Kazakhstan Stock Exchange JSC

Consolidated Financial Statements

for 2021
and Independent Auditor's Report

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Statement of the management of responsibility for preparation and approval of the consolidated financial statements for the year ended 31 December 2021

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

The management of Kazakhstan Stock Exchange JSC shall be liable for preparation of the consolidated financial statements presenting fairly the financial position at the close of business on 31 December 2021, and its performance, cash flows and changes in the equity for the year ended 31 December 2021, under International Financial Reporting Standards (IFRS).

When preparing the financial statements, the management shall be liable for:

- selecting and applying appropriate accounting policy;
- presentation of relevant, reliable, comparable, and understandable information, including information about the accounting policy;
- providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- assessing the Group's ability to continue as a going concern in the foreseeable future.

The Group's management shall be liable for:

- development, implementation and ensuring the reliable internal control in the Group;
- keeping records in a form allowing disclosing and explaining the Groups' transactions, and disclosing at any date sufficiently and accurately the financial position of the Group and ensuring compliance of the financial statements with the requirements of IFRS;
- keeping accounting records under the legislation of the Republic of Kazakhstan;
- taking all reasonably possible actions to safeguard the Group's assets; and
- detecting and preventing fraud and other abusive practices.

The consolidated financial statements for the year ended 31 December 2021 have been approved for issue by the Group's management on 20 April 2022.

On behalf of the Management

A.O. Aldambergen	**S.U. Akybbekova**
Chairperson of the Management Board	**Chief Accountant**

20 April 2022

Almaty, Kazakhstan

[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 business accounting and financial reporting"*.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual audit report but does not include the financial statements and our auditor's report thereon. We assume that the approved annual audit report will be submitted to us after this Audit Report has been issued. Our opinion on the 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of Management and Those Charged with Governance for the 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 a consolidated financial statement that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's consolidated 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

- Obtain sufficient appropriate audit evidence relating to the financial information of organizations or activities within the Group to express an opinion on the consolidated financial statements. We are responsible for management, control and audit of the Group. We remain fully responsible for our audit opinion.

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

Auditor

T.A. Omarov ____________________

Qualified Auditor of the Republic of Kazakhstan.

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

Director

T.A. Omarov ____________________

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

20 April 2022

Almaty City

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

(thousand Kazakhstan tenge)

	Notes	*2021*	*2020*
Fee incomes	5	**4.245.641**	3.157.781
Interest incomes	6	**3.067.027**	2.473.034
Credit loss expenses		**(121.446)**	(18.310)
Net profit /(loss) on foreign currency transactions		**6.692**	4.900
Income from investments accounted for in equity method		**621**	
Other income		**6.300**	5.108
Operating incomes		**7.204.835**	5.622.513
Operating expenses	7	**(2.911.661)**	(2.486.825)
Profit before corporate income tax expenses		**4.293.174**	3.135.688
Corporate income tax expenses	8	**(388.039)**	(242.177)
Profit for the year		**3.905.135**	2.893.511
Other comprehensive income			
Other comprehensive income not subject to reclassification in profit or loss in subsequent periods			
Revalued property, plant and equipment	16	-	(72.216)
Losses on equity instruments at fair value through other comprehensive income		-	(13)
Corporate income tax attributed to components of other comprehensive income		-	(6.038)
Other comprehensive income for the year less taxes		**-**	(78.267)
Total comprehensive income for the year		**3.905.135**	2.815.244
Earnings per share			
Basic and diluted (tenge)	9	**3.631.90**	2.955,69

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

A.O. Aldambergen
Chairperson of the Management Board

S.U. Akylbekova
Chief Accountant

20 April 2022

Almaty, Kazakhstan

Notes on pages 5-41 shall be an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2021

(thousand Kazakhstan tenge)

	Notes	31 December 2021	31 December 2020*
Assets			
Cash and cash equivalents	10	**64.452.762**	46.817.874
Amounts due from credit institutions	11	**–**	1.296.477
Reverse REPO	11	**4.214.269**	–
Central counterparty financial assets	12	**4.245.575.870**	1.425.047.691
Investment securities	13	**34.379.345**	29.142.517
Equity securities at fair value through other comprehensive income	14	**21.053**	21.053
Investments in associate	15	**90.537**	91.548
Current corporate income tax assets		**78.297**	11.476
Deferred corporate income tax assets		**1.878**	1.395
Property, plant and equipment	16	**1.408.676**	1.347.229
Intangible assets	17	**1.307.888**	1.033.423
Prepayments	18	**574.653**	662.220
Other assets	19	**462.625**	328.933
Total assets		**4.352.567.853**	1.505.801.836
Liabilities			
Amounts due to clearing participants	20	**86.830.269**	64.690.851
Central counterparty financial liabilities	12	**4.245.575.870**	1.425.047.691
Current corporate income tax liabilities		**3.503**	3.784
Deferred corporate income tax liabilities	8	**191.506**	131.773
Received advances		**51.206**	31.616
Other liabilities	19	**201.537**	91.417
Total liabilities		**4.332.853.891**	1.489.997.132
Equity			
Issued capital	21	**4.189.030**	4.189.030
Bought-out treasury stock	21	**–**	–
Provision for fair value	21	**–**	–
Provision for revalued property, plant and equipment	21	**90.986**	100.833
Reserve fund	21	**3.170.000**	3.170.000
Retained earnings		**12.263.946**	8.344.841
Total equity		**19.713.962**	15.804.704
Total liabilities and equity		**4.352.567.853**	1.505.801.836

* *Certain amounts in this column are not consistent with the consolidated financial statements for 2020 since they present made reclassification. Please see details in Note 2.*

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

A.O. Aldambergen
Chairperson of the Management Board

20 April 2022

Almaty, Kazakhstan

S.U. Akybbekova
Chief Accountant

Notes on pages 5-41 shall be an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

(thousand Kazakhstan tenge)

	Notes	*Issued capital*	*Bought-out treasury stock*	*Provision for fair value*	*Provision for revalued property, plant and equipment*	*Reserve fund*	*Retained earnings*	*Total equity*
1 January 2020		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 issued capital	21	1.527.255	62.076	–	–	–	–	1.589.331
Revaluation reserve depreciation	21	–	–	–	(403)	–	403	–
Increase in reserve funds	21	–	–	–	–	1.420.000	(1.420.000)	–
31 December 2020		4.189.030	–	–	100.833	3.170.000	8.344.841	15.804.704
Profit for the year		–	–	–	–	–	3.905.135	3.905.135
Total comprehensive income for the year		–	–	–	–	–	3.905.135	3.905.135
Revaluation reserve depreciation	21	–	–	–	(9.847)	–	9.847	–
Adjustments of prior periods		–	–	–	–	–	4.123	4.123
31 December 2021		4.189.030	–	–	90.986	3.170.000	12.263.946	19.713.962

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

A.O. Aldambergen
Chairperson of the Management Board

20 April 2022

Almaty, Kazakhstan

S.U. Akylbekova
Chief Accountant

Notes on pages 5-41 shall be an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

(thousand Kazakhstan tenge)

	Notes	2021	2020
Cash flows from operating activities			
Profit before corporate income tax expenses		4.293.174	3.135.688
Adjustments to reconcile profit before corporate income tax expenses and net cash flows:			
Credit loss expenses		121.446	18.310
Loss from impairment of assets held for sale		–	934
Net foreign exchange differences		–	(1.349)
Deferred income tax expense		59.250	-
Accrued interest incomes		(3.067.027)	(2.473.034)
Depreciation of property, plant and equipment and amortization of intangible assets	7	318.911	240.290
Income from interest in associate		(621)	-
Changes in operating assets and liabilities			
Net decrease / (increase) in operating assets			
Reverse REPO		4.214.269	1.953.000
Amounts due from credit institutions		1.296.477	81.567
Prepayments		87.567	(657.850)
Other assets		(200.994)	(206.823)
Net increase / (decrease) in operating liabilities			
Amounts due to clearing participants		17.558.768	30.780.323
Advances received		19.590	(17.422)
Other liabilities		109.837	(283.020)
Obtained interest		351.308	462.047
Paid corporate income tax		(380.074)	(179.229)
Net cash receipts /(payments) in operating activities		24.781.881	32.853.432
Cash flows from investing activities			
Acquisition of property, plant and equipment	16	(176.667)	(130.418)
Acquisition of intangible assets	17	(427.258)	(418.819)
Capitalized costs in intangible assets		(57.654)	(11.353)
Acquisition of investment securities less receipts from redemption of investment securities		(8.074.028)	(8.360.741)
Net cash receipts from (used in) investing activities		(8.735.607)	(8.921.331)
Cash flows from financing activities			
Cash receipts from the increase in issued capital	21	–	1.589.331
Net cash receipts from (used in) financing activities		–	1.589.331
Effect of changes in foreign exchange rates on cash and cash equivalents		1.665.545	1.048.712
Effect of expected credit losses on cash and cash equivalents	10	(76.931)	(14.190)
Net changes in cash and cash equivalents		17.634.888	26.555.954
Cash and cash equivalents at the beginning of the year		46.817.874	20.261.920
Cash and cash equivalents at the end of the year	10	64.452.762	46.817.874

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

A.O. Aldambergen
Chairperson of the Management Board

20 April 2022

Almaty, Kazakhstan

S.U. Akhybekova
Chief Accountant

Notes on pages 5-41 shall be an integral part of these consolidated financial statements.

(thousand Kazakhstan tenge unless otherwise stated)

1. Corporate Information

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

The Company is currently operating based on Certificate of the State Re-registration of a Legal Entity No.1952-1910-01-AO dated 07 January 2004 issued by the Office of Justice of Bostandyk District of the Department of Justice of Almaty City.

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

1) license to carry out activities in the securities market No.4.2.3/1 dated 19 July 2012 issued by the Committee for control and supervision of the financial market and financial organizations of the National Bank of the Republic of Kazakhstan. The license entitles to carry out the following types of activity in the securities market:

   - arranging trade in securities and other financial instruments;
   - clearing of transactions with financial instruments in the securities market;

2) license to settle banking operations in national and foreign currency No.4.3.8 dated 30 January 2021 issued by the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market. The license entitles to settle the following banking operations:

   - to open and manage correspondent accounts of the banks and organizations settling specific types of banking operations;
   - to transfer: to execute orders of individuals and legal entities to pay and transfer money;
   - to open and manage bank accounts of legal entities;
   - to arrange for 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 Tower Multifunction Complex, Floor 8, Almaty City, A15E2Y0, Republic of Kazakhstan.

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 of the close of business on 31 December 2021 and 31 December 2020, the shareholders each of which holds ordinary shares in the Company comprising more than 5% of its total issued shares are stated as follows:

	31 December 2021, %	*31 December 2020, %*
Shareholders		
RSE National Bank of the Republic of Kazakhstan	**46,99**	43,89
Moscow Stock Exchange MICEX-RTS Public Joint-Stock Company	**13,10**	13,10
Kommesk-Omir Insurance Company JSC	**7,64**	7,64
Halyk Bank of Kazakhstan JSC	**6,79**	6,79
Bolashaq Trade Group LLP	**5,02**	5,02
Others (individually holding less than 5%)	**20,46**	23,56
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 being an organizer of trades together with its affiliates cannot exceed 20% of the total issued shares, except where a shareholder is the National Bank of the Republic of Kazakhstan.

