group has established a risk management framework, whose main purpose is to protect the Group from risk and allow it to achieve its performance objectives. The basic tasks of the risk management system are detection of risk sources, determination of risk levels, development of policies and rules in the field of risk management and implementation of control mechanisms, including fixing limits and subsequent adherence thereto.

The risk management policy, procedure for identification, evaluation, monitoring and response to risk events, as well as the procedure for managing financial and operating risks of the Group are regulated by respective internal documents of the Group.

Description of basic risks of the Group is given hereafter.

Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks; however, there are separate independent bodies responsible for managing and monitoring risks.

Board of Directors

The Board of Directors is responsible for the development of risk management strategy, approval of conceptual framework of the policy and limits on types of risks. Additionally, the Board of Directors is responsible for the significant risk management issues and monitors execution of appropriate decisions made on risks and controls it.

(In thousands of tenge)

23. Risk management (continued)

Introduction (continued)

Management Board

The Management Board is responsible for ensuring the organization of an effective risk management system at the Stock Exchange.

Committee for market risks

The Stock Exchange's collegial consulting body, the minimum required composition of which is determined by the Management Board, the personal composition is approved by the order of the Chairman of the Management Board. The basic functions of the Committee for market risks include analysis, monitoring, detection and management of risks incidental to a situation in financial markets, activities of the Stock Exchange, its counterparties being members of the Stock Exchange, clearing participants, issuers and investors as well as preparation of recommendations for the Management Board of the Stock Exchange.

Investment Committee

The collegial body of the Stock Exchange the structure of which is approved by the Management Board. The basic functions of the Investment Committee include the adoption of investment decisions on settlement of transactions with financial instruments at the expense of assets of the Stock Exchange and ensuring minimization of the level of financial risks incidental to investment.

Risk mitigation

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

Excessive risk concentration

Concentrations arise when a number of 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 indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risks, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Credit risk

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

Under the Asset Investment Policy approved by the decision of the Board of Directors, the portfolios of financial instruments diversified by types of assets, degree of liquidity, rate of return, and term are formed with balancing return and risk.

Under the Investment Policy, the Stock Exchange monthly analyses investment portfolios of the Stock Exchange, and the Risk Management Division analyses quarterly the state of investment portfolios and their exposure to risks, including determination of the probability of default of financial instruments, as well as stress and backtest of investment portfolios of the Stock Exchange.

Transactions with the central counterparty

Acting as a central counterparty, the Stock Exchange is also exposed to credit risks due to the fact that it assumes the risks of non-fulfilment by clearing participants of their obligations and at the same time guarantees the fulfilment of their obligations to each bona fide clearing participant.

(In thousands of tenge)

23. Risk management (continued)

Credit risk (continued)

Transactions with the central counterparty (continued)

In order to manage credit risk when performing the functions of a central counterparty, the Stock Exchange establishes requirements for the financial condition of clearing participants, for the types and quality of accepted security, which includes cash and marketable securities of issuers with a high level of reliability, determined in accordance with the Stock Exchange's internal techniques. The Stock Exchange has developed and is constantly improving a system of internal ratings that provides a balanced assessment of its counterparties and the level of accepted risk. Evaluation of counterparties is carried out on the basis of a comprehensive in-depth assessment of the financial conditions of counterparties, the level of information transparency, business reputation and other financial and non-financial factors.

To mitigate the credit risk associated with transactions where the Stock Exchange acts as a central counterparty, the Stock Exchange has introduced a multi-tiered cascading collateral pool structure that complies with international standards and consists of various lines of defence.

The credit risk of the Stock Exchange with trade members is minimized due to the execution by the Exchange of payments on trade by the delivery-against-payment principle.

Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the consolidated statement of financial position.