During the years ended 31 December 2021 and 31 December 2020, the controlling party of the Company is the National Bank of the Republic of Kazakhstan (the NB RK).

(thousand Kazakhstan tenge unless otherwise stated)

1. Corporate Information (continued)

These consolidated financial statements include financial statements of the Company and the following subsidiary (hereinafter – the Group):

			Interest/votes, %	
Name	*Country of business*	*Type of activity*	*31 December 2021*	*31 December 2020*
eTrade.kz LLP	Kazakhstan	Information technologies	**100**	**100**

The information about associate as of 31 December 2021 and 31 December 2020 is given below:

			31 December 2021		31 December 2020	
Name	*Country of business*	*Type of activity*	*Interest/votes, %*	*Contribution to issued capital*	*Interest/votes, %*	*Contribution to issued capital*
RTRS LLP	Kazakhstan	Lease services	**50**	**135.000**	50	135.000
				135.000		135.000

In 2021, the total profit of RTRS LLP amounted to 1.242 thousand tenge (2020: total loss - 1.894 thousand tenge). the carrying amount of investment in associate as of 31 December 2021 made up 90.537 thousand tenge (31 December 2020: 91.548 thousand tenge).

2. Basis of preparation of the financial statements

General Part

These consolidated financial statements have been prepared under International Financial Reporting Standards (IFRS).

These consolidated financial statements have been prepared on the actual cost accounting basis, except for the principle specified in *Significant Accounting Policies* section. For instance, the financial assets at fair value through other comprehensive income and property, plant and equipment (groups: building, land, transport vehicles) were measured at fair value.

These consolidated financial statements are presented in a thousand Kazakhstan tenge (tenge), except earnings per share, unless otherwise stated.

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.

Effect of COVID-19 pandemics

The Covid-19 outbreak was first reported near the end of 2019. On 11 March 2020, the WHO announced that the Covid-19 outbreak can be characterised as a pandemic. Despite of prompt and timely vaccine development, in 2021, the coronavirus continued to mutate and expand across the world.

Covid-19 has significantly impacted the world economy. Many countries have imposed travel bans for millions of people and more people in more locations were subject to quarantine measures. Businesses are dealing with lost revenue and disrupted supply chains. While some countries have eased the lockdown, the relaxation has been gradual and, as a result of the disruption to businesses, millions of workers have lost their jobs. The Covid-19 pandemic has also resulted in significant volatility in the financial and commodities markets worldwide. Various governments have implemented measures to provide both financial and non-financial assistance to the affected business. The Government and the National Bank of the Republic of Kazakhstan took support actions to prevent significant worsening of economic performance as a result of Covid-19 outbreak. Those actions included, without limitation, subsidized loans to companies conducted business in suffered industries and suffered individuals, repayment holiday and certain relaxative regulatory limitations to support the financial sector and its ability to provide resources and help customers to avoid shortage of liquid funds as a result of actions to restrain expansion of Covid-19.

(thousand Kazakhstan tenge unless otherwise stated)

2. Basis of preparation of the financial statements (continued)

Due to the situation around the Covid-19 pandemic, entities should consider accounting and disclosure requirements in relation to the following: going concern, financial instruments, assessment of impairment of non-financial assets, government grants, income taxes, insurance contract liabilities, lease contracts, insurance premiums, estimated liabilities on onerous contracts, fair value measurements, revenue recognition, inventories, events after the reporting period, other requirements for disclosure in the financial statements and other accounting estimates. The Covid-19 pandemic is impacting the assumptions and uncertainties associated with the assets and liabilities measurement. Therefore, entities should carefully consider the need for additional disclosures to help the users of the financial statements to understand the judgments used in the financial statements. Due to the fact that the impact of the effects of the Covid-19 pandemic in the financial statements under IFRS is highly dependent on the nature of the entity's operations and the extent to which the entity is exposed to such effects, the potential impact was not reflected in the data presented.

According to estimates of the Group's management, this situation should not lead to the termination of the Group's operations. However, the situation is changing rapidly and its future impact on the Group's operations cannot be reliably estimated at this time.

Estimate uncertainty

To the extent that information has been available as of 31 December 2021, the Group has reflected revised estimates of expected future cash flows when estimating ECLs, measuring the fair value of financial instruments.

Reclassification

In 2021, the Group discontinued the classification of the asset, namely the interest in the issued capital of RTRS LLP, as held for sale, due to the fact that the criteria for recognizing this asset as held for sale under IFRS 5 were no longer satisfied. The Group's management has decided to abandon its intention to dispose of this asset, as the Management considers the conclusion of a transaction with Central Securities Depository JSC in the near future to be an unlikely event.

Adjustments are presented below as if the asset, specifically the interest in the issued capital of RTRS LLP, has always been accounted for by the Group as an investment in an associate in accordance with IAS 28:

As of 01 January 2020

Consolidated Statement of Financial Position	*As per previous statements*	*Reclassification amount*	*Adjusted amount*
Assets			
Assets held for sale	92.495	(92.495)	-
Investments in associates	-	92.495	92.495
Total assets	**92.495**	**–**	**92.495**

As of 31 December 2020

Consolidated Statement of Financial Position	*As per previous statements*	*Reclassification amount*	*Adjusted amount*
Assets			
Assets held for sale	91.548	(91.548)	-
Investments in associates	-	91.548	91.548
Total assets	**91.548**	**–**	**91.548**

No adjustments were made to the data presented in the Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for 2020 due to the absolute immateriality of the amounts.

(thousand Kazakhstan tenge unless otherwise stated)

3. Significant Accounting Policies

Consolidation basis

Subsidiaries, i.e. entities controlled by the Group are consolidated. Control is exercised when the Group is exposed to risk of changes in, or has the right to receive, income from participation in the investee and has the ability to influence these incomes through the exercise of its power over the investee. In particular, the Group controls an investee only if the following conditions are met:

- the Group has powers with an investee (i.e. existing rights ensuring current ability to manage significant activities of an investee);
- the Group is exposed to the risk of changes in incomes from an interest in an investee or rights to receive such incomes; and
- the Group can exercise its powers with respect to an investee to influence the amount of incomes.

It is generally assumed that the majority of voting rights result in control. To support this presumption, and if the Group has less than a majority of voting or similar rights over an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over that investee:

- agreement(s) with other voting rights holders in the investee;
- rights under other agreements; and
- voting rights and potential voting rights held by the Group.

Consolidation of subsidiaries commences on the date control is transferred to the Group and terminates on the date control ceases. All intra-group transactions, balances and unrealized gains on such transactions are excluded in full; unrealized losses are also excluded unless the transaction provides evidence of an impairment of the asset transferred. If necessary, the accounting policies of subsidiaries are amended to bring them in line with those of the Group.

A change in ownership interest in a subsidiary without a loss of control is accounted for as an equity transaction. A subsidiary's losses are charged to non-controlling interests even if this results in a negative balance.

If the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary (including any related goodwill), the carrying amount of minority interests, accumulated foreign exchange differences recognized in equity; recognizes the fair value of the consideration received, the fair value of the remaining investment, and any resulting surplus or deficit in profit or loss; reclassifies the parent's share of components previously recognized in other comprehensive income in profit or loss.

Adoption of new IFRS, IFRS interpretations and amendments to IFRS

The accounting principles adopted in the preparation of these consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2020, except for the principles established by new IFRS and IFRS interpretations effective from 01 January 2021. The Group has not early adopted any other IFRS, amendments and interpretations to IFRS that have been issued but are not yet effective.

The Group applied the following amendments to IFRS for the first time in 2021, which did not affect its consolidated financial statements.

<u>Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16 – Interest Rate Benchmark Reform (IBOR), Stage 2</u>
The amendments provide provisional reliefs, which apply to eliminate consequences for the financial statements in cases where interbank offered rate (IBOR) is replaced with an alternative interest rate which is substantially risk-free. The amendments provide the following:

- practical simplification whereby a change of a contract or changes in cash flows directly required by an interest rate benchmark reform shall be considered as changes in floating interest rate equivalent to changes in market interest rate;
- amendments are permitted that are required by interest rate benchmark reform to definition of hedging relationships and hedging documents without terminating hedging relationships; and
- provisional relief for the entities from compliance with the requirement for separately identifiable components in cases where a risk-free rate instrument is defined at discretion of an entity as a risk component as part of hedging relationships.

3. Significant Accounting Policies (continued)

Covid-19-Related Rent Concessions – Amendment to IFRS 16
On 28 May 2020, the IAS Board amended IFRS 16 Leases to provide relief to lessees from applying this standard guidance on lease modifications to rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16 if the change were not a lease modification.
It was assumed that this amendment will apply until 30 June 2021, but, due to continuing effect of the Covid-19 pandemics, on 31 March 2021, the IAS Board has decided to prolong the application of practical simplifications until 30 June 2022.

New IFRS, IFRS interpretations and amendments to IFRS not effective yet

There is a number of IFRS, IFRS interpretations and amendments to IFRS that have been issued by the IAS Board and are effective for the future reporting periods beginning on or after 1 January 2022. The most important of them are the following:

Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
As from 01 January 2022, clause 68 in IAS 37 *Estimated Liabilities, Contingent Liabilities and Contingent Assets* was amended whereby the cost of fulfilling a contract include costs directly connected with the contract and including:

- additional cost of fulfilling the contract, for instance, direct costs for labour remuneration and payment for materials; and
- allocated other costs directly connected with fulfilling this contract, for instance, allocated part of expenses on depreciation of an item of property, plant and equipment used for fulfilling – among other contracts – this contract.

Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use
From 01 January 2022, according to the updated version of IAS 16 *Property, Plant and Equipment*, it is prohibited to deduct from the value of the item of property, plant and equipment the amounts that the entity received from the sale of products produced using this item at the time when the entity was preparing this object for its intended use. Instead, the entity should recognize revenue from the sale of such products and related costs in profit or loss.

Amendments to IFRS 1 – Subsidiary as a First-Time Adopter
The amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards* expands the exemption in paragraph D16(a) of that standard to accumulated foreign exchange differences to reduce costs for the first-time adopters of IFRS.

Amendments to IFRS 9 – '10 per cent Test' for Derecognition of Financial Liabilities
From 01 January 2022, in accordance with the updated version of IFRS 9 *Financial Instruments*, when determining the amount of a fee, the borrower takes into account only the amounts of fee paid or received by the borrower or lender, including those amounts that were paid or received by the borrower or lender on behalf of other parties.

Amendments to IFRS 3 – Reference to the Conceptual Framework
From 1 January 2022, IFRS 3 *Business Combinations* updated the reference to require that one of the combining entities identified as the acquirer must refer to the 2018 Conceptual Framework for Financial Reporting to determine what constitutes an acquired asset or assumed liability. From the same date, an exception was also introduced, according to which, for certain types of liabilities and contingent liabilities, the entities applying this standard must be guided by IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* instead of the Conceptual Framework for Financial Reporting. The Board expects this exception to remain in IAS 37 as long as the definition of a liability in this standard differs from that in the latest version of the Conceptual Framework for Financial Reporting.