Impairment

The Group calculates expected credit losses (ECLs) to estimate expected cash shortfalls, which are discounted using the effective interest rate or its approximation. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are as follows:

The Probability of Default (PD)	The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
The Exposure at Default (EAD)	The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
The Loss Given Default (LGD)	The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

As for the receivables, the Group applies a simplified approach provided by the standard and calculates ECL allowance based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL). The Stock Exchange has established an allowance matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. In case of other debt financial assets, the ECL is calculated for 12 months. The loss allowance is measured at an amount equal to lifetime expected losses if the credit risk of a financial instrument has increased significantly since initial recognition.

Definition of default

The Group considers amounts due from banks defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements.

Treasury and interbank relationships

The Group's treasury relationships and counterparties comprise financial services institutions, banks, broker-dealers, exchanges and clearinghouses. To assess such relationships, the credit risk department of the Group analyzes publicly available information, such as financial statements, and data from other external sources, such as external ratings.

(In thousands of tenge)

23. Risk management (continued)

Credit risk (continued)

Treasury and interbank relationships (continued)

The Group's credit rating grades are as follows:

External international rating agency (Fitch) rating	*Rating description*	*Lifetime PD*
AA+ to AAA	High grade	0-2%
AA		
A+ to AA-		
A-	Standard grade	2-14%
BBB+		
BBB		
BBB-		
BB+		
BB- to BB	Sub-standard grade	14-100%
B- to B+		
CCC		
CCC-		
D	Impaired	100%

Maximum exposure to credit risk

The carrying amount of components of the consolidated statement of financial position, including derivatives, without the influence of risk mitigation through the use of master netting agreements and collateral agreements, most accurately reflects the maximum credit exposure on these components.

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

The following table details the credit ratings of financial assets held by the Group:

	AA	*AA-/A+*	*BBB*	*BBB-*	*<BBB-*	*No credit rating*	*Total*
31 December 2020							
Cash and cash equivalents, except for cash on hand	**21,395,196**	**6,036,923**	**1,172**	**5,661,874**	**28,813**	**13,693,519**	**46,817,497**
Amounts due from credit institutions	**–**	**–**	**–**	**1,296,477**	**–**	**–**	**1,296,477**
Investment securities	**–**	**–**	**–**	**29,142,517**	**–**	**–**	**29,142,517**
Other financial assets	**–**	**–**	**–**	**–**	**–**	**304,632**	**304,632**
Total	**21,395,196**	**6,036,923**	**1,172**	**36,100,868**	**28,813**	**13,998,151**	**77,561,123**
31 December 2019							
Cash and cash equivalents, except for cash on hand	7,261,046	808,207	22	10,078,026	17,147	2,096,921	20,261,369
Amounts due from credit institutions	–	–	–	1,377,794	–	–	1,377,794
Reverse repurchase agreements	–	–	–	1,953,000	–	–	1,953,000
Investment securities	–	–	–	18,744,851	25,621	–	18,770,472
Other financial assets	–	–	–	–	–	92,259	92,259
Total	7,261,046	808,207	22	32,153,671	42,768	2,189,180	42,454,894

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. In order to limit this risk, the management ensured availability of different funding sources in addition to the existing minimal amount of bank deposits. Management also controls assets with liquidity in mind and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding if required.

(In thousands of tenge)

23. Risk management (continued)

Liquidity risk (continued)

Liquidity risk management

As part of liquidity risk management when performing the functions of a central counterparty, the Group uses the following instruments: overdraft in the foreign exchange market on a correspondent account with the National Bank of the Republic of Kazakhstan, repurchase agreements and direct foreign exchange transactions, conventionally called short-term currency swaps.

Temporarily surplus own assets of the Group were placed on deposits in second-tier banks for a term not exceeding two years. The list of second tier banks where the Group's deposits could be placed was reconsidered on a regular basis and approved by the Investment Committee of the Stock Exchange.

In this connection, diversification of investees included in the investment portfolio is performed in order to eliminate the risk of losses resulting from the concentration of financial assets with the same maturity in the investment portfolio of the Group.