Postponement of IFRS 17 and amendments to IAS 1 coming into effect

In March 2020, the IAS Board decided to defer the entry into force of IFRS 17 *Insurance Contracts* until 01 January 2023.
In April 2020, the IAS Board decided to postpone the effective date of amendments to IAS 1 *Presentation of Financial Statements - Classification of Liabilities as Current and Non-current* from 01 January 2022 to 01 January 2023.
The Group does not expect the IFRS, IFRS interpretations and amendments to IFRS issued by the IAS Board but not yet effective to have a material impact on its operations.

(thousand Kazakhstan tenge unless otherwise stated)

3. Significant Accounting Policies (continued)

Fair value measurement

The Group measures financial instruments at fair value through profit or loss (FVPL) and fair value through other comprehensive income (FVOCI), and such non-financial assets as property, plant and equipment (groups: building, land, transport vehicles) at fair value at each reporting date.

Fair value is a price, which would be received at the sale of an asset or paid at the transfer of a liability in the course of the ordinary transaction between the market participants at the measurement date. Measurement of a fair value assumes that a transaction is settled to sell an asset or to transfer a liability:

- in the market, which is principal for that asset or liability; or
- in the absence of the principal market, in the market that is the most advantageous for that asset or liability.

The Group must have access to the principal or the most advantageous market. The fair value of an asset or liability is measured using assumptions, which would be used by the market participants when fixing a price for an asset or liability provided that the market participants act in their best economic interests. Measurement of a non-financial asset at fair value considers an ability of a market participant to generate economic benefits either by using an asset in the best and the most effective manner or as a result of its sale to another market participant, which will use that asset in the best and the most effective manner.

The Group uses such valuation models, which are acceptable in the existing circumstances and for which the data sufficient for measurement at fair value is available, and using as much as possible appropriate observable inputs and using minimally non-observable inputs. All assets and liabilities measured in the financial statements at fair value or the fair value of which is disclosed in the consolidated financial statements are classified under the fair value hierarchy described below based on inputs of the lowest level, which are significant for measurement at fair value in general:

- Level 1 — quoted (unadjusted) prices in active markets for identical assets and liabilities;
- Level 2 – valuation models in which inputs significant for measurement at fair value relating to the lower level of the hierarchy are directly or indirectly observable in the market;
- Level 3 - valuation models in which inputs significant for measurement at fair value relating to the lower level of the hierarchy are not observable in the market.

In case of assets and liabilities, which are revalued in the consolidated financial statements from time to time, the Group determines whether they are required to be transferred between the hierarchy levels with analysing again the classification (based on inputs of the lowest level, which are significant for measurement at fair value in general) at the end of each reporting period.

(thousand Kazakhstan tenge unless otherwise stated)

3. Significant Accounting Policies (continued)

Financial assets and liabilities

Initial recognition

Recognition date

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 fair value through profit or loss (FVPL), transaction costs are added to.

Financial assets and financial liabilities measurement categories

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; or
- FVPL.

The Group classifies and measures its derivative and trading portfolio at FVPL. The Group may designate at its discretion the 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 FVPL when they are held for trading and derivative instruments or the fair value designation is applied at discretion of the entity.

Amounts due from credit institutions, investment securities at amortized 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 to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (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 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.

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.

3. Significant Accounting Policies (continued)

Financial assets and liabilities (continued)

Solely payment of principal and interest test (SPPI test)

As the second step of its classification process, the Group assesses the contractual terms of financial asset to identify whether the contractual cash flows from an asset meet the SPPI test.

'Principal' for 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 carry out the SPPI test, 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 the minimum 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.

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* 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.

(thousand Kazakhstan tenge unless otherwise stated)

3. Significant Accounting Policies (continued)

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. In 2021, the Group did not reclassify any of its financial assets and liabilities.

Cash and cash equivalents

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

Repurchase and reverse repurchase agreements and securities lending

Securities sale and repurchase agreements ("repos") are treated as secured financing transactions. Securities sold under sale and repurchase agreements are retained in the separate statement of financial position and, in case the transferee has the right by contract or custom to sell or surcharge them, reclassified as securities pledged under sale and repurchase agreements. The corresponding liability is presented as REPO transactions in the separate statement of financial position. Securities purchased under agreements to resell ("reverse repo") are recorded as reverse REPO in the separate statement of financial position. 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 this case the purchase and sale transaction is recorded in the consolidated statement of comprehensive income. The obligation to return them is recorded at fair value as a trading liability.

Financial derivatives

In the normal course of business, the Group enters into various financial derivatives (including futures, forwards, swaps and options) in the foreign exchange and capital markets. These financial instruments are held for trading and are initially recorded at fair value. Fair value is determined based on market quotations or valuation models based on the current market and contract value of the relevant underlying instruments and other factors. Financial derivatives with a positive fair value are recorded as assets, while those with a negative fair value are recorded as liabilities. Gains and losses on these instruments are recognized in the consolidated statement of comprehensive income as net gains/(losses) on trading securities or net gains/(losses) on foreign exchange operations (trading operations), subject to a type of financial instrument.

Lease

Group as a lessee

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

<u>Short-term lease and lease of low-value assets</u>

The Group applies the short-term lease recognition exemption to short-term leases (i.e. contracts that have a lease term of 12 months or less at the lease inception date and do not contain a call option). The Group also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value (up to five thousand dollars). Lease payments on short-term leases and leases of low-value assets are recognized as a lease expense on a straight-line basis over the lease term.

(thousand Kazakhstan tenge unless otherwise stated)

3. Significant Accounting Policies (continued)

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 dispose of the asset and settle the liability simultaneously. An offsetting right must not be preconditioned by a future event and must have a legal force at all 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 primarily derecognised in the statement of financial position when:

- 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 assumed the obligation to transfer received cash 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 instrument) 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 instrument) on an asset measured at fair value. In this case, 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 provision for impairment, the difference is first treated as an addition to the provision 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.

(thousand Kazakhstan tenge unless otherwise stated)

3. Significant 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 income tax expense is calculated following the legislation of the Republic of Kazakhstan.

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

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the temporary differences reducing tax base 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 disposed of or the liability is settled, based on the laws 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.

Besides, various operating taxes applied to operations of the Group are in effect in the Republic of Kazakhstan. These taxes are reported in operating expenses.

Property, plant and equipment

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

After initial recognition, buildings and structures, land and transport vehicles are carried at revalued amounts, which are fair value at the revaluation date less subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed frequently enough to avoid material discrepancies between the fair value of the revalued asset and its carrying amount.

Accumulated depreciation at the revaluation date is excluded with simultaneously reducing the gross carrying amount of the asset, and the resulting amount is restated based on the revalued amount of the asset. The revaluation surplus is recognized in the property, plant and equipment revaluation reserve as part of other comprehensive income, except for the reversal of the previous decrease in the value of this asset previously recognized in profit or loss. In this case, the amount of the increase in the value of the asset is recognized in profit or loss. A revaluation write-down is recognized in profit or loss, unless such a decrease is offset directly against a previous surplus on the same asset in the property, plant and equipment revaluation reserve.

The annual transfer of amounts from the property, plant and equipment revaluation reserve to retained earnings is carried out to the extent of the difference between the amount of depreciation calculated based on the revalued carrying amount of assets and the amount of depreciation calculated based on the original cost of assets. At disposal of the asset, the corresponding amount included in the revaluation reserve is transferred to retained earnings.]

(thousand Kazakhstan tenge unless otherwise stated)

3. Significant Accounting Policies (continued)

Property, plant and equipment (continued)

Depreciation of an asset begins when it is available for use. Depreciation is calculated on a straight-line basis over the asset estimated useful lives:

	Years
Buildings	40
Machinery and equipment	3-15
Vehicles	6,7
Other	6-10

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

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

Intangible assets

Intangible assets comprise software and licenses.

Intangible assets purchased separately from the business are initially measured at the initial cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and 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.

Estimated useful lives of intangible assets are specified below:

	Years, in 2021
In-group developed software	6-9
Other software and licenses	5-8
Other	1-5

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

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

1) the cost of materials and services used or consumed in the creation of an intangible asset;

2) salaries and other costs associated with employees directly involved in the creation of the asset (the Group capitalizes the remuneration of employees directly involved in the development of software products based on progress reports, if such work meets all of the above requirements); and

3) any costs that are directly attributable to the created asset, such as fees for registration of legal rights, patents and licenses used to create the asset.

(thousand Kazakhstan tenge unless otherwise stated)

3. Significant Accounting Policies (continued)

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 a disposal group). An active program to locate a buyer and complete the plan must have been initiated. Further, the non-current asset (or group of disposal) must have been actively marketed for a sale at a price that is reasonable concerning its current fair value. Also, 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 group of disposal) as held for sale.

Investments in associates

An associate is an entity on whose operations the Group has significant influence. Under the equity method, the investment in an associate is initially recognised at cost, and their carrying amount is subsequently increased or decreased due to recognition of an investor's share in profit or loss of an investee since the acquisition date. An investor's share in profit or loss of an investee is reported in profit or loss of the Group. Receipts from an investee as a result of income distribution reduce the carrying amount of investments.

Amounts due to clearing participants

The most of the funds of the clearing participants are the money of the foreign stock market participants placed on the correspondent accounts of the Stock Exchange at the reporting date in order to carry out operations on the next trading day. Additionally, in accordance with the Stock Exchange's internal document No.26 – the Rules for carrying out clearing activities for financial instrument transactions – as approved by the resolution of the Board of Directors dated 07 September 2018, each clearing participant must maintain a certain level of collateral and ensure payment of the security deposit on the Stock Exchange's correspondent account, therefore some of the clearing participants leave amounts of money at the end of the trading day on the correspondent account of the Stock Exchange in order to trade on the next trading day. The Stock Exchange recognizes them as liabilities to clearing participants.

(thousand Kazakhstan tenge unless otherwise stated)

3. Significant Accounting Policies (continued)

Central counterparty assets and liabilities

The Stock Exchange acts as a central counterparty in the stock, foreign exchange and derivatives markets, being a party to each participant in all transactions concluded at exchange trading, and guarantees their execution on a net basis. Assets and liabilities for such transactions are reflected in the statement of financial position at net fair value calculated on the basis of daily settlement prices determined by the Stock Exchange in accordance with approved internal documents. Financial assets and liabilities measured at fair value through profit or loss include the assets and liabilities of the central counterparty for pending transactions in the stock and foreign stock markets at the end of the reporting period.

Central counterparty collateral

The Stock Exchange guarantees the fulfilment of net obligations to participants in the stock, foreign exchange and derivatives markets using an individual and collective collateral system. The individual collateral of a participant may be either full or partial, depending on the category assigned to the clearing participant, which is determined on the basis of its financial condition.

As collateral for the fulfilment of obligations by a clearing participant with partial collateral for trades concluded on the terms of partial collateral, the Stock Exchange establishes requirements for partial collateralization of net obligations for transactions recorded on clearing accounts and submitted orders of such clearing participants and calculated taking into account the specifics established by the Stock Exchange's internal methods for certain stock markets, as well as the requirements for providing a security deposit in the relevant stock market.

As security for the fulfilment of obligations by a clearing participant with partial collateral for trades 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 their conclusion of such trades.

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

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

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

In addition to money, the clearing participants deposit securities traded on the Stock Exchange as a collateral on the stock market. These securities are accounted as collateral in the KASE section on sub-accounts (client and own) of the personal account of each depositor-clearing participant of the stock market in the Central Securities Depository JSC, are not the Stock Exchange's assets and are not reported in the consolidated statement of financial position.

If there is a lack of collateral and/or margin collateral of a clearing participant to secure its open positions, the clearing participant is obliged to satisfy the demand of the Stock Exchange by depositing additional collateral or concluding transactions that lead to a decrease in the value of open positions.

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

Clearing reserve and guarantee funds serve as collective collateral for the trades to clearing participants. Reserve funds are formed at the expense of the Stock Exchange's own funds for each stock market. Guarantee funds are formed on the basis of security deposits of clearing participants credited by clearing participants to the correspondent account of the Stock Exchange. In a certain stock market, separate guarantee funds may be formed, which are used to cover outstanding liabilities under transactions with financial instruments concluded in trading modes with the participation of the central counterparty. Reserve funds are used exclusively to cover outstanding liabilities under transactions with financial instruments of a certain stock market for which this reserve fund was formed. Guarantee funds cannot be used as collateral for the settlement of any other liabilities of the Stock Exchange and/or its clearing participants, except for liabilities under transactions concluded on the stock market as part of default settlement. Collective collateral is used only in case individual collateral is insufficient. The procedure for using collective collateral is provided for by the Group's internal documents.

(thousand Kazakhstan tenge unless otherwise stated)

3. Significant Accounting Policies (continued)

Estimated liabilities

The estimated liabilities are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, an outflow of resources embodying economic benefits will probably be required to settle the liability and a reliable estimate can be made of the amount of the obligation.

Retirement and other employee benefit obligations liabilities

The Group does not have additional pension arrangements other than participation in 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. Besides, the Group has no significant post-employment benefits.

Equity

Issued capital

Ordinary shares and non-redeemable preferred shares conferring the right in discretion dividend are classified as equity. Costs to pay for services of third parties 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 capital.

Bought-out treasury stock

In the event that the Company purchases the Company's shares, the consideration paid, including related transaction costs, net of income tax, is deducted from total equity as bought-out treasury shares until cancelled or reissued. When such shares are subsequently sold or reissued, the consideration received is included in equity. Bought-out treasury stock is accounted for at their weighted average cost.

Dividend

Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the consolidated financial statements are authorised for issue.

Contingent assets and liabilities

Contingent liabilities are recognised in the consolidated statement of financial position and disclosed except when the disposal of resources due to their repayment is unlikely. Contingent assets are not recognised in the consolidated statement of financial position but disclosed in the forms of the annual consolidated financial statements in case the economic benefits are likely.

Revenue and expense recognition

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:

(thousand Kazakhstan tenge unless otherwise stated)

3. Significant Accounting Policies (continued)

Interest and similar revenue and expense

The Group calculates interest revenue on debt financial assets measured at amortised cost or 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 various types of services it provides to its customers. Fee and commission income can be divided into the following two categories:

- *Fee income earned for the provision of services over a specified period*

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

- *Fee and commission income from the provision of transaction services*

Commission fees received for conducting or participating in negotiations on a transaction on behalf of a third party, (for instance, where the Group's performance obligation is to enter into an agreement while purchasing shares or other securities, or to purchase or sell businesses) are recognized upon completion of such transaction. Commission fees (or a portion of commission fees) associated with specific performance obligations are recognized when the relevant criteria are met. If the contract provides for variable consideration, commission income is recognized only to the extent that it is highly probable that, if the uncertainty inherent in the variable consideration is subsequently resolved, there will not be a significant decrease in the amount recognized in cumulative revenue.

Foreign currency translation

The consolidated financial statements are presented in the Kazakhstan Tenge, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency, converted at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Gains and losses resulting from the translation of foreign currency transactions are recognised in the consolidated statement of comprehensive income as 'Net losses from foreign currencies'. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Differences between the contractual exchange rate of a transaction in a foreign currency and the Kazakhstan Stock Exchange official exchange rate on the date of the transaction are included in gains less losses from dealing in foreign currencies. As of 31 December 2021 and 2020, the official exchange rates were as follows:

	31 December 2021	*31 December 2020*
KZT/USD	**431,8**	420,91
KZT/EUR	**489,1**	516,79
KZT/RUR	**5,76**	5,62
KZT/GBP	**583,22**	574,88

(thousand Kazakhstan tenge unless otherwise stated)

4. Critical Assumptions and Estimates

Estimate uncertainty

While applying the Group's accounting policies, management has used its judgment and made estimates in determining the amounts recognized in the consolidated financial statements. Below are the most significant uses of judgments and estimates:

Fair value of financial instruments

If the fair value of financial assets and financial liabilities as reflected in the consolidated statement of financial position cannot be determined based on prices in an active market, they are determined using various valuation models that include mathematical models. The inputs for such models are determined based on the observable market, if possible; otherwise, judgment must be applied to determine a fair value. Additional information is provided in *Note 24*.

Measurement of expected credit losses

The Group forms allowances (provisions) for expected credit losses on financial assets and receivables. The amount of such provisions is determined by the Group based on the credit ratings assigned to financial assets or their issuers, and the timing and amount of receivables.

Impairment of property, plant and equipment and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that such assets may be impaired. Based on an analysis of internal and external factors, management determines whether there is any indication of possible impairment at the reporting date.
If there is an indication of impairment, the Group estimates the recoverable amount. The recoverable amount is determined as the higher of fair value less selling expenses and value in use.
Determining the recoverable amount of a cash-generating unit involves the use of management's estimates. The methods used to determine value in use include, but are not limited to, discounted cash flow methods. These estimates, including the methods used, can have a significant impact on the fair value and, ultimately, the amount of any impairment or recovery of non-financial assets in future periods. As of 31 December 2020, the Group revalued the property, plant and equipment with the involvement of an independent appraiser. Following that revaluation, the book value of property, plant and equipment was reduced to fair value. Based on the results of the analysis of external and internal indicators as of 31 December 2021, the Group did not find any indications of impairment of property, plant and equipment and intangible assets.

Management believes that as of 31 December 2021, the revalued amount has not changed significantly since the date of the previous measurement and, accordingly, the carrying amount of the Group's property, plant and equipment is in line with/approximates to their fair value. As of 31 December 2021, the Group did not revalue the property, plant and equipment.

Litigations

Under IFRS, the Group recognizes provisions only when there is a present obligation due to past events, the economic benefits can be transferred and the cost of the transfer can be measured reliably. If these criteria are not met, no provision is accrued, and such contingent liability is disclosed in the notes to the consolidated financial statements. The emergence of any liabilities not currently recognized or disclosed in the consolidated financial statements could have a significant impact on the financial position of the Group. The application of this accounting principle to litigation requires the management of the Group to make decisions on various matters of fact and law that are beyond management's control. The Group reviews unsettled litigation each time there is a change in the course of its development, and at each reporting date, to assess the need for provisioning in the consolidated financial statements. Among the factors considered in making decisions to form the provisions are the nature of the suit, claim or penalty, the legal process and the amount of potential damages in the jurisdiction where the litigation occurs, the claim or penalty was filed, the course of the litigation (including after the date of consolidated financial statements but prior to their publication), opinions or views of legal advisers, previous experience of similar proceedings and any decisions of the Group's management as to how to respond to a claim, claim or penalty.

(thousand Kazakhstan tenge unless otherwise stated)

5. Commission and fee incomes

Commission and fee incomes include the following items:

	2021	*2020*
Commission fees	**1.524.037**	1.371.167
Listing fees	**837.673**	839.787
Clearing fees	**1.168.984**	389.073
Membership fees	**339.685**	286.518
Incomes from providing information services	**252.692**	232.701
Technical fees	**122.570**	38.535
Total commission and fee incomes	**4.245.641**	3.157.781

The Group recognized in the consolidated statement of financial position the following contractual assets and liabilities related to contracts with customers:

	2021	*2020*
Contractual assets (as part of other assets)	**415.774**	304.632
Contractual liabilities (as part of received advances)	**51.206**	31.616

The Group generally collects commissions before the completion of the transaction for which they are due, or immediately after its completion (in the case of contracts for which a performance obligation is satisfied at a certain point in time, for example, commissions for transactions on the Stock Exchange). In the case of services performed during a period (such as listing fees), the Group will generally charge monthly, quarterly or annually collect in advance the amounts in respect of an appropriate portion of the overall contract term.

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

6. Interest incomes

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

7. Operating expenses

	2021	*2020*
Expenses for personnel	**1.747.777**	1.621.770
Deterioration and depreciation (*Notes 16, 17)*	**318.911**	240.290
Social tax	**163.861**	153.307
Taxes other than income tax	**139.718**	130.958
Technical maintenance of property, plant and equipment and intangible assets	**149.538**	76.939
Bank services	**10.726**	62.456
Communication and SWIFT services	**36.455**	27.497
Information services	**17.670**	25.372
Business development expenses	**49.757**	23.960
Membership fees	**20.698**	16.193
Professional services	**45.699**	14.206
Operating lease	**26.012**	15.361
Personnel training	**27.836**	7.460
Travelling expenses	**13.091**	5.995
Insurance indemnities	**11.390**	1.143
Expenses for mailing and courier services	**3.292**	2.215
Other expenses	**129.230**	61.703
Total operating expenses	**2.911.661**	2.486.825

(thousand Kazakhstan tenge unless otherwise stated)

8. Taxation

Corporate income tax expense includes the following items:

	2021	*2020*
Assessed corporate income tax – current part	**304.100**	186.812
Adjustment to corporate income tax of prior years	**24.689**	4.112
Assessed deferred tax – origination and reduction of temporary differences	**59.250**	57.291
Minus deferred tax recognized in other comprehensive income (property, plant and equipment revaluation)		(6.038)
Corporate income tax expense	**388.039**	242.177

The Group's income is taxed only in the Republic of Kazakhstan. In accordance with tax laws, the applicable corporate income tax rate in 2021 and 2020 is 20%.