According to the Stock Exchange's policy, the funds of trade members are not placed in any instruments and are held on correspondent accounts of the Stock Exchange. Liquidity risk of the trade activities on the foreign exchange market is minimized through payment execution terms for the net requirements of trade members under the delivery-against-payment principle. According to this principle no cash is transferred to a trade member who violated the settlement regulations, and the cash remains on correspondent accounts of the Stock Exchange. In addition, there are guarantee funds created by the members of the derivative market to minimize the risk of the non-execution of liabilities under deals on the derivatives market. The Exchange created a reserve fund which is calculated using an internal methodology.

The tables below summarize the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted repayment obligations.

31 December 2020	*Less than 1 month*	*1 to 3 months*	*3 to 12 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	**12,339**	–	**2,203**	–	–	–	**14,542**
Total financial liabilities	**64,703,190**	–	**2,203**	–	–	–	**64,705,393**

31 December 2019	*Less than 1 month*	*1 to 3 months*	*3 to 12 months*	*1 to 5 years*	*Over 5 years*	*Without maturity*	*Total*
Financial liabilities							
Funds of clearing participants	32,857,039	–	–	–	–	–	32,857,039
Other financial liabilities	282,169	–	–	–	–	–	282,169
Total financial liabilities	33,139,208	–	–	–	–	–	33,139,208

Market risk

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

To manage market risk, the central counterparty uses such elements of the risk management system as a system for determining the risk parameters of financial instruments, limits for opening positions of clearing participants in certain exchange markets, control of the adequacy of security / margin security for clearing participants with partial security, control of full coverage of arising obligations for clearing participants with full coverage, revaluation of the value of security / margin security and net positions of clearing participants with partial security, establishment of requirements for a financial instrument to be admitted to transactions with partial security.

(In thousands of tenge)

23. Risk management (continued)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The tables below indicate the currencies to which the Group had significant exposure at 31 December on its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the currency rate against Tenge, with all other variables held constant on the consolidated statement of comprehensive income (due to the fair value of currency sensitive non-trading monetary assets and liabilities). The effect on equity does not differ from the effect on the consolidated statement of comprehensive income. The negative amount in the table reflects a potential net reduction in the consolidated statement of comprehensive income or equity, while a positive amount reflects a net potential increase.

	2020		*2019*	
Currency	*Change in currency rate, in %*	*Effect on profit before tax*	*Change in currency rate, in %*	*Effect on profit before tax*
US dollar	**14%**	**44,417**	12%	3,360
	(11%)	**(34,899)**	(9%)	(2,520)
Euro	**14%**	**(5)**	12%	(2)
	(11%)	**4**	(9%)	2

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access rights, authorization and reconciliation procedures, staff education and assessment processes. Risk monitoring is performed by the risk management department. To ensure business continuity, the Group has developed business continuity and recovery policies and procedures.

24. Fair value measurement

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or 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; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

(In thousands of tenge)

24. Fair value measurement (continued)

Fair value hierarchy (continued)

For the purpose of disclosing the fair values, the Group determined classes of assets and liabilities based on the assets and liabilities nature, characteristics and risks as well as the hierarchy of fair value sources.

		Fair value measurement using					*Unrecog-nised gain/ (loss)*
31 December 2020	*Date of valuation*	*Level 1*	*Level 2*	*Level 3*	*Total*	*Fair value*	
Assets measured at fair value							
Equity securities at fair value through other comprehensive income	31 December 2020	–	–	**21,053**	**21,053**	**21,053**	–
Property and equipment – land, buildings and motor vehicles	31 December 2020	–	–	**1,069,075**	**1,069,075**	**1,069,075**	–
Assets whose fair values are disclosed							
Cash and cash equivalents	31 December 2020	**5,384,580**	**41,433,294**	–	**46,817,874**	**46,817,874**	–
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	–	–	**304,632**	**304,632**	**304,632**	–
Liabilities whose fair values are disclosed							
Funds of clearing participants	31 December 2020	–	**64,690,851**	–	**64,690,851**	**64,690,851**	–
Other financial liabilities	31 December 2020	–	–	**14,542**	**14,542**	**14,542**	–