The reconciliation between the corporate income tax expense recognized in these consolidated financial statements and earnings before corporate income tax expenses multiplied by the statutory tax rate for the years ended 31 December is as follows:

	2021	*2020*
Profit before corporate income tax expenses	**4.293.174**	3.135.688
Statutory tax rate	**20%**	20%
Tax at statutory rate	**858.635**	627.138
Adjustment to corporate income tax of prior years	**24.689**	4.112
Non-taxable income		
Non-taxable interest income on government and other securities	**(541.305)**	(402.399)
Non-deductible expenses:		
Expenses on credit loss	**24.292**	3.662
Membership fees	**3.681**	2.879
General and administrative expenses	**8.599**	2.638
Other	**9.448**	4.147
Corporate income tax expense	**388.039**	242.177

Deferred tax assets and liabilities as of 31 December, as well as their movements for relevant years, include the following items:

		Origination and reduction of temporary differences			*Origination and reduction of temporary differences*		
	31 December 2019	*In profit or loss*	*In other comprehensive income*	*31 December 2020*	*In profit or loss*	*In other comprehensive income*	*31 December 2021*
Tax effect of deductible temporary differences							
Provisions for unused leaves	13.292	165	–	13.457	**2.161**	**–**	**15.618**
Other	3.601	(2.973)	–	628	**(145)**	**–**	**483**
Deferred tax asset	16.893	(2.808)	–	14.085	**2.016**	**–**	**16.101**
Tax effect of taxable temporary differences							
Property, plant and equipment and intangible assets	(89.980)	(48.445)	(6.038)	(144.463)	**(61.266)**		**(205.729)**
Deferred tax liability	(89.980)	(48.445)	(6.038)	(144.463)	**(61.266)**		**(205.729)**
Total deferred corporate income tax liabilities, net	(73.087)	(51.253)	(6.038)	(130.378)	**(59.250)**		**(189.628)**
Deferred corporate income tax assets	1.000	395	–	1.395	**483**	**–**	**1.878**
Deferred corporate income tax liabilities	(74.087)	(51.648)	(6.038)	(131.773)	**(59.733)**		**(191.506)**

(thousand Kazakhstan tenge unless otherwise stated)

9. Earnings per share

The earnings per share and weighted average number of ordinary shares used to calculate basic earnings per share are as follows:

	2021	*2020*
Net earnings for the year attributed to the Group shareholders	**3.905.135**	2.893.511
Weighted average number of ordinary shares to determine basic earnings per share	**1.075.231**	978.964
Basic and diluted earnings per share (tenge)	**3.631,90**	2.955,69

10. Cash and cash equivalents

Cash and cash equivalents include the following items:

	31 December 2021	*31 December 2020*
Cash on hand	**-**	377
Correspondent accounts at credit institutions	**53.070.080**	41.456.590
Correspondent account at NB RK	**11.482.909**	5.384.203
Minus allowance for ECLs	**(100.227)**	(23.296)
Cash and cash equivalents	**64.452.762**	46.817.874

Correspondent accounts at banks include the following items:

	31 December 2021	*31 December 2020*
The Bank of New York Mellon	**28.671.599**	21.413.367
Central Securities Depository JSC	**22.668.612**	13.693.519
Citibank N.A.	**883.739**	5.801.945
Altyn Bank JSC	**349.499**	267.211
JPMorgan Chase Bank, N.A.	**462.028**	239.396
Other credit institutions	**34.603**	41.152
	53.070.080	41.456.590
Minus allowance for ECLs	**(100.227)**	(23.296)
Correspondent accounts at credit institutions	**52.969.853**	41.433.294

Cash and cash equivalent balances do not indicate a significant increase in credit risk or impairment as of 31 December 2021 and 31 December 2020. An analysis of changes in ECL allowances for the year is shown below:

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

(thousand Kazakhstan tenge unless otherwise stated)

11. Amounts due from credit institutions and reverse REPO

	31 December 2021	31 December 2020
Term deposits placed for more than 90 days	-	1.300.000
Minus allowance for ECLs	-	(3.523)
Total amounts due from credit institutions	-	1.296.477

As of 31 December 2020, term deposits included funds in the amount of 1,300,000 thousand tenge placed at SB Sberbank of Russia JSC with a nominal return rate of 9.00% per annum. In February 2021, these deposits were repaid.
An analysis of changes in ECL allowances for the year is given below:

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

Reverse REPO is presented as follows:

	31 December 2021	31 December 2020
Tenge	**2.055.614**	–
US dollar	**2.158.655**	–
Total reverse REPO	**4.214.269**	–

12. Central counterparty financial assets and liabilities

	31 December 2021	31 December 2020
REPO and reverse REPO	**4.245.488.596**	1.423.667.918
Foreign exchange transactions	**87.274**	1.379.773
Total central counterparty financial assets and liabilities	**4.245.575.870**	1.425.047.691

The central counterparty financial assets represent receivables from foreign exchange and repurchase transactions, the central counterparty financial liabilities represent accounts payable under relevant transactions that the Group entered into with market participants in its role as a central counterparty. The counterclaims and liabilities of individual counterparties are set off in accordance with IAS 32.

13. Investment securities

Investment securities include the following items:

	31 December 2021	31 December 2020
Debt securities at amortized cost		
Notes of the National Bank of the Republic of Kazakhstan	**33.420.305**	28.723.307
Bonds of the Ministry of Finance of the Republic of Kazakhstan	**1.000.479**	419.210
Corporate notes	**–**	–
Minus allowance for ECLs	**(41.439)**	–
Investment securities	**34.379.345**	29.142.517

(thousand Kazakhstan tenge unless otherwise stated)

14. Equity securities at fair value through other comprehensive income

Equity securities at FVOCI include the following items:

	31 December 2021		*31 December 2020*	
	Interest, %	*Amount*	*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 classified, in its sole discretion, certain equity investments as FVOCI equity investments on the basis that they are not held for trading. Such investments include mandatory investments in the capital of stock 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, whose interest is 63.24%. The Group's management believes that the Group does not have a significant impact on the activities of Central Securities Depository JSC.

15. Investments in associate

As of 31 December 2021 and 2020, investments in associate are reported as follows:

	31 December 2021		*31 December 2020*	
	Interest, %	*Amount*	*Interest, %*	*Amount*
RTRS LLP	**50**	**90.537**	50	91.548

Details are given in Note 2.

16. Property, plant and equipment

	Building	*Land*	*Machinery and equipment*	*Transport vehicles*	*Other*	*Total*
Revalued amount						
31 December 2019	1.018.154	179.675	351.679	46.747	127.128	1.723.383
Receipts	–	–	122.868	–	7.550	130.418
Revaluation effect	(83.821)	(102.405)	–	2.536	–	(183.690)
Disposal	–	–	–	–	–	–
31 December 2020	**934.333**	**77.270**	**604.330**	**57.472**	**143.720**	**1.817.125**
Receipts	**–**	**–**	**170.047**	**1.454**	**5.166**	**176.667**
Disposal	**–**	**–**	**(13.915)**	**–**	**(725)**	**(14.640)**
31 December 2021	**934.333**	**77.270**	**760.462**	**58.926**	**148.161**	**1.979.152**
Accumulated depreciation						
31 December 2019	(58.489)	–	(290.797)	(17.077)	(106.345)	(472.708)
Charged depreciation	(25.996)	–	(66.214)	(9.912)	(6.540)	(108.662)
Disposal	84.485	–	–	26.989	–	111.474
31 December 2020	**–**	**–**	**(357.011)**	**–**	**(112.885)**	**(469.896)**
Disposal	**–**	**–**	12.978	**–**	**–**	**12.978**
Charged depreciation	**(26.074)**	**–**	**(59.868)**	**(17.778)**	**(9.838)**	**(113.558)**
31 December 2021	**(26.074)**	**–**	**(403.901)**	**(17.778)**	**(122.723)**	**(570.476)**
Net carrying amount						
As of 31 December 2019	959.665	179.675	190.665	37.859	29.825	1.397.689
As of 31 December 2020	934.333	77.270	247.319	57.472	30.835	1.347.229
As of 31 December 2021	**908.259**	**77.270**	**356.561**	**41.148**	**25.438**	**1.408.676**

As of 31 December 2021, the cost of fully depreciated property, plant and equipment amounted to 284.065 thousand tenge (31 December 2020: 274.992 thousand tenge). The Group engaged the services of an independent appraiser – Independent Appraisal Bureau LLP – to determine the fair value of land, buildings and transport vehicles owned by the Group. Fair value is determined based on the value of similar properties offered in the market, as well as using the discounted cash flow method.

(thousand Kazakhstan tenge unless otherwise stated)

16. Property, plant and equipment (continued)

The revaluation date is 31 December 2020. Details of the fair value of land, buildings and transport vehicles is disclosed in *Note 24*.

If the land, buildings and transport vehicles would be measured using the cost accounting model, then the carrying amount figures would look like this:

	31 December 2021			*31 December 2020*		
	Land	*Building*	*Transport vehicles*	*Land*	*Building*	*Transport vehicles*
Initial 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 carrying amount	**1.628**	**790.866**	**31.351**	1.628	816.447	40.565

17. Intangible assets

Movements of intangible asset items is presented below:

	In-group developed software	*Other software and licenses*	*Other*	*Development cost*	*Total*
Initial cost					
31 December 2019	204.992	709.238	5.831	2.293	922.354
Receipts	2.643	406.632	281	9.263	418.819
Salary and other costs capitalization	**11.353**	**–**	**–**	**–**	**11.353**
Transfers	**11.085**	**–**	**471**	**(11.556)**	**–**
31 December 2020	**230.073**	**1.115.870**	**6.583**	**–**	**1.352.526**
Receipts	**–**	**398.440**	**–**	**28.818**	**427.258**
Salary and other costs capitalization	**57.654**	**–**	**–**	**–**	**57.654**
Transfers		**13.056**		**(13.056)**	**–**
Disposal	**(3.131)**	**(12.718)**	**–**	**–**	**(15.849)**
31 December 2021	**284.596**	**1.514.648**	**6.583**	**15.762**	**1.821.589**
Accumulated amortization					
31 December 2019	**(88.827)**	**(93.075)**	**(5.573)**	**–**	**(187.475)**
Charged amortization					
Write-down	**(40.398)**	**(90.220)**	**(1.010)**	**–**	**(131.628)**
31 December 2020	**(129.225)**	**(183.295)**	**(6.583)**	**–**	**(319.103)**
Charged amortization	**(50.482)**	**(154.871)**	**–**	**–**	**(205.353)**
Write-down		**10.755**	**–**	**–**	**10.755**
31 December 2021	**(179.707)**	**(327.411)**	**(6.583)**	**–**	**(513.701)**
Net carrying amount					
As of 31 December 2019	**116.165**	**616.163**	**258**	**2.293**	**734.879**
As of 31 December 2020	**100.848**	**932.575**	**–**	**–**	**1.033.423**
As of 31 December 2021	**104.889**	**1.187.237**	**–**	**15.762**	**1.307.888**

As of 31 December 2021, the initial cost of fully amortized intangible assets amounted to 90.807 thousand tenge (31 December 2020: 45.614 thousand tenge).

18. Prepayments

As of 31 December 2021, prepayments amounted to 574.653 thousand tenge (31 December 2020: 662.220 thousand tenge), including prepayment to Moscow Stock Exchange MICEX-RTS PJSC (hereinafter – MOEX) in the amount of 557.835 thousand tenge, under the strategic agreement dated 10 October 2018 for the purchase of software products for exchange trading and clearing.