		Fair value measurement using					*Unrecog-nised gain/ (loss)*
31 December 2019	*Date of valuation*	*Level 1*	*Level 2*	*Level 3*	*Total*	*Fair value*	
Assets measured at fair value							
Equity securities at fair value through other comprehensive income	31 December 2019	–	–	21,053	21,053	21,053	–
Property and equipment – land, buildings and motor vehicles	31 December 2019	–	–	1,177,199	1,177,199	1,177,199	–
Assets whose fair values are disclosed							
Cash and cash equivalents	31 December 2019	9,700,607	10,561,313	–	20,261,920	20,261,920	–
Amounts due from credit institutions	31 December 2019	–	1,377,794	–	1,377,794	1,377,794	–
Reverse repurchase agreements	31 December 2019	–	1,953,000	–	1,953,000	1,953,000	–
Investment securities	31 December 2019	18,744,845	25,627	–	18,770,472	18,770,386	(86)
Other financial assets	31 December 2019	–	–	92,259	92,259	92,259	–
Liabilities whose fair values are disclosed							
Funds of clearing participants	31 December 2019	–	32,857,039	–	32,857,039	32,857,039	–
Other financial liabilities	31 December 2019	–	–	282,169	282,169	282,169	–

Valuation techniques and assumptions

The following describes the methodologies and assumptions used to determine fair values for assets and liabilities recorded at fair value in the financial statements and those items that are not measured at fair value in the consolidated statement of financial position, but whose fair value is disclosed.

Assets for which fair value approximates carrying value

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

Financial assets and financial liabilities carried at amortised cost

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

(In thousands of tenge)

24. Fair value measurement (continued)

Valuation techniques and assumptions (continued)

Property and equipment – buildings

Fair value of the properties was determined by using market comparable method and discounted cash flow method.

According to the market comparable method, 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, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset.

Property and equipment – land

Fair value of the properties was determined by using market comparable method. Valuations performed by the valuer are based on market transaction prices, significantly adjusted for difference 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 to key assumptions

The following table summarises the sensitivity of the fair value measurement of Group's buildings categorised within Level 3 of the fair value hierarchy to changes in unobservable inputs as at 31 December 2020:

Non-observable inputs	*Value*	*Change in unobservable inputs*	*Impact on fair value*
Discount rate	15,72%	+1%	(32,601)
		-1%	37,029

25. Offsetting of financial instruments

The table below shows financial assets offset against financial liabilities in the consolidated statement of financial position, as well as the effect of enforceable master netting agreements and similar arrangements (ISDA, RISDA, etc.) that do not result in an offset in the consolidated statement of financial position:

			Related amounts not offset in the consolidated statement of financial position		
At 31 December 2020	*Net amount of financial assets presented in the consolidated statement of financial position*	*Net amount of financial liabilities presented in the consolidated statement of financial position*	*Financial instruments*	*Cash collateral received*	*Net amount*
Financial assets					
Financial assets of 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	–	–

(In thousands of tenge)

25. Offsetting of financial instruments (continued)

At 31 December 2019	*Net amount of financial assets presented in the consolidated statement of financial position*	*Net amount of financial liabilities presented in the consolidated statement of financial position*	*Related amounts not offset in the consolidated statement of financial position*		*Net amount*
			Financial instruments	*Cash collateral received*	
Financial assets					
Reverse repurchase agreements	1,953,000	–	(1,953,000)	–	–
Financial assets of central counterparty	26,283,673	–	(26,283,673)	–	–
Total	28,236,673	–	(28,236,673)	–	–
Financial liabilities					
Financial liabilities of central counterparty	–	(26,283,673)	26,283,673	–	–
Total	–	(26,283,673)	26,283,673	–	–

26. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled.

	31 December 2020			*31 December 2019*		
	Within one year	*More than one year*	*Total*	*Within one year*	*More than one year*	*Total*
Cash and cash equivalents	**46,817,874**	–	**46,817,874**	20,261,920	–	20,261,920
Amounts due from credit institutions	**1,296,477**	–	**1,296,477**	–	1,377,794	1,377,794
Reverse repurchase agreements	–	–	–	1,953,000	–	1,953,000
Financial assets of the central counterparty	**1,425,047,691**	–	**1,425,047,691**	26,283,673	–	26,283,673
Investment securities	**29,142,517**	–	**29,142,517**	18,770,472	–	18,770,472
Equity instruments at fair value through other comprehensive income	–	**21,053**	**21,053**	–	21,053	21,053
Assets held for sale	**91,548**	–	**91,548**	92,495	–	92,495
Current corporate income tax assets	**11,476**	–	**11,476**	20,468	–	20,468
Deferred corporate income tax assets	–	**1,395**	**1,395**	–	1,000	1,000
Property and equipment	–	**1,347,229**	**1,347,229**	–	1,397,689	1,397,689
Intangible assets	–	**1,033,423**	**1,033,423**	–	734,879	734,879
Advances paid	**11,614**	**650,606**	**662,220**	4,372	–	4,372
Other assets	**328,933**	–	**328,933**	122,268	–	122,268
Total	**1,502,748,130**	**3,053,706**	**1,505,801,836**	67,508,668	3,532,415	71,041,083
Funds of clearing participants	**64,690,851**	–	**64,690,851**	32,857,039	–	32,857,039
Financial liabilities of the central counterparty	**1,425,047,691**	–	**1,425,047,691**	26,283,673	–	26,283,673
Current corporate income tax liabilities	**3,784**	–	**3,784**	1,081	–	1,081
Deferred corporate income tax liabilities	–	**131,773**	**131,773**	–	74,087	74,087
Advances received	**31,616**	–	**31,616**	49,038	–	49,038
Other liabilities	**91,417**	–	**91,417**	376,036	–	376,036
Total	**1,489,865,359**	**131,773**	**1,489,997,132**	59,566,867	74,087	59,640,954
Net position	**12,882,771**	**2,921,933**	**15,804,704**	7,941,801	3,458,328	11,400,129

27. Related party transactions

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party 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, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

(In thousands of tenge)

27. Related party transactions (continued)

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

	31 December 2020			*31 December 2019*		
	Parent	*Other related parties*	*Key management personnel*	*Parent*	*Other related parties*	*Key management personnel*
Cash and cash equivalents	**5,384,203**	**13,693,519**	**–**	9,700,056	2,096,921	–
Investment securities	**28,723,307**	**–**	**–**	18,744,845	–	–
Advances paid	**–**	**650,606**	**–**	–	–	–
Other assets	**30,452**	**39,443**	**65**	4,831	7,864	65
Funds of clearing participants	**–**	**3,561,366**	**–**	–	442,863	–
Advances received	**–**	**1,551**	**–**	–	4,664	–
Other liabilities	**–**	**3,106**	**9,598**	–	263,433	11,776

Included in the statement of comprehensive income for the years ended 31 December 2020 and 31 December 2019 are the following amounts which were recognized in transactions with related parties:

	For the year ended 31 December					
	2020			*2019*		
	Parent	*Other related parties*	*Key management personnel*	*Parent*	*Other related parties*	*Key management personnel*
Revenue from services	**313,574**	**448,363**	**–**	179,925	192,178	–
Interest revenue	**1,992,200**	**–**	**–**	1,332,794	–	–
Other income	**–**	**–**	**–**	–	161	–
Operating expenses	**–**	**(94,632)**	**–**	(15)	(58,235)	–

Compensation to 13 members of key management personnel (2019: 13 members of key management personnel) comprises:

	2020	*2019*
Remuneration of members of the executive body	**232,904**	115,194
Remuneration of the governing body	**59,467**	59,672
Other officials	**12,116**	11,408
Social tax	**28,474**	17,126
Total	**332,961**	203,400