(thousand Kazakhstan tenge unless otherwise stated)

19. Other assets and liabilities

The other assets include the following items:

	31 December 2021	*31 December 2020*
Other financial assets		
Commission fees receivable	**162.061**	139.586
Income on clearing transaction services	**185.713**	112.799
Income from information services receivable	**63.928**	55.457
Listing fees receivable	**17.800**	10.762
Membership fees receivable	**6.414**	1.304
Incomes on remote access services receivable	**1.323**	250
Penalties and fines receivable	**175**	125
Total other financial assets	**437.414**	320.283
Minus allowance for ECLs	**(21.640)**	(15.651)
Total other financial assets	**415.774**	304.632
Other non-financial assets		
Taxes other than corporate income tax	**13.795**	9.097
Deferrals	**21.438**	7.415
Inventories	**11.574**	6.379
Prepaid leaves		1.371
Other	**44**	39
Total other non-financial assets	**46.851**	24.301
Total other assets	**462.625**	328.933

The other liabilities include the following items:

	31 December 2021	*31 December 2020*
Other financial liabilities		
Payables	**25.471**	12.339
Dividends payable	**2.203**	2.203
Total other financial liabilities	**27.674**	14.542
Other non-financial liabilities		
Accrued unused leaves	**74.140**	67.285
Taxes other than corporate income tax	**88.734**	4.696
Other	**10.989**	4.894
Total other non-financial liabilities	**173.863**	76.875
Total other liabilities	**201.537**	91.417

20. Amounts due to clearing participants

As of 31 December 2021 and 31 December 2020, the amounts due to clearing participants were presented with security deposits and margin deposits that are collateral for discharging net liabilities of clearing participants of the derivatives market, stock and foreign exchange markets transactions.

	31 December 2021	*31 December 2020*
Collaterals for foreign exchange and stock markets	**85.698.345**	**63.511.191**
Security deposits for foreign exchange market	**652.000**	**701.000**
Security deposits for stock market	**366.000**	**386.000**
Security deposits for derivatives market	**46.000**	**35.000**
Collateral for derivatives market	**67.924**	**57.660**
Total amounts due to clearing participants	**86.830.269**	**64.690.851**

(thousand Kazakhstan tenge unless otherwise stated)

20. Amounts due to clearing participants (continued)

The amounts were placed by the following clearing participants:

	31 December 2021	*31 December 2020*
Kazakhstan's second-tier banks	**67.020.412**	48.169.842
Other financial institutions	**19.272.597**	16.302.827
International bank settlement and credit institution	**537.260**	218.182
Total amounts due to clearing participants	**86.830.269**	64.690.851

21. Issued capital

The Company's issued capital is presented with the following number of ordinary shares:

	Quantity of issued shares	*Quantity of bought-out shares*	*Quantity of outstanding shares*	*Issued capital*	*Bought-out treasury stock*
31 December 2020	974.373	(13.329)	961.044	2.661.775	(62.076)
Increase in issued capital	**100.858**	**–**	**100.858**	**1.527.255**	**–**
Sale of previously bought-out shares	**–**	**13.329**	**13.329**	**–**	**62.076**
31 December 2020	**1.075.231**	**–**	**1.075.231**	**4.189.030**	**–**
Increase in issued capital					
Sale of previously bought-out shares					
31 December 2021	**1.075.231**	**–**	**1.075.231**	**4.189.030**	**–**

As of 31 December 2021, there are 5.000.000 authorized ordinary shares in total (31 December 2020: 5.000.000). As of 31 December 2020, 1.075.231 authorized shares were issued and fully paid.

On 27 October 2020, the Board of Directors of the Company approved the resolution to allocate / offer 119,000 ordinary shares, including 13,329 previously bought-out shares. As part of the exercise of the pre-emption right, Bolashaq Trade Group LLP acquired 5,683 ordinary shares on the basis of the purchase and sale transaction dated 21 December 2020. On 15 December 2020, the Company and MOEX entered into a deal for the sale of 95.175 ordinary shares in the Company and 13,329 previously bought out shares at a price of 13,918.67 tenge per share as part of the implementation of the Strategic Cooperation Agreement signed by the parties on 10 October 2018. Assets received from the sale of shares were presented with cash for the total amount of 1,510,231,369 tenge 68 tiyn.

Nature and purpose of other provisions

Property, plant and equipment revaluation reserve

The revaluation reserve of property, plant and equipment is used to reflect increases and decreases in the fair value of land, buildings and transport vehicles, but only to the extent that such decrease is due to a previous increase in the value of the same asset previously recognized in equity.

Provision for fair value

This provision presents changes in the fair value of financial assets at FVOCI.

Reserve fund

The reserve fund is formed under the requirements of the Law of the Republic of Kazakhstan "On Securities Market" to cover possible default of market participants.

At the meeting of the Board of Directors of the Company dated 30 April 2020, it was decided to increase the reserve fund by 1.420.000 thousand tenge. At the end of 2021, the Group assessed the adequacy of the reserve fund. The management of the Group is confident in the adequacy of the formed reserve and asserts that there is no need to increase the reserve fund as of 31 December 2021.

(thousand Kazakhstan tenge unless otherwise stated)

21. Issued capital (continued)

Movements of items of other provisions

Movements of items of other provisions are presented below:

	Provision for fair value	*Property, plant and equipment revaluation reserve*	*Reserve fund*
As of 1 January 2020	57	179.893	1.750.000
Net change of fair value of equity instruments at FVOCI	**(13)**	–	–
Property, plant and equipment revaluation	–	**(72.216)**	–
Tax effect of property, plant and equipment revaluation	–	**(6.038)**	–
Depreciation of revaluation reserve, less taxes	–	**(403)**	–
Increase in reserve fund	–	–	**1.420.000**
As of 31 December 2020	–	**100.833**	**3.170.000**
Depreciation of revaluation reserve, less taxes	–	**(9.847)**	–
As of 31 December 2021	–	**90.986**	**3.170.000**

22. Commitments and contingencies

Operating environment

Kazakhstan continues economic reforms and development of legal, tax and administrative infrastructure that would meet the requirements of a market economy. The stability of Kazakhstan's economy in the future will largely depend on the progress of these reforms, as well as on the effectiveness of the measures taken by the Government in the field of economy, financial and monetary policy.

The economy of Kazakhstan is negatively affected by the decline in oil prices and the tenge volatility against major foreign currencies. Interest rates in tenge remain high. The aggregate of these factors has led to a decrease in the availability of capital and an increase in its cost, as well as increased uncertainty about further economic growth, which could adversely affect the financial position, performance and economic prospects of the Group. The management of the Group believes that it is taking appropriate measures to maintain the economic sustainability of the Group in the current environment.

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

Taxation

Tax conditions in the Republic of Kazakhstan are subject to change and inconsistent application and interpretation. Discrepancies in the interpretation of Kazakhstan's laws and regulations of the Group and Kazakhstan's competent authorities may result in additional taxes, fines and penalties.

The Kazakh legislation and taxation practices are in a state of continuous development and are therefore subject to varying interpretations and frequent changes, which may be retroactive. In some cases, in order to determine the taxable base, tax legislation refers to the provisions of IFRS, while the interpretation of the relevant provisions of IFRS by the Kazakh taxation authorities may differ from the accounting policies, judgments and estimates applied by management in the preparation of these consolidated financial statements, which may lead to additional tax liabilities of the Bank. The taxation authorities may conduct a retrospective check within 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 is reasonable.

Litigations

In the normal course of business, the Group is subject to lawsuits and claims. Management believes that the probable liabilities (if any) arising from such lawsuits or claims will not have a material adverse effect on the future financial position or performance of the Group.

(thousand Kazakhstan tenge unless otherwise stated)

22. Commitments and contingencies (continued)

Commitments and contingencies

As of 31 December, the commitments and contingencies of the Group included the following items:

	31 December 2021	*31 December 2020*
Commitments and contingencies		
Liabilities on capital expenditures	-	77.873

On 10 October 2018, the Company and MOEX signed a Strategic Cooperation Agreement. According to the Agreement, the Company acquires the rights to use the MOEX software (to service operations on KASE's stock markets), to provide MOEX with strategic consulting services for KASE.

23. Risk management policy

Introduction

The 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;
- foreign exchange risk; and
- operating risk.

The Group recognizes the significance of the existence of the effective and efficient risk management process. To ensure efficient and effective risk management policy, the Group determined the basic risk management principles with the basic goal to protect the Group against existing risks and to enable it to achieve targeted performance. 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, **ASSESSMENT**, 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 has overall responsibility for identifying and controlling risks, but there are also separate independent bodies that are responsible for managing and controlling risks.

Board of Directors

The Board of Directors is liable for the development of the risk management strategy, approval of the principles of a concept of policy and limits broken down by types of risks. Besides, the Board of Directors is liable for material matters of risk management and controls the execution of respective decisions adopted concerning risks and controls them.

Management Board

The Management Board is liable for ensuring arrangements for an effective risk management system of the Stock Exchange.

Committee for market risks

The collegial consulting body of the Stock Exchange, the minimum required composition of which is determined by the Management Board, the personal composition is approved by order of the Chairperson of the Management Board. The basic functions of the Committee for Market Risks are analysis, monitoring, identification and management of risks associated with the situation in the financial markets, operations of the Stock Exchange, its counterparties – the Stock Exchange members, clearing participants, issuers and investors, as well as preparing recommendations to the Stock Exchange's Management Board.

(thousand Kazakhstan tenge unless otherwise stated)

23. Risk management policy (continued)

Introduction (continued)

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 minimization

As part of risk management, the Group uses derivatives and other instruments to manage items arising from changes in interest rates, exchange rates, share price risk, credit risk, and expected transaction positions. The Group actively uses collateral to mitigate its credit risk.

Excessive risk concentrations

Risk concentrations arise when a number of counterparties engage in similar activities or activities in the same geographic area, or counterparties have similar economic characteristics, and, as a result of changes in economic, political and other conditions, have a similar effect on the ability of these counterparties to meet contractual obligations. Risk concentrations reflect the relative sensitivity of the Group's performance to changes in conditions that affect a particular industry or geographic region.

To avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines aimed at maintaining a diversified portfolio. Established risk concentrations are managed.

Credit risk

Credit risk is the risk that the Group will incur losses because its customers or counterparties fail to meet their contractual obligations. The Group manages credit risk by setting limits on the amount of risk the Group is willing to accept on individual counterparties and by monitoring compliance with established risk limits. Under the asset investment policy approved by the resolution 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 asset 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 under financial instruments, as well as stress and back-test of investment portfolios of the Stock Exchange.

Transactions with central counterparty

Acting as a central counterparty, the Stock Exchange is also exposed to credit risks due to the fact that it assumes the risk of default of clearing participants in their obligations and at the same time guarantees the fulfilment of their obligations to each bona fide clearing participant. To manage the 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 collateral, which includes money and liquid securities of issuers with a high level of reliability, determined in accordance with the Stock Exchange's internal methods. The Stock Exchange has developed and constantly improves an internal rating system that provides a balanced assessment of its counterparties and the level of risk taken. Counterparties are evaluated 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-level cascading collateral pool structure that complies with the international standards and consists of various lines of protection. Credit risk of the Stock Exchange is minimized by a trading participant by payments made by the Stock Exchange in trades based on a "supply against payment" principle.

Financial derivatives

Credit risk associated with financial derivatives is at all times limited to positive fair value derivatives that are recognized in the consolidated statement of financial position.

(thousand Kazakhstan tenge unless otherwise stated)

23. Risk management policy (continued)

Credit risk (continued)

Impairment

The Group calculates expected credit losses (ECL) to measure the expected cash shortfalls, discounted using effective interest rate or an approximation to it. A cash shortfall is a difference between the cash flows that are due to an entity following 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:

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 asset has not been previously derecognised and is still in the portfolio.
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.
Loss Given Default (LGD)	The *Loss Given Default* is an estimate of the loss arising in the case where 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.

For receivables, the Group applies the simplified approach provided by the standard and calculates allowance for ECLs based on credit losses that are expected to occur over the lifecycle of the asset (lifetime expected credit losses or lifetime ECLs). The Stock Exchange has used a provisioning matrix based on its past credit loss experience adjusted for borrower-specific forward-looking factors and general economic conditions. For other debt financial assets, ECLs are calculated over 12 months. However, if there has been a significant increase in credit risk on a financial instrument since initial recognition, the loss allowance is measured at an amount equal to lifetime expected credit losses.

Definition of default

The Group considers that a default has occurred in relation to amounts due from banks, and takes immediate measures to eliminate it if, at the close of the business day, the necessary intraday payments specified in separate agreements have not been made.

Treasury and interbank relationships

The Group's treasury relationships comprise relationships with counterparties, such as financial services institutions, banks, broker-dealers, exchanges and clearing-houses. To assess such relationships, the Group Credit Risk Department analyses public information such as financial statements and details of other external sources, for example, external ratings.

The Group uses the following credit rating levels:

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

(thousand Kazakhstan tenge unless otherwise stated)

23. Risk management policy (continued)

Maximal credit risk exposure

The carrying amounts of items in the consolidated statement of financial position, including derivative instruments, excluding the impact of risk mitigation from the use of master netting agreements and collateral arrangements, most accurately represent the maximum exposure to credit risk for those items.

For financial instruments carried at fair value, their carrying amount represents the current exposure to credit risk, not the maximum exposure that may arise in the future as a result of changes in value.

The following is a classification of the Group's financial assets by credit ratings.

	AA	*AA-/A+*	*BBB*	*BBB-*	*<BBB-*	*Credit rating not assigned*	*Total*
31 December 2021							
Cash and cash equivalents other than cash on hand	**28.646.529**	**1.344.774**	**1.278**	**34.103.656**	**356.489**	**36**	**64.452.762**
Reverse REPO	**–**	**–**	**–**	**4.214.269**	**–**	**–**	**4.214.269**
Investment securities	**–**	**–**	**–**	**34.379.345**	**–**	**–**	**34.379.345**
Other financial assets	**–**	**–**	**–**	**–**	**–**	**415.774**	**415.774**
Total	**28.646.529**	**1.344.774**	**1.278**	**72.697.270**	**356.489**	**415.810**	**103.462.150**
31 December 2020							
Cash and cash equivalents other than 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

(thousand Kazakhstan tenge unless otherwise stated)

23. Risk management policy (continued)

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 stressed circumstances. To limit this risk, the management ensured the availability of different funding sources in addition to the existing minimum amount of bank deposits. Management also controls assets with liquidity in mind and monitors future cash flows and liquidity daily. 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.

Liquidity risk management

As part of liquidity risk management, when performing the functions of a central counterparty, the Group uses the following instruments: an overdraft in the foreign exchange market on a corresponding account with the National Bank of the Republic of Kazakhstan, direct repo transactions and targeted foreign exchange transactions that are conditionally called a short-term currency swap.

Temporarily free own assets of the Group were placed on deposits with the second-tier banks for a period of no more than two years. The list of second-tier banks with which the Group's deposits could be placed was regularly reviewed and approved by the Investment Committee of the Stock Exchange.

At the same time, the investees that make up the investment portfolio are diversified to eliminate the risks of losses arising from the concentration of financial assets with the same maturity in the Group's investment portfolio.

According to the Stock Exchange's policy, the amounts due to trading participants are not allocated to any instruments, but are kept on their respective accounts of the Stock Exchange. Liquidity risk occurring in the course of stock trading in the foreign exchange market is minimized by payments made by the Stock Exchange to pay net claims of trading participants on a "supply against payment" principle where cash is not transferred to a trading participant violating the rules for making settlements, but it remains on correspondent accounts of the Stock Exchange. Moreover, to minimize the risk of default in obligations under term transactions, the participants of the futures and options market have formed guarantee funds, and the Stock Exchange has formed the reserve fund the amounts of which are calculated under the internal methods.

The table below presents the Group's financial liabilities as of 31 December by maturity, based on contractual non-discounted repayment obligations.

31 December 2021	*Less than 1 month*	*1-3 months*	*3-12 months*	*1-5 years*	*More than 5 years*	*No maturity date*	*Total*
Financial liabilities							
Amounts due to clearing participants	**86.830.269**	**–**	**–**	**–**	**–**	**–**	**86.830.269**
Other financial liabilities	**25.471**	**–**	**2.203**	**–**	**–**	**–**	**27.674**
Total financial liabilities	**86.855.740**	**–**	**2.203**	**–**	**–**	**–**	**86.857.943**

31 December 2020	*Less than 1 month*	*1-3 months*	*3-12 months*	*1-5 years*	*More than 5 years*	*No maturity date*	*Total*
Financial liabilities							
Amounts due to 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

(thousand Kazakhstan tenge unless otherwise stated)

23. Risk management policy (continued)

Market risk

Market risk means risks of losses incurred due to changes in market parameters, including change of interest rates, foreign exchange rates, prices for financial instruments that the Group is exposed to, as well as low market liquidity due to cost of item liquidation, including open positions of clearing participants in transactions settled with the central counterparty.

To manage the 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 stock markets, control of collateral adequacy / margin collateral for clearing participants with partial collateral, control of full coverage of emerging obligations for clearing participants with full coverage, revaluation of the cost of collateral / margin collateral and net positions of clearing participants with partial collateral, setting requirements for a financial instrument for admission to transactions with partial collateral.

Foreign exchange risk

Foreign exchange risk is a risk of change in the value of a financial instrument due to changes in foreign exchange rates. Financial position and cash flows of the Group are exposed to the effect of fluctuations of the foreign exchange rates.

The following table shows the currencies in which the Group has significant positions as of 31 December in monetary assets and liabilities. The analysis performed consists in assessing the impact of a possible change in exchange rates against the tenge on the consolidated statement of comprehensive income (due to the presence of non-trading monetary assets and liabilities the fair value of which is sensitive to changes in the exchange rate). The impact on equity does not differ from the impact on the consolidated statement of comprehensive income. Negative amounts in the table reflect a potential net decrease in the consolidated statement of comprehensive income or equity, while positive amounts reflect a potential net increase.

	2021		*2020*	
Currency	*Change of exchange rate, %*	*Effect on pre-tax income*	*Change of exchange rate, %*	*Effect on pre-tax income*
US dollar	**14%**	**50.906**	14%	44.417
	(11%)	**(39.998)**	(11%)	(34.899)
Euro	**14%**	**(10)**	14%	(5)
	(11%)	**7**	(11%)	4

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 a control framework and monitoring and responding to potential risks could be effective tools to manage the risks. Controls should include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes. The risks monitored by the Risk Management Division. To enable the Group to continue as a going concern, business continuity and recovery policies and procedures have been developed.

(thousand Kazakhstan tenge unless otherwise stated)

24. Fair value measurement

Fair value hierarchy

The Group uses the following hierarchy to measure a fair value of financial instruments and disclose it subject to the valuation model:

- Level 1 – quoted (unadjusted) prices in active markets for identical assets and liabilities;
- Level 2 – valuation models in which inputs significant for reported fair value are directly or indirectly observable in the market;
- Level 3 - valuation models in which inputs significant for reported fair value are not observable in the market.

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

		Fair value measurement using inputs					
31 December 2021	*Measurement date*	*Level 1*	*Level 2*	*Level 3*	*Total*	*Fair value*	*Retained earnings / (loss)*
Assets at fair value							
Equity securities at fair value through other comprehensive income	31 December 2021	–	–	**21.053**	**21.053**	**21.053**	–
Property, plant and equipment – land, building, transport vehicles	31 December 2020	–	–	**1.026.677**	**1.026.677**	**1.026.677**	–
Assets with disclosed fair value							
Cash and cash equivalents	31 December 2021	**28.671.599**	**35.781.163**	–	**64.452.762**	**64.452.762**	–
Reverse REPO	31 December 2021	–	**4.214.269**	–	**4.214.269**	**4.214.269**	–
Investment securities	31 December 2021	**34.379.345**	–	–	**34.379.345**	**34.430.667**	**51.322**
Other financial assets	31 December 2021	–	–	**415.774**	**415.774**	**415.774**	–
Liabilities with disclosed fair value							
Amounts due to clearing participants	31 December 2021	–	**86.830.269**	–	**86.830.269**	**86.830.269**	–
Other financial liabilities	31 December 2021	–	–	**27.674**	**27.674**	**27.674**	–

		Fair value measurement using inputs					
31 December 2020	*Measurement date*	*Level 1*	*Level 2*	*Level 3*	*Total*	*Fair value*	*Retained earnings / (loss)*
Assets at fair value							
Equity securities at fair value through other comprehensive income	31 December 2020	–	–	**21.053**	**21.053**	**21.053**	–
Property, plant and equipment – land, building, transport vehicles	31 December 2020	–	–	**1.069.075**	**1.069.075**	**1.069.075**	–
Assets with disclosed fair value							
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 with disclosed fair value							
Amounts due to 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**	–

(thousand Kazakhstan tenge unless otherwise stated)

24. Fair value of financial instruments (continued)

Valuation models and assumptions

The following describes the models and assumptions used to determine the fair value of assets and liabilities stated at fair value in the financial statements, as well as items that are not measured at fair value in the consolidated statement of financial position but whose fair value is disclosed.

Assets with fair value approximating their carrying amount

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

Financial assets and financial liabilities at amortized cost

The fair value of the listed bonds is based on the quotes 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 prevailing for debt with similar conditions, credit risk and maturity.

Property, plant and equipment – buildings

The fair value of the properties was determined using the market matching method and the discounted cash flow method. Under the market matching method, the appraiser's valuation is based on market transaction prices adjusted substantially for differences in the nature, location, or condition of the particular property.

Under the discounted cash flow method, fair value is measured using assumptions about the benefits and liabilities associated with ownership over the life of the asset. This method involves predicting the sequence of cash flows from the ownership interest in a property. This sequence of projected cash flows is subject to a discount rate derived from market data, which determines the present value of the income flows associated with the asset.

Property, plant and equipment – land

The fair value of properties was determined using the market matching method. The appraiser's valuation is based on market transaction prices adjusted substantially for differences in the nature, location or condition of the particular property.

Material non-observable inputs and sensitivity of Level 3 non-financial instruments at fair value to changes in key assumptions

The following table summarizes the sensitivity of the fair value estimates of the Group's buildings categorized in Level 3 of the fair value hierarchy to changes in non-observable inputs as of 31 December:

Non-observable inputs	*Value*	*Change of non-observable inputs*	*Effect on fair value*
Discount rate	26,22%	+1%	**(52.219)**
		-1%	**59.312**

2020

Non-observable inputs	*Value*	*Change of non-observable inputs*	*Effect on fair value*
Discount rate	15,72%	+1%	**(32.601)**
		-1%	**37.029**

(thousand Kazakhstan tenge unless otherwise stated)

25. Financial instruments netting

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

As of 31 December 2021	*Net financial assets stated in the consolidated statement of financial position*	*Net financial liabilities stated in the consolidated statement of financial position*	*Related amounts with setoff not stated in the consolidated statement of financial position: Financial instruments*	*Received monetary collateral*	*Net amount*
Financial assets					
Central counterparty financial assets	**4.245.575.870**	**–**	**(4.245.575.870)**	**–**	**–**
Total	**4.245.575.870**	**–**	**(4.245.575.870)**	**–**	**–**
Financial liabilities					
Central counterparty financial liabilities	**–**	**(4.245.575.870)**	**4.245.575.870**	**–**	**–**
Total	**–**	**(4.245.575.870)**	**4.245.575.870**	**–**	**–**

As of 31 December 2020	*Net financial assets stated in the consolidated statement of financial position*	*Net financial liabilities stated in the consolidated statement of financial position*	*Related amounts with setoff not stated in the consolidated statement of financial position: Financial instruments*	*Received monetary collateral*	*Net amount*
Financial assets					
Central counterparty financial assets	**1.425.047.691**	**–**	**(1.425.047.691)**	**–**	**–**
Total	**1.425.047.691**	**–**	**(1.425.047.691)**	**–**	**–**
Financial liabilities					
Central counterparty financial liabilities	**–**	**(1.425.047.691)**	**1.425.047.691**	**–**	**–**
Total	**–**	**(1.425.047.691)**	**1.425.047.691**	**–**	**–**

26. Assets and liabilities maturity analysis

The table below presents assets and liabilities by expected maturity dates.

	31 December 2021			*31 December 2020*		
	Within a year	*More than a year*	*Total*	*Within a year*	*More than a year*	*Total*
Cash and cash equivalents	**64.452.762**	**–**	**64.452.762**	46.817.874	–	46.817.874
Amounts due from credit institutions	**–**	**–**	**–**	1.296.477	–	1.296.477
Reverse REPO	**4.214.269**	–	**4.214.269**	–	–	–
Central counterparty financial assets	**4.245.575.870**	**–**	**4.245.575.870**	1.425.047.691	–	1.425.047.691
Investment securities	**34.379.345**	**–**	**34.379.345**	29.142.517	–	29.142.517
Equity securities at fair value through other comprehensive income	**–**	**21.053**	**21.053**	–	21.053	21.053
Investments in associates		**90.537**	**90.537**		91.548	91.548
Current corporate income tax assets	**78.297**	**–**	**78.297**	11.476	–	11.476
Deferred corporate income tax assets	**–**	**1.878**	**1.878**	–	1.395	1.395
Property, plant and equipment	**–**	**1.408.676**	**1.408.676**	–	1.347.229	1.347.229
Intangible assets	**–**	**1.307.888**	**1.307.888**	–	1.033.423	1.033.423
Prepayments	**16.818**	**557.835**	**574.653**	11.614	650.606	662.220
Other assets	**462.625**	**–**	**462.625**	328.933	–	328.933
Total	**4.349.179.986**	**3.387.867**	**4.352.567.853**	1.502.748.130	3.053.706	1.505.801.836
Amounts due to clearing participants	**86.830.269**	**–**	**86.830.269**	64.690.851	–	64.690.851
Central counterparty financial liabilities	**4.245.575.870**	**–**	**4.245.575.870**	1.425.047.691	–	1.425.047.691
Current corporate income tax liabilities	**3.504**	**–**	**3.504**	3.784	–	3.784
Deferred corporate income tax liabilities	**–**	**191.506**	**191.506**	–	131.773	131.773
Advances received	**51.206**	**–**	**51.206**	31.616	–	31.616
Other liabilities	**201.537**	**–**	**201.537**	91.417	–	91.417
Total	**4.332.662.386**	**191.506**	**4.332.853.892**	1.489.865.359	131.773	1.489.997.132
Net item	**16.517.600**	**3.196.361**	**19.713.961**	12.882.771	2.921.933	15.804.704

(thousand Kazakhstan tenge unless otherwise stated)

27. Related party disclosures

Under IAS 24 *Related Party Disclosures*, parties are considered to be related if one of them has the ability to control or exercise significant influence over the other party in the financial and operating decisions. When deciding whether the parties are related, the content of the relationship between the parties, and not just their legal form, is taken into account.

Related parties may enter into transactions that would not be entered into between unrelated parties. The prices and terms of such transactions may differ from the prices and terms of transactions between unrelated parties.

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

	31 December 2021			*31 December 2020*		
	Parent	*Other related parties*	*Key management personnel*	*Parent*	*Other related parties*	*Key management personnel*
Cash and cash equivalents	**11.482.909**	**22.668.612**	**–**	5.384.203	13.693.519	–
Investment securities	**33.420.306**	**–**	**–**	28.723.307	–	–
Prepayments	**–**	**557.881**	**–**	–	650.606	–
Other assets	**19.029**	**46.446**	**–**	30.452	39.443	65
Amounts due to clearing participants	**–**	**1.114.274**	**–**	–	3.561.366	–
Advances received	**–**	**5.553**	**–**	–	1.551	–
Other liabilities	**–**	**5.385**	**–**	–	3.106	9.598

The statement of comprehensive income for the years ended 31 December 2021 and 31 December 2020 included the following amounts arising from related party transactions.

	Year ended 31 December					
	2021			*2020*		
	Parent	*Other related parties*	*Key management personnel*	*Parent*	*Other related parties*	*Key management personnel*
Commission and fee incomes	**187.446**	**443.369**	**–**	313.574	448.363	–
Interest incomes	**–**	**–**	**–**	1.992.200	–	–
Other incomes	**–**	**–**	**–**	–	–	–
Operating expenses	**–**	**–**	**–**	–	(94.632)	–

The remuneration of 13 members of key management personnel (2020: 13 members of key management personnel) is reported as follows.

	2021	*2020*
Remuneration to executive body members	**195.186**	232.904
Remuneration to governing body	**52.958**	59.467
Other officials	**13.945**	12.116
Social tax	**21.752**	28.474
Total	**283.841**	332.961

28. Events after the balance sheet date

At the beginning of January 2022, protests began in Kazakhstan against the background of a sharp increase in prices for liquefied gas in connection with the transition to a market pricing mechanism. The protests began in the gas-producing city of Zhanaozen in the West Kazakhstan, but they spread to Almaty City and other cities in the country later. Participants of protests moved from economic demands to political ones, including the resignation of the Government. On 4-5 January, in Almaty, protests turned into riots, including arson of government buildings and looting, as the authorities lost control of the city. A state of emergency has been declared in Kazakhstan. On 6 January, at the request of the President of Kazakhstan, the CSTO operation in Kazakhstan was announced, as a result of which, already on 7 January, Kazakhstan's authorities announced the restoration of order in the country.

(thousand Kazakhstan tenge unless otherwise stated)

28. Events after the balance sheet date (continued)

Under these conditions, the work of the Group was organized in such a way as to allow the participants the opportunity to trade and settle on 5 January 2022, while the physical presence of employees was minimized in order to ensure their safety. Also, taking into account the risk of losing the Internet connection during the day, which eventually materialized, a switch was made to a backup communication channel with Central Securities Depository JSC, which made it possible to complete clearing and settlement even after the Internet was disconnected. On 06 January 2022, the Agency of the Republic Kazakhstan for Regulation and Development of the Financial Market and the National Bank of the Republic and Kazakhstan (NB RK), by a joint order, decided to temporarily suspend the activities of all financial market entities from 06 January 2022, including banks, brokerage organizations, the Stock Exchange, Central Securities Depository JSC, and RSE Kazakhstan Interbank Settlements Centre.

On 6 January 2022, it was decided that it was necessary to postpone the date of settlement of liabilities/claims for all transactions in the stock and exchange markets with the settlement date of 06 January 2022 to the next settlement date of 10 January 2022. On 9 January 2022, the NB RK published an information message "On measures to ensure the stability of the financial system", which indicated that due to the unstable operation of the Internet and the ongoing counter-terrorism operation in Almaty City and other regions, the banking system will be restored in stages, based on priority and social significance of banking services for the population and business.

Due to the ongoing state of emergency and ongoing curfew restrictions and further due to the continuing high level of terrorist threat, from 10 to 21 of January 2022, the Stock Exchange had a reduced trading procedure on all stock markets.

On 21 February 2022, the Russian Federation recognized the independence of the previously unrecognized so-called Donetsk and Luhansk People's Republics. On 24 February, in response to an appeal from the leaders of the Donbass Republics, the President of the Russian Federation Vladimir Putin decided to conduct a special military operation. The actions of the Russian Federation were condemned by a significant number of countries in the world community and international organizations. The military operation led to new international sanctions against the Russian Federation aimed, among other things, at partially isolating the country from the world economy, restricting the participation of the Russian Federation in a number of sports and other international events. Globally, the aforementioned sanctions have led to a reduction in international trade and a sharp rise in food and energy prices.

The retaliatory sanctions of the Western countries have strongly affected the stock markets both in the Russian Federation and in Kazakhstan.

The value of the Stock Exchange index fell in February down to 3,361.98 points (minus 5.28%). The tenge rate against the dollar fell by 6.6% during one trading session. Within few days, trading on the stock market was closed, after which the work of all Stock Exchange sites was restored. From 1 March, the Stock Exchange suspended trading in securities of the Russian issuers with restrictions being introduced on transactions with them.

To reduce the pressure on the exchange rate, the NB RK urgently raised the base rate from 10.25% to 13.5%. In the context of increased pressure on the financial market of Kazakhstan, the National Bank and the Government have begun to implement a joint action plan.

The military operation of the Russian Federation had a limited impact on the Group's operations. In particular, the Stock Exchange suspended operations on correspondent and current accounts opened with banks subject to sanctions. In particular, the Stock Exchange carried out work to replace the organization providing brokerage services for investing its own portfolio, the portfolio of clearing participants and the portfolio of clearing funds in order to reduce the credit and reputational risks. Contracts were concluded for the provision of brokerage services with the right to maintain customer accounts as nominal holding with 'Halyk Finance' Subsidiary of Halyk Bank of Kazakhstan JSC and Halyk Global Markets JSC.

The Group's management believes that the events related to the military operation of the Russian Federation in Ukraine will not affect the Group's business as a going concern, however, anti-Russian sanctions may affect the Group's operations in the form of an increase in prices for purchased goods, works and services.

The Company, as the sole member in eTrade.kz LLP, decided (minutes of the meeting of the Board of Directors of the Stock Exchange No.67 dated 29 November 2021) to increase the issued capital of the partnership to 153,150,000 tenge. The Stock Exchange deposited cash in the amount of 151,205,000 tenge by bank transfer on 07.02.2022. The Stock Exchange's management decided to establish the KASE Clearing Centre Joint-Stock Company by reorganizing eTrade.kz Limited Liability Partnership (minutes of the meeting of the Board of Directors of the Stock Exchange No.10 dated 28 March 2022).